



CITY COLLEGES OF CHICAGO

Fiscal Year Ended June 30, 2020

Comprehensive Annual Financial Report

Lori E. Lightfoot
Mayor, City of Chicago

Juan Salgado
Chancellor

Walter E. Massey, Ph.D.
Chair, Board of Trustees of Community
College District No. 508

Cook County, State of Illinois

Richard J. Daley

Harold Washington

Kennedy-King

Malcolm X

Olive-Harvey

Harry S Truman

Wilbur Wright



CITY COLLEGES[®]
of CHICAGO



CITY COLLEGES[®]
of CHICAGO

COMMUNITY COLLEGE DISTRICT NO. 508

Chicago, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2020

*Prepared by:
Office of Finance*

Walter E. Massey, Ph.D., Chair
Juan Salgado, Chancellor

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President, Harry S. Truman College

Dr. David Potash,
President, Wilbur Wright College

December 7, 2020

To the Board of Trustees and Residents of Community College District 508:

The following document reflects the Comprehensive Annual Financial Report (CAFR) of the City Colleges of Chicago for the fiscal year ending June 30, 2020.

As reflected in this report, in FY2020, City Colleges focused its resources on providing a quality, affordable post-secondary education that supports Chicagoans in reaching their goals and achieving upward mobility.

City Colleges ended FY20 with \$482.6 million in assets, 10.6% less than the prior year, driven largely by the depreciation of capital assets.

The FY20 budget allowed us to make the investments necessary for our colleges to thrive, including:

- Support for education quality, completion, and retention efforts that continue to yield strong student outcomes.
- Scholarships, including the Star Scholarship, and early college dual enrollment and dual credit programs, recognizing the importance of introducing students to college early and eliminating every barrier to our students' success.
- Student academic and related supports. In addition to a comprehensive set of student supports from career and transfer centers to wellness centers and advisors, in FY20, we offered discount transit cards to qualifying part-time students (in addition to full-time students), permanent food pantries at all colleges, a grant-funded emergency fund for students in crisis and a grant-funded housing coordinator to assist students who are housing insecure or homeless.
- Programming to complement the Richard J. Daley College Manufacturing Technology and Engineering Center and Olive-Harvey College Transportation, Logistics and Distribution Center, which prepare students for careers in fast-growing fields.

FY2020 generated an operating surplus of \$35M, due to the sale of the former downtown headquarters building (\$32M), an increase in the tax levy to the cap, Tax Increment Financing surplus proceeds from the City of Chicago, and other operational cost efficiencies.

Our long-term financial strategy involves efforts to boost enrollment and retention, aggressively manage bad student debt, manage staff hiring and turnover, and continue to build an institutional advancement infrastructure.

I welcome your feedback on this report as we strive to ensure our students reach their goals and contribute to the creation of a more inclusive Chicago economy.

Sincerely,



Juan Salgado

Chancellor

City Colleges of Chicago

**City Colleges of Chicago
Community College District No. 508
Comprehensive Annual Financial Report
Fiscal year ended June 30, 2020**

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Community College District No. 508
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Introductory Section



Transmittal Letter

November 30, 2020

To Members of the Board of Trustees of City Colleges of Chicago,
Community College District No. 508:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of City Colleges of Chicago, Community College District No. 508 (City Colleges or the District), for the fiscal year ended June 30, 2020. It has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

City Colleges also maintains its accounts in accordance with guidelines set forth by the Government Finance Officers Association (GFOA), National Association of College and University Business Officers (NACUBO) and the Illinois Community College Board (ICCB). To more easily account for limitations and restrictions on certain resources, ICCB requires City Colleges to also report by select categories of funds. The financial records of City Colleges are maintained on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when incurred. The independent auditor's report of RSM US LLP is included in the financial section of this CAFR.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of City Colleges. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of City Colleges. All disclosures necessary to enable the reader to gain an understanding of City Colleges' financial activities in relation to its mission have been included.

This letter of transmittal should be read in conjunction with the accompanying *Management's Discussion and Analysis*, which focuses on current activities, accounting changes, and currently known facts.

PROFILE OF CITY COLLEGES OF CHICAGO

City Colleges is a non-home rule community college district of the State of Illinois, having boundaries coterminous with the City of Chicago. City Colleges is established under and governed by the Illinois Public Community College Act and operates seven colleges offering two-year Associates' degrees, occupational certificates, continuing education, customized business-specific training and adult education programs. In accordance with standards established by GASB, City Colleges has included City Colleges of Chicago Foundation as a discretely presented component unit.

Of the Board's eight members, the seven who vote are appointed by the Mayor of the City of Chicago with the approval of the City Council of Chicago. One non-voting student member, selected in accordance with the Illinois Public Community College Act, is elected from one of the colleges.

The District currently occupies a land area of approximately 228.5 square miles, and serves an estimated population of 2,693,959.

As a large urban school district, our colleges, students and administrators reflect the broad diversity of our city. Our constituents are comprised of a large number of ethnic minorities, working adults, single parents and individuals from low-income backgrounds. City Colleges' District Office and the seven separately accredited colleges are strategically located throughout the City of Chicago.

On June 27th, City Colleges held the First-Ever Virtual Commencement. More than 3,700 graduates from across the seven City Colleges of Chicago celebrate earning their Associates' degree this year. "Our students' accomplishments, in the face of the historic challenges of the past semester, further confirm what universities and employers already know – City Colleges students are remarkably talented and persistent," said Juan Salgado, Chancellor, City Colleges of Chicago.

The number of degrees and certificates awarded in fiscal year 2020 totaled 9,375. The number of degrees awarded was 3,760 and the number of certificates was 5,615. The vision for City Colleges is to transform the District into a world-class institution that not only prepares students to move into higher education, but also ensures that they have the skills necessary for employment. All this will need to be accomplished while enhancing and maintaining efficient and effective operations that are not only customer focused but also fiscally responsible.

The graduation rate has steadily risen over the past seven years, growing from 11 percentage points in 2011 to 25 percentage points to date in 2020 while students in the Star Scholarship program had a 44-percentage point graduation rate.

STRATEGIC GOALS AND STRATEGIES

OUR STRATEGIC GOALS

We are committed to connecting our communities to economic opportunities and upward mobility – no matter where our students start in life, no matter the life circumstances they contend with.

Our commitment to equity is such that we believe all of our students deserve to achieve their goals, and we are dedicated to helping them get there.

To ensure we realize these values, over the coming year, City Colleges is developing a new strategic framework for the district that outlines its vision, goals, and priorities. The framework will provide the colleges with guidance for the creation of college-specific strategic plans.

This strategic framework will be accompanied by targeted plans associated with key priorities, including a road map for our relationship with the Chicago Public Schools, our plan to achieve equity in student outcomes, and the strategic enrollment plan released in Winter 2019.

The strategic enrollment plan encompasses the full complement of enrollment-related activities, from marketing, recruitment, and community outreach to retention and student financial health, and is critical in our efforts to realize positive enrollment growth at all of our colleges in spite of challenging statewide enrollment trends.

KEY PERFORMANCE INDICATORS

City Colleges monitors its progress through a system-wide set of key performance indicators (KPI) that evaluate access, student momentum through their courses, completion, and economic mobility.

City Colleges KPIs include the following markers of student success:

- Access: Total unduplicated headcount enrollment, credit enrollment, adult education enrollment, continuing education enrollment, credit hour production
- Momentum: Fall to spring retention (credit, first year credit), adult education level gains, taking and passing college level English in the first year, taking and passing college level Math in the first year
- Completion: IPEDS graduation rate, four-year student outcome measures
- Mobility: Transfer rate, income mobility

The college presidents and their teams define targets against each of these metrics in partnership with the decision support team.

FINANCIAL CHALLENGES

City Colleges faces significant financial pressures arising largely from macro-economic and external policy factors, specifically:

Economic & COVID-19 Operational Impacts: Emergency measures resulting from the COVID-19 pandemic have had an historic and unpredictable impact on the City Colleges' community. City Colleges is adapting by providing a safe and nurturing educational and supportive community environment. Recognizing that the pandemic's continued severity and duration will have significant influence on our students and community, City Colleges has taken measures to providing stability and operational flexibility to meet these operational and financial challenges.

Enrollment & educational decisions are directly impacted by health & safety concerns, economic factors, public funding, cultural trends and resulting educational demands. City Colleges has incorporated this into operational decision processes, budgetary and financial management practices. City Colleges recognizes the challenges, and the need for agility while integrating evolving student & community needs through continuous engagement.

Collective Bargaining Agreements: In fiscal years 2019 and 2020, City Colleges reached agreements on several contracts, which will allow for predictable wage increases.

ECONOMIC CONDITION AND OUTLOOK

The **Federal Reserve Bank of Chicago** (Chicago Fed) reported an economy on solid footing entering 2019. The expectation was that economic growth would decelerate but remain above potential. Inflation was also picking up a bit after running below the Federal Open Market Committee's (FOMC) 2 percent symmetric target for many years. These solid fundamentals led Chicago Fed and most FOMC participants to expect that it would likely be appropriate to raise policy rates another 50 to 75 basis points in 2019. However, as the year progressed, concerns about weak global growth, trade policy uncertainty, and muted inflation expectations mounted. The FOMC held policy rates steady for the first half of the year as it evaluated the rising downside risks. By midyear, a deteriorating outlook and rising uncertainty prompted the FOMC to lower the target range for the federal funds by 25 basis points, followed by two additional 25 basis point reductions later in the year. The Chicago Fed viewed these policy actions as sufficiently accommodative to maintain solid economic growth as well as actions that promote a faster return of inflation to our symmetric 2 percent objective. The year ended with solid annual growth of 2.3 percent and an unemployment rate of only 3.5 percent. However, inflation edged down further in 2019 and ended the year at only 1.6 percent. (Federal Reserve Bank of Chicago 2019 Annual Report).

The *Chicago Fed Survey of Business Conditions (CFSBC)* Activity Index was unchanged at +2 in July, suggesting that economic growth remained near trend. The CFSBC Manufacturing Activity Index increased to +36 in July from +25 in June, while the CFSBC Nonmanufacturing Activity Index decreased to -16 in July from -10 in the previous month.

The number of nonfarm jobs decreased over-the-year in July in all fourteen Illinois metropolitan areas, with five metro areas at record low payrolls, according to preliminary data released August 27th 2020 by the U.S. Bureau of Labor Statistics and the Illinois Department of Employment Security. The unemployment rate increased over-the-year in all metro areas and to record highs for the month of July in four metros. Chicago City unemployment rate increased from 4.5% in July 2019 to 15.0% in July 2020. This represents a 10.5% change year-over-year.

Chicago Fed National Activity Index (CFNAI), led by some moderation in the growth of production- and employment-related indicators, declined to +1.18 in July from +5.33 in June. Three of the four broad categories of indicators used to construct the index made positive contributions in July, but all four categories decreased from June. The index's three-month moving average, CFNAI-MA3, rose to +3.59 in July from -2.78 in June. The CFNAI Diffusion Index, which is also a three-month moving average, moved up to +0.62 in July from +0.14 in June. Fifty-six of the 85 individual indicators made positive contributions to the CFNAI in July, while 29 made negative contributions. Twenty-five indicators improved from June to July, while 60 indicators deteriorated. Of the indicators that improved, nine made negative contributions.

Production-related indicators contributed +1.09 to the CFNAI in July, down from +2.21 in June. Manufacturing industrial production increased 3.4 percent in July after rising 7.4 percent in June, and manufacturing capacity utilization moved up by 2.3 percentage points in July after increasing by 4.6 percentage points in the previous month. Employment-related indicators contributed +0.38 to the CFNAI in July, down from +1.94 in June. The contribution of the personal consumption and housing category to the CFNAI decreased to +0.02 in July from +0.42 in June. The CFNAI was constructed using data available as of August 20, 2020.

City Colleges' fiscal year 2021 budget is balanced. The unrestricted and enterprise operating budget of \$306.7 million represents a three percent decrease from the prior fiscal year, and plans for a three percent decline in enrollment from year to year (fiscal year 2020 to fiscal year 2021).

We are fortunate to begin a new fiscal year with a state budget, providing stability that is critical to City Colleges' long-term recovery efforts. At the same time, we continue to call on the state to achieve funding parity for community colleges with Illinois' public four-year universities.

To balance the fiscal year 2021 budget and continue our long-term recovery strategy, City Colleges relies on taxing to our levy cap, budgeting for Tax Increment Financing surplus proceeds from the City of Chicago, removing the 12-hour tuition cap, identifying cost efficiencies, and closing vacant positions. We will continue to work to boost enrollment and retention, aggressively manage bad student debt which already saved \$4 million in fiscal year 2020, actively manage staff hiring and turnover, and grow institutional advancement.

This budget also reflects two decisions this fiscal year that respond to the realities of COVID-19:

Out of an abundance of caution and concern for student safety, City Colleges will suspend athletic programs and swimming during the 2020-2021 academic year.

Tuition waivers will still be honored for returning student athletes in good standing and new student athletes who signed a Letter of Intent.

Furthermore, given the prioritization of remote and online learning for the upcoming academic year, City Colleges CTA U-Pass program was modified in fiscal year 2021. The proposed fiscal year 2021 budget reflects our commitment to our communities’ well-being, our focus on delivering a quality education despite unprecedented circumstances, and our responsibility to Chicago taxpayers.

Community College State Funding	
Fiscal Year	State Funding to All State Community
2011	\$ 295,401,900
2012	295,521,900
2013	282,421,700
2014	284,916,500
2015	278,773,899
2016	74,142,300
2017	114,525,000
2018	409,595,700 *
2019	257,111,600
2020	269,222,284

*Source: Illinois Community College Board
*Amounts include the appropriations from
Illinois Senate Bill 6 passed on July 6, 2017*

ACHIEVEMENTS

- A commitment to educational quality, including timely development of innovative programs such as cybersecurity, cloud computing, cannabis operations and contact tracing;
- Maintaining a robust suite of student academic and related supports from wellness centers and tutoring to a new coaching advising model and disability access centers, to name a few;
- Holding our credit hour rate of \$146 level for the fifth straight year, recognizing the economic strain of the pandemic, and increasing marketing to attract a diverse student body in an unprecedented COVID-19 environment; and
- Scholarships and grants, including the Star Scholarship, early college dual enrollment and dual credit programs, and \$2 million raised for Chancellor retention grants.

CAPITAL IMPROVEMENT PLAN

On July 1, 2018, fiscal year 2019 commenced and City Colleges entered a new five-year, \$236.9 million capital plan consisting of key new facility additions, strategic programmatic improvements, and necessary deferred maintenance. However due to the current and future impacts of the COVID-19 crisis, City Colleges is putting longer term plans on hold until they can be reassessed and reprioritized. The fiscal year 2021 capital plan is an interim stop-gap plan that is limited to essential life safety, deferred maintenance, and technology solutions and technology infrastructure projects that are critical to continued operations. Budgeted capital investments of up to \$28.9 million include a capital commitment of \$12.2 million in the technology solutions and technology infrastructure enhancements that have become increasingly important in the current environment. The remaining \$16.9 million are committed to the replacement of aging fire alarms and security cameras, elevator modernizations, mechanical upgrades, and various other deferred maintenance needs across the seven colleges. In the coming year City Colleges will weigh the lasting effects of the COVID-19 pandemic and build a new five-year plan that reflects our continued commitment to student success in light of these impacts.

FINANCIAL INFORMATION

Internal Control: City Colleges' management is responsible for establishing and maintaining an internal control structure designed to protect its assets, to prevent loss from theft or misuse of assets, and to allow for the preparation of financial information in conformity with U.S. GAAP under GASB. Although no internal control can guarantee complete assurance that these objectives are met, strong controls provide reasonable assurance of this. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls: The fiscal year begins on July 1 and ends on June 30 with annual appropriations lapsing at the end of the fiscal year. Individual colleges submit budget requests based on the colleges' strategic and tactical plans as reviewed and approved by the Chancellor. Administrative units submit requests for the Chancellor's review. The Budget Office compiles requests and recommendations for submission to the Board of Trustees for appropriation. The appropriated budget is prepared by fund, department, account (object of expense), and program (function).

City Colleges' budgetary control objectives are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Colleges' Board of Trustees. Budgetary control is implemented by individual fund within each college. Board approval is required for all transfers between funds, accounts, or programs. In addition, an amended budget is required for increases in total appropriation in accordance with the Illinois Public Community College Act.

Board approval is required for all purchases or exchanges of goods and services over \$25,000 from a single vendor during the fiscal year. In addition, proper segregation of duties exists both operationally and technologically to ensure that purchase orders are properly authorized with appropriate checks and balances.

City Colleges maintains an encumbrance accounting system as part of its budgetary control. Encumbered amounts lapse at the end of each fiscal year.

Capital project funds are budgeted on a project-by-project basis and represent the entire project budget for projects expected to begin in that fiscal year.

City Colleges' financial resources are summarized in the following fund groups and individual funds in accordance with ICCB reporting requirements.

<u>GASB Net Position Category</u>	<u>ICCB FUND</u>
Unrestricted	Education Auxiliary / Enterprise Operations and Maintenance Operations and Maintenance – Restricted (Board Designated Capital Projects) Working Cash
Restricted for Specific Purpose	Audit Fund Liability, Protection and Settlement Restricted Purposes (Grants) Bond and Interest
Net Investment in Capital Assets	Building Bond Proceeds Long-Term Debt

Property Tax: Estimated assessed value of taxable property for tax year 2019 collectible in fiscal year 2020 was \$87,776,056,332. Estimated assessed value of taxable property for tax year 2018 collectible in fiscal year 2019 was \$86,286,411,094. City Colleges' average collection rate over the past five years has been over 97%.

Debt Administration: Long-term and current debt at June 30, 2020 totaled \$306,235,000 due to City Colleges' issuance of bonds Series 2013 in October 2013 and Series 2017 in December 2017.

Cash Management: Cash and investments are controlled by City Colleges' Treasurer or Vice Chancellor of Finance and Business Enterprises / Chief Financial Officer. Treasury is governed by provisions within the Illinois Public Community College Act (Illinois Compiled Statutes Chapter 110, Act 805) and the Illinois Public Funds Investment Act (Illinois Compiled Statutes Chapter 30, Act 235). Fiduciary responsibility for investments is entrusted to City Colleges' Board of Trustees, which has delegated the function to the Treasurer of City Colleges as permitted by the Illinois Public Community College Act.

In keeping with existing Board policy, investments of excess funds are made in a prudent, conservative, and secure manner in accordance with guidelines detailed in the Board Rules for Management and Government section 5.4, *Investment and Depository Policies*. Designation of depositories and investment managers is authorized by the Board of Trustees.

City Colleges invests funds in various securities listed as permitted investments in the Board-approved Investment Policy. This policy is reviewed on an annual basis and any modifications require Board approval. The securities include, but are not limited to, money market funds, U.S. Treasury bonds, bills, notes and certificates of deposit. Investment income for fiscal year 2020 totaled \$2.9 million.

Risk Management: The Office of Risk Management (ORM) continuously and actively assesses and reviews potential risk and exposures the District may encounter and strives to mitigate the potential impact on the institution. ORM procures commercial insurance to address significant property and non-property losses for amounts in excess of self-insured retentions. The comprehensive Commercial Insurance Portfolio is reviewed annually to determine policy limits and retention (deductible) levels for property assets, general liability exposures, workers' compensation injuries and educator's legal liability matters. The current deductibles equal \$25,000, \$250,000, \$600,000 and \$250,000 per claim, respectively.

City Colleges engages a third-party administrator to adjudicate and administer claims for general liability, workers' compensation, student athlete injury and student accident health claims.

OTHER INFORMATION

Independent Audit: State statutes require an annual audit by independent certified public accountants. The City Colleges of Chicago Board of Trustees selected the audit firm of RSM US LLP as its independent certified public accountants for fiscal year 2020. The independent auditor's report of RSM US LLP on the basic financial statements and supplementary schedules is included in the financial section of this report.

Awards: The Government Finance Officers Association (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to City Colleges for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current report continues to conform to the GFOA Certificate of Excellence program requirements, and we are submitting it to GFOA again this year.

Acknowledgements: The preparation of the CAFR was made possible by the dedicated service of the senior leadership team and staff of City Colleges. We wish to express our sincere appreciation for the contributions they have made in preparing this report.

Respectfully submitted,

Maribel Rodriguez
Chief Financial Officer

Daryl J. Okrzesik
Associate Vice Chancellor, Treasurer

**CITY COLLEGES OF CHICAGO
COMMUNITY COLLEGE DISTRICT NO. 508
PRINCIPAL OFFICIALS
Year Ended June 30, 2020**

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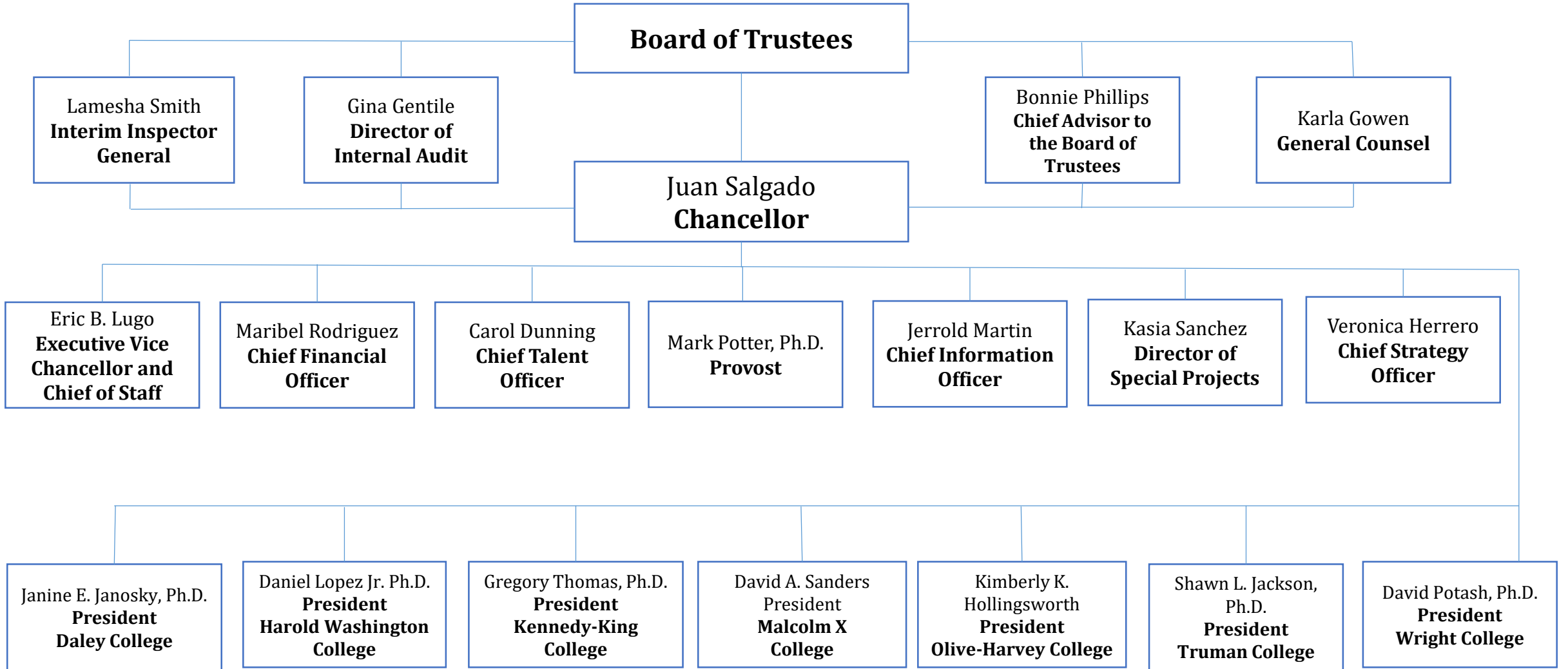
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Dr. Stacia Edwards, Deputy Provost
Maribel Rodriguez, Chief Financial Officer
Karla Mitchell Gowen, General Counsel
Jennifer Mason, Vice Chancellor, Legislative and Community Affairs
Jerrold Martin, Chief Information Officer
Rhonda K. Brown, Vice Chancellor, Institutional Advancement
Christian Collins, Vice Chancellor, Decision Support
Veronica Herrero, Chief Strategy Officer
Carol Dunning, Chief Talent Officer
Dr. Stacia Thompson, Vice Chancellor, Economic & Workforce Innovation
Dr. Janine Jonosky, President, Richard J. Daley College
Dr. Daniel Lopez, President, Harold Washington College
Dr. Gregory Thomas, President, Kennedy-King College
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**City Colleges of Chicago
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For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Financial Section



RSM US LLP

Independent Auditor's Report

To the Board of Trustees of
City Colleges of Chicago
Community College District No. 508

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of City Colleges of Chicago, Community College District No. 508 (City Colleges) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of City Colleges of Chicago, Community College District No. 508, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required Supplementary Information, such as Management's Discussion and Analysis, Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Proportionate Share of Net Pension Liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City Colleges' basic financial statements. The Uniform Financial Statements, as required by the Illinois Community College Board, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Uniform Financial Statements, except for the Certification of Chargeback Reimbursement for Fiscal Year 2020, which are unaudited, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Uniform Financial Statements, except for the Certification of Chargeback Reimbursement for Fiscal Year 2020, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections and the Certification of Chargeback Reimbursement for Fiscal Year 2020 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of City Colleges' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City Colleges' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Colleges' internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
November 30, 2020

**Management's
Discussion and Analysis
(MD&A)**

The discussion and analysis of City Colleges of Chicago financial performance provides an overall review of City Colleges' financial activities for the fiscal year ended June 30, 2020. This discussion and analysis focuses on current activities, currently known facts and related changes. The management of City Colleges encourages readers to consider the information being presented herein in conjunction with the transmittal letter that precedes this section and the basic financial statements and accompanying notes (which immediately follow this section) to enhance their understanding of City Colleges' financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current and prior year is required to be presented in the Management's Discussion and Analysis (the "MD&A"). Responsibility for the completeness and fairness of the information presented here rests with City Colleges.

Using This Annual Report

The basic financial statements focus on City Colleges as a whole. The accompanying basic financial statements are designed to emulate the presentation model of private sector business-type activities, whereby all City Colleges' activities are consolidated into one total. The Statement of Net Position combines and consolidates all financial resources with long-term capital assets and debt. The Statement of Revenues, Expenses and Changes in Net Position describes operating results, comparing revenues derived from operations such as tuition and fees with operating expenses, and non-operating results. Non-operating revenues include funding received from State apportionment, grants, and property taxes. This approach is intended to facilitate analysis of financial results of various services to students and the public.

Financial Highlights

Statement of Net Position

The total net position as of June 30, 2020 decreased by \$57.6 million to \$482.6 million driven largely by the depreciation of capital assets.

On January 30, 2020, the World Health Organization declared the coronavirus disease ("Covid19") outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to City Colleges.

Overview of Financial Statements

Total current assets decreased by \$5.0 million as compared to the prior year, mainly due to the decrease in cash and cash equivalents, short term investments, and accounts receivable. In fiscal year 2020, City Colleges implemented a new process in student registration resulting in a decrease in the student receivable balance. Capital assets decreased by \$87.5 million due to the sale of the district office building. Other assets increased by \$17.5 million mainly due to an increase in long-term investments.

Total current liabilities decreased by \$0.7 million as City Colleges reduced its accounts payable by \$1.5 million, accrued payroll by \$2.9 million, deposits held in custody for others and other liabilities by \$3.3 million and unearned tuition by \$0.5 million. This was offset by an increase of \$8.0 million in unearned grant revenue, other accruals and the current portion of the non-current liabilities.

Total non-current liabilities increased by \$3.9 million. This was mainly due to an increase in other post-employment benefits, workers compensation and accruals of \$11.0 million that was offset by a decrease of \$7.1 million in bonds payable, sick leave benefits and lease obligations. The deferred inflows of resources are the deferred property tax revenue and other post-employment benefits that have been presented separately in the financial statements to conform to GASB Statements 65 and 75, respectively.

Table 1
Condensed Statements of Net Position
(in millions of dollars)

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current assets	\$ 174.8	\$ 179.8	\$ (5.0)
Non-current assets			
Capital assets	1,269.2	1,356.7	(87.5)
Less accumulated depreciation	(431.1)	(435.4)	4.3
Other assets	<u>57.0</u>	<u>39.5</u>	<u>17.5</u>
Total assets	<u>1,069.9</u>	<u>1,140.6</u>	<u>(70.8)</u>
Deferred outflows of resources	<u>10.1</u>	<u>4.2</u>	<u>5.9</u>
Current liabilities	68.2	68.9	(0.7)
Non-current liabilities	<u>449.0</u>	<u>445.1</u>	<u>3.9</u>
Total liabilities	<u>517.2</u>	<u>514.0</u>	<u>3.2</u>
Deferred inflows of resources	<u>80.2</u>	<u>90.5</u>	<u>(10.3)</u>
Net position			
Net investment in capital assets	535.2	622.4	(87.2)
Restricted for specific purposes	0.3	0.4	(0.1)
Unrestricted	<u>(52.9)</u>	<u>(82.6)</u>	<u>29.7</u>
Total net position	<u>\$ 482.6</u>	<u>\$ 540.2</u>	<u>\$ (57.6)</u>

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Position
(in millions of dollars)

Operating	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues	\$ 41.2	\$ 41.3	\$ (0.1)
Expenses	<u>(518.9)</u>	<u>(484.9)</u>	<u>(34.0)</u>
Operating loss	(477.7)	(443.6)	(34.1)
Non-operating			
Revenues	444.9	407.4	37.5
Expenses	<u>(26.6)</u>	<u>(12.6)</u>	<u>(14.0)</u>
Net non-operating revenues	418.3	394.8	23.5
Loss before capital contributions	(59.4)	(48.8)	(10.6)
Capital contributions	<u>1.8</u>	<u>11.7</u>	<u>(9.9)</u>
Change in net position	(57.6)	(37.1)	(20.5)
Net position, beginning of year	<u>540.2</u>	<u>577.3</u>	<u>(37.1)</u>
Net position, end of year	<u>\$ 482.6</u>	<u>\$ 540.2</u>	<u>\$ (57.6)</u>

Changes in Net Position
Years Ended June 30,
(in millions of dollars)

	<u>2020</u>	<u>2019</u>
Total revenue	\$ 461.3	\$ 447.8
Total expenses	<u>(518.9)</u>	<u>(484.9)</u>
Decrease in net position	<u>\$ (57.6)</u>	<u>\$ (37.1)</u>

Statement of Revenues, Expenses and Changes in Net Position

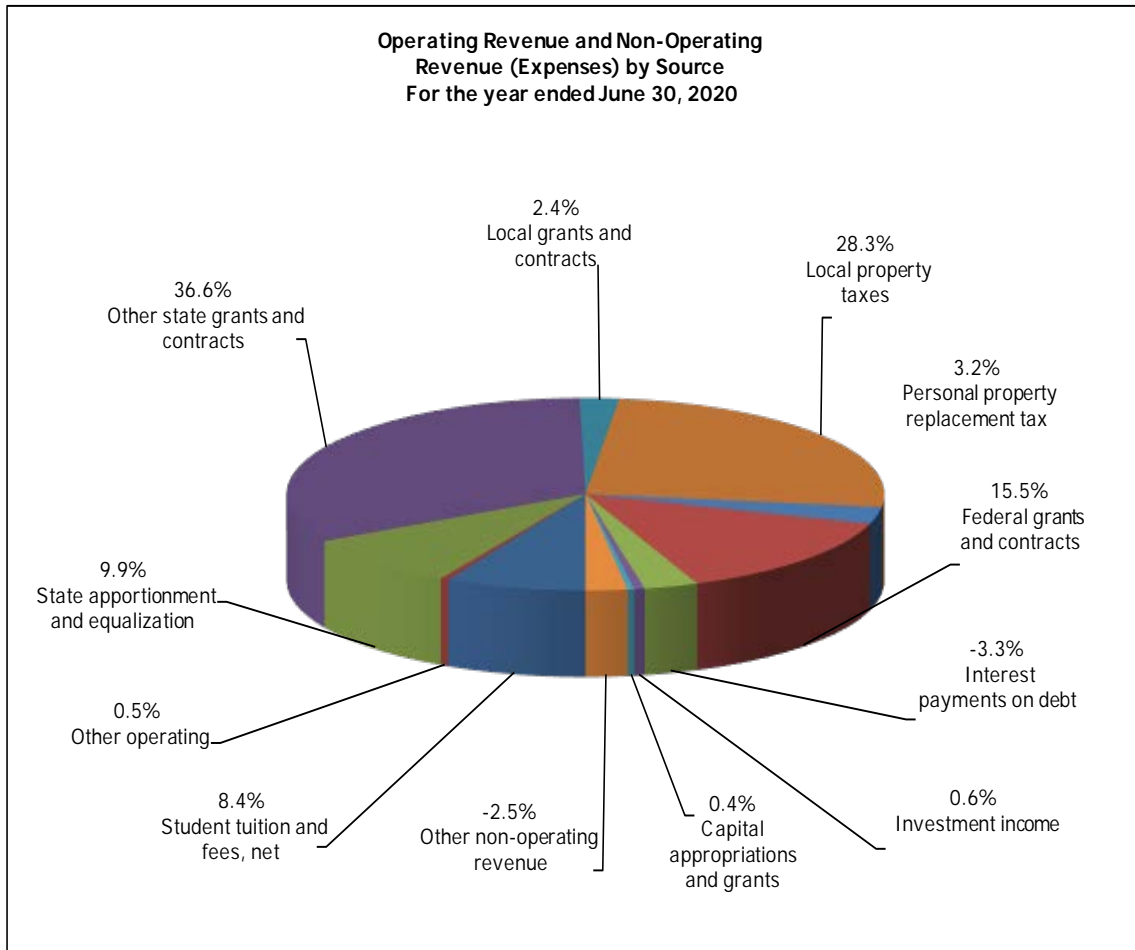
Operating revenues decreased by \$0.1 million from the previous year due to decreases in enrollment as well as student tuition and fees, and other operating revenues.

Total non-operating revenues and expenses increased by \$23.5 million in fiscal year 2020. Other state grants and contracts increased by \$29.3 million and local grants and contracts as well as property taxes and personal property replacement tax increased by \$12.4 million. This was offset by decreases in the State apportionment, Federal grants, interest on debt, investment income and other non-operating revenues of \$18.2 million. Capital appropriations and grants decreased by \$9.9 million due to a reduction in grants from the State of Illinois Capital Development Board.

Table 3
Operating Revenues and Non-Operating Revenues (Expenses)
(in millions of dollars)

	2020	2019	Change
Operating revenues			
Student tuition and fees	\$ 85.8	\$ 92.5	\$ (6.7)
Less scholarships	(46.9)	(56.3)	9.4
Other operating	<u>2.3</u>	<u>5.1</u>	<u>(2.8)</u>
Total operating revenues	<u>41.2</u>	<u>41.3</u>	<u>(0.1)</u>
Non-operating revenues (expenses)			
State apportionment and equalization	45.5	47.6	(2.1)
Other state grants and contracts	169.1	139.8	29.3
Local grants and contracts	10.9	4.5	6.4
Local property taxes	130.4	125.5	4.9
Personal property replacement tax	14.6	13.5	1.1
Federal grants and contracts	71.5	72.0	(0.5)
Interest payments on debt	(15.0)	(12.6)	(2.4)
Investment income	2.9	3.9	(1.0)
Other non-operating revenues (expenses)	<u>(11.6)</u>	<u>0.6</u>	<u>(12.2)</u>
Total non-operating revenues (expenses)	<u>418.3</u>	<u>394.8</u>	<u>23.5</u>
Capital appropriations and grants	<u>1.8</u>	<u>11.7</u>	<u>(9.9)</u>
Total	<u><u>\$ 461.3</u></u>	<u><u>\$ 447.8</u></u>	<u><u>\$ 13.5</u></u>

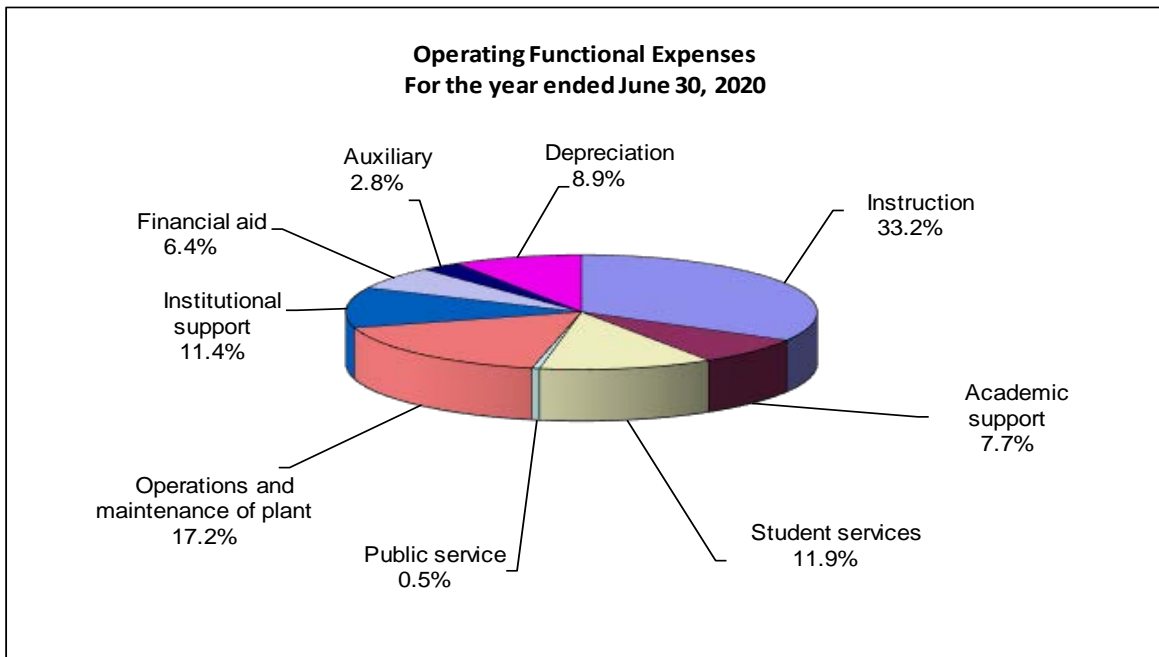
Table 3
Operating Revenues and Non-Operating Revenues (Expenses)
(in millions of dollars)



Total operating expenses increased by \$34.0 million in fiscal year 2020. This was mainly due to a \$24.1 million increase for SURS, a \$5.6 million increase in contractual services, a \$3.0 million increase in financial aid expense and a \$2.8 million increase in supplies.

Table 4
Operating Functional Expenses
(in millions of dollars)

Operating expenses	2020	2019	Change
Instruction	\$ 172.4	\$ 160.2	\$ 12.2
Academic support	40.1	34.2	5.9
Student services	61.7	54.6	7.1
Public service	2.7	2.6	0.1
Organized research	-	0.1	(0.1)
Operations and maintenance of plant	89.1	69.2	19.9
Institutional support	59.2	72.7	(13.5)
Financial aid	33.4	30.4	3.0
Auxiliary	14.2	14.3	(0.1)
Depreciation	46.1	46.6	(0.5)
Total operating expenses	\$ 518.9	\$ 484.9	\$ 34.0



Net Capital Assets and Non-Current Liabilities

As of June 30, 2020, City Colleges had \$1,269.2 million in capital assets and \$431.1 million in accumulated depreciation, resulting in \$838.1 million in net capital assets. Some construction in progress projects were completed and put into service, while obsolete software was written off. This investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles and software. The total decrease in City Colleges' net capital assets for the current fiscal year is \$83.2 million that was mainly due to the sale of the District office building.

Table 5
Capital Assets (Net of Accumulated Depreciation)
(in millions of dollars)

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Capital assets			
Land	\$ 51.4	\$ 51.4	\$ -
Buildings and improvements	1,103.8	1,192.6	(88.8)
Construction in progress	6.3	5.9	0.4
Equipment	64.8	64.2	0.6
Software	42.9	42.6	0.3
Total	1,269.2	1,356.7	(87.5)
Less accumulated depreciation	(431.1)	(435.4)	4.3
Net capital assets	<u>\$ 838.1</u>	<u>\$ 921.3</u>	<u>\$ (83.2)</u>

Total non-current liabilities increased by \$3.9 million to \$449 million. This was mainly due to an increase in other post-employment benefits, accruals and workers compensation of \$11.0 million that was offset by decreases in lease obligations and sick leave benefits of \$0.9 million and a \$5.6 million decrease in bonds payable as both outstanding bonds were paid down. See Note 12 for more detailed information regarding long-term debt activity.

Table 6
Non-Current Liabilities
(in millions of dollars)

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Accrued compensated absences	\$ 3.3	\$ 2.7	\$ 0.6
Accrued property tax refunds	18.7	18.5	0.2
Sick leave benefits	3.3	3.5	(0.2)
Other post-employment benefits	107.3	98.3	9.0
Workers compensation	1.2	-	1.2
Bonds payable, net of premiums & discounts	314.8	320.4	(5.6)
Lease obligations	<u>7.8</u>	<u>8.5</u>	<u>(0.7)</u>
Sub-total	456.4	451.9	4.5
Less current portion	<u>(7.4)</u>	<u>(6.8)</u>	<u>(0.6)</u>
Total non-current liabilities	<u>\$ 449.0</u>	<u>\$ 445.1</u>	<u>\$ 3.9</u>

Requests for Information

This financial report is designed to provide a general overview of City Colleges' finances. Questions concerning the report or requests for additional information should be addressed to the Chief Financial Officer, City Colleges of Chicago, 180 N. Wabash, Suite 200, Chicago, IL 60601.

Basic Financial Statements

**City Colleges of Chicago
Community College District No. 508
Statement of Net Position
June 30, 2020**

Assets

Current assets:

Cash and cash equivalents	\$ 12,497,600
Short-term investments	80,024,498
Property tax receivable, net	61,724,362
Personal property replacement tax receivable	2,079,883
Other accounts receivable, net	16,727,917
Prepaid items and other assets	<u>1,763,079</u>

Total current assets 174,817,339

Non-current assets:

Restricted cash	33,693,355
Funds held by others - restricted	152,454
Long-term investments	20,612,325
Other accounts receivable	2,552,090
Capital assets not being depreciated	57,696,934
Capital assets being depreciated, net	<u>780,454,926</u>

Total non-current assets 895,162,084

Total assets 1,069,979,423

Deferred outflows of resources

Deferred other post employment benefits	9,381,082
Deferred grant-related pension contributions	<u>688,442</u>

Total deferred outflows of resources 10,069,524

Liabilities

Current liabilities:

Accounts payable	11,016,021
Accrued payroll	17,885,881
Other accruals	4,106,230
Deposits held in custody for others	1,309,037
Unearned tuition and fees revenue	5,375,454
Unearned grant revenue	6,460,664
Other liabilities	14,646,814
Current portion of non-current liabilities	<u>7,412,045</u>

Total current liabilities 68,212,146

Non-current liabilities:

Accrued compensated absences	3,353,833
Accrued property tax refunds	18,695,476
Sick leave benefits	3,260,597
Other post-employment benefits	107,291,401
Workers compensation	1,177,121
Bonds payable, net of premiums and discounts	314,797,847
Lease obligations	7,794,593
Less current portion of non-current liabilities	<u>(7,412,045)</u>

Total non-current liabilities 448,958,823

Total liabilities 517,170,969

Deferred inflows of resources

Deferred other post employment benefits	17,319,337
Deferred property tax revenue	<u>62,930,477</u>

Total deferred inflows of resources 80,249,814

Net position

Net investment in capital assets 535,255,971

Restricted for specific purposes:

Audit	293,763
Unrestricted	<u>(52,921,570)</u>

Total net position \$ 482,628,164

The accompanying notes are an integral part of these basic financial statements.

City Colleges of Chicago
Community College District No. 508
Statement of Revenues, Expenses and Changes in Net Position
Fiscal Year Ended June 30, 2020

Revenues

Operating revenues:	
Student tuition and fees:	
Resident tuition	\$ 79,300,636
Nonresident tuition	5,670,751
Fees	797,795
Less: Scholarship allowances	<u>(46,873,374)</u>
Net student tuition and fees	38,895,808
Other operating revenues	<u>2,298,628</u>
Total operating revenues	<u>41,194,436</u>

Expenses

Operating expenses:	
Instructional salaries	91,069,112
Non-instructional salaries	112,315,513
Fringe benefits	177,342,268
Supplies	19,369,703
Professional development	670,323
Utilities	7,447,037
Contractual services	28,022,825
Depreciation	46,108,387
Financial aid, exclusive of scholarship allowances	33,362,697
Other expenses	<u>3,184,974</u>
Total operating expenses	<u>518,892,839</u>
Operating loss	<u>(477,698,403)</u>

Non-operating revenues (expenses):

State apportionment and equalization	45,538,109
Other state grants and contracts	169,183,060
Local grants and contracts	10,861,218
Local property taxes	130,359,887
Personal property replacement tax	14,586,627
Federal grants and contracts	71,494,722
Investment income	2,917,927
Interest payments on debt	(15,047,917)
Other non-operating revenue (expenses)	<u>(11,620,473)</u>
Total non-operating revenues (expenses)	<u>418,273,160</u>
Loss before capital appropriations and grants	(59,425,243)
Capital appropriations and grants	<u>1,825,038</u>
Change in net position	(57,600,205)
Net position, beginning of year	<u>540,228,369</u>
Net position, end of year	<u><u>\$ 482,628,164</u></u>

The accompanying notes are an integral part of these basic financial statements.

**City Colleges of Chicago
Community College District No. 508
Statement of Cash Flows
Fiscal Year Ended June 30, 2020**

	2020
Cash flows from operating activities	
Tuition and fees	\$ 39,950,280
Payments to suppliers	(95,257,721)
Payments to employees	(207,126,600)
Payments to students	(33,362,697)
Other operating receipts	2,298,628
Net cash used in operating activities	(293,498,110)
 Cash flows from noncapital financing activities	
Local property taxes	128,655,067
State apportionment, grants and contracts	62,271,720
Personal property replacement tax	14,665,082
Grants and contracts	86,731,082
Other non-operating revenue	2,234,289
Net cash provided by noncapital financing activities	294,557,240
 Cash flows from capital and related financing activities	
Sale of capital asset	32,675,000
Purchases of capital assets	(6,711,139)
Payment received on note receivable	909,632
Principal and interest paid on debt	(20,715,763)
Net cash provided by capital and related financing activities	6,157,730
 Cash flows from investing activities	
Proceeds from sales and maturities of investments	91,982,862
Purchases of investments	(108,039,557)
Interest received on investments	2,932,747
Net cash used in investing activities	(13,123,948)
Net decrease in cash and cash equivalents	(5,907,088)
Cash and cash equivalents at beginning of year	52,098,043
Cash and cash equivalents at end of year	\$ 46,190,955
Cash and cash equivalents	12,497,600
Restricted cash	33,693,355
	\$ 46,190,955

The accompanying notes are an integral part of these basic financial statements.

City Colleges of Chicago
Community College District No. 508
Statement of Cash Flows (Continued)
Fiscal Year Ended June 30, 2020

	2020
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (477,698,403)
Reconciling adjustments:	
Depreciation	46,108,387
State payment for retirement obligation	152,449,449
Decrease in allowance for uncollectible receivables	(2,853,694)
Changes in assets and liabilities:	
Receivables	4,454,458
Prepaid items and other assets	108,264
Accounts payable	(2,192,685)
Accrued payroll	(2,866,568)
Other accruals	872,176
Deposits held in custody for others	(78,841)
Unearned tuition and fees revenue	(514,574)
Other liabilities	(2,084,108)
Accrued compensated absences	691,189
Sick leave benefits	(227,424)
OPEB and related deferred outflows and inflows	(8,944,108)
Lease obligations	(721,628)
Net cash used in operating activities	\$ (293,498,110)
Non-cash investing, capital and financing activities	
Decrease in fair value of investments	\$ (2,582,271)
State of Illinois contributed capital assets	1,825,038
Capital assets in accounts payable	646,700
Amortization of premiums and discounts on bonds payable	872,950

The accompanying notes are an integral part of these basic financial statements.

Component Unit - City Colleges of Chicago Foundation
Statement of Financial Position
As of June 30, 2020

	<u>2020</u>
Assets	
Cash and cash equivalents	\$ 4,627,001
Investments	9,999,770
Contributions receivable	11,500
Total assets	<u>\$ 14,638,271</u>
 Liabilities and Net Assets	
Liabilities: Accounts payable	<u>\$ 409,647</u>
 Net Assets	
Without donor restrictions	1,696,048
With donor restrictions	<u>12,532,576</u>
Total net assets	14,228,624
Total liabilities and net assets	<u>\$ 14,638,271</u>

The accompanying notes are an integral part of these basic financial statements.

Component Unit - City Colleges of Chicago Foundation
Statement of Activities
For the year ended June 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 205,242	\$ 6,977,657	\$ 7,182,899
Contributed services	516,022	-	516,022
Net assets released from restriction	4,141,898	(4,141,898)	-
Total revenues and other support	<u>4,863,162</u>	<u>2,835,759</u>	<u>7,698,921</u>
Expenses			
Program services	2,261,900	-	2,261,900
Scholarships awarded	2,123,006	-	2,123,006
Management and general	354,859	-	354,859
Fundraising	109,924	-	109,924
Total expenses	<u>4,849,689</u>	<u>-</u>	<u>4,849,689</u>
Increase in net assets	<u>13,473</u>	<u>2,835,759</u>	<u>2,849,232</u>
Other changes			
Investment return, net	<u>210,075</u>	<u>306,503</u>	<u>516,578</u>
Change in net assets	<u>223,548</u>	<u>3,142,262</u>	<u>3,365,810</u>
Net assets — Beginning of year	<u>1,472,500</u>	<u>9,390,314</u>	<u>10,862,814</u>
Net assets — End of year	<u>\$ 1,696,048</u>	<u>\$ 12,532,576</u>	<u>\$ 14,228,624</u>

The accompanying notes are an integral part of these basic financial statements.

Notes to Basic Financial Statements

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City Colleges of Chicago, Community College District No. 508 (City Colleges), is a separate taxing body created under the Illinois Public Community College Act of 1965 with boundaries coterminous with the City of Chicago. City Colleges delivers educational and student services through seven colleges, each of which is separately accredited by the North Central Association. The Board of Trustees, appointed by the Mayor of Chicago and ratified by the City Council, is responsible for establishing the policies and procedures by which City Colleges is governed.

A. Reporting Entity

The accompanying financial statements include City Colleges of Chicago and its discretely presented component unit, City Colleges of Chicago Foundation (Foundation).

City Colleges follows the standards established in GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity*. According to GASB Statement No. 14, City Colleges is a primary government since it is fiscally independent, whereas the Foundation meets the requirements of GASB Statement No. 39 and GASB Statement No. 61 and is being reported as a discretely presented component unit of City Colleges.

The Foundation is a legally separate not-for-profit, tax-exempt corporation, established under Internal Revenue Code Section 501(c) 3. The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Accounting Standards Codification, which is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB. Financial statements for the Foundation are available at City Colleges of Chicago's website, <http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports-.aspx>.

B. Basis of Accounting

For financial reporting purposes, City Colleges is considered a special-purpose government engaged only in business-type activities. Accordingly, City Colleges' basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when incurred. All significant intra-agency transactions have been eliminated.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-exchange transactions, in which City Colleges receives value without directly giving equal value in return, include property taxes, federal, state, and local grants, state appropriations and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which City Colleges must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to City Colleges on a reimbursement basis.

The accounting policies of City Colleges conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to colleges and universities, as well as those prescribed by the Illinois Community College Board (ICCB). City Colleges' reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

C. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and short-term investments with original maturities of three months or less from the date of purchase, except for Illinois funds, Illinois Institutional Investor Trust and money market mutual funds, which are treated as investments.

D. Investments

Investments are reported at fair value. External investment pools are reported at net asset value based on amortized cost, which approximates fair value. Illinois Funds and Illinois Portfolio, IIIT class are external investment pools. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in the carrying value of investments, resulting in realized and unrealized gains or losses, are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term that could materially affect the amounts reported in the statement of net position and in the statement of revenues, expenses and changes in net position.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. Receivables

Accounts receivable consist of property taxes, personal property replacement taxes, and tuition and fee charges to students and facilities rentals provided to third parties. Accounts receivable also include amounts due from the federal government, as well as state and local governments, in connection with reimbursement of allowable expenditures made pursuant to City Colleges' grants and contract agreements. Receivables are recorded net of estimated uncollectible amounts.

F. Allowance for Uncollectible Receivables

City Colleges provides allowances for uncollectible student accounts for any outstanding receivable balances less than 365 days. Balances in excess of 365 days past due are written off. During fiscal year 2020, \$9.1 million of student receivables were written off.

G. Property Taxes

City Colleges' property taxes are levied each calendar year on all taxable real property located in City Colleges' district. Property taxes are collected by the Cook and DuPage County Collectors and are submitted to each county's respective treasurer, who remits to the units their respective shares of the collections. Cook County taxes levied in one year become generally due and payable in two installments on March 1 and typically September 1 of the following year. The first installment is an estimated bill and is 55% of the prior year's tax bill. The second installment is based on the current levy, assessment, and equalization. Any changes from the prior year will be reflected in the second installment bill. Taxes must be levied by the last Tuesday in December for the following levy year. DuPage County, which represents 1/100 of one percent of the total levy, follows a similar practice as Cook County. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

Taxes are levied on all taxable real property located in the district for educational purposes, operations and maintenance purposes, financial auditing purposes and liability protection and settlement. The tax levies for City Colleges for the educational, operations and maintenance, and financial auditing purposes are limited by Illinois statute to 0.175%, 0.05%, and 0.005%, respectively, of the equalized assessed valuation (EAV).

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2019 tax year and collected in 2020 are recorded as revenue in fiscal year 2020. The remaining revenue related to the 2019 tax year extension is deferred and will be recorded as revenue in fiscal year 2021. Based upon collection histories, City Colleges recorded property taxes at 96.5% of the 2019 extended levy, and has an allowance of \$2.3 million at June 30, 2020.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

H. Personal Property Replacement Tax Revenue

Personal property replacement taxes are recognized as revenue when these amounts are collected by the State of Illinois for distribution.

I. Prepaid Items and Other Assets

Prepaid expenses and other assets represent amounts paid as of June 30 whose recognition is postponed to a future period. Prepaid expenses consist primarily of prepayments to vendors for maintenance contracts.

J. Restricted Cash

Cash held in trust for the purchase or construction of capital or other non-current assets is classified as non-current assets in the statement of net position.

K. Capital Assets

Capital assets of City Colleges consist of land, building, improvements, computer equipment, software and other equipment. Capital assets are reported at cost at the date of acquisition or their estimated acquisition value at the date of donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Major outlays for assets or improvements to assets equal to or greater than \$200,000 are capitalized as projects are constructed. These are categorized as construction work in progress until completed at which time they are reclassified to the appropriate asset type.

City Colleges considers a capital asset impaired when its service utility has declined significantly and the events or changes in the circumstances are unexpected or outside the normal life cycle.

City Colleges' capitalization policy for movable property includes only items with a unit cost equal to or greater than \$25,000 and an estimated useful life greater than one year. Beginning in fiscal year 2015, City Colleges also capitalizes moveable property less than \$25,000 with an estimated useful life greater than one year if the property is for major new construction or district-wide initiatives over \$200,000. City College capitalizes interest related to construction in progress on self-constructed capital assets.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

K. Capital Assets (continued)

Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Renovations that increase the value of the structure are depreciated according to their estimated useful life. When renovations are capitalized, a portion of the original asset renovated is retired from capital assets and accumulated depreciation using a deflated replacement cost methodology. In addition, City Colleges re-evaluates an asset's useful life when there is a change in circumstances.

Capital assets are depreciated beginning the first day of the following month after they were put in service using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Computer equipment	4 - 5
Software	3 - 10
Other equipment	3 - 10

L. Deferred Outflows of Resources

Deferred outflows are defined under GASB Statement No. 63 as a consumption of net assets by City Colleges that is applicable to future reporting periods, and should be reported as having a similar impact on net position as assets. For City Colleges, pension payments related to federal grants and made subsequent to the pension liability measurement date are considered to be deferred outflows in accordance with GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – An Amendment of GASB Statement No. 68*. Deferred outflows related to OPEB are differences between expected and actual experience and changes in assumptions, in accordance GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. (See Note 7 and Note 11 for further discussion of City Colleges deferred outflows of resources.)

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

M. Pensions and Other Postemployment Benefits

Pensions. For the purpose of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS) and additions to deductions from SURS plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For financial reporting purposes, the State of Illinois (State) and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (City Colleges) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. City Colleges recognizes its proportionate share of the State's pension expense relative to its employees as non-operating revenue and pension expense, with the expense further allocated to the related function by employees. **(See Note 7)**

Other Postemployment Benefit. The net position of the City Colleges' other postemployment benefits has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflow of resources related to other postemployment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account. **(See Note 11)**

N. Other Liabilities

Other liabilities include amounts due at year-end for health care, dental, vision, unclaimed property and other third-party vendors.

O. Non-Current Liabilities

Non-current liabilities include estimated amounts for accrued compensated absences, sick leave benefits (payments to eligible retirees for accumulated unused sick days), other post-employment benefits, workers' compensation claims, bonds payable and lease obligations net of the current portion representing the amount to be paid within the next fiscal year. The lease obligation is related to a non-cancellable lease that extends through 2030.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

P. Premiums, Discounts, and Issuance Costs

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Long-term obligations (general obligation bonds) are reported net of the applicable bond premium and discount. Bond issuance costs are expensed at the time the debt is issued.

Q. Accrued Property Tax Refunds

Accrued property tax refunds are included in non-current liabilities. These are estimates of property taxes that may be refunded to taxpayers in the future.

R. Unearned Revenue and Deferred Inflows of Resources

Deferred inflows of resources are defined under GASB Statement No. 63 as acquisitions of net assets that are applicable to a future reporting period, and should be reported as having a similar impact on net position as liabilities. Deferred inflows include property tax revenues restricted for the subsequent fiscal year. Deferred inflows related to OPEB represent differences between expected and actual experience and changes in assumptions, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. (See Note 11)

Amounts received for tuition and fees, certain auxiliary activities and grant and contract sponsors that have not yet been earned are classified as unearned revenue within current liabilities.

S. Net Position

City Colleges' net position is classified as follows:

Net Investment in Capital Assets - Net investment in capital assets represents City Colleges' total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets plus unspent bond proceeds.

Restricted for Specific Purposes - Restricted net position includes assets that City Colleges is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or through enabling legislation. At June 30, 2020, City Colleges had a portion of its net position restricted for audit.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

S. **Net Position** *(continued)*

Unrestricted - Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of City Colleges and may be used at the discretion of the governing board to meet current expenses for any purpose.

When both restricted and unrestricted resources are available for use, it is City Colleges' policy to use restricted resources first and then use unrestricted resources when they are needed.

T. **Classification of Revenues and Expenses**

City Colleges has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating Revenue and Expenses - Operating revenue and expenses includes activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship allowances, (2) sales and services of educational departments and auxiliary enterprises, (3) salaries and benefits, and (4) materials and supplies.

Non-Operating Revenue and Expenses - Non-operating revenue and expenses includes activities that have the characteristics of non-exchange transactions, such as: (1) local property taxes, (2) state appropriations, (3) most federal, state, and local grants and contracts and federal appropriations, (4) gifts and contributions, (5) income from investments, and (6) interest on debt.

U. **Tuition and Fees**

Tuition and fees include all such items charged to students for educational and service purposes. Tuition-related waivers, scholarships, and other financial aid (excluding direct loans) are reported as contra revenue to tuition revenue. Scholarships that are paid to students are recorded as financial aid expense under operating expenses. Tuition and fees revenue are recognized when the educational services are performed.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

V. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

W. Pending Accounting Standards

GASB Statement No. 84, *Fiduciary Activities*, will be effective for City Colleges beginning with its year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *Leases*, will be effective for City Colleges with its year ended June 30, 2022. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for City Colleges beginning with its year ended June 30, 2022. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, will be effective for City Colleges beginning with its year ended June 30, 2021. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

W. Pending Accounting Standards *(continued)*

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for City Colleges beginning with its year ended June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 92, *Omnibus 2020*, will be effective for City Colleges beginning with its year ended June 30, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will be effective for City Colleges beginning with its year ended June 30, 2022. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for City Colleges beginning with its year ended June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for City Colleges beginning with its year ended June 30, 2023. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangement (SBITAs) for government end users (governments).

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will be effective for City Colleges beginning with its year ended June 30, 2022. The objective of this Statement is to create more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

Management has not yet completed its evaluation of the impact of the provisions of the standards on its financial statements.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

2. DEPOSITS AND INVESTMENTS

The Treasurer or Chief Financial Officer may invest restricted and unrestricted funds pursuant to the Illinois Public Funds Investment Act. Investments may include current operating funds, special funds, interest and sinking funds, and other funds belonging to or in the custody of the Board, in the following types of securities, provided that: (i) such securities shall achieve the objectives described in Section 2 of these guidelines and; (ii) that such securities shall mature or be redeemable on the date or dates prior to the time when in the judgment of the Treasurer or Chief Financial Officer, the funds so invested will be required for expenditures by the Board. Securities shall generally be purchased with the intention that they will be held to maturity so as to minimize interest rate risk.

The investment portfolio will be diversified to avoid incurring undue concentration in securities of one type or securities of one financial institution or maturities.

In accordance with City Colleges' investment policy, funds may be invested in the following types of securities within certain limitations: (a) securities backed by the full faith and credit of the United States, (b) United States or its agencies' government securities, (c) bank certificates of deposit, (d) short-term obligations of corporations organized in the United States, (e) money market mutual funds, when they are invested in securities noted in items (a) and (b) above, (f) obligations of agencies created by an Act of Congress, (g) savings and loan securities, (h) certain credit unions if specifically authorized by the Board of Trustees and fully secured, (i) the Illinois Funds (Money Market and Prime), (j) repurchase agreements, (k) municipal bonds, and (l) short-term bond funds that invest primarily in corporate investment grade bonds. It is the policy of City Colleges to invest its funds in a manner which will provide for the preservation of capital, meeting cash flow demands, providing for yields consistent with the market, and conforming to all state and local statutes governing the investment of the public funds, using the "prudent person" standard for managing the overall portfolio.

Prohibitions

Investments in the following securities are prohibited: reverse repurchase agreements, inverse floaters, derivative products, such as interest only securities (IOs), principal only securities (POs) and other securities that could impart leverage to the portfolio or have highly unpredictable cash flows.

The primary objective of the policy is protection of investment principal, liquidity and yield within statutory constraints. This policy applies to all restricted and unrestricted funds, including operating funds, special funds, interest and sinking funds and other funds belonging to or in the custody of the Board.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2020

2. DEPOSITS AND INVESTMENTS *(Continued)*

Deposits

Custodial credit risk – with regards to deposits with financial institutions, custodial credit risk is the risk that in the event of bank failure, City Colleges’ deposits may not be returned. City Colleges’ investment policy requires that investments made in excess of any applicable deposit insurance be secured by a corporate surety bond written by a surety company authorized to do business in the State of Illinois that is rated at least AA by Standard and Poor’s or Aa3 by Moody’s, or by an undertaking from the depository supported by a pledge of securities having a market value that is at all times equal to or greater than the uninsured amount on deposit. At June 30, 2020, City Colleges had deposits of over \$12.4 million in cash and \$33.7 million in restricted cash that was not exposed to custodial credit risk.

Investments

In accordance with its investment policy, City Colleges limits its risk tolerance based on the investment’s objective. Volatility of principal is not permitted or limited in order to obtain additional income or to manage the funds available for projects. Volatility of principal is defined as “selling an individual security that would cause a realization of an accounting loss on the security”. City Colleges limits its risk tolerance by primarily investing in obligations guaranteed by the United States government or securities issued by agencies of the United States government that are implicitly guaranteed by the United States government. However, City Colleges’ investment policy does not specifically limit City Colleges to these types of investments, as noted above.

Custodial credit risk – as it relates to investments, custodial credit risk is the risk that in the event of the failure of the counterparty to the investment, City Colleges will not be able to recover the value of its investments held by an outside party. All City Colleges’ investment counterparties are limited to banks or trust companies authorized to do business in the State of Illinois that are member banks of the Federal Reserve System, and only to registered primary reporting dealers who are registered as broker-dealers with the Securities and Exchange Commission as required by City Colleges’ investment policy. All of City Colleges investments were insured or collateralized and there was no investment exposed to custodial credit risk as of June 30, 2020.

Concentration of credit risk – Investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

City Colleges’ investment policy requires the investment portfolio to be diversified to avoid incurring undue concentration in securities of one type or securities of one financial institution or maturities.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

2. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk – Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. City Colleges’ investment policy does not limit the maturities of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that City Colleges will not recover its investments due to the inability of the counterparty to fulfill its obligation. Illinois statutes authorize City College to invest in obligations of the U.S. Treasury and U.S. Agencies, interest-bearing savings accounts, interest-bearing time deposits, money market mutual funds registered under the Investment Company Act of 1940 (limited to U.S. Government obligations), shares issued by savings and loan associations (provided the investments are insured by the Federal Savings and Loan Insurance Corporation (FSLIC), short-term discount obligations issued by the Federal National Mortgage Association, share accounts of certain credit unions, investments in the Illinois School District Liquid Asset Fund, and certain repurchase agreements.

At June 30, 2020, the Federal Agency Bond/Note investments held by City Colleges were all rated AA+/AAA by Standard and Poors (S&P) and Moody’s, respectively. The Commercial Paper was rated A-1 by S&P and P-1 by Moody’s. U.S. instrumentalities (including supranational securities where the U.S. is a shareholder and voting member) were at least rated A-1/P-1, AA-/Aa3, or equivalent. U.S. dollar denominated corporate obligations of domestic issuers were at least rated Highest ST (A-1/P-1, or equivalent) or Three Highest LT Rating Categories (A-A3 or equivalent). Municipals were at least rated Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent).

The State Treasurer maintains the Illinois Funds at net asset value based on amortized cost, which approximates fair value, through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The value of City Colleges’ investment in the funds is the same as the value of the pool shares. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day’s notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Funds are rated AAAM by Standard and Poor’s.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

2. DEPOSITS AND INVESTMENTS *(Continued)*

The Illinois Trust measures the Illinois Portfolio, IIIT Class at net asset value based on amortized cost, which approximates fair value. The Illinois Trust also maintains a weighted average maturity of 60 days or less. The value of City Colleges' investments in the funds is the same as the value of the pool shares. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Portfolio, IIIT class is rated AAAM by Standard & Poor's.

The carrying amount of investments at June 30, 2020 is shown below:

<u>Investment Type</u>	<u>June 30, 2020</u>	<u>Investment Maturities (in years)</u>	
	<u>Carrying Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>
U.S. Treasury Bond / Note	\$ 14,757,099	\$ 7,266,521	\$ 7,490,578
Federal Agency Bond / Note	2,967,487	-	2,967,487
Federal Agency Collateralized Mortgage	398,539	-	398,539
First Agency Mortgage	1,637,153	-	1,637,153
Certificate of Deposit	3,006,285	3,006,285	-
Corporate Note	9,045,531	4,040,083	5,005,448
Commercial Paper	8,542,817	8,542,817	-
Supra-National Agency Bond/Note	4,531,142	3,341,278	1,189,864
Municipal Bond/Note	1,768,305	-	1,768,305
Private Place Bond	154,951	-	154,951
Illinois Portfolio, IIIT Class	37,448,274	37,448,274	-
Illinois Funds LGIP/5000	16,379,240	16,379,240	-
Total investments	<u>\$ 100,636,823</u>	<u>\$ 80,024,498</u>	<u>\$ 20,612,325</u>

GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

City Colleges categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of the asset.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

2. DEPOSITS AND INVESTMENTS *(Continued)*

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets that are not active; or using other inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities and credit spreads or market-corroborated inputs
- Level 3 inputs are significant unobservable inputs

The carrying amount of investments and fair value hierarchy at June 30, 2020 is as follows:

Investments Measured at Fair Value	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Bond/Note	\$ 14,757,099	\$ 14,757,099	\$ -	\$ -
Federal Agency Bond / Note	2,967,487	-	2,967,487	-
Federal Agency Collateralized Mortgage	398,539	-	398,539	-
First Agency Mortgage	1,637,153	-	1,637,153	-
Corporate Note	9,045,531	-	9,045,531	-
Commercial Paper	8,542,817	-	8,542,817	-
Supra-National Agency Bond/Note	4,531,142	-	4,531,142	-
Municipal Bonds/Note	1,768,305	-	1,768,305	-
Private Placement Bonds	154,951	-	154,951	-
Total investments at fair value	\$ 43,803,024	\$ 14,757,099	\$ 29,045,925	\$ -
Investments not Measured at Fair Value				
Illinois Portfolio, IIT Class	37,448,274			
Illinois Funds LGIP/5000	16,379,240			
Certificate of Deposits	3,006,285			
Total investments at Net Asset Value	56,833,799			
Total investments	\$ 100,636,823			

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. City Colleges does not have Level 3 investments.

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3. OTHER ACCOUNTS RECEIVABLE

City Colleges' other accounts receivable consist of the following:

	2020
Student	\$ 8,494,100
Grants	6,502,705
State of Illinois	3,268,505
City of Chicago - TIF	3,508,260
Other	3,373,414
Gross other accounts receivable	25,146,984
Less: Allowance for uncollectibles	(5,866,977)
Other accounts receivable, net	19,280,007
Less: Non-current portion of City of Chicago - TIF	(2,552,090)
Current portion of other receivable, net	\$ 16,727,917

4. CAPITAL ASSETS

	July 1, 2019	Additions and Transfers In	Retirements and Transfers Out	June 30, 2020
Capital assets not being depreciated:				
Land	\$ 51,376,464	\$ -	\$ -	\$ 51,376,464
Construction in progress	5,906,563	4,686,844	(4,272,937)	6,320,470
Subtotal	57,283,027	4,686,844	(4,272,937)	57,696,934
Capital assets being depreciated:				
Equipment	64,301,331	516,179	-	64,817,510
Software	42,553,643	330,155	-	42,883,798
Buildings and improvements	1,192,565,831	8,194,442	(96,939,017)	1,103,821,256
Subtotal	1,299,420,805	9,040,776	(96,939,017)	1,211,522,564
Total capital assets	1,356,703,832	13,727,620	(101,211,954)	1,269,219,498
Accumulated depreciation:				
Equipment	46,038,226	8,389,941	-	54,428,167
Software	29,605,142	10,253,976	-	39,859,118
Buildings and improvements	359,725,139	27,464,470	(50,409,256)	336,780,353
Total accumulated depreciation	435,368,507	46,108,387	(50,409,256)	431,067,638
Capital assets, net	\$ 921,335,325	\$ (32,380,767)	\$ (50,802,698)	\$ 838,151,860

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5. NET POSITION

City Colleges' net position includes restricted and unrestricted resources (including \$67 million of working cash fund). Unrestricted resources may be used at the discretion of the governing board to meet current expenses for any purpose. This qualifies as a stabilization arrangement, which is a formal arrangement set aside by the District to maintain amounts for budget stabilization or working capital needs. These funds may be spent through a transfer, an abolishment, or an abatement of amounts needed by the District. Amounts can be added to the working cash balance through replenishment, the issuance of bonds, or the levy of property taxes.

6. OTHER ACCRUALS AND OTHER LIABILITIES

City Colleges' other accruals and other liabilities consist of the following as of June 30, 2020:

	<u>2020</u>
Other accruals	
Accrued for services	\$ 1,739,637
Accrued for goods	2,435
Accrued interest	1,318,450
Other accruals	<u>1,045,708</u>
Total other accruals	<u>\$ 4,106,230</u>
Other liabilities	
Self insurance	\$ 2,659,574
Unclaimed property	2,092,145
ICCB	9,380,794
Other	<u>514,301</u>
Total other liabilities	<u>\$ 14,646,814</u>

City Colleges of Chicago
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7. EMPLOYEE RETIREMENT PENSION PLAN

Plan Description – City Colleges contributes to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State’s financial reporting entity and is included in the State’s Comprehensive Annual Financial Report (CAFR) as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided – A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2019, can be found in SURS CAFR’s Notes to the Financial Statements.

Contributions - The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2019 and fiscal year 2020, respectively, was 12.29% and 13.02% of employee payroll. The normal cost is equal to the value of the current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State’s General Assembly.

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7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Participating employers make contributions toward separately financed specific liabilities under Section 15- 139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants), Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

Pension Liabilities, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

Net Pension Liability - The net pension liability (NPL) was measured as of June 30, 2019. At June 30, 2019, SURS reported an NPL of \$28,720,071,173.

Employer Proportionate Share of Net Pension Liability – The amount of the proportionate share of the net pension liability (NPL) to be recognized for City Colleges is \$0. The proportionate share of the State’s NPL associated with the City Colleges is \$1,414,808,146 or 4.9262%. This amount is not recognized in the City Colleges’ financial statements. The NPL and total pension liability as of June 30, 2019 was determined based on the June 30, 2018 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2019.

Pension Expense - At June 30, 2019, SURS reported a collective net pension expense of \$3,094,666,252.

Employer Proportionate Share of Pension Expense - The employer proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2019. As a result, City Colleges recognized revenue and pension expense of \$152,449,449 from this special funding situation during the year ended June 30, 2020. On the statement of revenues, expenses and changes in net position, the revenue is reflected in other state grants and contracts and the pension expense is reflected in fringe benefits.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions - Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

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7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$160,132,483	\$80,170,745
Changes in assumptions	773,321,300	-
Net difference between projected and actual earnings on pension plan investments	-	55,456,660
Total	<u>\$933,453,783</u>	<u>\$135,627,405</u>

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

<u>Year Ending June 30</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$786,021,133
2021	(11,534,848)
2022	(6,661,326)
2023	30,001,419
Total	<u>\$797,826,378</u>

City Colleges of Chicago's Deferral of Fiscal Year 2020 Contributions – The City Colleges paid \$653,884 in federal, trust or grant contributions during the year ended June 30, 2020. These contributions were made subsequent to the pension liability measurement date of June 30, 2019, and are recognized as deferred outflows of resources as of June 30, 2020.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from June 30, 2014, through June 30, 2017. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Inflation	2.25 percent
Salary increases	3.25 to 12.25 percent, including inflation
Investment rate of return	6.75 percent beginning with the actuarial valuation as of June 30, 2018

Mortality rates were based on the RP-2014 White Collar, gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23%	5.25%
Private Equity	6%	8.65%
Non-U.S. Equity	19%	6.75%
Global Equity	8%	6.25%
Fixed Income	19%	1.85%
Treasury-Inflation Protected Securities	4%	1.20%
Emerging Market Debt	3%	4.00%
Real Estate REITS	4%	5.70%
Direct Real Estate	6%	4.85%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	<u>1%</u>	<u>7.00%</u>
Total	100%	4.80%
Inflation		<u>2.75%</u>
Expected Arithmetic Return		7.55%

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
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7. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

Discount Rate - A single discount rate of 6.59% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.13% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate was the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of SURS Net Pension Liability to Changes in the Discount Rate - Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.59%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.59%	6.59%	7.59%
\$34,786,851,779	\$28,720,071,173	\$23,712,555,197

Additional information regarding the SURS basic financial statements including the plan's net position can be found in the SURS CAFR by accessing the website at www.SURS.org.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

8. CHANGES IN NON-CURRENT LIABILITIES

Changes in non-current liabilities for the year ended June 30, 2020 are as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>June 30, 2020</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 2,662,644	\$ 5,672,598	\$ (4,981,409)	\$ 3,353,833	\$ 941,736
Accrued property tax refund	18,512,069	183,407	-	18,695,476	-
Sick leave benefits	3,488,021	-	(227,424)	3,260,597	333,409
Other post-retirement benefits	98,287,002	9,142,694	(138,295)	107,291,401	-
Workers compensation	1,558,106	508,579	(889,564)	1,177,121	378,621
Bonds payable	311,010,000	-	(4,775,000)	306,235,000	5,015,000
Bonds premiums and discounts	9,435,797	-	(872,950)	8,562,847	-
Lease obligations	8,516,221	-	(721,628)	7,794,593	743,279
	<u>\$ 453,469,860</u>	<u>\$ 15,507,278</u>	<u>\$ (12,606,270)</u>	<u>\$ 456,370,868</u>	<u>\$ 7,412,045</u>

9. ACCRUED COMPENSATED ABSENCES

Administrators and full time, non-bargained for employees accrue and accumulate paid vacation days based upon their years of service and cannot accrue in excess of the maximum number of vacation days as set forth in the Board policy and procedures, Article IV. Bargained for employees receive paid leave days in accordance with their applicable collective bargaining agreements. Accumulated unused vacation leave banks will be paid out upon termination of employment.

At June 30, 2020, City Colleges recorded a liability of \$3,353,833 for compensated absences, and estimated that \$941,736 of these liabilities is current and due within one year.

(See Note 8)

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10. SICK LEAVE BENEFITS

Upon the retirement, permanent disability, or death of a full-time eligible employee, it is the policy of City Colleges to pay over a three to five-year period an amount equal to a percentage of the individual's accumulated unused sick days in the form of a termination benefit. Eligible employees include administrative and non-bargained-for employees, if hired prior to January 1, 2012 and certain union-represented employees pursuant to their respective collective bargaining agreements, who have served continuously for 10 years or more and are eligible for an annuity under the State University Retirement System (SURS), generally at age 55. The method of calculating the value of an eligible employee's termination benefit liability uses the actual sick leave balances at 80% multiplied by the current daily rates.

At June 30, 2020, City Colleges accrued \$2,715,265 for the estimated present value of these future retiree benefits for current employees and \$545,332 in benefits payable to retired employees for a total of \$3,260,597. (See Note 8)

11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description: In addition to providing the pension benefits described in Note 7, City Colleges provides other post-employment healthcare benefits (OPEB) and life insurance to retirees and their spouses. The benefits, benefit levels, employee contributions and employer contributions are governed by City Colleges and can be amended by City Colleges through its personnel manual and union contracts. The plan is a single-employer defined benefit plan. An irrevocable trust has not been established to account for the plan, so the plan is not accounted for as a trust fund and does not issue a separate report.

Benefits Provided: City Colleges pays approximately 85% of the medical and life insurance premiums for most retirees and spouses. For other retirees, City Colleges pays a portion of the medical premium. To be eligible for benefits, an employee must qualify for retirement under SURS. It is expected that all full-time active employees who retire directly from City Colleges and meet the eligibility criteria will participate. Effective October 5, 2017, City Colleges eliminated the other post-employment benefits for new administrators and non-bargained for employees not covered by a collective bargaining agreement.

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11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Membership: As of June 30, 2019 and 2018, membership consisted of:

	<u>2019</u>	<u>2018</u>
Retirees currently receiving benefits	456	468
Active employees	<u>1,500</u>	<u>1,678</u>
TOTAL	<u><u>1,956</u></u>	<u><u>2,146</u></u>
 Participating Employers	 <u>1</u>	 <u>1</u>

Funding Policy: Currently, City Colleges provides subsidized coverage for the medical, dental and vision insurance for a period of 10 years from the employee’s retirement date. Retired employees are covered for life insurance for a period of six to ten years, with City Colleges paying the cost of the coverage. During the ten-year subsidy period, City Colleges pays approximately 85% of the cost of the premiums and retirees pay approximately 15% of the cost of the medical, dental and vision coverage. City Colleges’ contribution is estimated and is based on premiums, retiree contributions and retirees participating in the plan in 2020. The actuarial valuation is used to determine the total actuarial accrued liability and the annual OPEB expense for the post-retirement medical and life insurance benefits provided for purposes of GASB Statement No. 75. For the fiscal year ended June 30, 2020, City Colleges contributed \$6,288,983.

The City Colleges’ total OPEB liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019 and projected forward to June 30, 2020.

Annual OPEB costs and the total OPEB liability are based on the calculations and parameters prescribed in GASB Statement No. 75. The Entry Age Normal actuarial cost method was used. The Actuarially Determined Contribution (ADC) expense includes interest charge on the Unfunded Actuarial Liability and the gains and losses are amortized over the “Average Service to Retirement” of 4.40 years. The amortization of gains, losses, and actuarial assumption changes are referred to as “deferred inflows and outflows”. The assumptions also include data regarding demographic and mortality rates, an inflation rate of 2% per year, salary rate increase of 2.5%, an interest rate assumption of 2.21% per year, and a healthcare cost trend rate assumption that starts at 7.5% in 2014-2015 and gradually declines to 4.0% by the year 2022 and thereafter. Mortality rates were based on the PUB-20 Headcount-weighted for Teachers, projected fully generationally with MP-2018.

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11. OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

This valuation also considers projections and estimates of future retiree healthcare benefits based on actuarial standards issued by the Actuarial Standards Board. In performing the actuarial valuation of the OPEB programs, the actuarial assumptions for fiscal year 2020 included premium rates, payroll data, variation of healthcare costs, census data regarding participants and age factors in each plan.

Actuarial calculations of City Colleges' OPEB plan reflect a long-term perspective. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future.

The actuarial value of assets was not determined as City Colleges has not fully advanced-funded its obligation. Based upon the above valuations, City Colleges' total OPEB liability is \$107,291,401 as of June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2019	\$ 98,287,002
Changes for the Year:	
Service Cost	2,885,987
Interest	3,422,135
Change in Benefit Terms	-
Difference between Expected and Actual Experience	-
Change of Assumptions	8,985,260
Benefit Payments	(6,288,983)
Net Changes:	9,004,399
Balance as of June 30, 2020	\$ 107,291,401

Changes in the actuarial assumptions reflect the changes in the discount rate from 3.49% as of June 30, 2019 to 2.21% as of June 30, 2020. There were no changes of benefit terms and no significant changes between the valuation date and the fiscal year end.

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Notes to Basic Financial Statements
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11. OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2020, City Colleges recognized OPEB expense of (\$2,583,319). At June 30, 2020 City Colleges reported deferred outflows and inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (11,623,258)
Changes of assumptions	9,381,082	(5,696,070)
Total	\$ 9,381,082	\$ (17,319,328)

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be amortized over the average remaining service lives of the active and inactive members and will be recognized in OPEB expense as follows:

Year ended June 30	
2021	\$ (8,891,441)
2022	(1,768,439)
2023	1,904,794
2024	816,840
Total	\$ (7,938,246)

Sensitivity of the total OPEB liability to changes in the discount rate.

The following chart presents the total OPEB liability of the plan as of June 30, 2020, calculated using the discount rate of 2.21% for a 20-year Tax Exempt Municipal Bond Yield, as well as what the total OPEB liability would be if calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 118,846,256	\$107,291,401	\$ 97,563,349

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11. OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Sensitivity of the total OPEB liability to changes in the health care trend rate.

The following chart presents the total OPEB liability of the plan as of June 30, 2020, calculated using the current healthcare cost trend rate of 5.0% as well as what the total OPEB liability would be if calculated using a healthcare cost trend rate that is 1 percentage point lower (4.0%) or 1 percentage point higher (6.0%) than the current healthcare cost trend rate.

	1% Decrease (4.00%)	Health care cost trend rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 96,368,994	\$ 107,291,401	\$ 120,250,543

12. LONG-TERM DEBT

General Obligation Bonds – Series 2013: On October 8, 2013, City Colleges issued \$250,000,000 in Unlimited Tax General Obligation Bonds (Series 2013) at a net premium of \$8,233,226. The bonds were issued with interest rates ranging from 4.00% to 5.50% with payment dates of June 1 and December 1 of each year. The proceeds derived from the issuance of the bonds were used to (i) construct, acquire and equip City Colleges’ campus and administrative buildings and make site improvements and other capital expenditures related to the initial five-year \$555 million capital improvement plan and (ii) pay the cost of issuance of the bonds including the underwriters’ discount. The bonds are secured by the pledged revenues of tuition and fees, and state grants. Furthermore, City Colleges has levied the pledged property taxes to satisfy the debt service on the bonds if the pledged revenues are insufficient; however, based on projected receipts of pledged revenues, City Colleges anticipates that all pledged taxes will be abated on a year-by-year basis prior to such pledged taxes being extended.

Following is the future debt service requirements for the Bonds:

<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,015,000	\$ 11,802,313	\$ 16,817,313
2022	5,265,000	11,545,313	16,810,313
2023	5,530,000	11,275,438	16,805,438
2024	5,805,000	10,992,063	16,797,063
2025	6,095,000	10,694,563	16,789,563
2026 - 2030	35,545,000	48,236,758	83,781,758
2031 - 2035	45,890,000	37,633,310	83,523,310
2036 - 2040	59,290,000	23,856,566	83,146,566
2041 - 2044	59,735,000	6,472,594	66,207,594
Total	<u>\$ 228,170,000</u>	<u>\$ 172,508,918</u>	<u>\$ 400,678,918</u>

City Colleges of Chicago
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Notes to Basic Financial Statements
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12. LONG-TERM DEBT (Continued)

General Obligation Bonds – Series 2017: On December 11, 2017, City Colleges issued \$78,065,000 in Unlimited Tax General Obligation Bonds (Series 2017) at a net premium of \$7,330,176. The bonds were issued with interest rates ranging from 4% to 5% with payment dates of June 1 and December 1 of each year. The proceeds derived from the issuance of the bonds were to pay for (i) all or a portion of the costs of the Capital Plan, (ii) any capitalized interest on the Bonds, (iii) costs of issuance of the Bonds including bond insurance. The Bonds are secured by the pledged revenues of tuition and fees, and state grants. Furthermore, City Colleges has levied the pledged property taxes to satisfy the debt service on the bonds if the pledged revenues are insufficient; however, based on projected receipts of pledged revenues, City Colleges anticipates that all pledged taxes will be abated on a year-by-year basis prior to such pledged taxes being extended.

Following is the future debt service requirements for the Bonds:

<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 3,893,700	\$ 3,893,700
2022	-	3,893,700	3,893,700
2023	-	3,893,700	3,893,700
2024	110,000	3,890,950	4,000,950
2025	115,000	3,885,325	4,000,325
2026 - 2030	665,000	19,331,875	19,996,875
2031 - 2035	845,000	19,147,925	19,992,925
2036 - 2040	1,035,000	18,948,500	19,983,500
2041 - 2045	18,250,000	18,243,250	36,493,250
2046 - 2048	57,045,000	4,371,125	61,416,125
Total	<u>\$ 78,065,000</u>	<u>\$ 99,500,050</u>	<u>\$ 177,565,050</u>

City Colleges has pledged revenues to repay its bond issue. The pledges will remain until the bonds are retired. The amount of pledges remaining as of June 30, 2020 is as follows:

<u>Debt Issue</u>	<u>Pledged Revenue Source</u>	<u>Pledge Remaining</u>	<u>Commitment End Date</u>
Series 2013	Tuition, fees, and state grants	\$ 400,678,918	2044
Series 2017	Tuition, fees, and state grants	177,565,050	2048
Total		<u>\$ 578,243,968</u>	

<u>Debt Issue</u>	<u>Pledged Revenue Source</u>	<u>Pledge Revenue</u>	<u>Principal and Interest Retired</u>	<u>Percentage of Revenue Pledged</u>
Series 2013	Tuition, fees, and state grants	\$ 148,039,853	\$ 16,822,063	11.36%
Series 2017	Tuition, fees, and state grants	148,039,853	3,893,700	2.63%

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12. LONG-TERM DEBT *(Continued)*

Investors who purchase municipal bonds use debt ratings as an indicator of financial stability of an organization and consequently the safety and security of the debt sold by that organization. In general, higher credit ratings often result in lower borrowing costs via reduced interest rates paid on municipal bonds. A strong rating also promotes a wider market and more buyers of City Colleges' municipal bonds. There are several rating agencies that assign ratings to municipal debt, including debt issued by City Colleges. As of June 30, 2020, City Colleges' current ratings are A+ and BBB by Fitch Ratings and S&P Global Ratings, respectively.

13. RISK MANAGEMENT

City Colleges is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These matters are managed by the Office of Risk Management in concert with the Office of the General Counsel and the District's insurance broker, insurance carriers and third-party claims administrator.

A. General Liability - Property Policy and Educators Legal Liability Policy

General Liability includes claims of property and non-property matters. This exposure is insured under a buffer policy and an excess policy. The underlying retention is \$250,000. Property insurance is designed to provide coverage for the District's real estate assets, boilers, machinery, and contents as well as its vehicles. City Colleges maintains a commercial property policy with limits equal to \$500,000,000 with various sub-limits dependent upon the nature of the loss. The retention stands at \$25,000.

The amount of liability of City Colleges is further limited by the Local Government and Governmental Employees Tort Immunity Act. This Act gives City Colleges the authority to levy a special judgment tax or to issue bonds to pay qualifying tort related expenses.

The District procures an Educators Legal Liability Policy (ELL) to cover a broad range of non-bodily injury or non-property damage liability claims made against the District, administrators, employees and staff and includes a sublimit providing Directors & Officers Liability in the Policy amount of \$10,000,000 to address the actions of the Board of Trustees. Claims associated with ELL matters are managed by the Office of the General Counsel with cooperation of the Office of Risk Management. Policy limits of \$5,000,000 in the aggregate and \$5,000,000 per occurrence apply, with retention of \$250,000.

City Colleges of Chicago
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Notes to Basic Financial Statements
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13. RISK MANAGEMENT *(Continued)*

City Colleges follows the practice of recognizing the expenses for general liability claims in the year such settlements become probable and estimable. City Colleges has accrued funds for estimated future claims of \$1,753,775 as of June 30, 2020.

City Colleges' management believes there are no material lawsuits or claims covered by the general liability self-insurance programs that have not been adequately accrued.

B. Workers' Compensation

City Colleges retains a portion of workers' compensation risk and maintains an excess commercial policy for individual claims exceeding \$600,000 up to the statutory limit. City Colleges estimates future claims based on a loss development factor and a specific claim reserve. City Colleges' management believes that there are no material lawsuits or claims covered by the workers' compensation self-insurance program that have not been adequately covered.

C. Health Insurance

City Colleges self-insures for a portion of its health costs for eligible employees. Future claims are estimated based on historical charges and lag periods. City Colleges has accrued estimated medical expenses of \$905,799 as of June 30, 2020 that have been incurred, but not paid.

The following table shows the activity within City Colleges' self-insurance liability, which is reported within other current liabilities on the statement of net position. **(See Note 6)**

**City Colleges of Chicago
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13. RISK MANAGEMENT (Continued)

C. Health Insurance

Summary of Changes in Self-Insurance*

	<u>June 30, 2019</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2020</u>
General liability	\$ 1,953,075	\$ 6,512	\$ (205,812)	\$ 1,753,775
Health insurance	<u>1,266,600</u>	<u>28,225,866</u>	<u>(28,586,667)</u>	<u>905,799</u>
	<u>\$ 3,219,675</u>	<u>\$ 28,232,378</u>	<u>\$ (28,792,479)</u>	<u>\$ 2,659,574</u>

*Workers compensation is now presented in Note 8.

	<u>June 30, 2018</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2019</u>
General liability	\$ 2,196,275	\$ 212,800	\$ (456,000)	\$ 1,953,075
Workers' compensation	2,072,671	130,921	(645,486)	1,558,106
Health insurance	<u>1,780,990</u>	<u>31,859,512</u>	<u>(32,373,902)</u>	<u>1,266,600</u>
	<u>\$ 6,049,936</u>	<u>\$ 32,203,233</u>	<u>\$ (33,475,388)</u>	<u>\$ 4,777,781</u>

14. TAX ABATEMENT

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduced the reporting government's tax revenues. It requires the government to disclose: (1) Brief descriptive information about the agreement; (2) The gross dollar amount of taxes abated during the period; and (3) Commitments made by government, other than to abate taxes, that are part of the tax abatement agreement.

City Colleges of Chicago
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Notes to Basic Financial Statements
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14. TAX ABATEMENT *(continued)*

Tax Abatement Agreement Entered into Directly by City Colleges –The Boeing Company

City Colleges entered into a Tax Reimbursement Payment Agreement with The Boeing Company (“Boeing”) on November 1, 2001. Under the provisions of Section 18 of the Property Tax Code and the Corporate Headquarters Relocation Act, City Colleges is allowed to make annual payments to Boeing in an amount not to exceed the property taxes paid directly or indirectly by Boeing for premises occupied pursuant to a written lease. The annual payment may not exceed 20 years. The relocation of Boeing will provide no less than 500 full time jobs and create a substantial public benefit and foster economic growth and development in the city of Chicago.

The agreement requires Boeing to submit the “Annual Boeing Summary Compliance Report” and “Annual Reimbursement Form” to City Colleges for reimbursement. In order for the reimbursement, Boeing must have at least \$25 billion in annual world-wide revenues, satisfy the MBE/WBE requirements, compliance with the resident hiring and prevailing wage requirements, employment of a minimum of 500 full time employees in Chicago, and lease and occupy not less than 125,000 rentable square feet in Chicago, among other requirements.

For fiscal year 2020, City Colleges reimbursed \$47,617 to Boeing for the General Real Estate Taxes paid by Boeing in accordance with the agreement. City Colleges is entitled to terminate the agreement or recover certain payments if Boeing defaults on their commitments.

Tax Abatement Agreements Entered Into By Other Government – Cook County

Cook County provides tax reductions under numerous programs with different taxpayers. The purpose of these agreements is to encourage the development and rehabilitation of new and existing industrial and commercial property, reutilization of abandoned property, and increase multi-family residential affordable rental housing throughout Cook County by offering a real estate tax incentive. An eligibility application must be filed prior to commencement of a project and include a resolution from the municipality where the real estate is located. Once the project has been completed, the applicant must file an Incentive Appeal Form with the County Assessor’s Office. Upon approval by the County Assessor’s Office and based on the property classification, the applicant is eligible to receive one of the following tax incentives:

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14. TAX ABATEMENT *(continued)*

- Property will be assessed at 10% of market value for the first 10 years, 15% in the 11th year and 20% in the 12th year.
- Property will be assessed at 10% of market value for the first 3 years, 15% in the 4th year and 20% in the 5th year.
- Property will be assessed at 10% of the market value to 10 years from the date of completion of major rehabilitation.

Without the incentive, the property tax would be assessed at 25% of its market value. This incentive constitutes a substantial reduction in the level of assessment and results in significant tax savings for eligible applicants. For fiscal year 2020, City Colleges estimated its portion of annual abatement of property taxes to various taxpayers under the development incentive programs approximates \$4.0 million.

15. DISCRETELY PRESENTED COMPONENT UNIT

A. Operations

City Colleges of Chicago Foundation (the “Foundation”) is an Illinois not-for-profit, Tax-exempt Corporation established to pursue financial support from the private sector and to promote the programs of the City Colleges of Chicago, Community College District No. 508 (“City Colleges”). The Foundation receives, administers, and distributes funds to City Colleges for various grants, scholarships, and programs. Substantially all of the Foundation’s revenues and support are for the benefit of City Colleges. The Foundation is supported primarily through donor contributions and grants. The Foundation is considered a component unit of City Colleges and is discretely presented in City Colleges’ financial statements.

B. Significant Accounting Policies

Management Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

City Colleges of Chicago
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15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

Cash and Cash Equivalents – As of June 30, 2020, cash and cash equivalents include highly liquid investments with maturities of three months or less at the date of purchase, and are stated at cost, which approximates fair value. The Foundation maintains its cash in commercial bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments - The Foundation's investment policy permits the Foundation's board of directors to oversee the investment of Foundation assets through the use of an internally appointed investment committee and external investment managers and custodians. The policy reflects the objectives and constraints associated with investing the Foundation's assets. Investments are measured at fair value in the statement of financial position. Net investment return (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as an increase or decrease in net assets without donor restrictions, unless such income or loss is restricted by explicit donor stipulations or by law.

Contributions - Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributed Services - The Foundation receives contributed services consisting of donated accounting services and other operating support from City Colleges. These amounts are included as contributed services revenue in the statement of activities.

Functional Allocation of Expenses – Expenses are recognized in the period they are incurred. When an expense is identified with a specific program, fundraising, or general and management function, it will be charged directly to that category. In some circumstances, an expense will be allocated between the program services, fundraising, or general and management categories based on the specific transaction. The accounting services received consist of salaries and fringe benefits paid to City Colleges employees who estimate their percentage of time spent on Foundation duties. The other operating support includes occupancy (lease and utilities) cost which is allocated based on square footage, as well as the audit fee. These expenses are charged to the proper functional category and are presented in Note 15H, Functional Expenses.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

Basis of presentation –The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Foundation’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Tax Status - The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(c) (3). Accordingly, no provision for such taxes has been recognized in these financial statements.

The accounting standard on *Accounting for Uncertainty in Income Taxes* addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and the various positions related to the potential sources of unrelated business income tax. There were no unrecognized tax benefits identified or recorded as liabilities during the year ended June 30, 2020.

The Foundation files Forms 990 in the U.S. federal jurisdiction and the State of Illinois.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

Accounting Pronouncement Adopted – The Foundation adopted Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. These financial statements reflect the updated guidance, the adoption of which did not have a significant impact on the financial statements.

Pending Accounting Pronouncements -- In May 2014, The Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to its customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-04, which defers the effective date of ASU 2014-09 one year making it effective for the year ending June 30, 2021 for the Foundation. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Foundation for the year ending June 30, 2022. The Foundation is currently evaluating the effect the standard will have on its financial statements.

Subsequent Events — The Foundation has evaluated all subsequent events through November 30, 2020, which is the date the financial statements were available to be issued.

City Colleges of Chicago
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15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

On January 30, 2020, the World Health Organization declared the coronavirus disease (“Covid19”) outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Foundation. It is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including expected losses on investments.

C. Investments

The components of net investment return for the year ended June 30, 2020 are as follows:

	<u>2020</u>
Interest and dividends	\$ 204,890
Net realized gains	395,690
Net unrealized losses	<u>(84,002)</u>
Total	<u><u>\$ 516,578</u></u>

D. Fair Value of Investments

The Fair Value Measurements and Disclosures Topic of the Accounting Standards Codification defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction among market participants on the measurement date. The accounting guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are not observable.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

D. Fair Value of Investments *(continued)*

The Foundation attempts to establish fair value as an exit price in an orderly transaction consistent with normal settlement market conventions. The Foundation is responsible for the valuation process and seeks to obtain quoted market prices for all securities.

For the year ended June 30, 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The Foundation's investments are the only assets or liabilities that are measured at fair value on a recurring basis.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. For the year ended June 30, 2020, there were no such transfers.

The Foundation invests in money market funds that are valued with a daily net asset value at amortized cost.

The Foundation also invests in domestic and fixed income mutual funds, which are open-ended Securities and Exchange Commission registered investment funds with a daily net asset value ("NAV"). These mutual funds are designed to be liquid and allow investors to sell their interests daily to the fund at the published NAV, with no restrictions on redemptions and no unfunded commitments.

Assets measured at fair value on a recurring basis as of June 30, 2020 are as follows:

Mutual Funds:	<u>2020</u>
Fixed income funds	\$ 3,274,862
Equity funds	<u>6,724,908</u>
Total	<u><u>\$ 9,999,770</u></u>

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2020**

15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

E. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2020 are restricted to the following purposes:

Net Assets with Donor Restrictions	2020
Subject to expenditure for specified purpose	\$ 9,767,728
Goldman Sachs 10,000 Small Businesses Initiative	34,790
Project Grants	357,983
Miscellaneous	411,693
Purpose and/or time restrictions	\$10,572,194
Endowment (corpus):	2020
Scholarships	\$ 1,959,977
Miscellaneous	405
Endowment (corpus)	\$ 1,960,382

The above amounts of \$10,572,194 and \$1,960,382, totaling \$12,532,576, are reflected as net assets with donor restrictions on the Statement of Activities.

Net assets released from donor restrictions are as follows for the year ended June 30, 2020:

	2020
Scholarships	\$ 2,080,741
Instructional services and supplies	755,955
Goldman Sachs 10,000 Small Businesses Initiative	949,199
Project Grants	105,135
Miscellaneous	250,868
Total net assets released from donor restrictions	\$ 4,141,898

F. Endowment Net Assets

The Foundation has perpetual donor-restricted endowment net assets that consist of 15 individual funds established for a variety of donor-restricted purposes. Net assets associated with perpetual restrictions are classified and reported based on the existence of perpetual donor-imposed restrictions.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

F. Endowment Net Assets *(continued)*

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donation, as perpetual restricted funds in the absence of explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as perpetual donor restricted net assets (a) the original value of the gifts, (b) the original value of subsequent gifts, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate perpetual donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2020.

Changes in endowment net assets for the year ended June 30, 2020, are as follows:

	With Donor Restriction
Endowment net assets - beginning of year	\$ 4,239,248
Investment return:	
Investment income	86,695
Net gain (realized and unrealized)	126,050
Total investment return	212,745
Contributions	1,011
Appropriation of endowment assets for expenditures	(302,974)
Endowment net assets - end of year	\$ 4,150,030

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2020

15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

G. Related Party Transactions

The Foundation receives donated accounting services and other operating support from City Colleges. The Foundation estimates the fair value of these services to be \$516,022. These amounts have been included as contributed services and related expenses in the statement of activities.

H. Functional Expenses

The Foundation expenses by function are as follows:

	Program Services	Scholarships Awarded	Management and General	Fundraising	Total
Professional services	\$ 1,853,021	\$ -	\$ 5,329	\$ 4,470	\$ 1,862,820
Supplies	267,534	-	1,749	6,176	275,459
Travel	20,409	-	-	-	20,409
Rental	27,036	-	-	13,111	40,147
Scholarships	-	2,123,006	-	-	2,123,006
Bank fees	176	-	11,650	-	11,826
Contributed services	93,724	-	336,131	86,167	516,022
	<u>\$ 2,261,900</u>	<u>\$ 2,123,006</u>	<u>\$ 354,859</u>	<u>\$ 109,924</u>	<u>\$ 4,849,689</u>

I. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or board restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2020</u>
Financial assets at year-end:	
Cash and cash equivalents	\$ 4,627,001
Investments	9,999,770
Contribution receivable	11,500
Total financial assets	<u>\$ 14,638,271</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>\$ 12,532,576</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,105,695</u>

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2020

15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

I. Availability and Liquidity *(continued)*

Certain investments of the Foundation consist of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specific periods. Income from donor-restricted funds is restricted for scholarship and educational purposes. The Board approves the use of funds without donor restrictions for operating expenses.

As part of its liquidity management plan, the Foundation invests excess cash in short-term investments, including money market funds and short-term investments.

16. COMMITMENTS AND CONTINGENCIES

City Colleges is a defendant in litigation under various matters (sexual harassment, discrimination, personal injury, loss of wages, unfair labor practice, breach of employment contract, etc.) arising in the ordinary course of business. In the opinion of management, this litigation will be vigorously defended and resolved without any material adverse effect upon the financial position of City Colleges.

As of June 30, 2020, City Colleges had \$14,904,154 in commitments for its capital plan, all of which are being funded by City Colleges.

On January 30, 2020, the World Health Organization declared the coronavirus disease 2019 (“Covid19”) outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. It is not known how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to City Colleges.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including loss of revenue due to decreases in enrollment, higher health cost, and higher OPEB liabilities.

Required Supplementary Information

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2020**

Other Post -Employment Benefit Plan

Schedule of Changes in Total OPEB Liability and Related Ratios

Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Total OPEB Liability			
Service Cost	\$ 5,227,410	\$ 2,815,597	\$ 2,885,987
Interest	5,458,342	4,310,846	3,422,135
Difference between Expected and Actual Experience	(12,995,395)	(15,938,464)	-
Change of Assumptions	(20,818,383)	4,816,393	8,985,260
Benefit Payments	(4,968,061)	(5,436,298)	(6,288,983)
Net Change in Total OPEB Liability	<u>\$ (28,096,087)</u>	<u>\$ (9,431,926)</u>	<u>\$ 9,004,399</u>
Total OPEB Liability - Beginning	<u>\$ 135,815,015</u>	<u>\$ 107,718,928</u>	<u>\$ 98,287,002</u>
Total OPEB Liability - Ending	<u>\$ 107,718,928</u>	<u>\$ 98,287,002</u>	<u>\$ 107,291,401</u>
Covered - Employee Payroll	\$ 115,957,481	\$ 110,108,221	\$ 110,108,221
Total OPEB Liability as a Percentage of			
Covered - Employee Payroll	92.90%	89.26%	97.44%

Note to Required Supplementary Information

Change of Assumptions. Changes of assumptions and other inputs reflect that the discount rate was changed to 2.21% from 3.49% to comply with GASB Statement No. 75. Changes in assumptions also reflect the changes in mortality rate, turnover rate and retirement rate.

The information above is presented for as many years as available and is intended to show information for 10 years.

**City Colleges of Chicago
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Required Supplementary Information
June 30, 2020**

Employer Retirement Pension Plan

Schedule of Proportionate Share of Net Pension Liability:	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	
(a) Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	\$ 1,087,536,479	\$ 1,218,726,483	\$ 1,355,491,236	\$ 1,308,352,868	\$ 1,313,662,424	\$ 1,414,808,146	
Total (b) + (c)	\$ 1,087,536,479	\$ 1,218,726,483	\$ 1,355,491,236	\$ 1,308,352,868	\$ 1,313,662,424	\$ 1,414,808,146	
Employer Defined Benefit Covered Payroll	\$ 181,750,151	\$ 187,348,463	\$ 189,147,615	\$ 181,881,925	\$ 171,283,952	\$ 178,671,966	
Proportion of Collective Net Pension Liability associated with Employer as a Percentage of Covered Payroll	598.37%	650.51%	716.63%	719.34%	766.95%	791.85%	
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%	41.27%	40.71%	
Schedule of Contribution:	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Federal, Trust, Grant and Other contribution	\$ 689,776	\$ 787,225	\$ 812,143	\$ 1,100,852	\$ 920,479	\$ 681,719	\$ 653,884
Contribution in Relation to Required Contribution	689,776	787,225	812,143	1,100,852	920,479	681,719	653,884
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Covered Payroll	\$ 209,114,348	\$ 210,959,550	\$ 212,512,956	\$ 204,273,077	\$ 191,786,539	\$ 196,471,620	\$ 201,460,474
Contributions as a Percentage of Covered Payroll	0.33%	0.37%	0.38%	0.54%	0.48%	0.35%	0.32%

*City Colleges implemented GASB Statement No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedule is intended to show information for 10 years.

City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2020

Notes to Required Supplementary Information

These pension schedules are presented to illustrate the requirements of the Governmental Accounting Standards Board's Statement No. 68 to show information for 10 years. However, until a full 10-year trend is compiled, the City Colleges of Chicago will only present available information measured in accordance with the requirements of Statement No. 68.

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2019.

Changes of assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014, to June 30, 2017, was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- Salary increases. Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

Statistical Section

This section of City Colleges' Comprehensive Annual Financial Report includes detailed information as a context for understanding the financial statements and note disclosures related to the college's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how City Colleges' financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess City Colleges' significant local revenue sources, property taxes and tuition and fees revenue.

Debt Capacity

These schedules present information to help the reader assess City Colleges' current levels of outstanding debt and City Colleges' ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which City Colleges operates.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in City Colleges' financial reports relates to the services the college provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City Colleges of Chicago
Community College District No. 508**

Table A
Financial Trends
Components of Net Position (Unaudited)
Last Ten Fiscal Years
Fiscal Years Ended June 30

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Position:										
Net investment in capital assets	\$ 593,020,416	\$ 600,335,077	\$ 621,139,731	\$ 658,505,276	\$ 717,255,258	\$ 719,559,997	\$ 704,854,741	\$ 653,939,196	\$ 622,386,371	\$ 535,255,971
Restricted for specific purposes										
Capital Projects	92,978,002	97,683,367	-	-	-	-	-	-	-	-
Audit	-	-	64,118	194,892	165,898	36,209	29,488	156,235	238,546	293,763
Liability, protection, and settlement	-	-	6,007,472	7,187,039	6,580,766	2,632,672	705,482	-	194,117	-
PBC operations and maintenance	-	-	607,045	607,045	-	-	-	-	-	-
Bonds and interest	-	-	-	-	-	-	-	1,851,574	-	-
Other	71,830,566	70,154,208	-	-	-	-	-	-	-	-
Unrestricted	<u>66,367,440</u>	<u>92,820,212</u>	<u>254,548,655</u>	<u>221,854,399</u>	<u>135,002,378</u>	<u>24,896,253</u>	<u>(37,672,764)</u>	<u>(78,655,342)</u>	<u>(82,590,665)</u>	<u>(52,921,570)</u>
Total Net Position	<u>\$ 824,196,424</u>	<u>\$ 860,992,864</u>	<u>\$ 882,367,021</u>	<u>\$ 888,348,651</u>	<u>\$ 859,004,300</u>	<u>\$ 747,125,131</u>	<u>\$ 667,916,947</u>	<u>\$ 577,291,663</u>	<u>\$ 540,228,369</u>	<u>\$ 482,628,164</u>

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

Note: Beginning in fiscal year 2013, the District reclassified its formerly restricted net position relating to capital projects and other to unrestricted net position.

**City Colleges of Chicago
Community College District No. 508**

**Table B
Financial Trends
Changes in Net Position (Unaudited)
Last Ten Fiscal Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 46,100,054	\$ 44,216,800	\$ 45,524,856	\$ 43,551,469	\$ 41,738,106	\$ 55,841,074	\$ 52,507,277	\$ 43,510,241	\$ 36,145,477	\$ 38,895,808
Other operating revenues	8,370,707	7,530,445	10,407,332	9,806,723	7,240,451	7,680,657	6,702,496	6,177,539	5,143,109	2,298,628
Total operating revenues	54,470,761	51,747,245	55,932,188	53,358,192	48,978,557	63,521,731	59,209,773	49,687,780	41,288,586	41,194,436
Operating expenses:										
Instructional salaries	88,565,180	88,192,744	97,927,822	100,033,039	95,951,938	90,918,944	83,858,803	89,214,382	88,524,100	91,069,112
Non-instructional salaries	93,023,672	101,665,123	103,702,031	110,941,259	118,063,554	123,980,168	123,024,189	104,875,488	109,912,039	112,315,513
Fringe benefits	67,970,166	78,556,221	116,384,988	101,050,332	115,749,425	150,741,188	176,176,135	159,033,078	155,017,642	177,342,268
Supplies	13,885,552	15,409,438	22,703,765	20,216,270	22,552,882	20,032,747	14,732,670	12,561,866	16,590,301	19,369,703
Professional development	1,325,058	1,484,245	1,272,691	1,487,147	1,244,344	1,304,104	742,743	933,234	1,080,524	670,323
Equipment not capitalized	5,765,922	7,169,078	-	-	-	-	-	-	-	-
Utilities	9,834,789	9,833,894	9,041,755	8,422,751	8,503,632	7,889,555	8,090,810	7,994,976	8,140,159	7,447,037
Contractual services	46,303,596	37,456,245	39,843,034	39,678,006	37,471,238	29,714,332	26,683,165	21,276,138	22,418,335	28,022,825
Depreciation	22,245,912	19,844,225	19,605,043	20,603,084	40,362,884	49,604,285	42,741,190	64,736,965	46,570,373	46,108,387
Financial aid (exclusive of scholarship allowances)	73,006,767	88,128,031	62,302,469	54,757,208	54,781,226	32,657,219	33,531,205	31,441,226	30,392,713	33,362,697
Other expenses	13,379,760	1,873,076	4,572,743	3,208,895	9,048,160	15,151,528	10,045,675	12,689,108	6,245,996	3,184,974
Total operating expenses	435,306,374	449,612,320	477,356,341	460,397,991	503,729,283	521,994,070	519,626,585	504,756,461	484,892,182	518,892,839
Operating loss	(380,835,613)	(397,865,075)	(421,424,153)	(407,039,799)	(454,750,726)	(458,472,339)	(460,416,812)	(455,068,681)	(443,603,596)	(477,698,403)
Non-operating revenues (expenses):										
State apportionment and equalization	48,683,543	48,683,543	44,243,857	44,091,624	40,944,584	10,653,563	16,737,354	77,554,415	47,565,890	45,538,109
Other state grants and contracts	75,378,306	87,343,845	101,432,160	103,024,737	113,886,048	113,032,192	144,823,351	146,689,797	139,865,030	169,183,060
Local grants and contracts	5,273,784	5,241,086	5,573,604	5,042,722	5,073,046	2,263,905	4,186,138	3,088,038	4,461,449	10,861,218
Local property taxes	123,516,103	121,811,625	120,202,490	118,738,148	119,389,151	125,659,171	123,263,682	125,366,633	125,547,962	130,359,887
Personal property replacement tax	13,924,035	12,319,744	14,076,439	13,548,322	14,564,695	11,637,706	16,422,533	12,122,670	13,490,094	14,586,627
Federal grants and contracts	140,186,492	156,278,485	131,057,829	121,249,812	109,992,620	84,341,753	80,082,538	74,028,272	72,002,237	71,494,722
Litigation settlement	-	-	-	-	-	-	-	730,338	-	-
Investment income	1,589,648	1,557,008	579,765	1,633,125	1,229,614	1,461,132	503,916	2,170,929	3,941,896	2,917,927
Building lease and interest payments on debt	-	-	-	-	-	(4,961,335)	(11,688,580)	(12,117,213)	(12,632,012)	(15,047,917)
Other non-operating revenue	-	-	-	573,157	2,175,119	1,846,475	6,075,845	8,438,747	586,271	(11,620,473)
Non-operating revenues, net	408,551,911	433,235,336	417,166,144	407,901,647	407,254,877	345,934,562	380,406,777	438,072,626	394,828,817	418,273,160
Income (loss) before capital appropriations and grants	27,716,298	35,370,261	(4,258,009)	861,848	(47,495,849)	(112,537,777)	(80,010,035)	(16,996,055)	(48,774,779)	(59,425,243)
Capital appropriations and grants	2,561,433	1,426,179	25,632,166	5,119,782	17,326,560	658,608	801,851	1,918,132	11,711,485	1,825,038
Change in net position	\$ 30,277,731	\$ 36,796,440	\$ 21,374,157	\$ 5,981,630	\$ (30,169,289)	\$ (111,879,169)	\$ (79,208,184)	\$ (15,077,923)	\$ (37,063,294)	\$ (57,600,205)

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

**City Colleges of Chicago
Community College District No. 508**

Table C
Revenue Capacity
Assessed and Estimated Value of Taxable Property (Unaudited)
Last Ten Fiscal Years

Tax Year Levy	Class 2 Residential Property	Class 5 Commercial Property	Class 5 Industrial Property	Other Railroad Property	Total Equalized Assessed Valuation (1)	Total Equalized Assessed Valuation (2)	Total Direct Tax Rate	Total Estimated Fair Value (3)	Assessed Value as a Percentage of Estimated Fair Value
2010	\$ 51,831,630,468	\$ 22,565,050,951	\$ 7,530,442,082	\$ 119,792,938	\$ 82,046,916,439	\$ 82,052,222,695	0.151	\$ 246,156,668,085	33.33%
2011	47,818,408,543	19,929,694,759	7,209,360,847	125,341,819	75,082,805,968	75,087,804,739	0.165	225,263,414,217	33.33%
2012	39,247,090,939	19,340,669,493	6,496,120,614	130,470,559	65,214,351,605	65,221,057,665	0.189	195,663,172,995	33.33%
2013	37,165,845,442	18,664,711,059	6,359,267,977	140,913,053	62,330,737,531	62,337,066,955	0.199	187,011,200,865	33.33%
2014	39,639,728,826	23,151,162,620	1,946,233,867	137,040,420	64,874,165,733	64,879,908,794	0.193	194,639,726,382	33.33%
2015	43,871,767,527	24,955,908,048	1,943,080,901	148,390,582	70,919,147,058	70,924,421,349	0.177	212,773,264,047	33.33%
2016	45,774,355,574	26,093,545,448	1,964,171,087	148,006,500	73,980,078,609	73,984,605,433	0.169	221,953,816,299	33.33%
2017	47,154,589,038	27,405,102,153	2,002,796,882	156,007,870	76,718,495,943	76,722,182,440	0.164	230,166,547,320	33.33%
2018	53,179,494,934	30,824,287,901	2,091,437,327	181,450,474	86,276,670,636	86,286,411,094	0.147	258,859,233,282	33.33%
2019	53,727,795,420	31,715,562,586	2,138,147,273	185,020,498	87,766,525,777	87,776,056,332	0.149	263,328,168,996	33.33%

Note: Assessed value is computed by the Cook County Clerk's office at one-third estimated actual value.

Sources: Cook County Clerk's Offices

- (1) Source: Cook County Clerk's Office. Includes Cook County Valuation only
- (2) Source: Cook County Clerk's Office. Includes Cook & DuPage County Valuation
- (3) Tax rates are per \$100 of assessed value.
- (4) Source: Cook County Clerk's Office. Total equalized assessed valuation is computed at one-third the estimated actual fair value.

**City Colleges of Chicago
Community College District No. 508**

Table D

**Revenue Capacity
Property Tax Rates - Direct and Overlapping Governments (Unaudited)
Last Ten Levy Years**

Taxing Bodies <i>(per \$100 of assessed valuation)</i>	Legal Limit	Tax Levy Year									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Colleges of Chicago											
Audit Fund	\$0.005	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001
Tort Liability	N/A	0.007	0.010	0.008	0.009	0.005	0.001	0.009	0.009	0.005	0.005
Education Fund	0.175	0.100	0.109	0.130	0.149	0.149	0.126	0.124	0.120	0.109	0.110
Operations and Maintenance Fund	0.050	0.043	0.045	0.050	0.040	0.038	0.049	0.035	0.034	0.032	0.033
Total City Colleges of Chicago Rate		<u>\$ 0.151</u>	<u>\$ 0.165</u>	<u>\$ 0.189</u>	<u>\$ 0.199</u>	<u>\$ 0.193</u>	<u>\$ 0.177</u>	<u>\$ 0.169</u>	<u>\$ 0.164</u>	<u>\$ 0.147</u>	<u>\$ 0.149</u>
Overlapping Rates											
Chicago Board of Education		2.581	2.875	3.422	3.671	3.660	3.455	3.726	3.890	3.552	3.620
City of Chicago		1.132	1.229	1.425	1.496	1.473	1.806	1.880	1.894	1.812	1.893
Chicago Park District		0.319	0.346	0.395	0.420	0.415	0.382	0.368	0.358	0.330	0.362
Metropolitan Water Reclamation District		0.274	0.320	0.370	0.417	0.430	0.426	0.406	0.402	0.396	0.389
Cook County		0.423	0.462	0.531	0.560	0.568	0.552	0.533	0.496	0.489	0.454
Cook County Forest Preserve		0.051	0.058	0.063	0.069	0.069	0.069	0.063	0.062	0.060	0.059
South Cook County Mosquito Abatement		0.010	0.012	0.014	0.016	0.017	0.017	0.017	0.016	0.017	0.018
Total Overlapping Rate		<u>\$ 4.790</u>	<u>\$ 5.302</u>	<u>\$ 6.220</u>	<u>\$ 6.649</u>	<u>\$ 6.632</u>	<u>\$ 6.707</u>	<u>\$ 6.993</u>	<u>\$ 7.118</u>	<u>\$ 6.656</u>	<u>\$ 6.795</u>
Total Rate		<u>\$ 4.941</u>	<u>\$ 5.467</u>	<u>\$ 6.409</u>	<u>\$ 6.848</u>	<u>\$ 6.825</u>	<u>\$ 6.884</u>	<u>\$ 7.162</u>	<u>\$ 7.282</u>	<u>\$ 6.803</u>	<u>\$ 6.944</u>
Tax Extensions (\$ thousands)											
Audit Fund		\$ 650	\$ 650	\$ 650	\$ 584	\$ 384	\$ 384	\$ 684	\$ 684	\$ 558	\$ 538
Tort Liability		5,736	7,736	4,361	5,584	2,985	985	6,984	6,984	4,543	4,680
Education Fund		81,669	81,669	85,144	92,760	96,559	88,610	91,677	92,338	93,644	96,501
Operations and Maintenance Fund		35,186	33,186	33,186	24,913	24,912	34,911	25,612	25,613	27,934	28,775
		<u>\$123,241</u>	<u>\$123,241</u>	<u>\$123,341</u>	<u>\$123,841</u>	<u>\$124,840</u>	<u>\$124,890</u>	<u>\$124,957</u>	<u>\$125,619</u>	<u>\$126,679</u>	<u>\$130,494</u>

Source: Cook County Clerk's Office

**City Colleges of Chicago
Community College District No. 508**

**Table E
Revenue Capacity
Principal Property Taxpayers (Unaudited)
Current Year and Nine Years Ago**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Willis Tower	\$ 508,113	1	0.58%	\$ 495,000	1	0.60%
Merchandise Mart Owner	471,110	2	0.54%	-	-	0.00%
One Prudential Plaza	285,768	3	0.33%	305,026	3	0.37%
Hcsc Blue Cross J Kaye	284,469	4	0.32%	-	-	-
Cbre Suite 2530	279,379	5	0.32%	-	-	0.00%
Aon Building	261,081	6	0.30%	335,454	2	0.41%
300 Lasalle Llc	234,831	7	0.27%	-	-	-
227 Monroe Street Llc	234,424	8	0.27%	-	-	-
Water Tower Llc	231,664	9	0.26%	231,000	4	0.28%
3 Fnp OwnerLlc	212,858	10	0.24%	-	-	-
Chase Tower	-	-	-	226,875	5	0.28%
Three First National Plaza	-	-	-	226,222	6	0.28%
131 S. Dearborn	-	-	-	210,502	7	0.26%
Franklin Center	-	-	-	209,723	8	0.26%
One North Wacker	-	-	-	207,127	9	0.25%
Citigroup Center	-	-	-	191,070	10	0.23%
				-	-	-
	<u>\$ 3,003,698</u>		<u>3.42%</u>	<u>\$ 2,637,999</u>		<u>3.22%</u>

Source: Cook County Assessor's Office – 2019 is latest data available.

Cook County Clerk's Office

Taxable assessed value in thousands of dollars

Note:

Every effort has been made to seek out and report the largest taxpayers; however, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

**City Colleges of Chicago
Community College District No. 508**

Table F

**Revenue Capacity
Property Tax Levies and Collections (Unaudited)
Last Ten Levy Years**

Levy Year	Fiscal Year of Extension	Tax Levied	Collected within the Fiscal Year of Extension (A)		Collections in Subsequent Years	Total Collections to Date (B)	
			Amount	Percentage of Tax Levy		Amount	Percentage of Levy
2010	2011	\$ 123,253,382	\$ 64,730,979	52.52%	\$ 54,688,960	\$ 119,419,939	96.89%
2011	2012	123,253,382	63,562,811	51.57%	55,740,941	119,303,752	96.80%
2012	2013	123,353,382	62,712,317	50.84%	57,673,319	120,385,636	97.59%
2013	2014	123,853,382	63,503,739	51.27%	57,180,257	120,683,996	97.44%
2014	2015	124,853,382	63,827,769	51.12%	58,281,344	122,109,113	97.80%
2015	2016	124,903,382	64,993,572	52.04%	58,098,648	123,092,220	98.55%
2016	2017	124,970,382	64,816,536	51.87%	58,672,367	123,488,903	98.81%
2017	2018	125,631,380	65,921,912	52.47%	58,582,740	124,504,652	99.10%
2018	2019	126,691,690	66,440,187	52.44%	59,026,413	125,466,600	99.03%
2019	2020	130,507,003	66,458,041	50.92%	-	66,458,041	50.92%

Notes: (A) The amount does not represent a full year's tax collection.

(B) The total amount collected to date is net of refunds.

Source: College and Cook County Treasurer's Tax Records, Office of the County Clerk

**City Colleges of Chicago
Community College District No. 508**

Table G

**Revenue Capacity
Enrollment, Tuition and Fee Rates, Credit Hours, Tuition and Fee Revenues Generated (Unaudited)
Last Ten Fiscal Years**

Fiscal Year	FTE Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses	In-District Tuition & Fees per Semester Hr	Out-of-District Tuition & Fees per Semester Hr	Out of State Tuition & Fees per Semester Hr	VI - F-1 Visa Students Fees per Semester Hr	Total Semester Credit Hrs Generated	Tuition & Fees Revenue	Less: Scholarships and Allowances	Tuition & Fees Revenue (Net)
2011	29,194	60,514	58,935	\$ 87.00	\$ 171.56	\$ 228.35	-	1,207,136	\$ 114,587,331	\$ (68,487,277)	\$ 46,100,054
2012	29,602	61,756	55,009	89.00	173.56	230.35	-	1,190,902	115,477,680	(71,260,880)	44,216,800
2013	31,044	62,391	51,864	89.00	185.38	236.59	-	1,209,973	111,907,384	(66,382,528)	45,524,856
2014	30,692	62,100	47,258	89.00	202.01	249.71	-	1,184,165	110,456,613	(66,905,144)	43,551,469
2015	28,917	60,250	40,050	89.00	200.17	246.42	-	1,098,558	99,573,913	(57,835,807)	41,738,106
2016	26,410	57,372	39,017	133.36	353.16	359.73	624.68	983,907	105,005,157	(49,164,083)	55,841,074
2017	24,200	51,772	34,559	133.36	353.16	359.73	624.68	904,038	99,177,882	(46,670,605)	52,507,277
2018	23,825	50,436	32,958	133.36	353.16	359.73	624.68	821,349	94,772,150	(51,261,909)	43,510,241
2019	23,147	50,558	28,927	146.00	384.00	481.00	481.00	791,762	92,474,466	(56,328,989)	36,145,477
2020	21,481	46,522	25,329	146.00	384.00	481.00	481.00	750,937	85,769,182	(46,873,374)	38,895,808

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

**City Colleges of Chicago
Community College District No. 508**

Table H

**Debt Capacity
Ratios of General Debt Outstanding (Unaudited)
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Capital Leases	Total Outstanding Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2011	\$ -	\$ -	\$ -	-	\$ -
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	257,406,782	-	257,406,782	0.14%	94.68
2015	256,211,924	-	256,211,924	0.13%	94.11
2016	251,089,656	-	251,089,656	0.12%	92.29
2017	245,933,132	-	245,933,132	0.11%	90.92
2018	325,987,163	-	325,987,163	0.14%	120.00
2019	320,445,797	-	320,445,797	0.12%	118.42
2020	314,797,847	-	314,797,847	0.12%	116.85

Note: Details of City Colleges' outstanding bonded debt can be found in the notes to the financial statements.

**City Colleges of Chicago
Community College District No. 508**

Table I

**Debt Capacity
Direct and Overlapping Long-Term Debt (Unaudited)
(\$000s)**

	As of December 31, 2019		
	<u>Net Direct Long-Term Debt (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt			
City Colleges of Chicago (as of June 30, 2020)	\$ 314,798	100.00%	\$ 314,798
Estimated General Obligation Overlapping Debt			
City of Chicago General Obligation Bonds	\$ 8,162,338 *	100.00%	\$ 8,162,338
Chicago Board of Education	8,156,011	100.00%	8,156,011
Chicago Park District	799,840	100.00%	799,840
Metropolitan Water Reclamation District of Greater Chicago	2,800,783	55.41%	1,551,914
Cook County	2,803,852	54.44%	1,526,417
Cook County Forest Preserve District	150,360	54.44%	<u>81,856</u>
Total Estimated Overlapping Long-Term Debt			<u>20,278,376</u>
	22,873,184		
Direct and Estimated Overlapping Long-Term Debt			<u>\$ 20,593,174</u>

* The balance outstanding at December 31, 2019 listed above for each bond series excluded amounts payable January 1, 2020, if applicable.

(1) *Source: City of Chicago CAFR*

(2) *Assessed value data used to estimate applicable percentage is provided by the Office of the Cook County Clerk. Percentages are calculated by dividing each taxing district's 2019 City of Chicago tax extension, within the City of Chicago, by the total Cook County extension for the district.*

**City Colleges of Chicago
Community College District No. 508**

**Table J
Demographic and Economic Information
Demographic and Economic Statistics (Unaudited)
Last Ten Fiscal Years**

Fiscal Year	(A) Population	Personal Income (in thousands)	(B) Per Capita Personal Income	(C) Unemployment Rate
2011	2,707,123 *	\$ 124,070,154 *	\$ 45,831	10.80%
2012	2,714,844 *	131,596,633 *	48,473	10.00%
2013	2,718,789 *	135,431,036 *	49,813	10.00%
2014	2,722,407 *	145,882,902 *	53,586	7.80%
2015	2,720,556 *	153,085,686 *	56,270	6.60%
2016	2,704,965 *	154,077,511 *	56,961	6.40%
2017	2,716,462 *	160,396,215 *	59,046	5.40%
2018	2,705,988 *	168,325,984 *	62,205	4.30%
2019	2,693,959 *	-----Data Not Available -----		4.00%
2020	-----Data Not Available -----			

Sources: (A) US Census Bureau (USCB). The census is conducted decennially at the start of each decade. *Estimated.
 (B) 2011 - 2017 Data from the Bureau of Economic Analysis (BEA). These rates are for Cook County. Data is not available for 2019 and 2020.
 (C) Illinois Workforce Info Center Website

**City Colleges of Chicago
Community College District No. 508**

**Table K
Demographic and Economic Information
Principal Employers (Unaudited)
Last Ten Fiscal Years**

Employer	Fiscal Year 2020			Fiscal Year 2019			Fiscal Year 2018			Fiscal Year 2017			Fiscal Year 2016		
	Rank	City of Chicago Employees	% of City of Chicago Employment	Rank	City of Chicago Employees	% of City of Chicago Employment	Rank	City of Chicago Employees	% of City of Chicago Employment	Rank	City of Chicago Employees	% of City of Chicago Employment	Rank	City of Chicago Employees	% of City of Chicago Employment
U.S. Government	1	45,736	1.70%	1	41,500	1.53%	1	41,500	1.53%	1	42,663	1.58%	1	42,887	1.58%
Chicago Public Schools	2	37,731	1.40%	2	36,415	1.35%	2	35,447	1.30%	2	35,862	1.33%	2	37,406	1.37%
City of Chicago	3	31,621	1.17%	3	31,854	1.18%	3	31,161	1.15%	3	30,754	1.14%	3	30,276	1.11%
Advocate Health Care	4	25,917	0.96%	6	19,513	0.72%	5	19,049	0.70%	5	18,930	0.70%	5	18,308	0.67%
Cook County	5	22,438	0.83%	4	22,438	0.83%	4	21,316	0.78%	4	20,716	0.77%	4	21,795	0.80%
Northwestern Memorial Hospital	6	21,264	0.79%	5	19,886	0.73%	6	16,667	0.61%	7	15,747	0.58%	7	15,317	0.56%
Amita Health	7	20,046	0.74%	8	16,231	0.60%	-	-	-	-	-	-	-	-	-
University of Chicago	8	18,276	0.68%	7	17,345	0.64%	7	16,583	0.61%	6	16,374	0.61%	6	16,197	0.60%
Amazon.Com Inc.	9	14,610	0.54%	10	14,018	0.52%	10	13,240	0.49%	-	-	-	-	-	-
United Continental Holdings Inc	10	14,520	0.54%	9	14,582	0.54%	-	-	-	9	15,157	0.56%	10	14,000	0.51%
JP Morgan Chase	-	-	-	-	-	-	8	15,701	0.58%	8	15,229	0.56%	9	14,158	0.52%
State of Illinois	-	-	-	-	-	-	9	14,690	0.54%	10	13,524	0.50%	8	15,136	0.56%
		<u>252,159</u>	<u>9.36%</u>		<u>233,782</u>	<u>8.64%</u>		<u>233,516</u>	<u>8.58%</u>		<u>224,956</u>	<u>8.31%</u>		<u>225,480</u>	<u>8.28%</u>

Employer	Fiscal Year 2015			Fiscal Year 2014			Fiscal Year 2013			Fiscal Year 2012			Fiscal Year 2011		
	Rank	City of Chicago Employees	% of City of Chicago Employment	Rank	City of Chicago Employees	% of City of Chicago Employment	Rank	City of Chicago Employees	% of City of Chicago Employment	Rank	City of Chicago Employees	% of City of Chicago Employment	Rank	City of Chicago Employees	% of City of Chicago Employment
U.S. Government	1	45,673	1.68%	1	49,860	1.83%	1	52,144	1.92%	1	55,183	2.04%	1	49,573	1.83%
Chicago Public Schools	2	38,933	1.43%	2	39,094	1.44%	2	40,145	1.48%	2	39,667	1.47%	2	40,883	1.51%
City of Chicago	3	30,345	1.11%	3	30,340	1.12%	3	30,197	1.11%	3	31,307	1.16%	3	35,237	1.30%
Cook County	4	21,622	0.79%	4	21,482	0.79%	4	21,057	0.77%	4	21,785	0.80%	5	23,083	0.85%
Advocate Health Care	5	18,556	0.68%	5	18,512	0.68%	5	16,710	0.61%	5	18,485	0.68%	7	14,873	0.55%
University of Chicago	6	16,025	0.59%	7	15,452	0.57%	8	15,029	0.55%	10	14,584	0.54%	-	-	-
JP Morgan Chase	7	15,015	0.55%	6	16,045	0.59%	7	15,103	0.56%	-	-	-	8	13,639	0.50%
State of Illinois	8	14,925	0.55%	8	14,731	0.54%	6	15,400	0.57%	6	15,800	0.58%	4	25,700	0.95%
Northwestern Memorial Hospital	9	14,550	0.53%	-	-	-	-	-	-	-	-	-	-	-	-
United Continental Holdings Inc	10	14,000	0.51%	9	14,000	0.51%	-	-	-	-	-	-	-	-	-
Walgreen Co.	-	-	-	-	-	-	9	14,528	0.53%	9	14,688	0.54%	9	13,122	0.48%
AT&T Inc.	-	-	-	10	14,000	0.51%	10	14,000	0.51%	7	15,000	0.55%	-	-	-
Provena Health/Resurrection Hea	-	-	-	-	-	-	-	-	-	8	14,806	0.55%	-	-	-
Walmart Stores, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	6	21,329	0.79%
Abbott Laboratories	-	-	-	-	-	-	-	-	-	-	-	-	10	13,000	0.48%
		<u>229,644</u>	<u>8.44%</u>		<u>233,516</u>	<u>8.59%</u>		<u>234,313</u>	<u>8.62%</u>		<u>241,305</u>	<u>8.91%</u>		<u>250,439</u>	<u>9.25%</u>

Source: Crain's Chicago's Business, Largest Employers, published February 24, 2020

**City Colleges of Chicago
Community College District No. 508**

Table L

**Demographic and Economic Information
Employee Data (Unaudited)
Last Three Fiscal Years**

Functional Job Type	Full-time FTE			Part-time FTE			Total FTE		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Faculty	575	573	549	643	693	964	1,218	1,266	1,513
Professional/Technical Staff	394	386	322	46	41	31	440	427	353
Administrators	310	325	333	-	1	-	310	326	333
Clerical	213	207	200	11	17	14	224	224	214
Front-Line Direct Support (Custodial/Maintenance/Security)	241	252	236	179	178	171	420	430	407
Academic Support/Direct Student-Facing Personnel	308	319	331	358	449	237	666	768	568
Student Workers	-	-	-	16	24	19	16	24	19
Totals	2,041	2,062	1,971	1,253	1,403	1,436	3,294	3,465	3,407

Data Source: City Colleges of Chicago Budget Department - Full-Time Equivalent by Position (FTE)

Note: FY19-20 Academic Support & Faculty FTE's adjusted by 160 FTE after review of titles, job families and functionality.

**City Colleges of Chicago
Community College District No. 508**

Table M

**Demographic and Economic Information
Student Enrollment Demographic Statistics
Student Enrollment Credit Hours by Category (Unaudited)
Last Ten Fiscal Years**

Fiscal Year	Total	Baccalaureate	Occupational			Remedial Development	Adult Basic Secondary Education
			Business	Technical	Health		
2020	750,937.0	396,941.0	40,124.0	30,744.5	29,389.0	49,979.0	203,759.5
2019	791,761.5	427,442.0	34,142.0	37,525.5	28,703.0	51,409.0	212,540.0
2018	821,349.0	447,130.0	33,480.0	38,827.5	28,755.0	51,423.0	221,733.5
2017	904,038.0	455,404.0	33,621.0	56,363.5	25,955.0	59,925.0	272,769.5
2016	983,907.0	489,438.0	36,204.0	59,245.5	32,958.5	72,423.0	293,638.0
2015	1,098,557.5	536,289.0	44,735.0	68,863.0	36,548.5	107,093.0	305,029.0
2014	1,184,165.0	536,233.0	51,231.0	79,220.0	45,666.0	123,339.0	348,476.0
2013	1,209,972.5	532,810.0	53,069.0	71,636.5	47,413.0	132,728.0	372,316.0
2012	1,190,901.5	518,328.0	55,799.0	69,998.0	51,460.0	139,422.0	355,894.5
2011	1,207,136.0	505,897.0	54,590.0	72,682.0	51,648.0	136,247.0	386,072.0

Data Source: College records

**City Colleges of Chicago
Community College District No. 508**

Table N

**Operating Information
Capital Assets Statistics (Unaudited)
Last Ten Fiscal Years**

Capital Asset Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Land	\$ 49,959,334	\$ 49,959,334	\$ 50,588,046	\$ 53,616,391	\$ 55,421,960	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464
Construction in progress	51,832,430	58,677,994	80,178,270	103,111,151	269,626,926	88,290,037	41,526,514	58,259,377	5,906,563	6,320,470
Equipment	15,901,476	16,930,530	17,064,376	17,525,902	20,378,093	52,985,078	63,800,500	64,058,673	64,301,331	64,817,510
Buildings and improvements	692,728,579	711,320,407	725,256,411	786,947,003	824,248,668	1,097,180,326	1,083,419,269	1,091,365,536	1,192,565,831	1,103,821,256
Software	29,342,571	30,035,011	30,035,011	30,035,011	30,852,286	62,395,481	69,966,816	72,588,654	42,553,643	42,883,798
Total Capital Assets	839,764,390	866,923,276	903,122,114	991,235,458	1,200,527,933	1,352,227,386	1,310,089,563	1,337,648,704	1,356,703,832	1,269,219,498
Less: Accumulated Depreciation	(246,743,974)	(266,588,199)	(281,982,383)	(299,962,533)	(336,310,200)	(380,512,960)	(358,250,800)	(419,672,387)	(435,368,507)	(431,067,638)
Net Capital Assets	<u>\$ 593,020,416</u>	<u>\$ 600,335,077</u>	<u>\$ 621,139,731</u>	<u>\$ 691,272,925</u>	<u>\$ 864,217,733</u>	<u>\$ 971,714,426</u>	<u>\$ 951,838,763</u>	<u>\$ 917,976,317</u>	<u>\$ 921,335,325</u>	<u>\$ 838,151,860</u>
Bond Obligations	\$ -	\$ -	\$ -	\$ 250,000,000	\$ 250,000,000	\$ 245,995,000	\$ 241,830,000	\$ 315,560,000	\$ 311,010,000	\$ 306,235,000

Data Sources: Summary of Capital Assets Schedule, (See Note 4)
and prior-year comprehensive annual financial reports

**City Colleges of Chicago
Community College District No. 508**

Table O
Operating Information
Miscellaneous Statistics (*Unaudited*)

<i>Founded</i>	<i>1911</i>	
	Most Recent Accreditation	Next Review
Accreditation by North Central Association of Colleges and Schools		
Daley	2011-12	2021-22
Harold Washington	2018-19	2028-29
Kennedy-King	2015-16	2025-26
Malcolm X	2017-18	2027-28
Olive-Harvey	2010-11	2020-21
Truman	2019-20	2029-30
Wright	2012-13	2019-20
Current gross square footage		4,046,907
Size of district		228.5 square miles
Counties served		Cook and DuPage
Population of district		2,693,959
Number of faculty		1,513
Number of professional / technical staff		353
Number of administrators		333
Number of clerical staff		214
Number of custodial / maintenance staff		407
Number of academic support staff		568
Number of student/workstudy staff		19
Degrees and certificates awarded (fiscal year 2020)		9,375

**City Colleges of Chicago
Community College District No. 508**

**Table P
Community College State Funding
Last Ten Fiscal Years**

Fiscal Year	State Funding to All State Community Colleges	ICCB Funding to the District
2011	\$ 295,401,900	\$ 64,548,437
2012	295,521,900	64,549,023
2013	282,421,700	58,314,908
2014	284,916,500	58,700,515
2015	278,773,899	55,231,784
2016	74,142,300	14,370,863
2017	114,525,000	22,463,354
2018	409,595,700 *	80,276,413 *
2019	257,111,600	47,594,594
2020	269,222,284	45,566,809

Source: Illinois Community College Board

**Amounts include the appropriations from Illinois
Senate Bill 6 passed on July 6, 2017.*

**City Colleges of Chicago
Community College District No. 508**

Table Q

**Operating Information
Revenues and Expenditures by Campus (Unaudited)
Fiscal Year Ended June 30, 2020**

	<u>Daley</u>	<u>Harold Washington</u>	<u>Kennedy-King</u>	<u>Malcolm X</u>	<u>Olive-Harvey</u>	<u>Truman</u>	<u>Wright</u>	<u>District Office</u>	<u>Total</u>
Revenues:									
Local Tax Revenue	\$ 7,673,787	\$ 871,159	\$ 24,493,591	\$ 39,605,167	\$ 16,071,564	\$ 4,556,473	\$ 3,948,276	\$ 47,726,494	\$ 144,946,511
All Other Local Revenue	343,481	613,573	152,353	363,853	121,338	5,265,186	518,218	-	7,378,002
ICCB Grants	7,063,369	11,521,984	3,135,908	7,100,350	2,616,975	8,254,681	10,601,322	-	50,294,589
All Other State Revenue	19,597,455	27,005,679	19,342,710	32,153,987	15,903,893	23,818,256	26,604,600	-	164,426,580
Federal Revenue	6,862,202	15,385,470	7,183,191	15,854,198	5,782,168	8,305,652	12,121,841	-	71,494,722
Student Tuition and Fees	11,742,406	20,955,124	5,298,376	12,455,530	4,280,875	13,221,355	17,815,517	-	85,769,183
All Other Revenue	182,843	871,169	571,373	757,691	956,583	1,783,943	840,605	5,067,319	11,031,526
Total Revenue before Capital Appropriations	53,465,543	77,224,158	60,177,502	108,290,776	45,733,396	65,205,544	72,450,379	52,793,813	535,341,113
Capital Appropriations	45,364	179,351	40,101	-	1,329,398	67,869	39,206	123,749	1,825,038
Total Revenue	<u>\$ 53,510,907</u>	<u>\$ 77,403,509</u>	<u>\$ 60,217,603</u>	<u>\$ 108,290,776</u>	<u>\$ 47,062,794</u>	<u>\$ 65,273,415</u>	<u>\$ 72,489,585</u>	<u>\$ 52,917,562</u>	<u>\$ 537,166,151</u>
Expenditures by program									
Instruction	\$ 18,503,676	\$ 33,244,855	\$ 17,476,790	\$ 31,329,231	\$ 15,616,817	\$ 25,506,926	\$ 28,694,849	\$ 2,076,045	\$ 172,449,189
Academic Support	3,123,420	4,767,067	5,714,835	8,153,137	3,943,306	4,722,420	5,274,957	4,438,662	40,137,804
Student Services	6,611,061	9,884,792	5,686,515	9,566,312	5,072,518	12,837,810	9,777,174	2,283,366	61,719,548
Public Service/Continuing Education	672,004	-	668,639	342,628	82,321	360,316	544,871	-	2,670,779
Auxiliary Services	1,127,605	1,212,995	2,654,913	1,605,775	983,702	1,271,757	464,006	4,881,505	14,202,258
Operations and Maintenance	13,161,488	7,092,668	17,082,353	34,936,681	11,006,134	9,797,618	10,949,710	31,152,308	135,178,960
Institutional Support	3,804,054	4,454,419	4,376,461	6,644,993	3,840,774	3,849,862	4,039,639	51,849,320	82,859,522
Scholarships, Grants, Waivers	6,462,235	16,567,361	6,516,996	15,712,019	5,187,824	6,858,835	12,705,173	15,537,853	85,548,296
Total Expenditures	<u>\$ 53,465,543</u>	<u>\$ 77,224,157</u>	<u>\$ 60,177,502</u>	<u>\$ 108,290,776</u>	<u>\$ 45,733,396</u>	<u>\$ 65,205,544</u>	<u>\$ 72,450,379</u>	<u>\$ 112,219,059</u>	<u>\$ 594,766,356</u>

Statement of Purpose: The City Colleges of Chicago Revenues and Expenditures by College for the year ended June 30, 2020, is required by the terms of a Memorandum of Understanding (MOU) between City Colleges and the North Central Association of Colleges and Schools Commission on Institutions of Higher Education (NCA). The MOU outlines an appropriate pattern of evidence to be made available by City Colleges for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenditures for each college and the district office.

SPECIAL REPORTS SECTION

State Required Reports Section

City Colleges of Chicago
Community College District No. 508
All Funds Summary
Uniform Financial Statement #1
Fiscal Year Ended June 30, 2020

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund *	Working Cash Fund	Audit Fund	Liability, Protection Settlement Fund	Building Bonds Proceeds Fund	GASB 34/35 Adjustment **	Total
Fund Balance: June 30, 2019	\$ 2,437,766	\$ (486,083)	\$ (15,232,560)	\$ -	\$ (9,903,621)	\$ 398,981	\$ 67,013,532	\$ 238,546	\$ 194,117	\$ 15,947,658	\$ 479,620,033	\$ 540,228,369
Revenues:												
Local Tax Revenue	91,964,154	27,454,102	-	20,512,809	-	-	-	534,708	4,480,738	-	-	144,946,511
All Other Local Revenue	-	-	1,825,038	-	7,378,002	-	-	-	-	-	-	9,203,040
ICCB Grants	46,946,229	-	-	-	-	3,348,360	-	-	-	-	-	50,294,589
All Other State Revenue	43,970	-	-	-	-	164,382,610	-	-	-	-	-	164,426,580
Federal Revenue	-	-	-	-	-	71,494,722	-	-	-	-	-	71,494,722
Student Tuition and Fees	85,051,433	-	-	-	717,750	-	-	-	-	-	-	85,769,183
All Other Revenue	37,271,384	1,564,584	225,385	183,158	1,891,034	1,735,350	-	-	-	198,285	(32,037,654)	11,031,526
Total Revenues	<u>261,277,170</u>	<u>29,018,686</u>	<u>2,050,423</u>	<u>20,695,967</u>	<u>9,986,786</u>	<u>240,961,042</u>	<u>-</u>	<u>534,708</u>	<u>4,480,738</u>	<u>198,285</u>	<u>(32,037,654)</u>	<u>537,166,151</u>
Expenses												
Instruction	96,359,312	-	-	-	-	76,089,877	-	-	-	-	-	172,449,189
Academic Support	19,321,695	-	-	-	-	20,816,109	-	-	-	-	-	40,137,804
Student Services	35,054,272	-	-	-	2,860,321	23,804,955	-	-	-	-	-	61,719,548
Public Service/Continuing Education	7,029	-	-	-	1,166,394	1,497,356	-	-	-	-	-	2,670,779
Auxiliary Services	5,320,808	-	-	-	3,428,958	5,452,492	-	-	-	-	-	14,202,258
Operations and Maintenance	10,463,057	27,225,275	3,528,980	20,695,867	-	17,905,084	-	-	96,151	8,310,909	46,953,637	135,178,960
Institutional Support	46,866,501	(21,873)	2,989,509	100	98,161	27,099,627	-	479,491	5,198,004	1,571,614	(1,421,612)	82,859,522
Scholarships, Grants, Waivers	11,931,868	-	-	-	4,470,000	69,146,428	-	-	-	-	-	85,548,296
Total Expenses	<u>225,324,542</u>	<u>27,203,402</u>	<u>6,518,489</u>	<u>20,695,967</u>	<u>12,023,834</u>	<u>241,811,928</u>	<u>-</u>	<u>479,491</u>	<u>5,294,155</u>	<u>9,882,523</u>	<u>45,532,025</u>	<u>594,766,356</u>
Net Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance: June 30, 2020	\$ 38,390,394	\$ 1,329,201	\$ (19,700,626)	\$ -	\$ (11,940,669)	\$ (451,905)	\$ 67,013,532	\$ 293,763	\$ (619,300)	\$ 6,263,420	\$ 402,050,354	\$ 482,628,164

* In order to comply with the ICCB requirement and for this statement purpose only, the beginning balance of the Education Fund and the Long Term Debt Fund have been restated due to the reclassification of OPEB expense from the Education Fund to the Long Term Debt Fund.

** The Investment in Plant Fund and the Long Term Debt Fund Summaries were consolidated into the GASB 34/35 Adjustment Fund Summary.

City Colleges of Chicago
Community College District No. 508
Summary of Fixed Assets and Debt
Uniform Financial Statement #2
Fiscal Year Ended June 30, 2020

	Capital Assets July 1, 2019	Additions	Deletions and Transfers	Capital Assets June 30, 2020
Fixed Assets				
Land	\$ 51,376,464	\$ -	\$ -	\$ 51,376,464
Construction in progress	5,906,563	4,686,844	(4,272,937)	6,320,470
Buildings and improvements	1,192,565,831	8,194,442	(96,939,017)	1,103,821,256
Equipment	64,301,331	516,179	-	64,817,510
Software	42,553,643	330,155	-	42,883,798
Accumulated depreciation	(435,368,507)	(46,108,387)	50,409,256	(431,067,638)
Net Fixed Assets	\$ 921,335,325	\$ (32,380,767)	\$ (50,802,698)	\$ 838,151,860
	Long-Term Debt July 1, 2019	Additions	Deletions and Transfers	Long-Term Debt June 30, 2020
Fixed Debt				
Bonds payable	\$ 311,010,000	\$ -	\$ (4,775,000)	\$ 306,235,000
Total Fixed Debt	\$ 311,010,000	\$ -	\$ (4,775,000)	\$ 306,235,000

City Colleges of Chicago
Community College District No. 508
Operating Funds Revenues and Expenditures
Uniform Financial Statement #3
Fiscal Year Ended June 30, 2020

OPERATING REVENUES BY SOURCE	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Local Government Revenue:			
Local Taxes	\$ 91,964,154	\$ 27,454,102	\$ 119,418,256
TOTAL LOCAL GOVERNMENT	<u>91,964,154</u>	<u>27,454,102</u>	<u>119,418,256</u>
State Government:			
ICCB Base Operating Grant	32,272,709	-	32,272,709
ICCB Equalization Grants	13,265,400	-	13,265,400
ICCB Career and Technical Education	1,408,120	-	1,408,120
Other (Include other ICCB grants not listed above)	43,970	-	43,970
TOTAL STATE GOVERNMENT	<u>46,990,199</u>	<u>-</u>	<u>46,990,199</u>
Student Tuition and Fees			
Tuition	85,035,472	-	85,035,472
Fees	15,961	-	15,961
TOTAL TUITION AND FEES	<u>85,051,433</u>	<u>-</u>	<u>85,051,433</u>
Other Sources			
Sales and Service Fees	303,920	-	303,920
Facilities Revenue	-	1,564,122	1,564,122
Investment Revenue	2,536,402	462	2,536,864
Other	34,431,062	-	34,431,062
TOTAL OTHER REVENUE	<u>37,271,384</u>	<u>1,564,584</u>	<u>38,835,968</u>
TOTAL REVENUE	<u>\$ 261,277,170</u>	<u>\$ 29,018,686</u>	<u>\$ 290,295,856</u>
OPERATING EXPENDITURES BY PROGRAM			
Instruction	\$ 96,359,312	\$ -	\$ 96,359,312
Academic Support	19,321,695	-	19,321,695
Student Services	35,054,272	-	35,054,272
Public Service/Continuing Education	7,029	-	7,029
Auxiliary Services	5,320,808	-	5,320,808
Operations and Maintenance	10,463,057	27,225,275	37,688,332
Institutional Support	46,866,501	(21,873)	46,844,628
Scholarships, Grants, Waivers	11,931,868	-	11,931,868
TOTAL EXPENDITURES	<u>\$ 225,324,542</u>	<u>\$ 27,203,402</u>	<u>\$ 252,527,944</u>
OPERATING EXPENDITURES BY OBJECT			
Salaries	\$ 172,370,935	\$ 14,405,278	\$ 186,776,213
Employee Benefits	15,188,864	2,751,869	17,940,733
Contractual Services	10,755,814	1,622,422	12,378,236
General Materials and Supplies	9,838,924	864,577	10,703,501
Professional Development	544,906	-	544,906
Fixed Charges	524,624	914,738	1,439,362
Utilities	780,645	6,666,391	7,447,036
Other	3,387,962	(21,873)	3,366,089
Student Grants & Scholarships	11,931,868	-	11,931,868
TOTAL EXPENDITURES	<u>\$ 225,324,542</u>	<u>\$ 27,203,402</u>	<u>\$ 252,527,944</u>

**City Colleges of Chicago
Community College District No. 508
Restricted Purposes Fund Revenues and Expenditures
Uniform Financial Statement #4
Fiscal Year Ended June 30, 2020**

REVENUE BY SOURCE:

State Government	
ICCB - Adult Education	\$ 3,348,360
SURS - On Behalf	152,449,449
Other	<u>11,933,161</u>
 TOTAL STATE GOVERNMENT	 <u>167,730,970</u>
 Federal Government	
Department of Education	54,543,192
Other	<u>16,951,530</u>
 TOTAL FEDERAL GOVERNMENT	 <u>71,494,722</u>
 TOTAL OTHER SOURCES	 <u>1,735,350</u>
 TOTAL RESTRICTED PURPOSES FUND REVENUES	 <u><u>\$ 240,961,042</u></u>

EXPENDITURES BY PROGRAM

Instruction	\$ 76,089,877
Academic Support	20,816,109
Student Services	23,804,955
Public Service/Continuing Education	1,497,356
Auxiliary Services	5,452,492
Operations and Maintenance	17,905,084
Institutional Support	27,099,627
Scholarships, Grants and Waivers	<u>69,146,428</u>
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 241,811,928</u></u>

EXPENDITURES BY OBJECT

Salaries	\$ 12,501,937
Employee Benefits	154,726,177
Contractual Services	1,071,814
General Materials and Supplies	4,999,775
Professional Development	107,746
Other	102,076
Scholarships, Grants, Waivers	<u>68,302,403</u>
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 241,811,928</u></u>

**City Colleges of Chicago
Community College District No. 508
Current Funds * Expenditures by Activity
Uniform Financial Statement #5
Fiscal Year Ended June 30, 2020**

INSTRUCTION	
Instructional Programs	\$ 172,449,189
Total Instruction	<u>172,449,189</u>
ACADEMIC SUPPORT	
Library Center	5,023,561
Instructional Materials Center	312,521
Educational Media Services	141,209
Academic Computing Support	2,169,228
Academic Administration and Planning	20,404,224
Other	<u>12,087,061</u>
Total Academic Support	<u>40,137,804</u>
STUDENT SERVICES SUPPORT	
Admissions and Records	11,411,814
Counseling and Career Services	19,189,275
Financial Aid Administration	8,945,763
Other	<u>22,172,696</u>
Total Student Services Support	<u>61,719,548</u>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	578,003
Customized Training (Instructional)	312,251
Community Services	360,735
Other	<u>1,419,790</u>
Total Public Service/Continuing Education	<u>2,670,779</u>
AUXILIARY SERVICES	
	<u>14,202,258</u>
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	16,518,348
Custodial Services	12,571,800
Grounds	37,838
Campus Security	15,210,173
Utilities	6,666,391
Administration	3,298,589
Other	<u>1,386,428</u>
Total Operations and Maintenance of Plant	<u>55,689,567</u>
INSTITUTIONAL SUPPORT	
Executive Management	12,349,279
Fiscal Operations	16,353,319
Community Relations	5,827,957
Administrative Support Services	38,388,753
Board of Trustees	436,462
General Institutional	9,565,448
Institutional Research	1,084,470
Administrative Data Processing	13,646,584
Other	<u>(17,932,361)</u>
Total Institutional Support	<u>79,719,911</u>
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	
	<u>85,548,296</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u>\$ 512,137,352</u>


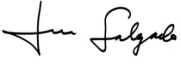
* Current Funds include the Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; Liability, Protection, and Settlement;

City Colleges of Chicago
ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 508

CERTIFICATE OF CHARGEBACK REIMBURSEMENT FOR FISCAL YEAR 2021

All fiscal year 2020 non-capital audited operating expenditures for the past year from the following funds:

Education Fund	\$ 225,324,542
Operations and Maintenance Fund	27,203,402
Bond and Interest Fund	20,695,967
Restricted Purposes Fund	89,362,479
Audit Fund	479,491
Liability, Protection and Settlement Fund	<u>5,294,155</u>
Total noncapital expenditures	\$ 368,360,036
 Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	 <u>\$ 27,923,374</u>
 Total costs included	 <u><u>\$ 396,283,410</u></u>
 Total certified semester credit hours for FY 2020	 750,937.0
 Per capita cost	 \$ 527.72
 All FY 2020 state and federal operating grants for noncapital expenditures, except ICCB grants	 \$ 83,471,853
 FY 2020 state and federal grants per semester credit hour	 \$ 111.16
 District's average ICCB grant rate (excluding equalization grants) for FY 2020	 \$ 54.66
 District's student tuition and fee rate per semester credit hour for FY 2020	 <u>\$ 108.51</u>
 Chargeback reimbursement per semester credit hour	 <u><u>\$ 253.38</u></u>

Approved:  <hr/> Maribel Rodriguez, Chief Financial Officer	<u>11/30/20</u> Date
Approved:  <hr/> Juan Salgado, Chancellor	<u>11/30/20</u> Date



RSM US LLP

**Independent Accountant's Report on the Schedule of Enrollment Data
and Other Bases Upon Which Claims Are Filed**

To the Board of Trustees
City Colleges of Chicago
Community College District No. 508

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed (the Schedule) of City Colleges of Chicago, Community College District No. 508 (City Colleges) for the year ended June 30, 2020. City Colleges' management is responsible for preparing the Schedule in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Our responsibility is to express an opinion on the Schedule based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule referred to above is in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects. An examination involves performing procedures to obtain evidence about whether or not the Schedule is presented in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is presented in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects.

The supplementary information on page 89 discusses City Colleges' residency policy and provides a summary of assessed valuations and is the responsibility of City Colleges' management. This information has not been subjected to the examination procedures applied in the examination of the Schedule and, accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Board and management of City Colleges and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Chicago, Illinois
November 30, 2020

**City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases On Which Claims are Filed
Year ended June 30, 2020**

**Total Semester Credit Hours by Term
(In-District and Out-of-District Reimbursable)**

Categories	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate Transfer	45,090.0	-	177,554.0	-	174,297.0	-	396,941.0	-
Business Occupational	3,828.0	-	18,577.0	-	17,719.0	-	40,124.0	-
Technical Occupational	2,745.5	42.0	14,019.0	74.0	13,802.0	62.0	30,566.5	178.0
Health Occupational	3,623.0	-	12,854.5	-	12,911.5	-	29,389.0	-
Remedial/Developmental	2,580.0	-	29,249.0	-	18,150.0	-	49,979.0	-
Adult Basic/Secondary Education	<u>41,127.5</u>	<u>6,767.0</u>	<u>63,830.5</u>	<u>18,517.0</u>	<u>58,458.0</u>	<u>15,059.5</u>	<u>163,416.0</u>	<u>40,343.5</u>
Total	<u>98,994.0</u>	<u>6,809.0</u>	<u>316,084.0</u>	<u>18,591.0</u>	<u>295,337.5</u>	<u>15,121.5</u>	<u>710,415.5</u>	<u>40,521.5</u>

Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2020

Categories	Unrestricted			Restricted		
	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference
Baccalaureate Transfer	396,941.0	396,941.0	-	-	-	-
Business Occupational	40,124.0	40,124.0	-	-	-	-
Technical Occupational	30,566.5	30,566.5	-	178.0	178.0	-
Health Occupational	29,389.0	29,389.0	-	-	-	-
Remedial/Developmental	49,979.0	49,979.0	-	-	-	-
Adult Basic/Secondary Education	<u>163,416.0</u>	<u>163,416.0</u>	<u>-</u>	<u>40,343.5</u>	<u>40,343.5</u>	<u>-</u>
Total	<u>710,415.5</u>	<u>710,415.5</u>	<u>-</u>	<u>40,521.5</u>	<u>40,521.5</u>	<u>-</u>

Summary of Certified Dual Credit and Dual Enrollment Hours

	<u>Dual Credit</u>	<u>Dual Enrollment</u>
Reimbursable Semester Credit Hours (All Terms)	23,161.0	10,943.0

City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases On Which Claims are Filed *(Continued)*
Year ended June 30, 2020

Reconciliation of In-District and
Chargeback/Cooperative Contractual Agreement Credit Hours

	<u>Attending In-District</u>	<u>Attending Out-of-District on Chargeback or Cooperative/ Contractual Agreement</u>	<u>Total</u>
Unrestricted in-district resident hours	692,576.5		
Restricted in-district resident hours	<u>38,249.5</u>		
Semester credit hours (all terms)	730,826.0	1,650.5	732,476.5

District prior-year equalized assessed evaluation \$ 87,776,056,332

	<u>Total Credit Hours</u>	<u>Total Credit Hours Certified by ICCB</u>	<u>Difference</u>
In-district resident	730,826.0	730,826.0	-
Out-of-district (chargeback/contractual agreement)	<u>1,650.5</u>	<u>1,650.5</u>	-
Total	<u>732,476.5</u>	<u>732,476.5</u>	-

Schedule 9

Student Residency Verification Process

Because all the District's campuses are publicly supported and chartered within the Community College District No. 508 (the City of Chicago), residents of Chicago "in-district" students pay a lower tuition rate for college credit courses. Those eligible for the resident status tuition rate, as of the date of arrival in Chicago, are:

- Minors whose parents or legal guardians live in Chicago
- Adults or emancipated minors who live in Chicago (and have not moved to the city for the sole purpose of attending a post-secondary educational institution)
- Students who live out of district may qualify for in-district tuition if they work more than 35 hours per week in the City of Chicago. Proof of full-time employment must be shown at registration.

Any student at any time may be required to submit proof of Chicago residency through a voter registration card, driver's license, state identification card, utility bills, or other appropriate documentation. The District may require an affidavit from the parent or guardian of the minor student, or from adult or emancipated minor students themselves.

Non-resident tuition and fees will be charged to:

- Students residing outside Chicago or occupying a Chicago dwelling for purposes of attending a post-secondary educational institution
- All international students holding student I-20 visas

Summary of Assessed Valuations

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2019	\$87,776,056,332
2018	86,286,411,094
2017	76,722,182,440
2016	73,984,605,433
2015	70,924,421,349
2014	64,879,908,794
2013	62,337,066,955
2012	65,221,057,665
2011	75,087,804,739
2010	82,052,222,695

State Grant Compliance Section

Independent Auditor's Report on Audits of the Grant Programs Financial Statements

To the Board of Trustees of
City Colleges of Chicago
Community College District No. 508

Report on the Financial Statements

We have audited the accompanying financial statements of the Early School Leavers Grant Program, the Innovative Bridge and Transition Grant Program, the State Adult Education and Family Literacy Grant Program, and the Workforce Equity Initiative Grant Program (the Grant Programs) of City Colleges of Chicago, Community College District No. 508 (City Colleges) as of and for the year ended June 30, 2020, and the related notes to the financial statements – grant programs, which collectively comprise City Colleges' grant programs financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these grant programs financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Early School Leavers Grant Program, the Innovative Bridge and Transition Grant Program, the State Adult Education, and Family Literacy Grant Program, and the Workforce Equity Initiative Grant Program as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The grant programs financial statements present only the Grant Programs referred to above and do not purport to, and do not, present the financial position of City Colleges as of June 30, 2020, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of City Colleges' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City Colleges' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Colleges' internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
November 30, 2020

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Grant Programs Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Trustees of
City Colleges of Chicago
Community College District No. 508

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Early School Leavers Grant Program, the Innovative Bridge and Transition Grant Program, the State Adult Education and Family Literacy Grant Program and the Workforce Equity Initiative Grant Program (the Grant Programs) of City Colleges of Chicago, Community College District No. 508 (City Colleges) as of and for the year ended June 30, 2020, and the related notes to the financial statements – grant programs, and have issued our report thereon dated November 30, 2020. The grant programs financial statements present only the Grant Programs referred to above and do not purport to, and do not, present the financial position of City Colleges as of June 30, 2020, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the grant programs financial statements, we considered City Colleges' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the grant programs financial statements, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control. Accordingly, we do not express an opinion on the effectiveness City Colleges' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City Colleges' grant programs financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
November 30, 2020

Grant Program Financial Statements

**City Colleges of Chicago
Community College District No. 508
State Adult Education and Family Literacy Grant Program
Combined Balance Sheet
June 30, 2020**

	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Assets			
Accounts Receivable	\$ 217,863	\$ 116,973	\$ 334,836
Total assets	<u>217,863</u>	<u>116,973</u>	<u>334,836</u>
Liabilities and Fund Balance			
Accounts payable	2,098	5,880	7,978
Accrued payroll	16,016	22,212	38,228
Due to City Colleges of Chicago	<u>199,749</u>	<u>88,881</u>	<u>288,630</u>
Total Liabilities	<u>217,863</u>	<u>116,973</u>	<u>334,836</u>
Fund balance	-	-	-
Total Liabilities and Fund Balance	<u>\$ 217,863</u>	<u>\$ 116,973</u>	<u>\$ 334,836</u>

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
Year ended June 30, 2020**

	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Revenue			
State Sources	\$ 2,178,630	\$ 1,169,730	\$ 3,348,360
Expenditures By Program			
Instruction	1,589,327	328,805	1,918,132
Social Work Services	-	83,335	83,335
Guidance Services	278,369	103,489	381,858
Assessment and Testing	100,342	161,642	261,984
Student Transportation Services	<u>-</u>	<u>10,500</u>	<u>10,500</u>
Subtotal Instructional and Student Services	1,968,038	687,771	2,655,809
Program Support			
Improvement of Instructional Services	-	56,726	56,726
General Administration	192,842	251,406	444,248
Data and Information Services	<u>17,750</u>	<u>173,827</u>	<u>191,577</u>
Subtotal Program Support	<u>210,592</u>	<u>481,959</u>	<u>692,551</u>
Total Expenditures	<u>2,178,630</u>	<u>1,169,730</u>	<u>3,348,360</u>
Excess of Revenue Over Expenditures			
Fund Balance - July 1, 2019	-	-	-
Fund Balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
ICCB Compliance Statement for the
Adult Education and Family Literacy Grant Program
Expenditure Amounts and Percentages for ICCB Grant Funds Only
Year Ended June 30, 2020

	<u>Expenditure Amount</u>	<u>Allowed Expenditure Percentage</u>	<u>Actual Expenditure Percentage</u>
State Basic			
Instruction	\$ 1,589,327	Minimum 45%	73%
General Administration	\$ 192,842	Maximum 15%	9%

See accompanying notes to grant program financial statements.

**City Colleges of Chicago
Community College District No. 508
Early School Leavers Grant Program
Balance Sheet
June 30, 2020**

Assets	
Cash	\$ -
Total Assets	<u>\$ -</u>
 Liabilities and Fund Balance	
Unearned revenue	\$ -
Total liabilities	<u>\$ -</u>
 Total Fund Balance	 <u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>

**Statement of Revenues, Expenditures
and Changes in Fund Balance
Year ended June 30, 2020**

Revenue	
State sources	<u>\$ 70,000</u>
 Expenditures	
Salaries	\$ 54,556
Employee benefits	13,487
Materials and supplies	229
Travel and professional development	729
Purchased services	<u>999</u>
Total expenditures	<u>\$ 70,000</u>
 Excess of Revenue Over Expenditures	
Fund Balance - July 1, 2019	\$ -
Fund Balance - June 30, 2020	<u>\$ -</u>

See accompanying notes to grant program financial statements.

**City Colleges of Chicago
Community College District No. 508
Innovative Bridge and Transition Program
Balance Sheet
As of June 30, 2020**

Assets	
Cash	-
Total Assets	<u>\$ -</u>
 Liabilities and Fund Balance	
Unearned revenue	-
Total liabilities	<u>\$ -</u>
 Total Fund Balance	
Total Liabilities and Fund Balance	<u>\$ -</u>

**Statement of Revenues, Expenditures
and Changes in Fund Balance
Year ended June 30, 2020**

Revenue	
State sources	<u>\$ 300,000</u>
 Expenditures	
Salaries	\$ 186,779
Employee benefits	8,706
Equipment	4,830
Purchased services	29,250
Materials and supplies	66,790
Scholarships	<u>3,645</u>
Total Expenditures	<u>\$ 300,000</u>
 Excess of Revenue Over Expenditures	
Fund Balance - July 1, 2019	<u>\$ -</u>
Fund Balance - June 30, 2020	<u>\$ -</u>

See accompanying notes to grant program financial statements.

**City Colleges of Chicago
Community College District No. 508
Workforce Equity Initiative
Balance Sheet
As of June 30, 2020**

Assets	
Due From City Colleges of Chicago	\$ 4,059,521
Total Assets	<u>\$ 4,059,521</u>
 Liabilities and Fund Balance	
Accounts payable	\$ 460,128
Accrued payroll	29,464
Unearned revenue	3,569,929
Total liabilities	<u>\$ 4,059,521</u>
 Total Fund Balance	 <u>\$ -</u>
Total Liabilities and Fund Balance	<u>\$ 4,059,521</u>

**Statement of Revenues, Expenditures
and Changes in Fund Balance
Year ended June 30, 2020**

Revenue	
State sources	<u>\$ 1,930,070</u>
 Expenditures	
Salaries	\$ 290,865
Employee benefits	50,389
Equipment	607,154
Purchased services	152,204
Materials and supplies	271,141
Conference and meeting expenses	8,011
Scholarships	550,306
Total Expenditures	<u>\$ 1,930,070</u>
 Excess of Revenue Over Expenditures	
Fund Balance - July 1, 2019	<u>\$ -</u>
Fund Balance - June 30, 2020	<u>\$ -</u>

See accompanying notes to grant program financial statements.

Notes to Grant Program Financial Statements

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2020

1. PROGRAM DESCRIPTIONS

City Colleges of Chicago is responsible for administering the following programs in accordance with “Policy Guidelines for Restricted Grant Expenditures and Reporting” set forth by ICCB in its Fiscal Management Manual. Program funds are accounted for in the City Colleges of Chicago’s current restricted fund.

A. Adult Education and Family Literacy Grants

The ICCB awards funding to eligible applicants to develop, implement and improve adult education and literacy activities. The provider must use the grant to establish or operate programs that provide services or instruction in one or more of the following categories:

- Adult education and literacy services (including workplace)
- Family literacy services
- English literacy programs

The ICCB provides funding for Adult Education and Family Literacy from State and Federal sources in fiscal year 2020. State funds include two categories: (1) State Basic and (2) State Performance. Federal funds include one category in fiscal year 2020, (1) Federal Basic. Funding is allocated through a competitive process. The funding source determines the applicable statutory regulations, policies, and guidelines including allowable costs.

B. Early School Leavers Grant

The Early School Leavers Grant is to provide opportunities for youth 16 – 21 years to re-engage in the completion of their secondary education and receipt of either the GED credential or a high school diploma, while receiving intensive career services.

C. Innovative Bridge and Transition Program Grant

The City Colleges of Chicago’s Career Bridge programs are offered in six different career sectors across six campuses. The program is designed as an Integrated Education and Training (IET) program, which means that students will receive contextualized instruction in a career area and will be co-enrolled in Adult Education along with credit classes for industry credentials. The goals of Career Bridge are: obtainment of an industry credential allowing entry into the workforce; to improve reading, writing, math and/or English language skills, and preparation for the high school equivalency, if needed.

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2020

1. PROGRAM DESCRIPTIONS *(Continued)*

D. Workforce Equity Initiative Grant

The purpose of this grant is to create, support, or expand short-term workforce (credit and/or noncredit) training opportunities in high-need communities focused on specific sectors with identified workforce gaps. Programs will be monitored throughout the year on the following outcomes:

- Employment after completion of the credential aligned with regional workforce gaps that provides a full-time job paying at least 30% above the regional living wage or is on a pathway to a family sustaining wage;
- Accelerated time for the targeted population to enter and succeed in postsecondary education/training programs that lead to employment in high skilled, high wage, and in-demand occupations;
- The degree to which the programs comply with ICCB, state guidelines;
- The degree to which 60% of the eligible participants served are African Americans;
- The ability to achieve the outcomes and objectives as initially indicated by the program.

All programs developed should be a part of a career pathway that allows participants to obtain an industry recognized credential and/or a community college certificate (credit or noncredit) in the shortest possible time while maintaining quality instruction and enhancing the participant's eligibility for employment in the identified sectors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Reporting

These grant program financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are reported when services are rendered, or when goods are received.

Grant revenues are reported in these grant program financial statements when allowable grant expenditures are made. Expenditures are allowable if they comply with "Policy Guidelines for Restricted Grant Expenditures and Reporting" set for in the ICCB Fiscal Management Manual. Revenue from grants is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include expenditure requirements, in which resources are provided on a reimbursement basis.

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

A. Basis of Reporting *(Continued)*

The grant funds for State Adult Education and Family Literacy, the Early School Leavers program and the Innovative Bridge and Transition program shall be expended or obligated prior to June 30 each year, the last day of the fiscal year. Grant funds should be accounted for in the same period as in the credit hour claiming process. Unexpended funds shall be returned to ICCB by October 15 following the end of the fiscal year. The State Adult Education and Family Literacy programs, the Early School Leavers program, and the Innovative Bridge and Transition program were fully expended within the grant period.

The grant funds for the Workforce Equity Initiative cover the period September 18, 2019 through September 17, 2020. Revenue is recognized when expenditure requirements have been met. The Workforce Equity Initiative program has unearned revenue of \$3,569,929 at June 30, 2020 which represents grant monies received but not yet expended.

These grant program financial statements cover only the State Adult Education and Family Literacy, the Early School Leavers, the Innovative Bridge and Transition program and the Workforce Equity Initiative. It is not intended to, and does not, present the financial position or results of operations of City Colleges of Chicago in its entirety.

B. Due from City Colleges of Chicago

To facilitate sound management, substantially all grant program cash for the State Adult Education and Family Literacy, the Early School Leavers program, the Innovative Bridge and Transition program and the Workforce Equity Initiative is pooled with City Colleges.

C. Accounts Receivable

A receivable is recorded for the funds to be received from the ICCB at June 30, 2020 for reimbursement of the allowable expenditures incurred during the fiscal year.

D. Due to City Colleges of Chicago

Due to City Colleges of Chicago represents the amount to be reimbursed to City Colleges for the use of resources to pay for the expenses incurred by the grant program prior to the receipt of the grant monies.

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. Unearned Revenue

Unearned revenue represents grant funds received that have not yet been earned.

F. Uses of Estimates

The preparation of the grant program financial statements in conformity with accounting principles generally accepted in the United States of America requires sound management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

Please contact us if you would like additional copies of the Comprehensive Annual Financial Report for the year ended June 30, 2020: <http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports/CAFR>.

For further information or to learn about our educational, operational and employment opportunities, please visit the CCC website at <http://www.ccc.edu>.

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