



CITY COLLEGES OF CHICAGO

Fiscal Year Ended June 30, 2023

Annual Comprehensive Financial Report

Brandon Johnson
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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2023

*Prepared by:
Office of Finance*

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

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Dear City Colleges' Community:

The FY2023 Annual Comprehensive Financial Report (ACFR) reflects a year of recovery and strategic progress as the city's most accessible higher education engine of socioeconomic mobility and racial equity.

This ACFR reflects that City Colleges concluded the FY2023 year with \$513 million in assets; a .3 percent (-0.3%) decrease over the prior year.

While holding the credit hour rate of \$146 level for the seventh straight year, we provided our students and communities with a quality, affordable education through investments in:

- A comprehensive suite of student supports to improve student access, retention and completion, including Future Ready no cost short term programs, an updated Star Scholarship with only a 3.0 GPA requirement, and a scholarship for CPS Options school graduates
- Enhanced marketing and enrollment infrastructure to attract and retain a diverse student body, achieving enrollment gains that surpassed state and national averages
- A robust offering of remote, online and in-person learning options to meet students where they are at
- Academic programs aligned with workforce demand that ensure students are prepared to seize opportunities in the economic recovery
- The Chicago Roadmap, a national model for K-12 and community college partnership with the Chicago Public Schools, that supports students along a seamless path to and through college on the way to their chosen careers
- A modest capital program targeted for in-demand and emerging programs, technology, deferred maintenance, and life safety infrastructure

To support revenues in FY23, City Colleges relied on federal HEERF stimulus funds, taxing to the city levy cap, Tax Increment Financing surplus proceeds from the City of Chicago, and expense management practices focused on achieving continued operational efficiency.

The FY2023 ACFR reflects our efforts to restore City Colleges' financial health while making critical investments that surround our students in a culture of care and connect communities to economic opportunity.

Sincerely,



Juan Salgado
Chancellor
City Colleges of Chicago
jsalgado@ccc.edu

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



Transmittal Letter

November 30, 2023

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 Annual Comprehensive Financial Report of City Colleges of Chicago, Community College District No. 508 (City Colleges or the District), for the fiscal year ended June 30, 2023. 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 Annual Comprehensive Financial Report.

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 Associate 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 2,665,039.

As a large urban school district, our colleges, students and administrators reflect the broad diversity of our city. Our students hail from 150 countries. They are often working adults, single parents and individuals from low-income backgrounds. City Colleges' District Office and the seven separately accredited colleges, plus five satellite sites, are strategically located throughout the City of Chicago.

City Colleges' vision is to serve as the city's most accessible higher education engine of socioeconomic mobility and racial equity – empowering all Chicagoans to take part in building a stronger and more just city.

On Saturday, May 6, 2023, City Colleges of Chicago graduates from all seven colleges gathered at Wintrust Arena to celebrate a remarkable achievement: earning their associate degrees. The celebration was spread across two ceremonies and included performances by the Harold Washington College Jazz Pop Ensemble, engaging speeches from students, faculty, staff, and guests, and a traditional marching of graduates.

The total number of degrees, certificates and general education completer credentials awarded in fiscal year 2023 was 7,721 and degrees awarded totaled 3,401.

STRATEGIC GOALS AND STRATEGIES

OUR STRATEGIC GOALS

City Colleges of Chicago has outlined a common strategic framework, consisting of six strategic levers and a common set of goals, values, and Key Performance Indicators (KPIs) for each college. Six levers form the framework for all strategic activities and will steer City Colleges' long-term goals and vision:

- **STUDENT EXPERIENCE: Our Goal: Create an Exceptional Student Experience**
We promise that every experience with City Colleges, from pre-admissions to completion, will be exceptional. Every student will be able to maximize their learning inside and outside the classroom, navigate our institution with ease, make significant progress towards their goals and feel welcome and supported by all City Colleges employees.
- **EQUITY: Our Goal: Achieve Equity in Student Outcomes**
We will become “student-ready” and equitable. Our institution will be designed for all students to thrive—especially those from historically and present-day marginalized communities. We will equip students with the support and resources they need to succeed in the classroom and beyond.
- **ECONOMIC RESPONSIVENESS: Our Goal: Respond to the Economic Needs of the City**
We will be forward-looking and agile in developing pathways and forging partnerships that unlock transformational career opportunities for City Colleges students and fuel the Chicago workforce with talent that is prepared to meet the needs of the economy.
- **EXCELLENCE: Our Goal: Build a Culture of Excellence**
We will build a culture of excellence that inspires everyone to become the ‘best in class’ for our students and community. We hold ourselves accountable to delivering academics, experiences and services of the highest quality. Our faculty and staff will continue to receive professional development across the District to continuously improve their practices.
- **COLLABORATION: Our Goal: Create a Collaborative and Connected Ecosystem**
We will create a more collaborative and connected ecosystem to foster coordination and communication that supports student success. At each college and across the District, we will implement people, data and technology solutions to create holistic best practices with an inclusive approach to problem solving.
- **INSTITUTIONAL HEALTH: Our Goal: Develop and Improve Critical Institutional Health Measures**
We will develop, monitor and improve critical institutional health metrics that ensure financial sustainability and well-being of our institution.

Three transformational goals are embedded in the five-year framework:

- Achieve unprecedented and equitable retention and completion rates
- Be regarded as the smart choice among students, K-12 partners, alumni, partners, universities and employers
- Advance upward mobility among City Colleges students and alumni through our colleges’ high-quality pathways

The following set of KPIs measure our success:

- **ACCESS:** Total ICCB headcount (credit + adult education enrollment), total headcount (ICCB headcount + continuing education enrollment).
- **MOMENTUM:** Fall to spring credit retention, fall to fall credit retention, taking and passing college level English in the first year, and taking and passing college level Math in the first year.
- **COMPLETION:** Four-year student outcome measures.
- **MOBILITY:** Transfer within two years of degree completion.

Targets have been set through fiscal year 2026. Unified strategic initiatives support the success of college plans, and provide the leadership and vision needed to achieve our goals and mission. They identify and support common areas of activity across colleges, shared opportunities for innovation or improvement, and the needed infrastructure to enable or accelerate meeting our goals.

To read the strategic plans in full, go to: www.ccc.edu/strategicplan.

FINANCIAL CHALLENGES

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

COVID-19 Recovery: The pandemic had a significant impact on our students and communities. City Colleges is working to attract students back to the classroom who did not enroll during the pandemic in order to care for their family, work, or meet other life-sustaining needs.

Enrollment: City Colleges continues to work to turn around a downward trend in community college enrollment that was substantially exacerbated by COVID-19. The Fall 2022, Spring 2023 and Fall 2023 enrollment increases outpaced state and national averages. The fiscal year 2024 budget continues investments in enrollment-related systems and marketing.

ECONOMIC CONDITION AND OUTLOOK

In 2022, the **Federal Reserve Bank of Chicago** (Chicago Fed) reported the year began with global supply chains still in disarray; after a rapid recovery from the most extreme pandemic-related disruptions, overall growth stalled in the first half of the year. Yet with consumers resuming travel and other activities delayed by the pandemic, the economy continued to add jobs at a breakneck pace, bringing the unemployment rate back to the very low levels seen prior to the pandemic. Worryingly, though inflation, which had initially been concentrated in items that were especially sensitive to the pandemic, continued to rise and become more widespread. Russia's invasion of Ukraine and ongoing Covid-related shutdowns abroad delivered further jolts to the economy, adding to already strong inflationary pressures and an uncertain economic climate. With inflation running far above the Federal Open Market Committee's 2 percent target, the FOMC began in March 2022 to remove the extraordinary degree of monetary policy accommodation that had been in place since the early days of the pandemic. By the end of the year, the FOMC had increased the federal funds rate range by 4.25 percentage points to a moderately restrictive setting. Additionally, the Fed began in June to reduce the size of its balance sheet, tightening monetary policy further. The Fed remains focused on reducing inflation. As is always the case, the exact path for monetary policy will depend on economic developments. And policy always aims to support the Federal Reserve's dual mandate objectives of maximum inclusive employment and price stability-goals that, in the long run, go hand in hand. We look forward to helping the Federal Reserve achieve our dual mandate goals and create an economic environment in which all can prosper. (Federal Reserve Bank of Chicago 2022 Annual Report).

The Chicago Fed Survey of Economic Conditions (CFSEC) Activity Index increased to -30 in July from -52 in June, suggesting that economic growth was well below trend. The CFSEC Manufacturing Activity Index increased to -48 in July from -50 in June, and the CFSEC Nonmanufacturing Activity Index increased to -18 in July from -52 in the previous month.

Springfield –**The Illinois Department of Employment Security (IDES)**. Over the year, total nonfarm jobs increased in all fourteen metropolitan areas for the year ending June 2023, according to data released by the U.S. Bureau of Labor Statistics (BLS) and the Illinois Department of Employment Security (IDES). Over the year, the unemployment rate increased in thirteen metropolitan areas and decreased in one. Chicago City unemployment rate decreased from 5.9% in June 2022 to 4.8% in June 2023. This represents a 1.1% change year over year (YOY). (ides.illinois.gov/resources/labor-market-information).

Chicago Fed National Activity Index (CFNAI). Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) rose to +0.12 in July from -0.33 in June. Two of the four broad categories of indicators used to construct the index increased from June, and two of the four categories made positive contributions in July. The index's three-month moving average, CFNAI-MA3, ticked up to -0.13 in July from -0.15 in June. The CFNAI Diffusion Index, which is also a three-month moving average, edged up to -0.05 in July from -0.08 in June. Forty-five of the 85 individual indicators made positive contributions to the CFNAI in July, while 40 made negative contributions. Forty-nine indicators improved from June to July, while 35 indicators deteriorated, and one was unchanged. Of the indicators that improved, 15 made negative contributions.

Production-related indicators contributed +0.18 to the CFNAI in July, up from -0.36 in June. Industrial production increased 1.0 percent in July after decreasing 0.8 percent in the previous month. Employment-related indicators contributed -0.02 to the CFNAI in July, down slightly from +0.01 in June. The contribution of the personal consumption and housing category to the CFNAI ticked up to +0.02 in July from a neutral value in June.

The CFNAI was constructed using data available as of August 22, 2023.

The fiscal year 2024 budget is balanced. The combined unrestricted and enterprise operating budget of \$350.5 million represents a 7 percent increase from the prior fiscal year as we continue to invest for the long-term. This budget planned for a projected 3 percent year to year enrollment increase (fiscal year 2023 to fiscal year 2024).

The budget reflects City Colleges' commitment to providing our students and communities with an exceptional student experience, quality, responsive and affordable education, equitable student outcomes and a collaborative, healthy environment underpinned by a culture of excellence.

Key planned investments include:

- Strategic scholarship programs to improve access, including Future Ready which offers no cost, short-term programs in high-demand fields, the Star Scholarship for recent high school graduates with a B average, and a scholarship for graduates of CPS options schools.
- A comprehensive suite of student supports to further retention and completion, including new evening and weekend mental telehealth supports, new benefits coordinators at every college, and a full complement of wellness centers, advisors, tutors, career and transfer centers, undocumented student liaisons, and more.
- The Chicago Roadmap, an unprecedented partnership with the Chicago Public Schools, to support students along a seamless path to and through college on the way to their chosen careers.
- A robust offering of remote and online, along with in-person learning options.
- Increased faculty and staff pay following successful negotiations with labor partners.
- Enhanced marketing and enrollment infrastructure to attract and retain a diverse student body.
- Grant funded efforts to better connect Chicago communities and adult learners to opportunities at City Colleges and to remove students' technology barriers to academic success.
- A capital program targeted for in-demand/emerging programs, technology, deferred maintenance, and life safety infrastructure.

- The budget allows us to maintain an average class size of 17 students: 1 instructor and a credit student to advisor ratio of 410:1.
- This budget allows City Colleges to continue in increasingly strong financial health.

Community College State Funding

<u>Fiscal Year</u>	<u>State Funding to All State Community Colleges</u>
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
2021	269,222,286
2022	278,178,388
2023	301,876,696

Source: Illinois Community College Board

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

ACHIEVEMENTS

- Holding our credit hour rate of \$146 level, recognizing the economic strain of the pandemic, and increasing marketing to attract a diverse student body as the COVID-19 environment slowly normalizes.
- Maintaining a robust suite of student academic and related supports from wellness centers, new telehealth services, tutoring to a new coaching advising model, housing and technology supports, and disability access centers.
- Star Scholarship recipients were the largest ever enrolled with 1,679 students from the high school class of 2022. The Star Scholarship program was launched in 2015, and to date, more than 174,000 Chicago high school graduates have been named Star Scholars. Students qualify for the Star Scholarship if they graduate from high school with at least a 3.0 GPA, and the Star Scholarship covers up to three years at City Colleges. The Star Scholarship is open to any qualifying CPS student from all over Chicago and partner Big Shoulders Fund schools. Star Scholarship recipients have the opportunity to begin working with four-year universities while still at City Colleges and can take advantage of guaranteed admissions from City Colleges to a variety of colleges and universities across the

country. In addition, City Colleges of Chicago participates in the Illinois Articulation Initiative, a comprehensive statewide effort among more than 100 colleges and universities in Illinois to facilitate the transfer of any CCC student to a four-year college or university. For more information, visit www.ccc.edu/starscholarship.

- In fiscal year 2023, the Future Ready pilot program enabled more than 1,500 students to enroll in dozens of in-demand programs at no cost. Students are 44% Black and 41% Latinx. Starting summer 2003, City Colleges continued to offer 50+ Future Ready programs without federal funding.
- Enrollment increased 6.9 percent year over year, exceeding the Illinois community college average of +1.5% and the national average (flat), as reported by the Illinois Community College Board. Enrollment in a combination of credit and adult education programs has increased at six of its colleges: Harry S Truman (+11.5%), Kennedy-King (+17.4%), Malcolm X (+11.6%), Olive-Harvey (+14.8%), Richard J. Daley (+5.5%), and Wilbur Wright (+3.6%). The number of Adult Education students alone grew by 16.6 percent – an increase of 1,098 students – from fall 2021. The increase in enrollment comes after City Colleges embarked on targeted efforts to enhance and expand college resources and offerings in recent years, especially in the aftermath of the COVID-19 pandemic. The seven City Colleges are meeting the needs of the Chicago economy with quality, in-demand programs in transportation, distribution, logistics, cannabis studies, manufacturing, IT, early childhood education, engineering, healthcare, and more. City Colleges launched Future Ready in 2021 to help eligible Chicagoans gain credentials and prepare for in-demand careers in many of those industries at no cost. The Chicago Roadmap is helping create a clear path to college for CPS students. Through enrollment management and strategic marketing efforts, City Colleges is making a concerted effort to educate the public on all the community college system has to offer, including in-demand, high-growth career pathways, transfer options for students who want to earn a bachelor’s degree, and supports for adult learners looking to return to the classroom.
- We have developed a national model of partnership with our K-12 school system centered on increasing equity. The Chicago Roadmap model has led to collaboration at every level of our systems. As a result of this work so far, we increased the number of students earning 15 or more college credits through CCC at 88 percent from 2021 to 2023 (from 330 to 620 students). The number of students in transitional math and transitional English classes, when passed, allow CPS students to accelerate into college credit classes at CCC. This is up 41 percent for transitional math and 270 percent for transitional English from 2021 to 2023. CCC postsecondary navigators continue to support more CPS high schools, which is up from 28 in the Fall of 2020 to 84 high schools in the Fall of 2022. The Options for the Future scholarship for alternative CPS high school graduates helped increase CCC enrollment from this group by 94% from the Class of 2021 to the Class of 2022. New supports for CPS students with documented disabilities helped increase CCC enrollment for this group by 48% from the Class of 2021 to the Class of 2022. This model has been studied by the US Department of Education, Congressional staff and other education organizations across the country.

- City Colleges of Chicago (CCC) in partnership with the Illinois Dream Fund and University of Illinois at Chicago (UIC) made resources available for undocumented students as well as the Colleges' new Undocumented Liaisons and a CCC District Coordinator position. The Undocumented Liaisons along with strengthened resources will now be available at each college in accordance with House Bill 3438 for academic year 2022-2023 and beyond. City Colleges provides a welcoming environment for all students, regardless of immigration status. Numerous initiatives, both within the institution and in partnership with immigrant-serving allies, work to ensure City Colleges of Chicago responds to new immigration policies affecting our students so they are prepared to pursue their goals and dreams. City Colleges of Chicago has long supported undocumented students with college admissions and resources. For more information on services available at CCC for undocumented students, visit www.ccc.edu/undocumented.

CAPITAL IMPROVEMENT PLAN

On July 1, 2021, City Colleges of Chicago entered a new five-year capital plan, consisting of key strategic programmatic and academic improvements, necessary deferred maintenance, technology and technology infrastructure upgrades. The projects prioritized and included in the Capital Plan further our strategic vision and maintain the condition of our colleges. Each year City Colleges updates the plan based on a renewed assessment of conditions and evolving academic priorities. The updated 5-year total plan is \$248.5 million. For fiscal year 2024, City Colleges has budgeted capital investments of up to \$54.9 million that included \$16.9 million in technology, technology infrastructure and information security, \$33.7 million in deferred maintenance, and \$4.3 million in recommended academic and programmatic improvements which will be prioritized by their impact on student success and are subject to external funding and/or Chancellor approval.

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 Trust and Agency
Net Investment in Capital Assets	Building Bond Proceeds Long-Term Debt

Property Tax: Estimated assessed value of taxable property for tax year 2022 collectible in fiscal year 2023 was \$96,847,230,931. Estimated assessed value of taxable property for tax year 2021 collectible in fiscal year 2022 was \$96,868,463,441. City Colleges’ average collection rate over the past five years has been over 97%.

Debt Administration: Outstanding long-term and current debt at June 30, 2023 totaled \$290,425,000.

In fiscal year 2024, City Colleges is budgeting \$20,798,013 for debt service expenditures, which includes total interest of \$14,883,013 and total principal payments of \$5,915,000 for the Unlimited Tax General Obligation Bonds (Dedicated Revenues) Series 2013 and Series 2017. Both Series 2013 and 2017 bonds are amortized over 30 years and are issued with an average interest rate of 5% with payments made on June 1 and December 1 of each year. The last payment for the Series 2013 and 2017 bonds is December 1 of 2043 and 2047, respectively.

Cash Management: Cash and investments are managed by the City Colleges' Chief Financial Officer and Vice Chancellor-Treasury/Finance commensurate with 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 and oversight for investments rests with the City Colleges' Board of Trustees, which has delegated the function to the Chief Financial Officer and Vice Chancellor-Treasury/Finance 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*. The Board of Trustees authorizes the designation of depositories and investment managers.

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.

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 RSM US LLP as its independent certified public accountants for fiscal year 2023. 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. 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 Annual Comprehensive 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 Annual Comprehensive Financial Report 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

Jolenna Nanalig
Associate Vice Chancellor, Treasurer

**CITY COLLEGES OF CHICAGO
COMMUNITY COLLEGE DISTRICT NO. 508
PRINCIPAL OFFICIALS
Year Ended June 30, 2023**

BOARD OF TRUSTEES

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Elizabeth Swanson, Vice Chair
Peggy A. Davis, Secretary
Laritza Lopez, Trustee
Darrell A. Williams, Trustee
Vacant, Trustee
Vacant, Trustee
Yehuda Goldbloom, Student Trustee
Bonnie Phillips, Chief Advisor to the Board of Trustees

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Mark Potter, PhD, Provost & Chief Academic Officer
Verónica Herrero, Executive Vice Chancellor, Institutional Advancement and Chief of Staff,
City Colleges of Chicago Foundation, President
Maribel Rodriguez, Chief Financial Officer
Karla Mitchell Gowen, General Counsel
Zarko Njakara, Interim Chief Information Officer
Aarti Dhupelia, Executive Vice Chancellor, Chief Student Experience Officer
Carol Dunning, Chief Talent Officer
Lamesha Smith, Inspector General
Gina Gentile, Director of Internal Auditing
Janine Janosky, PhD, President, Richard J. Daley College
Daniel López, PhD, President, Harold Washington College
Katonja Webb Walker, EdD, President, Kennedy-King College
David A. Sanders, President, Malcolm X College
Kimberly Hollingsworth, EdD, President, Olive-Harvey College
Shawn L. Jackson, PhD, President, Harry S. Truman College
David Potash, PhD, President, Wilbur Wright College

REPORT ISSUED BY

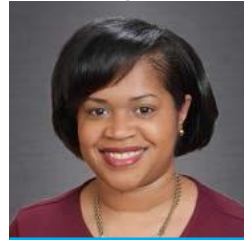
Office of Finance

Executive Leadership

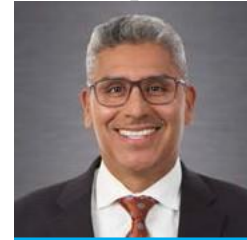
Board of Trustees



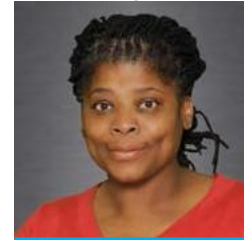
Gina Gentile
Director of Internal Auditing



Lamesha Smith
Inspector General



Juan Salgado
Chancellor



Bonnie Phillips
Chief Advisor to the Board of Trustees



Karla Gowen
General Counsel



Maribel Rodriguez
Chief Financial Officer



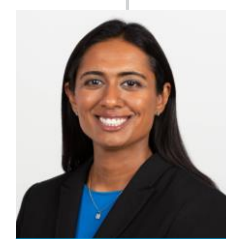
Carol Dunning
Chief Talent Officer



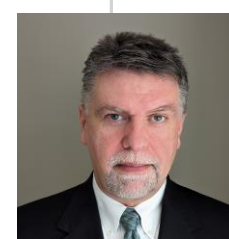
Mark Potter, PhD
Provost & Chief Academic Officer



Verónica Herrero
EVC, Institutional Advancement & Chief of Staff, CCCF President



Aarti Dhupelia
EVC, Chief Student Experience Officer



Zarko Njakara
Interim Chief Information Officer



Janine E. Janosky, PhD
President
Richard J. Daley College



Daniel López Jr., PhD
President
Harold Washington College



Katonja Webb Walker, EdD
President
Kennedy-King College



David A. Sanders
President
Malcolm X College



Kimberly K. Hollingsworth, EdD
President
Olive-Harvey College



Shawn L. Jackson, PhD
President
Harry S Truman College



David Potash, PhD
President
Wilbur Wright College



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City Colleges of Chicago
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section



Independent Auditor's Report

RSM US LLP

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Colleges and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit (City Colleges of Chicago Foundation) were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As described in Note 18 to the accompanying financial statements, beginning capital assets (subscription-based assets) and obligations (subscription-based liabilities), as of July 1, 2022, of City Colleges were restated for the implementation of Governmental Accounting Standard Board Statement Number 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City Colleges' ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City Colleges' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City Colleges' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefit obligations (OPEB) information and related notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City Colleges' basic financial statements. The supplementary information as described in the table of contents (the Uniform Financial Statements, as required by the Illinois Community College Board) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section and the Certification of Chargeback Reimbursement but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 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, 2023

**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, 2023. 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, 2023 decreased by \$1.5 million to \$513.0 million mainly due to decreases in federal grants and contracts, SURS on-behalf payments, financial aid as well as increases in salaries, fringe benefits, other state grants and local property taxes.

Overview of Financial Statements

Total current assets decreased by \$1.9 million as compared to the prior year, mainly due to a decrease in cash, short-term investments and other accounts receivable, which was offset by an increase in property tax receivables.

Total current liabilities were approximately the same as last year due to decreases in accrued payroll, unearned grant revenue and other liabilities that were offset by increases in accounts payable, other accruals and unearned tuition and fees revenue.

Total non-current liabilities decreased by \$7.1 million mainly due to decreases in accrued property tax refunds and bonds payable. These decreases were offset by increases in other post-employment and lease obligations. The deferred inflows of resources are the deferred property tax revenue, other post-employment benefits and leases that have been presented separately in the financial statements to conform to GASB Statements 65, 75, 87 and 96, respectively.

HIGHER EDUCATION EMERGENCY RELIEF FUNDS (HEERF)

City Colleges received federal stimulus funds which have helped provide direct support to students and stabilize the organization through the challenging financial environment resulting from the COVID-19 pandemic. The Higher Education Emergency Relief Funds (HEERF) were received from the following federal legislation; Coronavirus Aid, Relief, and Economic Security Act (CARES Act – “HEERF I”), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA – “HEERF II”), and American Rescue Plan (ARP – “HEERF III”).

The HEERF funds are issued as direct aid to students and to support institutions of higher education to ensure learning continues during the COVID-19 pandemic. The institutional funds were appropriated for costs of disruption due to the pandemic, to setup the infrastructure to transition to remote learning, and to cover for lost revenue. Below is a summary of CCC’s HEERF allocations.

Bill	Date signed & Status	Provides	Student grants	Institutional funds	Total allocation
HEERF I – CARES ACT	March 27, 2020 Funds received and used	Support costs of remote learning and student grants for housing, food and technology	\$12.7M	\$12.7M	\$25.4M
HEERF II - CRRSAA	December 27, 2020 Funds awarded and used	Support for learning continuity	\$12.7M	\$40.5M	\$53.2M
HEERF III – American Rescue Plan	March 11, 2021 Funds awarded and used	Additional COVID relief	\$46.9M	\$46.3M	\$93.2M
HEERF III – SSARP	July 19, 2022 Funds awarded and used	Assist students affected by COVID-19 pandemic and make institutional changes to assist students	\$574.6K	\$574.6K	\$1.1M

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

	<u>2023</u>	<u>2022 as restated</u>	<u>Change</u>
Current assets	\$ 231.6	\$ 233.5	\$ (1.9)
Non-current assets			
Capital assets	1,313.1	1,300.5	12.6
Less accumulated depreciation	(526.6)	(498.4)	(28.2)
Other assets	65.1	55.1	10.0
Total assets	<u>1,083.2</u>	<u>1,090.7</u>	<u>(7.5)</u>
Deferred outflows of resources	<u>5.0</u>	<u>4.7</u>	<u>0.3</u>
Current liabilities	75.8	75.7	0.1
Non-current liabilities	419.2	426.3	(7.1)
Total liabilities	<u>495.0</u>	<u>502.0</u>	<u>(7.0)</u>
Deferred inflows of resources	<u>80.2</u>	<u>78.9</u>	<u>1.3</u>
Net position			
Net investment in capital assets	474.1	488.9	(14.8)
Restricted for specific purposes	2.9	4.5	(1.6)
Unrestricted	36.0	21.1	14.9
Total net position	<u>\$ 513.0</u>	<u>\$ 514.5</u>	<u>\$ (1.5)</u>

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Operating			
Revenues	\$ 20.0	\$ 29.9	\$ (9.9)
Expenses	<u>(516.3)</u>	<u>(518.7)</u>	<u>2.4</u>
Operating loss	(496.3)	(488.8)	(7.5)
Non-operating			
Revenues	506.5	520.4	(13.9)
Expenses	<u>(14.6)</u>	<u>(16.2)</u>	<u>1.6</u>
Net non-operating revenues	491.9	504.2	(12.3)
Income (Loss) before capital contributions	(4.4)	15.4	(19.8)
Capital contributions	<u>2.9</u>	<u>5.1</u>	<u>(2.2)</u>
Change in net position	(1.5)	20.5	(22.0)
Net position, beginning of year	<u>514.5</u>	<u>494.0</u>	<u>20.5</u>
Net position, end of year	<u>\$ 513.0</u>	<u>\$ 514.5</u>	<u>\$ (1.5)</u>

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

	<u>2023</u>	<u>2022</u>
Total revenue	\$ 529.4	\$ 555.4
Total expenses	<u>(530.9)</u>	<u>(534.9)</u>
Increase (decrease) in net position	<u>\$ (1.5)</u>	<u>\$ 20.5</u>

Statement of Revenues, Expenses and Changes in Net Position

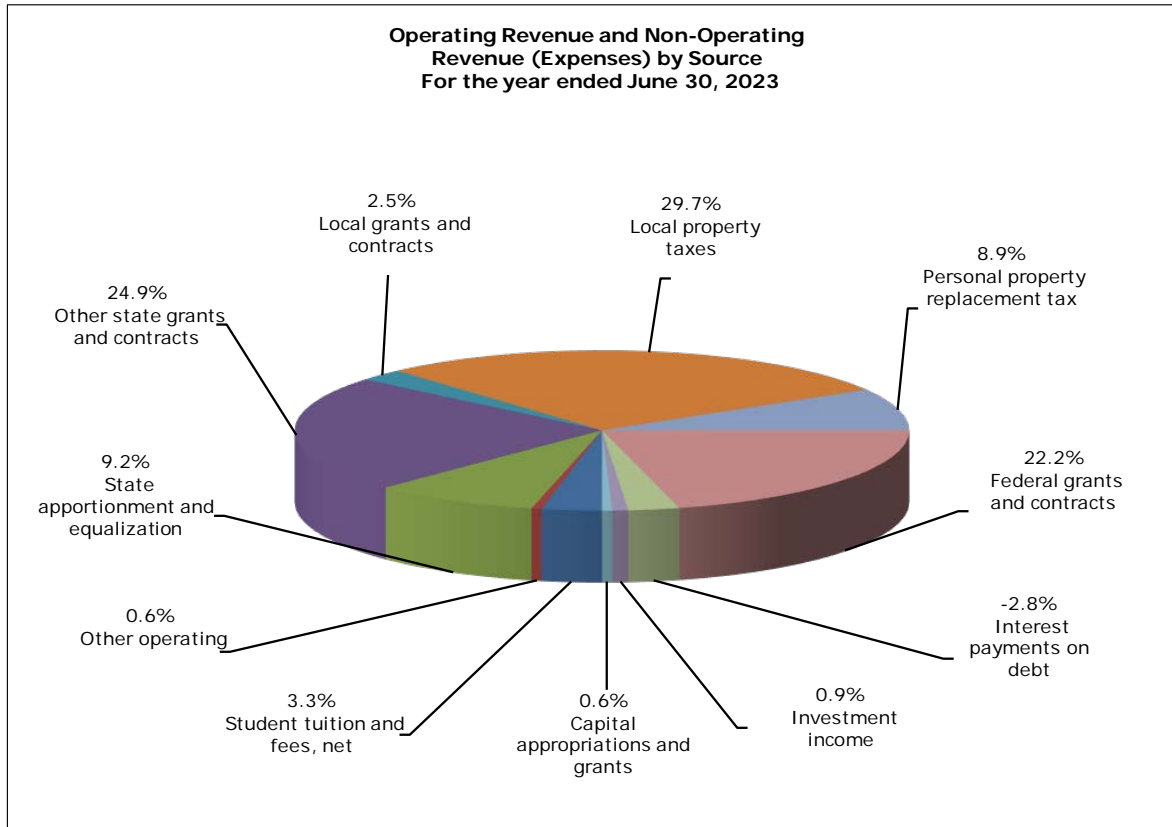
Operating revenues decreased by \$9.9 million from the previous year mainly due to an increase in scholarships.

Total non-operating revenues and expenses decreased by \$12.3 million in fiscal year 2023 due to decreases in other state grants and federal grants and contracts. This was offset by increases in local grants and contracts, local property taxes, and investment income. Capital appropriations and grants decreased by \$2.2 million due to a decrease in grants from the State of Illinois Capital Development Board.

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Operating revenues			
Student tuition and fees	\$ 76.7	\$ 73.4	\$ 3.3
Less scholarships	(59.6)	(49.0)	(10.6)
Other operating	<u>2.9</u>	<u>5.5</u>	<u>(2.6)</u>
Total operating revenues	<u>20.0</u>	<u>29.9</u>	<u>(9.9)</u>
Non-operating revenues (expenses)			
State apportionment and equalization	47.4	47.2	0.2
Other state grants and contracts	128.3	137.1	(8.8)
Local grants and contracts	13.0	10.7	2.3
Local property taxes	153.2	141.3	11.9
Personal property replacement tax	45.9	43.9	2.0
Federal grants and contracts	114.2	139.6	(25.4)
Interest payments on debt	(14.6)	(14.7)	0.1
Investment income	4.5	(1.5)	6.0
Other non-operating revenues (expenses)	<u>-</u>	<u>0.6</u>	<u>(0.6)</u>
Total non-operating revenues (expenses)	<u>491.9</u>	<u>504.2</u>	<u>(12.3)</u>
Capital appropriations and grants	<u>2.9</u>	<u>5.1</u>	<u>(2.2)</u>
Total	<u>\$ 514.8</u>	<u>\$ 539.2</u>	<u>\$ (24.4)</u>

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

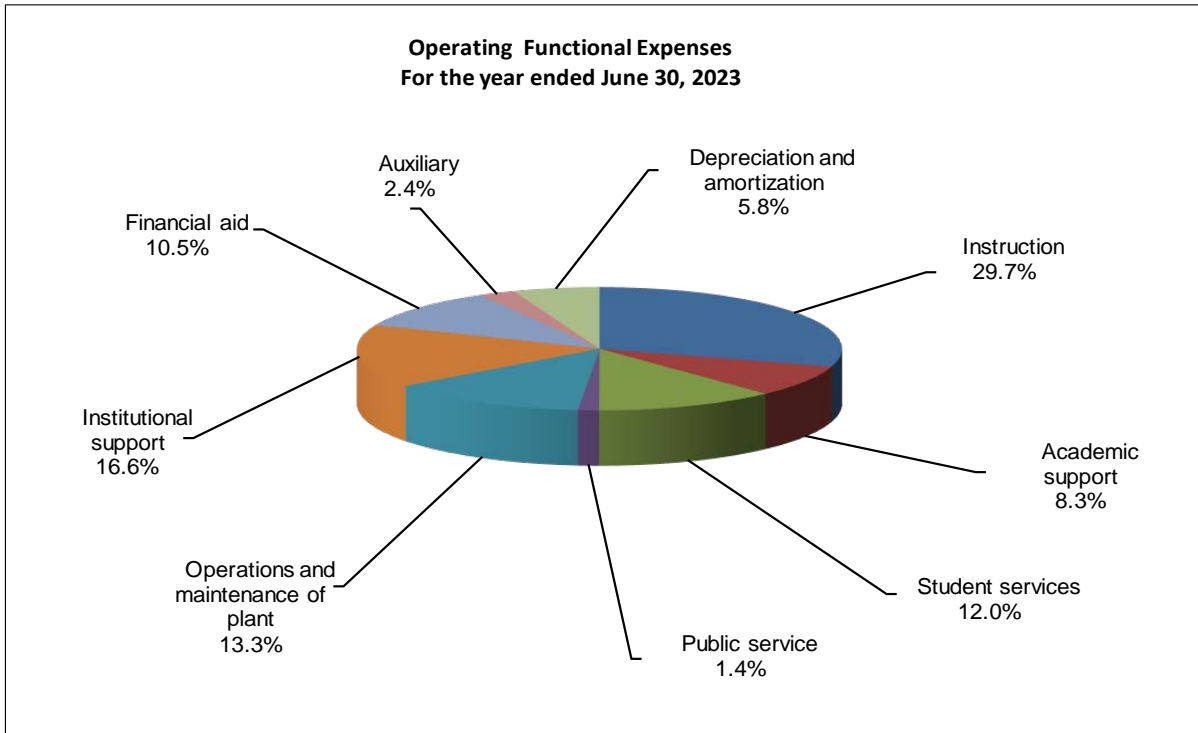


Operating Functional Expenses

Total operating functional expenses decreased by \$2.4 million in fiscal year 2023. This was mainly due to a \$22.4 million decrease for instruction, operations and maintenance of plant, financial aid and depreciation and amortization. This was offset by a \$20.0 million increase in academic support, student services, public services and instructional support.

Table 4
Operating Functional Expenses
(in millions of dollars)

Operating expenses	2023	2022	Change
Instruction	\$ 153.4	\$ 155.8	\$ (2.4)
Academic support	43.0	41.0	2.0
Student services	61.9	57.8	4.1
Public service	7.2	4.3	2.9
Operations and maintenance of plant	68.4	70.7	(2.3)
Institutional support	85.8	74.8	11.0
Financial aid	54.2	69.6	(15.4)
Auxiliary	12.6	12.6	-
Depreciation and amortization	29.8	32.1	(2.3)
Total operating expenses	\$ 516.3	\$ 518.7	\$ (2.4)



Net Capital Assets and Non-Current Liabilities

As of June 30, 2023, City Colleges had \$1,313.1 million in capital assets and \$526.6 million in accumulated depreciation and amortization, resulting in \$786.5 million in net capital assets. Some construction in progress projects were completed and put into service. The investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles, software, lease assets and subscription-based arrangements. The total decrease in City Colleges' net capital assets for the current fiscal year is \$15.6 million. For more detailed information on capital assets, please refer to Notes 1K and Note 4 in the Notes to Basic Financial Statements.

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

	<u>2023</u>	<u>2022 as restated</u>	<u>Change</u>
Capital assets			
Land	\$ 51.4	\$ 51.4	\$ -
Buildings and improvements	1,112.4	1,108.4	4.0
Construction in progress	19.4	11.8	7.6
Equipment	65.9	64.8	1.1
Software	48.3	48.3	-
Lease assets	11.8	12.2	(0.4)
Subscription-based assets	3.9	3.6	0.3
Total	1,313.1	1,300.5	12.6
Less Depreciation and amortization	(526.6)	(498.4)	(28.2)
Net capital assets	<u>\$ 786.5</u>	<u>\$ 802.1</u>	<u>\$ (15.6)</u>

Total non-current liabilities decreased by \$7.1 million to \$419.2 million. This was mainly due to decreases of \$9.0 million in bonds payable, accrued property tax refunds and subscription-based liabilities, which were offset by increases in accrued compensated absences, sick leave benefits, other post-employment benefits, workers' compensation, lease obligations and the current portion of non-current liabilities of \$1.9 million. See Note 12 for more detailed information regarding long-term debt activity.

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

	2023	2022 as restated	Change
Accrued compensated absences	\$ 4.1	\$ 3.7	\$ 0.4
Sick leave benefits	2.8	2.7	0.1
Other post-employment benefits	92.5	90.2	2.3
Bonds payable, net of premiums & discounts	296.9	303.0	(6.1)
Workers' compensation	1.3	1.2	0.1
Accrued property tax refunds	14.9	17.1	(2.2)
Subscription-based liabilities	2.8	3.5	(0.7)
Lease obligations	<u>14.8</u>	<u>14.6</u>	<u>0.2</u>
Sub-total	430.1	436.0	(5.9)
Less current portion	<u>(10.9)</u>	<u>(9.7)</u>	<u>(1.2)</u>
Total non-current liabilities	<u>\$ 419.2</u>	<u>\$ 426.3</u>	<u>\$ (7.1)</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, 2023**

Assets	
Current assets:	
Cash and cash equivalents	\$ 9,726,134
Short-term investments	113,296,276
Property tax receivable, net	75,612,501
Personal property replacement tax receivable	7,231,217
Other accounts receivable, net	19,983,651
Prepaid items and other assets	<u>5,714,956</u>
Total current assets	<u>231,564,735</u>
Non-current assets:	
Restricted cash	26,467,877
Funds held by others - restricted	1,225,023
Long-term investments	37,480,509
Capital assets not being depreciated	70,728,429
Capital assets being depreciated, net	<u>715,810,758</u>
Total non-current assets	<u>851,712,596</u>
Total assets	<u>1,083,277,331</u>
Deferred outflows of resources	
Deferred outflows related to other post-employment benefits	3,053,553
Deferred outflows related to pensions	<u>1,929,542</u>
Total deferred outflows of resources	<u>4,983,095</u>
Liabilities	
Current liabilities:	
Accounts payable	24,523,680
Accrued payroll	13,945,898
Other accruals	4,439,769
Unearned tuition and fees revenue	6,921,861
Unearned grant revenue	7,734,514
Other liabilities	7,379,634
Current portion of non-current liabilities	<u>10,860,262</u>
Total current liabilities	<u>75,805,618</u>
Non-current liabilities:	
Accrued compensated absences	4,056,352
Accrued property tax refunds	14,922,020
Sick leave benefits	2,834,321
Other post-employment benefits	92,470,188
Workers' compensation	1,268,600
Bonds payable, net of premiums and discounts	296,939,507
Subscription-based liabilities	2,839,709
Lease obligations	9,260,975
Other non-current liabilities	5,497,192
Less current portion of non-current liabilities	<u>(10,860,262)</u>
Total non-current liabilities	<u>419,228,602</u>
Total liabilities	<u>495,034,220</u>
Deferred inflows of resources	
Deferred inflows related to other post-employment benefits	7,727,415
Deferred inflows related to property tax revenue	<u>72,455,856</u>
Total deferred inflows of resources	<u>80,183,271</u>
Net position	
Net investment in capital assets	474,138,462
Restricted for specific purposes:	
Audit	332,785
Trust and agency	1,022,200
Grants	1,593,425
Unrestricted	<u>35,956,063</u>
Total net position	<u>\$ 513,042,935</u>

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, 2023

Revenues

Operating revenues:

Student tuition and fees:	
Resident tuition	\$ 68,618,278
Nonresident tuition	5,650,384
Fees	2,386,548
Less: Scholarship allowances	<u>(59,599,804)</u>
Net student tuition and fees	17,055,406
Other operating revenues	<u>2,937,804</u>
Total operating revenues	<u>19,993,210</u>

Expenses

Operating expenses:

Instructional salaries	97,386,526
Non-instructional salaries	131,025,489
Fringe benefits	134,974,988
Supplies	29,656,103
Professional development	1,272,013
Utilities	8,572,212
Contractual services	28,074,434
Depreciation and amortization	29,771,317
Financial aid, exclusive of scholarship allowances	54,212,003
Other expenses	<u>1,369,329</u>
Total operating expenses	<u>516,314,414</u>
Operating loss	<u>(496,321,204)</u>

Non-operating revenues (expenses):

State apportionment and equalization	47,405,311
Other state grants and contracts	128,242,262
Local grants and contracts	13,046,116
Local property taxes	153,197,663
Personal property replacement tax	45,857,431
Federal grants and contracts	114,230,563
Investment income	4,548,586
Interest payments on debt	(14,544,449)
Other non-operating expenses	<u>(39,178)</u>
Total non-operating revenues (expenses)	<u>491,944,305</u>
Decrease in net position before capital appropriations	(4,376,899)
Capital appropriations	<u>2,925,765</u>
Change in net position	(1,451,134)
Net position, beginning of year	<u>514,494,069</u>
Net position, end of year	<u><u>\$ 513,042,935</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, 2023**

Cash flows from operating activities	
Tuition and fees	\$ 16,053,415
Payments to suppliers	(107,295,315)
Payments to employees	(236,206,254)
Payments to students	(54,212,003)
Other operating receipts	2,937,804
Net cash used in operating activities	<u>(378,722,353)</u>
Cash flows from noncapital financing activities	
Local property taxes	145,525,773
State apportionment, grants and contracts	84,188,094
Personal property replacement tax	45,825,773
Federal grants and contracts	130,899,642
Net cash provided by noncapital financing activities	<u>406,439,282</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	(11,504,872)
Principal paid on debt	(5,530,000)
Interest paid on debt	(15,146,095)
Net cash used in capital and related financing activities	<u>(32,180,967)</u>
Cash flows from investing activities	
Proceeds from sales and maturities of investments	119,540,145
Purchases of investments	(124,919,396)
Gain on investments	4,369,045
Payment received on note receivable	1,547,005
Net cash used in investing activities	<u>536,799</u>
Net decrease in cash and cash equivalents	(3,927,239)
Cash and cash equivalents at beginning of year	40,121,250
Cash and cash equivalents at end of year	<u>\$ 36,194,011</u>
Cash and cash equivalents	9,726,134
Restricted cash	26,467,877
	<u>\$ 36,194,011</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 (Continued)
Fiscal Year Ended June 30, 2023

**Reconciliation of operating loss to net cash
used in operating activities**

Operating loss	\$ (496,321,204)
Reconciling adjustments:	
Depreciation and amortization	29,771,317
State pension that is associated with the College	91,459,479
Decrease in allowance for uncollectible receivables	1,059,382
Changes in assets and liabilities:	
Receivables	(4,232,543)
Prepaid items and other assets	(1,204,227)
Accounts payable	3,942,878
Accrued payroll	(6,805,737)
Other accruals	1,822,714
Unearned tuition and fees revenue	1,294,199
Other liabilities	(1,540,669)
Accrued compensated absences	364,120
Sick leave benefits	164,866
OPEB and related deferred outflows and inflows	(1,506,259)
Lease obligations and subscription-based liabilities	3,009,331
Net cash used in operating activities	<u>\$ (378,722,353)</u>

Non-cash investing, capital and financing activities

Decrease in fair value of investments	\$ 20,848,876
State of Illinois contributed capital assets	2,925,765
Capital assets in accounts payable	3,365,078
Amortization of premiums and discounts on bonds payable	601,646

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

Component Unit
City Colleges of Chicago
Foundation
Financial Statements

Component Unit - City Colleges of Chicago Foundation
Statement of Financial Position
as of June 30, 2023

Assets

Cash and cash equivalents	\$ 6,122,882
Investments	14,582,411
Pledge receivable, net	3,035,695
Other receivables	9,780
Prepaid expenses	1,234
Total assets	<u>\$ 23,752,002</u>

Liabilities and Net Assets

Accounts payable	<u>\$ 323,079</u>
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Net Assets

Without donor restrictions	2,545,538
With donor restrictions	<u>20,883,385</u>
Total net assets	<u>23,428,923</u>
Total liabilities and net assets	<u>\$ 23,752,002</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions of cash and other financial assets	\$ 106,912	\$ 5,717,814	\$ 5,824,726
Contributions of nonfinancial assets	615,274	-	615,274
Net assets released from restrictions	<u>7,265,426</u>	<u>(7,265,426)</u>	<u>-</u>
Total revenues and other support	<u>7,987,612</u>	<u>(1,547,612)</u>	<u>6,440,000</u>
Other income			
Investment income, net	<u>838,727</u>	<u>485,556</u>	<u>1,324,283</u>
Total revenues, other support and other income	<u>8,826,339</u>	<u>(1,062,056)</u>	<u>7,764,283</u>
Expenses			
Program services:			
Scholarships awarded	699,648	-	699,648
Grants and other program services	1,493,318	-	1,493,318
Distributions to City Colleges of Chicago	5,332,631	-	5,332,631
Supporting services:			
Management and general	510,100	-	510,100
Fundraising	<u>168,714</u>	<u>-</u>	<u>168,714</u>
Total expenses	<u>8,204,411</u>	<u>-</u>	<u>8,204,411</u>
Change in net assets	621,928	(1,062,056)	(440,128)
Net assets, beginning of year	<u>1,923,610</u>	<u>21,945,441</u>	<u>23,869,051</u>
Net assets, end of year	<u>\$ 2,545,538</u>	<u>\$ 20,883,385</u>	<u>\$ 23,428,923</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, 2023

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. The City of Chicago is a related organization but is a separate fiscal reporting entity. The City Colleges of Chicago is excluded from the City of Chicago financial reports and the City of Chicago financial reports are not included as part of City Colleges financial reports. No fiscal relationship exists between these organizations that meets the financial accountability criteria established by the Government Accounting Standards Board (GASB).

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 the Codification Section 2100: “Defining the Financial Reporting Entity”. According to the GASB Codification, City Colleges is a primary government since it is fiscally independent, whereas the Foundation is 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
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

B. Basis of Accounting *(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 generally accepted accounting principles accepted in the United States of America (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.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

D. Investments *(continued)*

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.

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 2023, \$1.0 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.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

G. Property Taxes *(continued)*

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 2022 tax year and collected in 2023 are recorded as revenue in fiscal year 2023. The remaining revenue related to the 2022 tax year extension is deferred and will be recorded as revenue in fiscal year 2024. Based upon collection histories, City Colleges recorded property taxes at 96.5% of the 2022 extended levy and has an allowance of \$2.7 million at June 30, 2023.

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 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, construction in progress, 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.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

K. Capital Assets *(continued)*

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 placed in service 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 Colleges capitalizes interest related to construction in progress on self-constructed capital assets.

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
Lease assets	5 - 18
Subscription-based assets	1 - 5

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

K. Capital Assets *(continued)*

City Colleges also capitalizes subscription-based information technology arrangement (SBITA) assets over \$10,000 and amortizes them over the life of the assets contract. Amortization expenses for 2023 was \$1,072,702.

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. 68, *Accounting and Financial Reporting for Pensions*. Deferred outflows related to OPEB are 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 7 and Note 11 for further discussion of City Colleges deferred outflows of resources.**)

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 and deductions from SURS plan net position have 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 (the 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 1) the amount of contributions for which the nonemployer entity (the State) is legally responsible is not dependent upon one or more events unrelated to pensions and 2) 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**)

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

M. Pensions and Other Postemployment Benefits *(continued)*

Other Postemployment Benefits. City Colleges provides other post-employment healthcare benefits (OPEB) and life insurance to retirees and spouses. 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. (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, lease obligations and subscription-based arrangements net of the current portion representing the amount to be paid within the next fiscal year.

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.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

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 intended to finance 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 net of any related deferred outflows or inflows.

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, 2023, City Colleges had a portion of its net position restricted for audit, agency and grants.

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.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

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.

V. Use of Estimates

The preparation of the basic financial statements in conformity with 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. Measurement of Leases and Subscription-Based Information Technology Arrangements

Leases. For leases that have a maximum possible term of 12 months or less at commencement, City Colleges recognizes expense based on the provisions of the lease contract.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

W. **Measurement of Leases and Subscription-Based Information Technology Arrangements** (Continued)

For all other leases, City Colleges recognizes a lease liability and an intangible right-to-use asset. At lease commencement, City Colleges initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. The lease asset is measured by lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

City Colleges uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The incremental borrowing rate for leases is based on the rate of interest it would have to pay if it issued general obligation bonds to borrow an amount equal to the lease payment under similar terms at the commencement or remeasurement date.

The lease term includes the noncancelable period of the lease plus any additional periods covered by either City Colleges or the lessor's option to extend for which it is reasonably certain to be exercised or terminated for which it is reasonably certain to not be exercised. Periods in which both City Colleges and the lessor have a unilateral option to terminate are excluded from the lease term.

Lease payments included in the measurement of lease liability include those payments that are reasonably certain of being made. (See Note 14)

Subscription-Based. For subscription agreements that have a maximum possible term of 12 months or less at commencement, City Colleges recognizes expense based on the provisions of the subscription agreement.

For all other subscription-based agreements, City Colleges recognizes a subscription-based liability and an intangible right-to-use subscription asset. City Colleges recognize subscription agreements that allows City Colleges the right to control another's party IT software, alone or in combination with tangible capital assets.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

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

W. Measurement of Leases and Subscription-Based Information Technology Arrangements *(Continued)*

At agreement commencement, City Colleges initially measures the subscription liability at the present value of all payments expected to be made during the subscription term using the then current discount rate. City Colleges uses its estimated incremental borrowing rate as the discount rate. The incremental borrowing rate for subscription-based agreements is based on the rate of interest it would have to pay if it issued general obligation bonds to borrow an amount equal to the subscription payment under similar terms at the commencement or remeasurement date. The subscription liability is reduced by the principal portion of payments made to the vendor. Subscription asset is amortized into amortization expense on a straight-line basis over the subscription term.

The subscription term includes noncancelable period to use certain third-party vendor information technology software plus any additional periods covered by either City Colleges or the vendor's option to extend or terminate. Extension of additional periods is reasonably certain to be exercised, while termination of periods is reasonably certain to not be exercised. Periods for which both the government and the SBITA vendor have an option to terminate without permission from the other party are cancelable periods and are excluded from the subscription term.

Preliminary project costs and training costs are expensed as incurred. Initial implementation costs are capitalized but are excluded from the present value calculation of the subscription asset. Operation and additional implementation costs that occur after putting the IT software in place are expensed as incurred. **(See Note 14)**

X. Pending Accounting Standards

GASB Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistence of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statements 53 are effective for City Colleges beginning with its year end June 30, 2024.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

X. Pending Accounting Standards *(continued)*

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, will be effective for City Colleges beginning with its year ended June 30, 2024. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, will be effective for City Colleges beginning with its year end June 30, 2025. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

Y. Recently Adopted Accounting Pronouncements

In fiscal year 2023, City Colleges adopted the provisions of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Adoption of this accounting pronouncement had no effect on City Colleges financial statements.

Effective July 1, 2022, City Colleges adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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). Under this Statement, the College recognized SBITA assets and corresponding SBITA liabilities during fiscal year 2023. A SBITA liability is initially measured at the present value of subscription payments expected to be made during the subscription term, with amortization of the discount on the liability recognized as interest expense in subsequent reporting periods. A SBITA asset is initially measured at the amount of the SBITA liability adjusted for certain other payments, costs or incentives as specified in the pronouncement. Amortization of the subscription-based asset is recognized over the shorter of the subscription term or the useful life of the underlying information technology asset.

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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.

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2. DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk – with regard 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 fair value that is at all times equal to or greater than the uninsured amount on deposit. At June 30, 2023, City Colleges had deposits of over \$9.7 million in cash and \$26.5 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. 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.

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, 2023.

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2. DEPOSITS AND INVESTMENTS *(Continued)*

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.

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. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Obligations of corporations organized in the United States of America with assets exceeding \$500,000,000; obligations must be rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services, and must mature not later than 3 years from the date of purchase; the Board's investment in the short-term obligations of a single issuer shall not exceed 10% of that corporation's outstanding obligations. U.S. dollar denominated corporate obligations of domestic issuers must be rated at the highest short-term rating category (A-1/P-1 or equivalent) or be rated at one of the three highest long-term rating categories (A-/A3 or equivalent) by at least two of the following standard rating services: Standard & Poor's, Moody's and Fitch.

Interest-bearing savings accounts, certificates of deposit, time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC").

Investments made in excess of any applicable deposit insurance, including uninsured accounts in financial institutions in which multiple accounts are maintained, shall 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 of 102% or greater than the uninsured amount on deposit or by a Federal Home Loan Bank ("FHLB") Letter of Credit ("LOC") rated AA- by Standard and Poor's or Aa3 by Moody's.

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2. DEPOSITS AND INVESTMENTS *(Continued)*

At June 30, 2023, the Federal Agency Bond/Note, Federal Agency Mortgage-Backed Security, Federal Agency Commercial Mortgage-Backed Security and Federal Agency Collateralized Mortgage Obligation investments held by City Colleges were all rated AA+/Aaa by Standard and Poor's (S&P) and Moody's, respectively. The Commercial Paper was rated at least A1 by S&P and P-1 by Moody's or A by Fitch Ratings. U.S. instrumentalities (including supranational securities where the U.S. is a shareholder and voting member) were rated at least AA+/Aaa, equivalent by Standard & Poor's, Moody's, or Fitch Ratings. U.S. dollar denominated corporate obligations of domestic issuers were rated at least Three Highest LT Rating Categories (AA+/A or equivalent) by Standard & Poor's, Moody's, or Fitch Ratings. Municipals were rated at least Three Highest LT Rating Categories (AAA/AA- or equivalent) by Standard & Poor's, Moody's, or Fitch Ratings.

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 pool does not meet all the criteria in GASB No. 79 paragraph 4 which allows the reporting of its investment at amortized cost. 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. There are no limitations or restrictions on withdrawals from the pool. 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 AAmmf by Fitch Ratings.

The Illinois Trust measures the Illinois Portfolio, IIIT Class at net asset value based on amortized cost, which approximates fair value. The pool does meet all the criteria in GASB No. 79 paragraph 4, which allows the reporting of its investments at amortized cost. 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. There are no limitations or restrictions on withdrawals from the pool. 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 AAmm by Standard & Poor's.

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2. DEPOSITS AND INVESTMENTS *(Continued)*

The carrying amount of investments at June 30, 2023 is shown below:

<u>Investment Type</u>	June 30, 2023	Investment Maturities (in years)	
	Carrying Value	Less Than 1	1 - 5
U.S. Treasury Bond / Note	\$ 37,501,670	\$ 17,427,793	\$ 20,073,877
Federal Agency Bond / Note	2,340,324	1,213,846	1,126,478
Federal Agency Commercial Mortgage-Backed Security	2,740,116	102,146	2,637,970
Federal Agency Collateralized Mortgage Obligation	234,965	-	234,965
Federal Agency Mortgage-Backed Security	532,680	-	532,680
Certificate of Deposit	799,543	799,543	-
Corporate Note	11,740,428	712,039	11,028,389
Commercial Paper	21,676,241	21,676,241	-
Supra-National Agency Bond/Note	906,337	562,360	343,977
Municipal Bond/Note	1,803,443	301,270	1,502,173
Illinois Portfolio, IIIT Class	18,117,512	18,117,512	-
Illinois Funds LGIP/5000	52,383,526	52,383,526	-
Total investments	<u>\$150,776,785</u>	<u>\$113,296,276</u>	<u>\$ 37,480,509</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 (GAAP). The hierarchy is based on the valuation input used to measure the fair value of the asset.

- 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

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June 30, 2023

2. DEPOSITS AND INVESTMENTS *(Continued)*

The carrying amount of investments and fair value hierarchy at June 30, 2023 is as follows:

	June 30, 2023	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)
Investments Measured at Fair Value				
Debt Securities				
U.S. Treasury Bond/Note	\$ 37,501,670	\$ 37,501,670	\$ -	\$ -
Federal Agency Bond / Note	2,340,324	-	2,340,324	-
Federal Agency Commercial Mortgage-Backed Security	2,740,116	-	2,740,116	-
Federal Agency Collateralized Mortgage Obligation	234,965	-	234,965	-
Federal Agency Mortgage-Backed Security	532,680	-	532,680	-
Corporate Note	11,740,428	-	11,740,428	-
Commercial Paper	21,676,241	-	21,676,241	-
Supra-National Agency Bond/Note	906,337	-	906,337	-
Municipal Bonds/Note	1,803,443	-	1,803,443	-
Total investments at fair value	<u>\$ 79,476,204</u>	<u>\$ 37,501,670</u>	<u>\$ 41,974,534</u>	<u>\$ -</u>
Investments not Measured at Fair Value				
Illinois Portfolio, IIIT Class	\$ 18,117,512			
Illinois Funds LGIP/5000	52,383,526			
Certificate of Deposits	799,543			
Total investments at Net Asset Value	<u>71,300,581</u>			
Total investments	<u>\$ 150,776,785</u>			

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:

	2023
Student	\$ 7,431,208
Grants	11,828,768
State of Illinois	5,393
Leases and other	3,115,086
Gross other accounts receivable	22,380,455
Less: Allowance for uncollectible	(2,396,804)
Current portion of other receivable, net	\$ 19,983,651

4. CAPITAL ASSETS

	July 1, 2022	Additions and	Retirements and	June 30, 2023
	As restated**	Transfers In	Transfers Out	
Capital assets not being depreciated:				
Land	\$ 51,376,464	\$ -	\$ -	\$ 51,376,464
Construction in progress	11,761,874	12,851,522	(5,261,431)	19,351,965
Subtotal	63,138,338	12,851,522	(5,261,431)	70,728,429
Capital assets being depreciated:				
Leases*	12,198,706	-	(415,765)	11,782,941
Subscription-based assets*	3,565,179	379,135	-	3,944,314
Equipment	64,876,508	1,092,096	-	65,968,604
Software	48,303,665	18,750	-	48,322,415
Buildings and improvements	1,108,439,948	5,150,464	(1,163,899)	1,112,426,513
Subtotal	1,237,384,006	6,640,445	(1,579,664)	1,242,444,787
Total capital assets	1,300,522,344	19,491,967	(6,841,095)	1,313,173,216
Accumulated depreciation and amortization				
Leases*	3,772,415	930,847	(1,721,699)	2,981,563
Subscription-based assets*	-	1,072,702	-	1,072,702
Equipment	60,441,742	1,253,937	-	61,695,679
Software	45,429,786	1,442,193	-	46,871,979
Buildings and improvements	388,759,255	26,377,572	(1,124,721)	414,012,106
Total accumulated depreciation	498,403,198	31,077,251	(2,846,420)	526,634,029
Capital assets, net	\$ 802,119,146	\$ (11,585,284)	\$ (3,994,675)	\$ 786,539,187

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4. CAPITAL ASSETS *(continued)*

*See Note 14 for leases and subscription-based information technology arrangement information.

** Restated for implementation of GASB 96.

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, 2023:

Other accruals	
Accrued interest	\$ 1,252,574
Other accruals	3,187,195
Total other accruals	<u>\$ 4,439,769</u>
 Other liabilities	
Self insurance	\$ 3,255,631
Unclaimed property	7,984
ICCB	3,789,455
Other	326,564
Total other liabilities	<u>\$ 7,379,634</u>

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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 (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 Annual Comprehensive Financial Report 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, 2022 can be found in SURS Annual Comprehensive Financial Report - 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 2022 and fiscal year 2023, respectively, was 12.32% and 12.83% of employee payroll. Contributions for fiscal years 2022 and 2023 were \$1,540,231 and \$1,929,542 respectively. 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 the 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). City Colleges accrued \$14,936 for the liability due to earnings that exceed the Governor’s salary.

For purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The state of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

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, 2022. At June 30, 2022, the collective NPL was \$29,078,053,857.

Employer Proportionate Share of Net Pension Liability – The amount of the proportionate share of the NPL to be recognized for City Colleges is \$0. The proportionate share of the State’s NPL associated with City Colleges is \$1,376,309,651 or 4.7332%. City Colleges’ proportionate share changed by 0.2113% from 4.9445% since the last measurement date on June 30, 2021. This amount is not recognized in City Colleges’ financial statements. The NPL and total pension liability as of June 30, 2022, was determined based on the June 30, 2021, actuarial valuation rolled forward to the measurement date. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2021.

Pension Expense - For the year ending June 30, 2022, collective net pension expense was \$1,903,314,699.

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7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Employer Proportionate Share of Pension Expense - The employer proportionate share of the State's pension expense that is associated with City Colleges of Chicago 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 is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2022. As a result, City Colleges recognized revenue and pension expense of \$91,459,479 from this special funding situation during the year ended June 30, 2023. 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 that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position that is applicable to future reporting periods.

Collective Deferred Outflows and Deferred Inflows of Resources by Sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 31,973,496	\$ 28,674,599
Changes in assumptions	279,362,441	982,954,268
Net difference between projected and actual earnings on pension plan investments	<u>31,628,935</u>	<u>-</u>
Total	<u>\$ 342,964,872</u>	<u>\$ 1,011,628,867</u>

Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses are as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows of Resources</u>
2023	\$ (332,941,204)
2024	(528,966,820)
2025	(249,290,775)
2026	<u>442,534,804</u>
Total	<u>\$ (668,663,995)</u>

City Colleges of Chicago
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7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

City Colleges of Chicago's Deferral of Fiscal Year 2023 Contributions – The City Colleges of Chicago paid \$1,929,542 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2023. These contributions were made subsequent to the pension liability measurement date of June 30, 2022 and are recognized as deferred outflows of resources as of June 30, 2023 on the statement of net position.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2022 valuation was based on the results of an actuarial experience study for the period from June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.75 percent, including inflation
Investment rate of return	6.50 percent

Mortality rates were based on the PUB-2010 employee and retiree gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

There are no assumption changes as of June 30, 2022.

The long-term expected rate of return on pension plan investments (6.50%) 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, 2022, these best estimates are summarized in the following table:

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7. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	38.0 %	7.62 %
Stabilized Growth		
Public Credit Fixed Income	9.0	4.20
Credit Real Assets	4.5	4.98
Options Strategies	2.5	4.91
Private Credit	1.0	7.45
Non-Traditional Growth		
Private Equity	10.5	11.91
Non-Core Real Assets	2.5	9.43
Inflation Sensitive		
U.S. TIPS	5.0	1.23
Principal Protection		
Core Fixed Income	8.0	1.79
Crisis Risk Offset		
Systematic Trend Following	10.0	4.33
Alternative Risk Premia	5.0	3.59
Long Duration	4.0	2.16
Total	100.0 %	6.08 %
Inflation		2.25
Expected arithmetic return		8.33 %

Discount Rate - A single discount rate of 6.39% (an increase of 0.27% from fiscal year 2022) 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 6.50% and a municipal bond rate of 3.69% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022). The projection of cash flows used to determine this single discount rate were 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 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

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7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Sensitivity of the 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 6.39%, 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 5.39%	Current Single Discount Rate Assumption 6.39%	1% Increase 7.39%
\$35,261,802,968	\$29,078,053,857	\$23,928,731,076

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

8. CHANGES IN NON-CURRENT LIABILITIES

Changes in non-current liabilities for the year ended June 30, 2023 are as follows:

	July 1, 2022 As restated*	Additions	Reductions/ Adjustments	June 30, 2023	Amounts due within one year
Accrued compensated absences	\$ 3,692,232	\$ 7,090,767	\$ (6,726,647)	\$ 4,056,352	\$ 1,465,718
Sick leave benefits	2,669,455	411,580	(246,714)	2,834,321	410,925
Other post-retirement benefits	90,248,733	2,221,455	-	92,470,188	-
Bonds payable	295,955,000	-	(5,530,000)	290,425,000	5,915,000
Bonds premiums and discounts	7,116,153	-	(601,646)	6,514,507	-
Workers' compensation	1,206,644	436,156	(374,200)	1,268,600	406,507
Accrued property tax refund	17,099,921	4,673,156	(6,851,057)	14,922,020	-
Subscription-based liabilities	3,487,600	379,135	(1,027,026)	2,839,709	986,679
Lease obligations	8,302,808	1,608,162	(649,995)	9,260,975	863,233
Other	6,285,737	-	(788,545)	5,497,192	812,200
	\$ 436,064,283	\$ 16,820,411	\$ (22,795,830)	\$ 430,088,864	\$ 10,860,262

*Restated for implementation of GASB 96.

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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, 2023, City Colleges recorded a liability of \$4,056,352 for compensated absences and estimated that \$1,465,718 of these liabilities is current and due within one year. (See Note 8)

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, 2023, City Colleges accrued \$2,611,125 for the estimated present value of these future benefits for current eligible employees and \$223,196 in benefits payable to inactive (retired) employees for a total of \$2,834,321. (See Note 8)

11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description: In addition to providing the pension benefits described in Note 8, 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.

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

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.

Membership: As of June 30, 2023 consists of:

Retirees currently receiving benefits	430
Spouses of retirees	162
Active employees	<u>1,481</u>
TOTAL	<u><u>2,073</u></u>
 Participating Employers	 <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 2023. 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, 2023, City Colleges contributed \$5,428,330.

The City Colleges’ total OPEB liability was determined by an actuarial valuation as of July 1, 2021 and rolled forward to the measurement date of June 30, 2023.

City Colleges of Chicago
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11. OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

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 2.60% per year, salary rate increase of 2.60%, an interest rate assumption of 3.65% per year, and a healthcare cost trend rate assumption that starts at 2.90% to 4.00% over 52 years. Mortality rates were based on the PUB-2010 headcount-weighted for Teachers, projected fully generationally with MP-2021 ultimate scale.

OPEB Assumption changes:

	<u>2023</u>	<u>2022</u>
Valuation date	July 1, 2021	July 1, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Inflation	2.60%	2.60%
Medical trend rate	2.90% - 4.00%	2.90% - 4.00%
Salary increases including inflation	2.60%	2.60%
Discount rate		
20-Year Tax Exempt Municipal Bond Yield	3.65%	3.54%
Mortality table	Pub-2010 Teachers	Pub-2010 Teachers
Projected fully generationally with	MP-2021 ultimate scale	MP-2021 ultimate scale

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 program, the actuarial assumptions for fiscal year 2023 included premium rates, payroll data, variation of healthcare costs, census data regarding participants and age factors in each plan.

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

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 advance-funded its obligation. Based upon the above valuations, City Colleges' total OPEB liability is \$92,470,188 as of June 30, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2022	\$ 90,248,733
Changes for the Year:	
Service Cost	1,517,705
Interest	3,153,286
Change in Benefit Terms	-
Difference between Expected and Actual Experience	-
Change of Assumptions	2,978,794
Benefit Payments	(5,428,330)
Net Changes:	2,221,455
Balance as of June 30, 2023	\$ 92,470,188

Changes in the actuarial assumptions reflect the changes in the discount rate from 3.54% as of June 30, 2022 to 3.65%, an increase of 0.11% as of June 30, 2023. There were no changes of benefit terms and no significant changes between the valuation date and the fiscal year end.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2023, City Colleges recognized OPEB expense of (\$4,325,740). At June 30, 2023, City Colleges reported deferred outflows and inflows of resources related to OPEB from the following sources.

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (5,993,285)	\$ -
Changes of assumptions	(1,734,130)	3,053,553
Total	\$ (7,727,415)	\$ 3,053,553

City Colleges of Chicago
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11. OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

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:

	<u>Year ended June 30</u>
2024	\$ (1,490,112)
2025	(2,392,314)
2026	(791,436)
Total	<u>\$ (4,673,862)</u>

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, 2023, calculated using the discount rate of 3.65% 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 (2.65%) or 1 percentage point higher (4.65%) than the current discount rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	(2.65%)	(3.65%)	(4.65%)
Total OPEB Liability	\$ 99,841,505	\$ 92,470,188	\$ 83,870,581

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, 2023, calculated using the current healthcare cost trend rate as well as what the total OPEB liability would be if calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 84,254,167	\$ 92,470,188	\$ 101,687,043

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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.

The future debt service requirements for the Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,805,000	\$ 10,992,063	\$ 16,797,063
2025	6,095,000	10,694,563	16,789,563
2026	6,400,000	10,374,188	16,774,188
2027	6,735,000	10,029,394	16,764,394
2028	7,090,000	9,666,488	16,756,488
2029 - 2033	41,450,000	42,183,901	83,633,901
2034 - 2038	53,475,000	29,835,641	83,310,641
2039 - 2043	69,210,000	13,686,991	82,896,991
2044	16,100,000	422,625	16,522,625
Total	<u>\$ 212,360,000</u>	<u>\$ 137,885,854</u>	<u>\$ 350,245,854</u>

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.

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

The future debt service requirements for the Bonds are as follows:

Fiscal Year	Principal Payment	Interest	Total
2024	\$ 110,000	\$ 3,890,950	\$ 4,000,950
2025	115,000	3,885,325	4,000,325
2026	120,000	3,879,450	3,999,450
2027	130,000	3,873,200	4,003,200
2028	135,000	3,866,575	4,001,575
2029 - 2033	765,000	19,224,875	19,989,875
2034 - 2038	955,000	19,032,450	19,987,450
2039 - 2043	1,185,000	18,791,375	19,976,375
2044 - 2048	74,550,000	11,374,750	85,924,750
Total	\$ 78,065,000	\$ 87,818,950	\$ 165,883,950

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, 2023 is as follows:

Debt Issue	Pledged Revenue Source	Pledge Remaining	Commitment End Date	
Series 2013	Tuition, fees, and state grants	\$ 350,245,854	2044	
Series 2017	Tuition, fees, and state grants	165,883,950	2048	
Total		\$ 516,129,804		

Debt Issue	Pledged Revenue Source	Pledge Revenue	Principal and Interest Retired	Percentage of Revenue Pledged
Series 2013	Tuition, fees, and state grants	\$ 64,460,717	\$ 16,805,438	26.07%
Series 2017	Tuition, fees, and state grants	\$ 64,460,717	\$ 3,893,700	6.00%

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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, 2023, City Colleges' ratings are A+ and BBB by Fitch Ratings and S&P Global Ratings, respectively. On November 9, 2023, S&P Global Ratings upgraded the rating to BBB+.

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.

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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 \$1,409,559 as of June 30, 2023.

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. 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 \$1,846,072 as of June 30, 2023 that have been incurred, but not paid.

C. 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. City Colleges' has accrued estimated workers' compensation liability of \$1,268,600 and estimated that \$406,507 is current and due within one year. **(See Note 8).**

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13. RISK MANAGEMENT (Continued)

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)

Summary of Changes in Self-Insurance*

	June 30, 2022	Incurred Claims	Payment on Claims	June 30, 2023
General liability	\$ 1,610,775	\$ (187,216)	\$ (14,000)	\$ 1,409,559
Health insurance	1,630,280	36,854,876	(36,639,084)	1,846,072
Workers' compensation	1,206,644	436,156	(374,200)	1,268,600
	<u>\$ 4,447,699</u>	<u>\$37,103,816</u>	<u>\$ (37,027,284)</u>	<u>\$ 4,524,231</u>

	June 30, 2021	Incurred Claims	Payment on Claims	June 30, 2022
General liability	\$ 1,853,775	\$ 17,000	\$ (260,000)	\$ 1,610,775
Health insurance	921,637	32,897,972	(32,189,329)	1,630,280
Workers' compensation	1,145,668	431,878	(370,902)	1,206,644
	<u>\$ 3,921,080</u>	<u>\$33,346,850</u>	<u>\$ (32,820,231)</u>	<u>\$ 4,447,699</u>

*Workers' compensation is also presented in Note 8.

**14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY
ARRANGEMENTS**

A. Lessor

City Colleges entered into a five-year lease for office space in Truman College commencing September 1, 2017. The lease also requires the lessee to pay a one-time fee of \$75,000 to cover the construction cost. The total amount of the inflows (revenue) during the fiscal year is \$8,250. The interest rate for this lease is 2.26%.

City Colleges entered into one-year lease for office space in Arturo Velasquez Institute with options to renew. The lease terminated in October 2022. The total amount of the inflows (revenue) during the fiscal year is \$7,962. The interest rate for this lease is 3.46%.

City Colleges did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have an agreement that includes sale-leaseback and lease-leaseback transactions.

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14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY
ARRANGEMENTS *(continued)*

B. Lessee

City Colleges entered into a twelve-year, ten-month lease for its District Office commencing on May 1, 2018 and terminating on May 28, 2031. City Colleges has the option to renew the term of this lease for one additional period of five years, which it is reasonably certain it will exercise. Total outflows (expense) recognized during the fiscal year for payments is \$854,692. The annual interest rate charged on this lease is 4.5%.

City Colleges also entered into a five-year lease for its inspector general office beginning July 1, 2014. City Colleges renewed the contract to extend it to December 31, 2028. The total outflows (expense) recognized during the fiscal year is \$22,680. The annual interest rate charged on this lease is 3.31%.

City Colleges entered into two five-year leases with two separate vendors. Both leases started July 1, 2017 and both have an option to renew for two additional years. The total outflows (expense) recognized during the fiscal year is \$234,492. The annual interest rate charged on both leases is 2.5%.

City Colleges did not incur expenses regarding its leasing activities that related to residual value guarantees or lease termination penalties. It also does not currently have an agreement that includes sale-leaseback and lease-leaseback transactions as a lessee.

A summary of the lease asset activity for the year ended June 30, 2023 is as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deduction</u>	<u>June 30, 2023</u>
Lease assets:				
Buildings	\$ 10,494,519	\$ -	\$ (415,765)	\$ 10,078,754
Equipment	<u>1,704,187</u>	<u>-</u>	<u>-</u>	<u>1,704,187</u>
Total lease assets	<u>12,198,706</u>	<u>-</u>	<u>(415,765)</u>	<u>11,782,941</u>
Accumulated amortization:				
Buildings	2,534,851	687,392	(1,721,699)	1,500,544
Equipment	<u>1,237,564</u>	<u>243,455</u>	<u>-</u>	<u>1,481,019</u>
Total accumulated amortization	<u>3,772,415</u>	<u>930,847</u>	<u>(1,721,699)</u>	<u>2,981,563</u>
Total lease assets, net	<u>\$ 8,426,291</u>	<u>\$ (930,847)</u>	<u>\$ 1,305,934</u>	<u>\$ 8,801,378</u>

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14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS *(continued)*

B. Lessee *(continued)*

Future annual lease payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 863,233	\$ 430,369	\$ 1,293,602
2025	514,183	377,110	891,293
2026	550,810	354,403	905,213
2027	589,159	329,974	919,133
2028	629,310	303,743	933,053
2029 - 2033	3,563,834	1,012,774	4,576,608
2034 - 2036	2,550,446	151,854	2,702,300
	<u>\$ 9,260,975</u>	<u>\$ 2,960,227</u>	<u>\$ 12,221,202</u>

C. Subscription-Based Arrangements

City Colleges has the noncancelable right to use certain third-party vendor information technology software. These subscription-based technology arrangements primarily consist of software used for student assessment and engagement, the Learning Management System, the Library and other software needs. These arrangements have terms ranging from 1 to 5 years. The principal and interest payments to maturity for subscription-based liabilities at June 30, 2023 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 986,679	\$ 70,458	\$1,057,137
2025	777,053	43,631	820,684
2026	575,169	23,922	599,091
2027	500,808	7,419	508,227
	<u>\$2,839,709</u>	<u>\$ 145,430</u>	<u>\$2,985,139</u>

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15. 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.

In fiscal year 2023, City Colleges did not directly enter any tax abatement with any taxpayer.

Tax Abatement Agreements Entered into by Other Governments – 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:

- 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 2023, City Colleges estimated its portion of annual abatement of property taxes to various taxpayers under the development incentive programs approximates \$2.4 million.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

16. 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.

Cash and Cash Equivalents – As of June 30, 2023, 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.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

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. Contributions receivable at June 30, 2023 are considered fully collectible and management has determined no allowance is necessary.

Contributions of Nonfinancial Assets - The Foundation receives contributed services consisting of donated accounting services and other operating support from City Colleges. Donated accounting services are determined based on estimated hours of services provided at market rates. Other operating support is determined based on allocation of expenses based on square footage. These amounts are included as contributions of nonfinancial assets 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 cost (lease and utilities) which is allocated based on square footage, as well as the audit fee.

Basis of presentation –The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), 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 the Foundation’s management and the board of directors.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

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, 2023.

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

Adopted Accounting Pronouncement -- In February 2016, The Financial Accounting Standards Board (“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. There was no impact on the financial statements from the adoption of this pronouncement.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

Subsequent Events — The Foundation has evaluated all subsequent events through November 30, 2023, which is the date the financial statements were available to be issued.

C. Investments

The components of net investment return for the year ended June 30, 2023 are as follows:

Interest and dividends	\$	354,042
Net realized gains		72,188
Net unrealized gains		898,053
Total	\$	<u>1,324,283</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.

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.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2023

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

D. Fair Value of Investments *(continued)*

For the year ended June 30, 2023, 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, 2023, there were no such transfers.

The Foundation 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.

The Foundation also invests in alternative investments – real estate fund. The fair value of certain funds is based on the NAV of units of the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimating fair value. The NAV is based upon the fair value of the underlying investments comprising the fund less its liabilities. Redemption is allowed quarterly with 60 days' notice. There are no unfunded commitments.

Assets measured at fair value based on NAV using the practical expedient as of June 30, 2023 are as follows:

Mutual Funds:	
Fixed income funds	\$ 3,839,782
Equity funds	10,242,629
Alternative investment - real estate fund	<u>500,000</u>
Total	<u>\$ 14,582,411</u>

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

E. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 are restricted to the following purposes:

Net Assets with Donor Restrictions	
Subject to expenditure for specified purpose:	
Scholarships and instructional services	\$ 12,123,864
Goldman Sachs 10,000 Small Businesses Initiative	492,492
Project Grants	483,333
Miscellaneous	864,014
Time Restriction	3,035,695
Purpose and/or time restrictions	<u>16,999,398</u>
Endowments:	
Subject to Foundation's spending policy and appropriation:	
Scholarships	\$ 3,883,582
Miscellaneous	405
	<u>3,883,987</u>
	<u>\$ 20,883,385</u>

The above amounts of \$16,999,398 and \$3,883,987, totaling \$20,883,385 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, 2023:

Scholarships	\$ 1,421,376
Instructional services and supplies	4,870,020
Goldman Sachs 10,000 Small Businesses Initiative	936,511
Project Grants	37,519
Total released from donor restrictions	<u>\$ 7,265,426</u>

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

F. Endowment Net Assets

The Foundation has perpetual donor-restricted endowment net assets that consist of 16 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.

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 deciding 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, 2023.

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

Donor-restricted endowment funds:	
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	\$ 2,160,382
Accumulated investments gains	1,723,605
	<u>\$ 3,883,987</u>

**City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2023**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

F. Endowment Net Assets *(continued)*

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

	With Donor Restriction
Endowment net assets - beginning of year	\$ 3,477,501
Investment return:	
Investment income	120,488
Net loss (realized and unrealized)	365,068
Total investment return	485,556
Contributions	200,000
Appropriation of endowment assets for expenditures	(279,070)
Endowment net assets - end of year	\$ 3,883,987

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 \$615,274. These amounts have been included as contributed services and related expenses in the statement of activities.

H. Contributions Receivable

Contributions receivable consisted of the following at June 30, 2023:

	2024	\$	2,596,945
	2025		450,000
			3,046,945
Less discount			(11,250)
Total		\$	3,035,695

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

I. Functional Expenses

The Foundation expenses by function are as follows:

	Program Services	Management and General	Fundraising	Total
Distributions to City Colleges of Chicago for scholarships, grants and programs	\$ 5,332,631	\$ -	\$ -	\$ 5,332,631
Supplies	69,852	-	37,255	107,107
Travel	12,925	816	-	13,741
Scholarships	699,648	-	-	699,648
Grants and other program services	1,294,224	108,036	20,229	1,422,489
Bank fees	296	13,225	-	13,521
Contributed services	116,021	388,023	111,230	615,274
	\$ 7,525,597	\$ 510,100	\$ 168,714	\$ 8,204,411

J. 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:

Financial assets at year-end:	2023
Cash and cash equivalents	\$ 6,122,882
Investments	14,582,411
Contribution receivable	3,035,695
Other receivables	9,780
Total financial assets	\$ 23,750,768
Less amounts not available to be used within one year:	
Net assets with donor restrictions	20,883,385
Financial assets available to meet general expenditures over the next twelve months	\$ 2,867,383

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2023

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

J. 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.

17. 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, 2023, City Colleges had \$28.6 million in commitments for its capital plan, all of which are being funded by 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.

City Colleges participates in a number of Federal and State grant programs. Participation in these programs is subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant.

18. RESTATEMENT

The adoption of GASB 96, *Subscription-Based Information Technology Arrangements*, on July 1, 2022, resulted in a restatement of beginning capital assets, net of depreciation and amortization, in the amount of \$3,565,179, as well as the addition of the beginning balance for corresponding subscription-based liabilities in the amount of \$3,487,600, with the immaterial difference reducing fiscal year 2023 expenses. The adoption of this statement had no effect on the College's beginning net position.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2023

19. SUBSEQUENT EVENTS

City Colleges intends to issue Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), Series 2023, to refund all or a portion of its Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2013. The amount and issue date have not yet been determined.

Required Supplementary Information

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2023**

Other Post-Employment Benefit Plan

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>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Total OPEB Liability						
Service Cost	\$ 5,227,410	\$ 2,815,597	\$ 2,885,987	\$ 2,367,953	\$ 1,697,411	\$ 1,517,705
Interest	5,458,342	4,310,846	3,422,135	2,349,164	2,264,072	3,153,286
Difference between Expected and Actual Experience	(12,995,395)	(15,938,464)	-	-	(10,987,691)	-
Change of Assumptions	(20,818,383)	4,816,393	8,985,260	512,169	(3,179,240)	2,978,794
Benefit Payments	(4,968,061)	(5,436,298)	(6,288,983)	(6,761,637)	(5,304,869)	(5,428,330)
Net Change in Total OPEB Liability	\$ (28,096,087)	\$ (9,431,926)	\$ 9,004,399	\$ (1,532,351)	\$ (15,510,317)	\$ 2,221,455
Total OPEB Liability - Beginning	\$ 135,815,015	\$ 107,718,928	\$ 98,287,002	\$ 107,291,401	\$ 105,759,050	\$ 90,248,733
Total OPEB Liability - Ending	\$ 107,718,928	\$ 98,287,002	\$ 107,291,401	\$ 105,759,050	\$ 90,248,733	\$ 92,470,188
Covered - Employee Payroll	\$ 115,957,481	\$ 110,108,221	\$ 110,108,221	\$ 110,108,221	\$ 127,006,364	\$ 127,006,364
Total OPEB Liability as a Percentage of Covered - Employee Payroll	92.90%	89.26%	97.44%	96.05%	71.06%	72.81%

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2023**

Other Post-Employment Benefit Plan (Continued)

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

Changes of Assumptions: Changes of assumptions and other inputs reflect that the discount rate was changed to 3.65% in 2023 from 3.54% in 2022 to comply with GASB Statement No. 75. Changes in assumptions also reflect the changes in mortality rate, turnover rate and retirement rate. 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. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

There are no changes to the benefit terms and the assumption changes are noted below.

	<u>2023</u>	<u>2022</u>
Valuation date	July 1, 2021	July 1, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Inflation	2.60%	2.60%
Medical trend rate	2.90% - 4.00%	2.90% - 4.00%
Salary increases including inflation	2.60%	2.60%
Discount rate		
20-Year Tax Exempt Municipal Bond Yield	3.65%	3.54%
Mortality table	Pub-2010 Teachers	Pub-2010 Teachers
Projected fully generationally with	MP-2021 ultimate scale	MP-2021 ultimate scale

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2023**

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>
Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%
Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
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
Total (b) + (c)	\$ 1,087,536,479	\$ 1,218,726,483	\$ 1,355,491,236	\$ 1,308,352,868	\$ 1,313,662,424
Employer Defined Benefit Covered Payroll	\$ 181,750,151	\$ 187,348,463	\$ 189,147,615	\$ 181,881,925	\$ 171,283,952
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%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%	41.27%
Schedule of Contributions:	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Federal, Trust, Grant and Other Contribution	\$ 689,776	\$ 787,225	\$ 812,143	\$ 1,100,852	\$ 920,479
Contribution in Relation to Required Contribution	689,776	787,225	812,143	1,100,852	920,479
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Covered Payroll	\$ 209,114,348	\$ 210,959,550	\$ 212,512,956	\$ 204,273,077	\$ 191,786,539
Contributions as a Percentage of Covered Payroll	0.33%	0.37%	0.38%	0.54%	0.48%

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2023**

Employer Retirement Pension Plan *(continued)*

Schedule of Proportionate Share of Net Pension Liability:	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	
Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	
Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	<u>\$ 1,414,808,146</u>	<u>\$ 1,517,786,988</u>	<u>\$ 1,410,599,964</u>	<u>\$ 1,376,309,651</u>	
Total (b) + (c)	<u>\$ 1,414,808,146</u>	<u>\$ 1,517,786,988</u>	<u>\$ 1,410,599,964</u>	<u>\$ 1,376,309,651</u>	
Employer Defined Benefit Covered Payroll	\$ 178,671,966	\$ 184,360,074	\$ 176,945,580	\$ 188,745,059	
Proportion of Collective Net Pension Liability associated with Employer as a Percentage of Covered Payroll	791.85%	823.27%	797.19%	729.19%	
SURS Plan Net Position as a Percentage of Total Pension Liability	40.71%	39.05%	45.45%	43.65%	
Schedule of Contributions:	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Federal, Trust, Grant and Other Contribution	\$ 681,719	\$ 653,884	\$ 1,913,328	\$ 1,327,707	\$ 1,929,542
Contribution in Relation to Required Contribution	<u>681,719</u>	<u>653,884</u>	<u>1,913,328</u>	<u>1,327,707</u>	<u>1,929,542</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Covered Payroll	\$ 196,471,620	\$ 201,460,474	\$ 200,258,542	\$ 208,823,070	\$ 226,796,593
Contributions as a Percentage of Covered Payroll	0.35%	0.32%	0.96%	0.64%	0.85%

*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
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Required Supplementary Information
June 30, 2023

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 Collective Pension Liability as of June 30, 2022.

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, 2017, to June 30, 2020, was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021. These assumptions are listed below and remained the same for the June 30, 2022 actuarial valuation.

- Salary increase. Change in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, while maintaining the underlying wage inflation rate of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects decreasing the assumed real rate of return to 4.25 percent and maintaining the underlying assumed price inflation of 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 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Early retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.

City Colleges of Chicago
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Required Supplementary Information
June 30, 2023

Notes to Required Supplementary Information *(Continued)*

- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

Statistical Section

This section of City Colleges' Annual Comprehensive 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 annual comprehensive financial reports for the relevant year.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Net Position:										
Net investment in capital assets	\$ 658,505,276	\$ 717,255,258	\$ 719,559,997	\$ 704,854,741	\$ 653,939,196	\$ 622,386,371	\$ 535,255,971	\$ 509,655,082	\$ 488,858,156	\$ 474,138,462
Restricted for specific purposes										
Audit	194,892	165,898	36,209	29,488	156,235	238,546	293,763	334,907	424,501	332,785
Agency	-	-	-	-	-	-	1,309,037	1,020,227	1,012,595	1,022,200
Liability, protection, and settlement	7,187,039	6,580,766	2,632,672	705,482	-	194,117	-	-	-	-
PBC operations and maintenance	607,045	-	-	-	-	-	-	-	-	-
Bonds and interest	-	-	-	-	1,851,574	-	-	-	-	-
Grants	-	-	-	-	-	-	-	2,461,883	3,080,149	1,593,425
Unrestricted	221,854,399	135,002,378	24,896,253	(37,672,764)	(78,655,342)	(82,590,665)	(52,921,570)	(19,455,184)	21,118,668	35,956,063
Total Net Position	<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>\$ 483,937,201</u>	<u>\$ 494,016,915</u>	<u>\$ 514,494,069</u>	<u>\$ 513,042,935</u>

Note: City Colleges implemented GASB 84 in fiscal year 2021. Fiscal year 2020 was updated to reflect the effect of the implementation.

Source: City Colleges of Chicago Annual Comprehensive Financial Reports

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

Table B

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Operating revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 43,551,469	\$ 41,738,106	\$ 55,841,074	\$ 52,507,277	\$ 43,510,241	\$ 36,145,477	\$ 38,895,808	\$ 30,045,582	\$ 24,378,506	\$ 17,055,406
Other operating revenues	9,806,723	7,240,451	7,680,657	6,702,496	6,177,539	5,143,109	2,298,628	2,683,054	5,567,071	2,937,804
Total operating revenues	<u>53,358,192</u>	<u>48,978,557</u>	<u>63,521,731</u>	<u>59,209,773</u>	<u>49,687,780</u>	<u>41,288,586</u>	<u>41,194,436</u>	<u>32,728,636</u>	<u>29,945,577</u>	<u>19,993,210</u>
Operating expenses:										
Instructional salaries	100,033,039	95,951,938	90,918,944	83,858,803	89,214,382	88,524,100	91,069,112	90,179,547	91,156,656	97,386,526
Non-instructional salaries	110,941,259	118,063,554	123,980,168	123,024,189	104,875,488	109,912,039	112,315,513	111,071,138	118,865,175	131,025,489
Fringe benefits	101,050,332	115,749,425	150,741,188	176,176,135	159,033,078	155,017,642	177,342,268	191,085,401	151,824,451	134,974,988
Supplies	20,216,270	22,552,882	20,032,747	14,732,670	12,561,866	16,590,301	19,369,703	20,876,911	23,021,322	29,656,103
Professional development	1,487,147	1,244,344	1,304,104	742,743	933,234	1,080,524	670,323	191,859	558,721	1,272,013
Utilities	8,422,751	8,503,632	7,889,555	8,090,810	7,994,976	8,140,159	7,447,037	8,647,525	9,072,584	8,572,212
Contractual services	39,678,006	37,471,238	29,714,332	26,683,165	21,276,138	22,418,335	28,022,825	17,667,481	22,286,105	28,074,434
Depreciation and Amortization	20,603,084	40,362,884	49,604,285	42,741,190	64,736,965	46,570,373	46,108,387	34,655,652	32,105,950	29,771,317
Financial aid (exclusive of scholarship allowances)	54,757,208	54,781,226	32,657,219	33,531,205	31,441,226	30,392,713	33,362,697	47,233,334	69,627,115	54,212,003
Other expenses	3,208,895	9,048,160	15,151,528	10,045,675	12,689,108	6,245,996	3,184,974	(266,064)	200,116	1,369,329
Total operating expenses	<u>460,397,991</u>	<u>503,729,283</u>	<u>521,994,070</u>	<u>519,626,585</u>	<u>504,756,461</u>	<u>484,892,182</u>	<u>518,892,839</u>	<u>521,342,784</u>	<u>518,718,195</u>	<u>516,314,414</u>
Operating loss	<u>(407,039,799)</u>	<u>(454,750,726)</u>	<u>(458,472,339)</u>	<u>(460,416,812)</u>	<u>(455,068,681)</u>	<u>(443,603,596)</u>	<u>(477,698,403)</u>	<u>(488,614,148)</u>	<u>(488,772,618)</u>	<u>(496,321,204)</u>
Non-operating revenues (expenses):										
State apportionment and equalization	44,091,624	40,944,584	10,653,563	16,737,354	77,554,415	47,565,890	45,538,109	45,952,397	47,185,162	47,405,311
Other state grants and contracts	103,024,737	113,886,048	113,032,192	144,823,351	146,689,797	139,865,030	169,183,060	185,805,080	137,039,661	128,242,262
Local grants and contracts	5,042,722	5,073,046	2,263,905	4,186,138	3,088,038	4,461,449	10,861,218	7,722,619	10,655,865	13,046,116
Local property taxes	118,738,148	119,389,151	125,659,171	123,263,682	125,366,633	125,547,962	130,359,887	135,789,947	141,347,110	153,197,663
Personal property replacement tax	13,548,322	14,564,695	11,637,706	16,422,533	12,122,670	13,490,094	14,586,627	20,323,479	43,942,972	45,857,431
Federal grants and contracts	121,249,812	109,992,620	84,341,753	80,082,538	74,028,272	72,002,237	71,494,722	116,062,253	139,623,169	114,230,563
Litigation settlement	-	-	-	-	730,338	-	-	-	16,600	-
Investment income	1,633,125	1,229,614	1,461,132	503,916	2,170,929	3,941,896	2,917,927	301,851	(1,468,428)	4,548,586
Building lease and interest payments on debt	-	-	(4,961,335)	(11,688,580)	(12,117,213)	(12,632,012)	(15,047,917)	(14,906,707)	(14,738,790)	(14,544,449)
Other non-operating revenue	573,157	2,175,119	1,846,475	6,075,845	8,438,747	586,271	(11,699,314)	80,806	579,532	(39,178)
Non-operating revenues, net	<u>407,901,647</u>	<u>407,254,877</u>	<u>345,934,562</u>	<u>380,406,777</u>	<u>438,072,626</u>	<u>394,828,817</u>	<u>418,194,319</u>	<u>497,131,725</u>	<u>504,182,853</u>	<u>491,944,305</u>
Income (loss) before capital appropriations and grants	861,848	(47,495,849)	(112,537,777)	(80,010,035)	(16,996,055)	(48,774,779)	(59,504,084)	8,517,577	15,410,235	(4,376,899)
Capital appropriations and grants	5,119,782	17,326,560	658,608	801,851	1,918,132	11,711,485	1,825,038	1,562,137	5,066,919	2,925,765
	<u>\$ 5,981,630</u>	<u>\$ (30,169,289)</u>	<u>\$ (111,879,169)</u>	<u>\$ (79,208,184)</u>	<u>\$ (15,077,923)</u>	<u>\$ (37,063,294)</u>	<u>\$ (57,679,046)</u>	<u>\$ 10,079,714</u>	<u>\$ 20,477,154</u>	<u>\$ (1,451,134)</u>

Source: City Colleges of Chicago Annual Comprehensive Financial Reports

Note: City Colleges implemented GASB 84 in fiscal year 2021. Fiscal year 2020 was updated to reflect the effect of the implementation.

**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
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%
2020	54,854,403,410	32,130,756,913	2,286,713,081	197,280,051	89,469,153,455	89,478,355,786	0.151	268,435,067,358	33.33%
2021	60,824,820,535	33,323,094,513	2,518,278,663	197,672,375	96,863,866,086	96,868,463,441	0.145	290,605,390,323	33.33%
2022			Not Available			96,847,230,931	0.155	290,541,692,793	33.33%

Note: Assessed value is computed by the Cook County Clerk's office at one-third estimated actual value. 2022 data is not available

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.

**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									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Colleges of Chicago											
Audit Fund	\$ 0.005	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.000	\$ 0.000	\$ 0.000
Tort Liability	N/A	0.009	-	0.001	0.009	0.009	0.005	0.005	0.005	0.006	0.011
Education Fund	0.175	0.149	0.149	0.126	0.124	0.120	0.109	0.110	0.112	0.107	0.107
Operations and Maintenance Fund	0.050	0.040	0.038	0.049	0.035	0.034	0.032	0.033	0.033	0.031	0.034
Total City Colleges of Chicago Rate		<u>\$ 0.199</u>	<u>\$ 0.189</u>	<u>\$ 0.177</u>	<u>\$ 0.169</u>	<u>\$ 0.164</u>	<u>\$ 0.147</u>	<u>\$ 0.149</u>	<u>\$ 0.151</u>	<u>\$ 0.144</u>	<u>\$ 0.152</u>
Overlapping Rates											
Chicago Board of Education		3.671	3.660	3.455	3.726	3.890	3.552	3.620	3.656	3.517	3.757
City of Chicago		1.496	1.473	1.806	1.880	1.894	1.812	1.893	1.886	1.838	1.914
Chicago Park District		0.420	0.415	0.382	0.368	0.358	0.330	0.362	0.329	0.311	0.323
Metropolitan Water Reclamation District		0.417	0.430	0.426	0.406	0.402	0.396	0.389	0.378	0.382	0.374
Cook County		0.560	0.568	0.552	0.533	0.496	0.489	0.454	0.453	0.446	0.431
Cook County Forest Preserve		0.069	0.069	0.069	0.063	0.062	0.060	0.059	0.058	0.058	0.081
South Cook County Mosquito Abatement		0.016	0.017	0.017	0.017	0.016	0.017	0.018	0.017	0.019	0.021
Total Overlapping Rate		<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>	<u>\$ 6.777</u>	<u>\$ 6.571</u>	<u>\$ 6.901</u>
Total Rate		<u>\$ 6.848</u>	<u>\$ 6.821</u>	<u>\$ 6.884</u>	<u>\$ 7.162</u>	<u>\$ 7.282</u>	<u>\$ 6.803</u>	<u>\$ 6.944</u>	<u>\$ 6.928</u>	<u>\$ 6.715</u>	<u>\$ 7.053</u>
Tax Extensions (\$ thousands)											
Audit Fund		\$ 584	\$ 384	\$ 384	\$ 684	\$ 684	\$ 558	\$ 538	\$ 426	\$ 432	\$ 185
Tort Liability		5,584	2,985	985	6,984	6,984	4,543	4,680	4,783	5,652	10,329
Education Fund		92,760	96,559	88,610	91,677	92,338	93,644	96,501	100,474	103,168	103,256
Operations and Maintenance Fund		24,913	24,912	34,911	25,612	25,613	27,934	28,775	29,411	29,820	33,377
		<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>	<u>\$ 135,094</u>	<u>\$ 139,072</u>	<u>\$ 147,147</u>

Source: Cook County Clerk's Office - 2023 Data is not available.

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

Table E

**Revenue Capacity
Principal Property Taxpayers (Unaudited)**

Taxpayer	2022			2013		
	Taxable Assessed Value <i>(in thousands)</i>	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value <i>(in thousands)</i>	Rank	Percentage of Total Assessed Valuation
Willis Tower	\$ 730,003	1	0.75%	\$ 370,197	1	0.59%
Merchandise Mart Owner	515,974	2	0.53%	-	-	-
One Prudential Plaza	395,210	3	0.41%	193,495	4	0.31%
Aon Building	338,566	4	0.35%	248,906	2	0.40%
Cbre Suite 2530	338,524	5	0.35%	-	-	-
Bank Of America Tower	319,867	6	0.33%	-	-	-
Hcsc Blue Cross J Kaye	303,047	7	0.31%	201,987	3	0.32%
River Point LLC	279,075	8	0.29%	-	-	-
227 Monroe Street LLC	269,885	9	0.28%	-	-	-
300 Lasalle LLC	266,149	10	0.27%	159,537	10	-
Chase Tower	-	-	-	190,442	6	0.31%
Water Tower LLC	-	-	-	190,953	5	0.31%
Three First National Plaza	-	-	-	177,862	8	0.29%
Franklin Center	-	-	-	183,114	7	0.29%
Citadel Center	-	-	-	177,008	9	0.28%
	<u>\$ 3,756,300</u>		<u>3.88%</u>	<u>\$ 2,093,501</u>		<u>3.10%</u>

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.

Source: Cook County Assessor's Office – 2022 is the latest data available.

Cook County Clerk's Office Taxable Assessed Value in thousands of dollars.

**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 (C)	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
2013	2014	\$ 123,853,382	\$ 63,503,739	51.27%	\$ 56,897,912	\$ 120,401,651	97.21%
2014	2015	124,853,382	63,827,769	51.12%	57,966,232	121,794,001	97.55%
2015	2016	124,903,382	64,993,572	52.04%	57,041,479	122,035,051	97.70%
2016	2017	124,970,382	64,816,536	51.87%	57,010,953	121,827,489	97.49%
2017	2018	125,631,380	65,921,912	52.47%	56,683,664	122,605,576	97.59%
2018	2019	126,691,690	66,440,187	52.44%	57,835,724	124,275,911	98.09%
2019	2020	130,507,003	66,458,041	50.92%	62,362,049	128,820,090	98.71%
2020	2021	135,013,605	68,259,809	50.56%	65,865,611	134,125,420	99.34%
2021	2022	140,360,333	72,595,503	51.72%	66,087,617	138,683,120	98.81%
2022	2023	150,261,215	71,973,562	47.90%	-	71,973,562	47.90%

- Notes:**
- (A) The amount does not represent a full year's tax collection.
 - (B) The total amount collected to date is net of refunds.
 - (C) Beginning levy year 2021, the tax levied amounts include levy adjustments made by Cook County per PA 102-0519 recapturing property tax refunds

Source: City Colleges of Chicago and Cook County Treasurer's Tax Records, Office of the County Clerk and DuPage County Collector

**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)
2014	30,692	62,100	47,258	\$ 89.00	\$ 202.01	\$ 249.71	\$ -	\$ 1,184,165.0	\$ 110,456,613	\$ (66,905,144)	\$ 43,551,469
2015	28,917	60,250	40,050	89.00	200.17	246.42	-	1,098,557.5	99,573,913	(57,835,807)	41,738,106
2016	26,410	57,372	39,017	133.36	353.16	359.73	624.68	983,907.0	105,005,157	(49,164,083)	55,841,074
2017	24,200	51,772	34,559	133.36	353.16	359.73	624.68	904,038.0	99,177,882	(46,670,605)	52,507,277
2018	23,825	50,436	32,958	133.36	353.16	359.73	624.68	821,349.0	94,772,150	(51,261,909)	43,510,241
2019	23,147	50,558	28,927	146.00	384.00	481.00	481.00	791,761.5	92,474,466	(56,328,989)	36,145,477
2020	21,481	46,522	25,329	146.00	384.00	481.00	481.00	750,937.0	85,769,182	(46,873,374)	38,895,808
2021	18,632	40,988	29,222	146.00	384.00	481.00	481.00	653,576.0	76,746,431	(46,700,849)	30,045,582
2022	16,937	38,359	18,616	146.00	384.00	481.00	481.00	596,893.5	73,363,188	(48,984,682)	24,378,506
2023	17,720	40,134	24,037	146.00	384.00	481.00	481.00	619,501.0	76,655,210	(59,599,804)	17,055,406

Source: City Colleges of Chicago Annual Comprehensive Financial Report

**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	Premiums (Discounts)	Total Outstanding Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2014	\$ 250,000,000	\$ 7,406,782	\$ 257,406,782	0.14%	\$ 94.68
2015	250,000,000	6,211,924	256,211,924	0.13%	94.11
2016	245,995,000	5,094,656	251,089,656	0.12%	92.29
2017	241,830,000	4,103,132	245,933,132	0.11%	90.92
2018	315,560,000	10,427,163	325,987,163	0.14%	120.00
2019	311,010,000	9,435,797	320,445,797	0.12%	118.42
2020	306,235,000	8,562,847	314,797,847	0.12%	116.85
2021	301,220,000	7,794,437	309,014,437	0.12%	114.48
2022	295,955,000	7,116,153	303,071,153	0.10%	112.39
2023	290,425,000	6,514,507	296,939,507	0.10%	111.42

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

Sources: Per capita is based on the population obtained from the US Census Bureau (USCB) and the total outstanding debt. The census is conducted decennially at the start of each decade.

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

Table I

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

	As of June 30, 2023		
	Net Direct Long-Term Debt (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Direct Debt			
City Colleges of Chicago	\$ 296,939	100.00%	\$ 296,939
Estimated General Obligation Overlapping Debt			
City of Chicago General Obligation Bonds (2)	\$ 5,665,804	100.00%	\$ 5,665,804
Chicago Board of Education (3)	8,951,431	100.00%	8,951,431
Chicago Park District (4)	857,350	100.00%	857,350
Metropolitan Water Reclamation District of Greater Chicago (5)	2,598,015	56.11%	1,457,746
Cook County (6)	2,951,286	55.24%	1,630,290
Cook County Forest Preserve District (7)	98,005	55.24%	<u>54,138</u>
Total Estimated Overlapping Long-Term Debt			<u>18,616,759</u>
Direct and Estimated Overlapping Long-Term Debt			<u>\$ 18,913,698</u>

(1) 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 2022 City of Chicago tax extension, within the City of Chicago, by the total Cook County extension for the district.

(2) **Source:** City of Chicago

(3) **Source:** Board of Education

(4) **Source:** Chicago Park District

(5) **Source:** Metropolitan Water Reclamation District of Greater Chicago

(6) **Source:** Cook County

(7) **Source:** Cook County Forest Preserve 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
2014	2,722,407	\$ 145,959,129	\$ 53,614	7.90%
2015	2,720,556	153,828,398	56,543	6.60%
2016	2,704,965	154,656,374	57,175	6.50%
2017	2,716,462	161,474,651	59,443	5.40%
2018	2,705,988	171,657,055	63,436	4.40%
2019	2,693,959	175,931,686	65,306	4.10%
2020	2,699,347	188,778,832	69,935	12.00%
2021	2,696,561	198,350,937	73,557	7.60%
2022	2,665,039	-----Data Not Available-----		5.30%
2023		-----Data Not Available-----		

Sources: (A) US Census Bureau (USCB). The census is conducted decennially at the start of each decade.

(B) 2014 - 2021 Data from the Bureau of Economic Analysis (BEA). These rates are for Cook County. Data is not available for 2022 and 2023.

(C) Illinois Workforce Info Center Website

* Estimated

**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 2023			Fiscal Year 2022			Fiscal Year 2021			Fiscal Year 2020			Fiscal Year 2019		
	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment
U.S. Government	1	52,315	1.96%	1	52,316	1.94%	1	52,357	1.91%	1	45,736	1.70%	1	41,500	1.53%
Chicago Public Schools	2	41,469	1.56%	2	40,119	1.49%	2	38,637	1.41%	2	37,731	1.40%	2	36,415	1.35%
City of Chicago	3	30,216	1.13%	3	31,020	1.15%	3	30,928	1.13%	3	31,621	1.17%	3	31,854	1.18%
Amazon.Com Inc.	4	28,994	1.09%	4	27,050	1.00%	9	16,610	0.60%	9	14,610	0.54%	10	14,018	0.52%
Advocate Aurora Health	5	26,841	1.01%	5	25,906	0.96%	4	26,335	0.96%	4	25,917	0.96%	6	19,513	0.72%
Northwestern Memorial Hospital	6	24,120	0.91%	6	24,053	0.89%	6	21,999	0.80%	6	21,264	0.79%	5	19,886	0.73%
University of Chicago	7	21,618	0.81%	8	20,781	0.77%	7	18,732	0.68%	8	18,276	0.68%	7	17,345	0.64%
Cook County	8	19,263	0.72%	7	22,074	0.82%	5	22,074	0.80%	5	22,438	0.83%	4	22,438	0.83%
Walgreens Boots Alliance, Inc.	9	17,344	0.65%	10	16,817	0.62%	-	-	-	-	-	-	-	-	-
Walmart Inc.	10	17,300	0.65%	9	18,500	0.69%	8	16,711	0.61%	-	-	-	-	-	-
Amita Health	-	-	-	-	-	-	10	14,282	0.52%	7	20,046	0.74%	8	16,231	0.60%
United Continental Holdings Inc	-	-	-	-	-	-	-	-	-	10	14,520	0.54%	9	14,582	0.54%
		<u>279,480</u>	<u>10.49%</u>		<u>278,636</u>	<u>10.33%</u>		<u>258,665</u>	<u>9.42%</u>		<u>252,159</u>	<u>9.36%</u>		<u>233,782</u>	<u>8.64%</u>

Employer	Fiscal Year 2018			Fiscal Year 2017			Fiscal Year 2016			Fiscal Year 2015			Fiscal Year 2014		
	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment	Rank	City of Chicago Number of Employees	% of Chicago Area City of Employment
U.S. Government	1	41,500	1.53%	1	42,663	1.58%	1	42,887	1.58%	1	45,673	1.68%	1	49,860	1.83%
Chicago Public Schools	2	35,447	1.30%	2	35,862	1.33%	2	37,406	1.37%	2	38,933	1.43%	2	39,094	1.44%
City of Chicago	3	31,160	1.15%	3	30,754	1.14%	3	30,276	1.11%	3	30,345	1.11%	3	30,340	1.12%
Cook County	4	21,316	0.78%	4	20,716	0.77%	4	21,795	0.80%	4	21,622	0.79%	4	21,482	0.79%
Advocate Health Care	5	19,049	0.70%	5	18,930	0.70%	5	18,308	0.67%	5	18,556	0.68%	5	18,512	0.68%
University of Chicago	7	16,583	0.61%	6	16,374	0.61%	6	16,197	0.60%	6	16,025	0.59%	7	15,452	0.57%
JP Morgan Chase	8	15,701	0.58%	8	15,229	0.56%	9	14,158	0.52%	7	15,015	0.55%	6	16,045	0.59%
State of Illinois	9	14,690	0.54%	10	13,524	0.50%	8	15,136	0.56%	8	14,925	0.55%	8	14,731	0.54%
Northwestern Memorial Hospital	6	16,667	0.61%	7	15,747	0.58%	7	15,317	0.56%	9	14,550	0.53%	-	-	-
United Continental Holdings Inc	-	-	-	9	15,157	0.56%	10	14,000	0.51%	10	14,000	0.51%	9	14,000	0.51%
AT&T Inc.	-	-	-	-	-	-	-	-	-	-	-	-	10	14,000	0.51%
Amazon.Com Inc.	10	13,240	0.49%	-	-	-	-	-	-	-	-	-	-	-	-
		<u>225,353</u>	<u>8.30%</u>		<u>224,956</u>	<u>8.32%</u>		<u>225,480</u>	<u>8.29%</u>		<u>229,644</u>	<u>8.44%</u>		<u>233,516</u>	<u>8.59%</u>

Source: Crain's Chicago's Business, Largest Employers, published February 27, 2023

**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		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Faculty	550	550	558	1,017	1,039	1,044	1,567	1,589	1,602
Professional/Technical Staff	311	320	327	34	38	30	345	358	357
Administrators	316	323	310	-	-	-	316	323	310
Clerical	208	214	216	10	11	12	218	225	228
Front-Line Direct Support (Custodial/Maintenance/Security)	227	234	233	152	175	178	379	409	411
Academic Support/Direct Student-Facing Personnel	362	372	375	222	236	237	584	608	612
Student Workers	-	-	-	13	18	23	13	18	23
Totals	1,974	2,013	2,019	1,448	1,517	1,524	3,422	3,530	3,543

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

**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		
2023	619,501.0	321,748.0	38,747.0	32,381.0	28,652.0	34,764.0	163,209.0
2022	596,893.5	314,615.0	35,686.5	25,767.0	28,062.5	33,624.0	159,138.5
2021	653,576.0	357,564.5	36,886.0	25,821.0	25,340.5	34,407.0	173,557.0
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

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Land	\$ 53,616,391	\$ 55,421,960	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464
Construction in progress	103,111,151	269,626,926	88,290,037	41,526,514	58,259,377	5,906,563	6,320,470	5,657,131	11,761,874	19,351,965
Lease assets	-	-	-	-	-	-	-	-	12,198,706	11,782,941
Subscription-based assets	-	-	-	-	-	-	-	-	3,565,179	3,944,314
Equipment	17,525,902	20,378,093	52,985,078	63,800,500	64,058,673	64,301,331	64,817,510	64,817,510	64,876,508	65,968,604
Buildings and improvements	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	1,105,655,491	1,108,439,948	1,112,426,513
Software	30,035,011	30,852,286	62,395,481	69,966,816	72,588,654	42,553,643	42,883,798	47,878,119	48,303,665	48,322,415
Total Capital Assets	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	1,275,384,715	1,300,522,344	1,313,173,216
Less Accumulated depreciation and amortization	(299,962,533)	(336,310,200)	(380,512,960)	(358,250,800)	(419,672,387)	(435,368,507)	(431,067,638)	(464,903,109)	(498,403,198)	(526,634,029)
Net Capital Assets	<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>	<u>\$ 810,481,606</u>	<u>\$ 802,119,146</u>	<u>\$ 786,539,187</u>
Bond Obligations	<u>\$ 250,000,000</u>	<u>\$ 250,000,000</u>	<u>\$ 245,995,000</u>	<u>\$ 241,830,000</u>	<u>\$ 315,560,000</u>	<u>\$ 311,010,000</u>	<u>\$ 306,235,000</u>	<u>\$ 301,220,000</u>	<u>\$ 295,955,000</u>	<u>\$ 290,425,000</u>

Data Sources: Summary of Capital Assets Schedule, (See Note 4)
and prior-year Annual Comprehensive Financial Reports

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

Table O

**Operating Information
Miscellaneous Statistics (Unaudited)**

City Colleges of Chicago - Founded 1911

<u>Accreditation by the Higher Learning Commission</u>	<u>Most Recent Accreditation</u>	<u>Next Review</u>
Daley	2021-22	2031-32
Harold Washington	2018-19	2028-29
Kennedy-King	2015-16	2025-26
Malcolm X	2017-18	2027-28
Olive-Harvey	2020-21	2030-31
Truman	2019-20	2029-30
Wright	2020-21	2029-30
Current gross square footage		4,265,154
Size of district		228.5 square miles
Counties served		Cook and DuPage
Population of district		2,665,039
Number of faculty		1,602
Number of professional / technical staff		357
Number of administrators		310
Number of clerical staff		228
Number of custodial / maintenance staff		411
Number of academic support staff		612
Number of student/work study staff		23
Degrees and certificates awarded (fiscal year 2023)		7,721

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

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

Fiscal Year	State Funding to All State Community Colleges	ICCB Funding to the District
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
2021	269,222,286	44,107,140
2022	278,178,388	45,311,205
2023	301,876,696	46,793,997

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, 2023**

	<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	\$ 17,484,728	\$ 20,275,949	\$ 29,165,565	\$ 36,404,283	\$ 20,959,152	\$ 23,671,199	\$ 18,805,562	\$ 32,288,658	\$ 199,055,096
All Other Local Revenue	153,711	95,336	5,740	76,181	1,034,846	5,002,866	42,448	223,465	6,634,593
ICCB Grants	645,777	-	274,531	248,508	322,053	909,396	722,668	53,871,419	56,994,352
All Other State Revenue	5,958,883	11,626,444	57,476,265	22,379,366	2,530,072	4,112,638	14,498,322	71,231	118,653,221
Federal Revenue	9,269,112	21,089,769	11,180,792	31,749,457	9,992,712	9,500,270	19,759,286	1,689,164	114,230,562
Student Tuition and Fees	11,689,808	13,506,886	5,303,369	12,347,346	4,999,099	12,477,765	16,330,936	-	76,655,209
All Other Revenue	205,333	1,152,633	797,955	793,103	916,012	438,198	856,178	9,285,243	14,444,655
Total Revenue before Capital Appropriations	45,407,352	67,747,017	104,204,217	103,998,244	40,753,946	56,112,332	71,015,400	97,429,180	586,667,688
Capital Appropriations	9,759	1,161,053	124,839	816,169	790,238	23,707	-	-	2,925,765
Total Revenue	<u>\$ 45,417,111</u>	<u>\$ 68,908,070</u>	<u>\$ 104,329,056</u>	<u>\$ 104,814,413</u>	<u>\$ 41,544,184</u>	<u>\$ 56,136,039</u>	<u>\$ 71,015,400</u>	<u>\$ 97,429,180</u>	<u>\$ 589,593,453</u>
Expenditures by program									
Instruction	\$ 12,086,388	\$ 20,747,310	\$ 51,240,690	\$ 23,478,168	\$ 10,379,703	\$ 16,810,444	\$ 18,607,727	\$ 41,063	\$ 153,391,493
Academic Support	2,035,922	11,979,168	4,205,724	8,562,235	3,885,247	3,824,218	5,169,798	3,317,737	42,980,049
Student Services	5,506,370	6,679,567	4,539,537	20,570,407	4,082,938	10,907,867	6,892,830	2,677,970	61,857,486
Public Service/Continuing Education	613,583	154,770	704,723	228,143	267,562	1,659,401	583,733	2,955,481	7,167,396
Auxiliary Services	3,566,104	699,941	1,294,285	938,362	972,747	1,072,054	237,127	3,861,098	12,641,718
Operations and Maintenance	9,747,709	4,819,341	13,959,862	14,245,677	7,923,204	7,841,559	19,436,372	20,260,014	98,233,738
Institutional Support	2,844,955	3,485,735	18,545,431	7,367,280	3,904,757	4,007,476	3,198,392	60,030,860	103,384,886
Scholarships, Grants, Waivers	9,006,321	19,181,185	9,713,965	28,607,972	9,337,788	9,989,313	16,889,421	8,661,857	111,387,822
Total Expenditures	<u>\$ 45,407,352</u>	<u>\$ 67,747,017</u>	<u>\$ 104,204,217</u>	<u>\$ 103,998,244</u>	<u>\$ 40,753,946</u>	<u>\$ 56,112,332</u>	<u>\$ 71,015,400</u>	<u>\$ 101,806,080</u>	<u>\$ 591,044,588</u>

Statement of Purpose: The City Colleges of Chicago Revenues and Expenditures by College for the year ended June 30, 2023, is required by the terms of a Memorandum of Understanding (MOU) between City Colleges and the Higher Learning Commission (HLC) on Institutes of Higher Education. The MOU outlines an appropriate pattern of evidence to be made available by City Colleges for purposes of meeting certain HLC Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenditures for each college.

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, 2023

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Trust & Agency Fund	Audit Fund	Liability, Protection Settlement Fund	Building Bonds Proceeds Fund	GASB 34/35 Adjustment *	Total
Fund Balance: June 30, 2022	\$ 52,617,598	\$ 4,838,643	\$ 32,284,943	\$ -	\$ (12,941,223)	\$ 3,080,149	\$ 67,013,532	\$ 1,012,595	\$ 424,501	\$ (2,174,419)	\$ 1,677,937	\$ 366,659,813	\$ 514,494,069
Revenues:													
Local Tax Revenue	\$ 138,580,944	31,979,868	-	20,158,831	-	-	-	-	323,034	8,012,419	-	-	199,055,096
All Other Local Revenue	291,325	-	2,925,765	-	-	6,343,269	-	-	-	-	-	-	9,560,359
ICCB Grants	53,871,419	-	-	-	-	3,122,933	-	-	-	-	-	-	56,994,352
All Other State Revenue	156,054	-	-	-	-	118,497,167	-	-	-	-	-	-	118,653,221
Federal Revenue	4,949,903	-	-	-	-	109,280,659	-	-	-	-	-	-	114,230,562
Student Tuition and Fees	75,056,684	-	-	-	1,598,525	-	-	-	-	-	-	-	76,655,209
All Other Revenue	3,881,282	1,579,292	-	517,264	1,809,653	6,316,338	-	316,338	-	-	24,488	-	14,444,655
Total Revenues	276,787,611	33,559,160	2,925,765	20,676,095	3,408,178	243,560,366	-	316,338	323,034	8,012,419	24,488	-	589,593,454
Expenses													
Instruction	104,653,227	-	-	-	-	48,846,121	-	-	-	-	-	(107,855)	153,391,493
Academic Support	20,010,278	-	-	-	-	23,682,227	-	-	-	-	-	(712,456)	42,980,049
Student Services	32,471,816	-	-	-	4,849	29,239,894	-	306,733	-	-	-	(165,806)	61,857,486
Public Service/Continuing Education	162,597	-	-	-	861,775	6,453,094	-	-	-	-	-	(310,070)	7,167,396
Auxiliary Services	5,647,197	-	-	-	3,462,408	3,557,302	-	-	-	-	-	(25,189)	12,641,718
Operations and Maintenance	9,588,307	30,693,807	10,774,581	20,676,095	-	10,753,032	-	-	-	98,743	1,698,095	13,951,078	98,233,738
Institutional Support	66,898,131	(23,766)	11,681,985	-	102,846	21,851,657	-	-	414,750	5,763,121	-	(3,303,838)	103,384,886
Scholarships, Grants, Waivers	10,724,059	-	-	-	-	100,663,763	-	-	-	-	-	-	111,387,822
Total Expenses	250,155,612	30,670,041	22,456,566	20,676,095	4,431,878	245,047,090	-	306,733	414,750	5,861,864	1,698,095	9,325,864	591,044,588
Net Transfers	(20,295,670)	-	20,300,000	-	-	-	-	-	-	-	(4,330)	-	-
Fund Balance: June 30, 2023	\$ 58,953,927	\$ 7,727,762	\$ 33,054,142	\$ -	\$ (13,964,923)	\$ 1,593,425	\$ 67,013,532	\$ 1,022,200	\$ 332,785	\$ (23,864)	\$ -	\$ 357,333,949	\$ 513,042,935

* 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, 2023**

	Capital Assets July 1, 2022, as restated	Additions	Deletions and Transfers	Capital Assets June 30, 2023
Fixed Assets				
Land	\$ 51,376,464	\$ -	\$ -	\$ 51,376,464
Construction in progress	11,761,874	12,851,522	(5,261,431)	19,351,965
Buildings and improvements	1,108,439,948	5,150,464	(1,163,899)	1,112,426,513
Lease assets	12,198,706	-	(415,765)	11,782,941
Subscription-based assets	3,565,179	379,135	-	3,944,314
Equipment	64,876,508	1,092,096	-	65,968,604
Software	48,303,665	18,750	-	48,322,415
Accumulated depreciation and amortization	(498,403,198)	(31,077,251)	2,846,420	(526,634,029)
Net Fixed Assets	<u>\$ 802,119,146</u>	<u>\$ (11,585,284)</u>	<u>\$ (3,994,675)</u>	<u>\$ 786,539,187</u>
	Long-Term Debt July 1, 2022	Additions	Deletions and Transfers	Long-Term Debt June 30, 2023
Fixed Debt				
Bonds payable	\$ 295,955,000	\$ -	\$ (5,530,000)	\$ 290,425,000
Total Fixed Debt	<u>\$ 295,955,000</u>	<u>\$ -</u>	<u>\$ (5,530,000)</u>	<u>\$ 290,425,000</u>

City Colleges of Chicago
Community College District No. 508
Operating Funds Revenues and Expenditures
Uniform Financial Statement #3
Fiscal Year Ended June 30, 2023

OPERATING REVENUES BY SOURCE	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Local Government Revenue			
Local Taxes	\$ 108,173,293	\$ 31,979,868	\$ 140,153,161
Personal Property Replacement Tax	30,407,651	-	30,407,651
Other	291,325	-	291,325
TOTAL LOCAL GOVERNMENT	<u>138,872,269</u>	<u>31,979,868</u>	<u>170,852,137</u>
State Government			
ICCB Base Operating Grant	33,476,611	-	33,476,611
ICCB Equalization Grants	13,928,700	-	13,928,700
ICCB Career and Technical Education	6,460,008	-	6,460,008
Other (Include other ICCB grants not listed above)	162,154	-	162,154
TOTAL STATE GOVERNMENT	<u>54,027,473</u>	<u>-</u>	<u>54,027,473</u>
Federal Government			
Department of Education	127,576	-	127,576
HEERF	4,822,327	-	4,822,327
TOTAL FEDERAL GOVERNMENT	<u>4,949,903</u>	<u>-</u>	<u>4,949,903</u>
Student Tuition and Fees			
Tuition	74,921,326	-	74,921,326
Fees	135,358	-	135,358
TOTAL TUITION AND FEES	<u>75,056,684</u>	<u>-</u>	<u>75,056,684</u>
Other Sources			
Sales and Service Fees	350,177	550	350,727
Facilities Revenue	7,200	1,574,433	1,581,633
Investment Revenue	4,002,215	4,309	4,006,524
Other	(478,310)	-	(478,310)
TOTAL OTHER REVENUE	<u>3,881,282</u>	<u>1,579,292</u>	<u>5,460,574</u>
TOTAL REVENUE	<u>\$ 276,787,611</u>	<u>\$ 33,559,160</u>	<u>\$ 310,346,771</u>
OPERATING EXPENDITURES BY PROGRAM			
Instruction	\$ 104,653,227	\$ -	\$ 104,653,227
Academic Support	20,010,278	-	20,010,278
Student Services	32,471,816	-	32,471,816
Public Service/Continuing Education	162,597	-	162,597
Auxiliary Services	5,647,197	-	5,647,197
Operations and Maintenance	9,588,307	30,693,807	40,282,114
Institutional Support	66,898,131	(23,766)	66,874,365
Scholarships, Grants, Waivers	10,724,059	-	10,724,059
TOTAL EXPENDITURES	<u>250,155,612</u>	<u>30,670,041</u>	<u>280,825,653</u>
Less Non-Operating Items			
Transfers to Non-Operating Funds	(20,295,670)	-	(20,295,670)
ADJUSTED EXPENDITURES	<u>\$ 229,859,942</u>	<u>\$ 30,670,041</u>	<u>\$ 260,529,983</u>
OPERATING EXPENDITURES BY OBJECT			
Salaries	\$ 181,070,633	\$ 16,704,696	\$ 197,775,329
Employee Benefits	32,238,710	2,728,155	34,966,865
Contractual Services	9,786,263	2,163,092	11,949,355
General Materials and Supplies	13,302,022	933,975	14,235,997
Professional Development	631,899	625	632,524
Fixed Charges	465,143	1,014,939	1,480,082
Utilities	589,949	7,124,559	7,714,508
Other	1,331,434	-	1,331,434
Student Grants & Scholarships	10,739,559	-	10,739,559
TOTAL EXPENDITURES	<u>250,155,612</u>	<u>30,670,041</u>	<u>280,825,653</u>
Less Non-Operating Items			
Transfers to Non-Operating Funds	(20,295,670)	-	(20,295,670)
ADJUSTED EXPENDITURES	<u>\$ 229,859,942</u>	<u>\$ 30,670,041</u>	<u>\$ 260,529,983</u>

Schedule 4

**City Colleges of Chicago
Community College District No. 508
Restricted Purposes Fund Revenues and Expenditures
Uniform Financial Statement #4
Fiscal Year Ended June 30, 2023**

REVENUE BY SOURCE	
TOTAL LOCAL GOVERNMENT	<u>\$ 6,343,269</u>
State Government	
ICCB - Adult Education	3,122,933
SURS - On Behalf	91,459,479
Other	<u>27,037,688</u>
TOTAL STATE GOVERNMENT	<u>121,620,100</u>
Federal Government	
Department of Education	52,602,714
Other	<u>56,677,945</u>
TOTAL FEDERAL GOVERNMENT	<u>109,280,659</u>
Other Sources	
Other	<u>6,316,338</u>
TOTAL OTHER SOURCES	6,316,338
TOTAL RESTRICTED PURPOSES FUND REVENUES	<u><u>\$ 243,560,366</u></u>
 EXPENDITURES BY PROGRAM	
Instruction	\$ 48,846,121
Academic Support	23,682,227
Student Services	29,239,894
Public Service/Continuing Education	6,453,094
Auxiliary Services	3,557,302
Operations and Maintenance	10,753,032
Institutional Support	21,851,657
Scholarships, Grants and Waivers	100,663,763
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 245,047,090</u></u>
 EXPENDITURES BY OBJECT	
Salaries	\$ 27,062,519
Employee Benefits	96,018,839
Contractual Services	6,391,370
General Materials and Supplies	9,629,058
Professional Development	809,507
Fixed Charges	7,200
Utilities	857,704
Capital Outlay	716,073
Other	550,711
Scholarships, Grants, Waivers	103,004,109
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 245,047,090</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, 2023

INSTRUCTION	
Instructional Programs	\$ 153,499,348
Total Instruction	<u>153,499,348</u>
ACADEMIC SUPPORT	
Library Center	4,927,408
Instructional Materials Center	353,758
Educational Media Services	7,971
Academic Computing Support	2,581,266
Academic Administration and Planning	23,795,527
Other	<u>12,026,575</u>
Total Academic Support	<u>43,692,505</u>
STUDENT SERVICES SUPPORT	
Admissions and Records	10,493,902
Counseling and Career Services	17,537,075
Financial Aid Administration	5,553,634
Other	<u>28,131,948</u>
Total Student Services Support	<u>61,716,559</u>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	1,652,462
Customized Training (Instructional)	449,543
Community Services	1,582,342
Other	<u>3,793,119</u>
Total Public Service/Continuing Education	<u>7,477,466</u>
AUXILIARY SERVICES	<u>12,666,907</u>
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	15,858,332
Custodial Services	10,400,450
Grounds	163,927
Campus Security	13,436,194
Utilities	7,124,559
Administration	2,545,401
Other	<u>1,605,026</u>
Total Operations and Maintenance of Plant	<u>51,133,889</u>
INSTITUTIONAL SUPPORT	
Executive Management	11,721,482
Fiscal Operations	14,588,379
Community Relations	7,925,984
Administrative Support Services	48,823,726
Board of Trustees	251,884
General Institutional	18,741,069
Institutional Research	1,293,694
Administrative Data Processing	11,298,863
Other Institutional Support	<u>(19,638,342)</u>
Total Institutional Support	<u>95,006,739</u>
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	<u>111,387,822</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u>\$ 536,581,235</u>

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

Schedule 6

City Colleges of Chicago
ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 508

CERTIFICATE OF CHARGEBACK REIMBURSEMENT FOR FISCAL YEAR 2024

All fiscal year 2023 non-capital operating expenditures are from the following funds:

Education Fund	\$ 249,063,516
Operations and Maintenance Fund	30,670,041
Bond and Interest Fund	20,676,095
Restricted Purposes Fund, excluding SURS	153,587,611
Audit Fund	414,750
Liability, Protection and Settlement Fund	<u>5,861,864</u>
Total noncapital expenditures	\$ 460,273,877

Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$ 5,702,019</u>
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Total costs included	<u>\$ 465,975,896</u>
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Total certified semester credit hours for fiscal year 2023	619,501.0
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Per capita cost	\$ 752.18
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All fiscal year 2023 state and federal operating grants for noncapital expenditures, except ICCB grants	\$ 141,424,304
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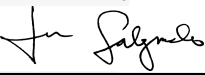
Fiscal year 2023 state and federal grants per semester credit hour	\$ 228.29
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District's average ICCB grant rate (excluding equalization grants) for fiscal year 2024	\$ 73.21
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District's student tuition and fee rate per semester credit hour for fiscal year 2024	<u>\$ 115.24</u>
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Chargeback reimbursement per semester credit hour	<u>\$ 335.44</u>
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Approved: <u></u>	<u>11/30/2023</u>
Maribel Rodriguez, Chief Financial Officer	Date

Approved: <u></u>	<u>11/30/2023</u>
Juan Salgado, Chancellor	Date



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

RSM US LLP

To the Board of Trustees of
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, 2023. 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 AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule presented 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 the Schedule. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule is presented in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects.

Other Information

Management is responsible for the other information that accompanies the Schedule. The other information comprises the Student Residency Verification Process and Summary of Assessed Valuations, but does not include the Schedule and our independent accountant's report thereon. Our opinion on the Schedule does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our examination of the Schedule, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Schedule, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

This report is intended solely for the information and use of the Board of Trustees, 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, 2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

**City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases on Which Claims are Filed
Year ended June 30, 2023**

**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	36,256.0	-	145,657.0	-	139,835.0	-	321,748.0	-
Business Occupational	3,906.0	-	17,742.0	-	17,099.0	-	38,747.0	-
Technical Occupational	3,537.5	-	14,613.0	-	14,230.5	-	32,381.0	-
Health Occupational	3,490.0	-	12,983.0	-	12,179.0	-	28,652.0	-
Remedial/Developmental	2,170.0	-	19,707.0	-	12,887.0	-	34,764.0	-
Adult Basic/Secondary Education	33,467.0	2,943.0	56,645.0	8,252.0	50,200.0	11,702.0	140,312.0	22,897.0
Total	82,826.5	2,943.0	267,347.0	8,252.0	246,430.5	11,702.0	596,604.0	22,897.0

Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2023

Categories	Unrestricted			Restricted		
	Total Credit Hours	Certified by ICCB	Difference	Total Credit Hours	Certified by ICCB	Difference
Baccalaureate Transfer	321,748.0	321,748.0	-	-	-	-
Business Occupational	38,747.0	38,747.0	-	-	-	-
Technical Occupational	32,381.0	32,381.0	-	-	-	-
Health Occupational	28,652.0	28,652.0	-	-	-	-
Remedial/Developmental	34,764.0	34,764.0	-	-	-	-
Adult Basic/Secondary Education	140,312.0	140,312.0	-	22,897.0	22,897.0	-
Total	596,604.0	596,604.0	-	22,897.0	22,897.0	-

Summary of Certified Dual Credit and Dual Enrollment Hours

	<u>Dual Credit</u>	<u>Dual Enrollment</u>
Reimbursable Semester Credit Hours (All Terms)	35,894.0	12,015.0

**City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases on Which Claims are Filed (Continued)
Year ended June 30, 2023**

**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	572,962.5		
Restricted in-district resident hours	<u>21,248.0</u>		
Semester credit hours (all terms)	594,210.5	1,224.0	595,434.5

District prior-year equalized assessed valuation* \$ 96,847,230,931

	<u>Total Credit Hours</u>	<u>Total Credit Hours Certified by ICCB</u>	<u>Difference</u>
In-district resident	594,210.5	594,210.5	-
Out-of-district (chargeback/contractual agreement)	<u>1,224.0</u>	<u>1,224.0</u>	-
Total	<u><u>595,434.5</u></u>	<u><u>595,434.5</u></u>	<u>-</u>

*The assessed valuation has not yet been received from Cook County. The figure will be added once it is available.

Schedule 9

Student Residency Verification Process (Unexamined)

Due to the District's campuses being 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 (Unexamined)

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2022	\$96,847,230,931
2021	96,868,463,441
2020	89,478,355,786
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

State Grant Compliance Section

Independent Auditor's Report on Audit of Grant Program Financial Statements

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of net position and statement of revenue, expenses and changes in net position (financial statements) of the State Adult Education Grants (State Basic and State Performance) (the Grant Program) of City Colleges of Chicago, Community College District No. 508 (City Colleges), as of and for the year ended June 30, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Grant Program, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Our responsibilities under those standards and guidelines are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Colleges and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements of the grant program of City Colleges' are intended to present the financial position and changes in financial position of City Colleges that are attributable to the transactions of the grant program. They do not purport to, and do not, present fairly the financial position of City Colleges, as of June 20, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City Colleges' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the grant program financial statements of City Colleges. The ICCB Compliance Statement (page 109) is presented for purposes of additional analysis and is not a required part of the grant program financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the grant program financial statements. The information has been subjected to the auditing procedures applied in the audit of the grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statement (page 109) is fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 on our consideration of City Colleges' internal control over financial reporting of the Grant Program 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, 2023

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Grant Program Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

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

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 (*Government Auditing Standards*) and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the State Adult Education Grants (State Basic and State Performance) (the Grant Program) of City Colleges of Chicago, Community College District No. 508 (City Colleges) as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the grant program financial statements, we considered City Colleges' internal control over financial reporting (internal control) as a basis of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 of 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City Colleges' Grant Program 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 financial statements. 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, 2023

Grant Program Financial Statements

**City Colleges of Chicago
Community College District No. 508
State Adult Education and Family Literacy Grant Program**

**Statement of Net Position
June 30, 2023**

	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Assets			
Grants Receivable	\$ -	\$ 14,499	\$ 14,499
Total Assets	-	14,499	14,499
Liabilities and Net Position			
Due to City Colleges of Chicago	-	14,499	14,499
Total Liabilities	-	14,499	14,499
Net Position			
Total Liabilities and Net Position	-	-	-
	\$ -	\$ 14,499	\$ 14,499

**Statement of Revenues, Expenses
and Changes in Net Position
Year ended June 30, 2023**

Revenue			
State Sources	\$ 1,828,944	\$ 1,293,989	\$ 3,122,933
Expenses by Program			
Instruction	1,063,506	339,305	1,402,811
Social Work Services	36,748	98,117	134,865
Guidance Services	316,575	111,630	428,205
Assessment and Testing	130,684	175,990	306,674
Subtotal Instructional and Student Services	1,547,513	725,042	2,272,555
Program Support			
Improvement of Instructional Services	-	61,098	61,098
General Administration	157,519	284,567	442,086
Data and Information Services	123,912	223,282	347,194
Subtotal Program Support	281,431	568,947	850,378
Total Expenses	1,828,944	1,293,989	3,122,933
Excess of Revenue Over Expenses			
Net Position - July 1, 2022	-	-	-
Net Position - June 30, 2023	\$ -	\$ -	\$ -

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
Expense Amounts and Percentages for ICCB Grant Funds Only
Year ended June 30, 2023

	<u>Expense Amount</u>	<u>Allowed Expense Percentage</u>	<u>Actual Expense Percentage</u>
State Basic			
Instruction	\$ 1,063,506	Minimum 45%	58%
General Administration	\$ 157,519	Maximum 15%	9%

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, 2023

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. State 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 2023. State funds include two categories: (1) State Basic and (2) State Performance. Federal funds include one category in fiscal year 2023, (1) Federal Basic. Funding is allocated through a competitive process. The funding source determines the applicable statutory regulations, policies, and guidelines including allowable costs.

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. Expenses are reported when services are rendered, or when goods are received.

Grant revenues are reported in these grant program financial statements when allowable grant expenses are made. Expenses are allowable if they comply with “Policy Guidelines for Restricted Grant Expenditures and Reporting” set for in the ICCB Fiscal Management Manual.

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2023

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

A. Basis of Reporting *(continued)*

The grant funds 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 were fully expended within the grant period.

These grant program financial statements cover only the State Adult Education and Family Literacy. It is not intended to and does not represent the financial position or results of operations of City Colleges of Chicago in its entirety.

B. Cash held by City Colleges of Chicago

To facilitate sound management, substantially all grant program cash for State Adult Education and Family Literacy, is pooled with City Colleges.

C. Grants Receivable

A receivable is recorded for the funds to be received from the ICCB at June 30, 2023 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.

E. Unearned Revenue

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

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2023

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

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.

**Single Audit Act Supplementary
Financial and Compliance
Report Section**

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

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 (*Government Auditing Standards*), the 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, 2023, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements, and have issued our report thereon dated November 30, 2023. That report includes an emphasis of matter related to restatements of beginning capital assets (subscription-based assets) and obligations (subscription-based liabilities), as of July 1, 2022, for the implementation of Governmental Accounting Standards Board Statement Number 96, *Subscription-Based Information Technology Arrangements*. Our opinions were not modified with respect to this matter. The financial statements of the discretely presented component unit (City Colleges of Chicago Foundation) were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City Colleges' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 of 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City Colleges' 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 financial statements. 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 City Colleges; internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
November 30, 2023

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance;
and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City Colleges of Chicago, Community College District No. 508's (City Colleges) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City Colleges' major federal programs for the year ended June 30, 2023. City Colleges' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City Colleges complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City Colleges and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City Colleges' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City Colleges' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City Colleges' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City Colleges' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City Colleges' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City Colleges' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, 2023-006, 2023-007 and 2023-008. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on City Colleges' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City Colleges' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, 2023-007 and 2023-008, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on City Colleges' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City Colleges' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely presented component unit of City Colleges as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements. We issued our report thereon dated November 30, 2023, which contained unmodified opinions on those financial statements. Our report included an emphasis of matter paragraph relating to restatements of beginning capital assets (subscription-based assets) and obligations (subscription-based liabilities), as of July 1, 2022, for the implementation of Governmental Accounting Standards Board Statement Number 96, *Subscription-Based Information Technology Arrangements*. Our opinions were not modified with regard to this matter. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Chicago, Illinois
November 30, 2023

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Education -					
Student Financial Assistance Cluster:					
Federal Pell Grant Program	84.063			\$ 48,884,200	\$ -
Federal Work-Study Program	84.033			653,800	-
Federal Supplemental Educational Opportunity Grants	84.007			2,586,486	-
Federal Direct Student Loans	84.268			3,696,899	-
Total Student Financial Assistance Cluster:				55,821,385	-
TRIO Cluster:					
TRIO - Student Support Services					
Student Support Services	84.042A		P042A200869-21	36,361	-
Student Support Services	84.042A		P042A200869-22	230,770	-
Student Support Services	84.042A		P042A201422-21	28,422	-
Student Support Services	84.042A		P042A201422-22	233,052	-
Student Support Services	84.042A		P042A201393-21	23,279	-
Student Support Services	<u>84.042A</u>		P042A201393-22	250,034	-
Subtotal	84.042A			801,918	-
TRIO - Talent Search					
Talent Search	84.044A		P066A210039-22	30,194	-
Talent Search	<u>84.044A</u>		P066A210039-23	314,869	-
Subtotal	84.044A			345,063	-
TRIO - Educational Opportunity Centers					
Educational Opportunity Centers	84.066A		P066A210039-22	32,423	-
Educational Opportunity Centers	<u>84.066A</u>		P066A210039-23	210,034	-
Subtotal	84.066A			242,457	-
Total TRIO Cluster				1,389,438	-
Adult Education - Basic Grants to States					
Passed through the Illinois Community College Board					
Adult Education - Basic Grants to States	<u>84.002A</u>	AEFLA 1625-37550		1,781,974	-
Subtotal	84.002A			1,781,974	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Education - (Continued)					
Higher Education Institutional Aid					
Title V Northeastern Illinois University Cooperative	84.031S		P031S180151-21	\$ 67,735	\$ -
Title V Northeastern Illinois University Cooperative	84.031S		P031S180151-22	229,388	-
Mathematics, Engineering, Technology, Apoyo, and Science (METAS)	84.031C		P031C210013-22	88,629	-
Mathematics, Engineering, Technology, Apoyo, and Science (METAS)	84.031C		P031C210013-23	579,530	-
Predominantly Black Institutions Program - Formula Grants	84.031P		P031P210009-23	50,344	-
Predominantly Black Institutions Program - Formula Grants	84.031P		P031P210009-22	23,962	-
Predominantly Black Institutions Program - Formula Grants	84.031P		P031P210009-23	101,095	-
Passed through Northeastern Illinois University					
H.S.I. STEM and Articulation	<u>84.031C</u>	21061-210822-1-HWC		130,988	-
Subtotal	84.031			<u>1,271,671</u>	<u>-</u>
Career and Technical Education - Basic Grants to States					
Passed through the Illinois Community College Board					
Perkins III Grant	84.048	CTE50822		29,062	-
Perkins III Grant	<u>84.048</u>	CTE50823		864,497	-
Subtotal	84.048			<u>893,559</u>	<u>-</u>
COVID-19 Education Stabilization Fund					
Higher Education Emergency Relief Fund (HEERF)					
COVID 19 - HEERF Student Aid Portion	84.425E		P425E2026	12,005,160	-
COVID 19 - HEERF Institutional Portion	84.425F		P425F2032	29,996,979	-
COVID 19 - Minority Serving Institutions	84.425L		P425L2002	1,906,552	-
COVID 19 - HEERF SSARP	<u>84.425T</u>		P425T220514/19	1,149,230	-
Total Higher Education Relief Fund	84.425			<u>45,057,921</u>	<u>-</u>
Passed through the Illinois Community College Board					
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	684-00-2727		1,508,921	-
COVID-19 Governor's Emergency Education Relief Fund (GEER II)	<u>84.425C</u>	684-00-2455		246,918	-
	84.425			<u>1,755,839</u>	<u>-</u>
Passed through the Illinois Community College Board					
COVID-19 Maximizing On-Site and Virtual Experiences	<u>84.425P</u>	PL116-136		1,000,065	-
Subtotal	84.425			<u>1,000,065</u>	<u>-</u>
Total COVID-19 Education Stabilization Fund				<u>47,813,825</u>	<u>-</u>
Strengthening Minority-Serving Institutions					
Olive Harvey College	84.382A		P382A150033-21	129,491	-
Olive Harvey College	84.382A		P382A150033-22	59,486	-
Pipeline to Careers in Healthcare	84.382A		P382A150024-20	51,895	-
Pipeline to Careers in Healthcare	<u>84.382A</u>		P382A150024-21	209,565	-
Subtotal	84.382A			<u>450,437</u>	<u>-</u>

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
Research and Development Cluster:					
Fund for the Improvement of Postsecondary Education					
Veteran Student Success	84.116G		P116G220043	18,742	-
Illinois SCOERs: Support for the Creation of Open Educational Resources	84.116T		P116T210005	36,849	-
Subtotal	84.116			55,591 *	-
Total Expenditures - U.S. Department of Education				109,477,880	-
U.S. Department of Health and Human Services -					
Head Start Cluster:					
Passed through the City of Chicago Department of Family and Support Services:					
Head Start Program	93.600	181584		\$ 194,634	\$ -
Head Start Program	93.600	228913		306,393	-
Early Head Start	93.600	181589		319,735	-
Early Head Start	93.600	228947		549,934	-
ARP Head Start	93.600	212953		27,220	-
ARP Early Head Start	93.600	212961		27,084	-
CRRSA Head Start	93.600	228146		3,797	-
CRRSA Early Head Start	93.600	226850		3,797	-
CELWS Head Start IGA	93.600	189414		247,328	-
Total Headstart Cluster	93.600			1,679,922	-
Public Health Service Act					
Passed through Health Resources and Services Administration:					
Mental and Behavioral Health Education and Training Grants					
Opioid Family Support	93.732	T26HP39443		293,205	-
HRSA Community Health Worker Training Program					
Passed through Health Resources and Services Administration:					
Mental and Behavioral Health Education and Training Grants					
	93.732	T26HP39443		20,885	-
Total	93.732			314,090	-
Child Care and Development Block Grant					
Passed through the Illinois State Board of Education:					
Early Childhood Access Consortium for Equity Act (ECACE)	93.575	684-05-2866		1,218,809	-
Biomedical Research and Research Training					
Passed through the National Institute of Health and the University of Illinois at Chicago:					
Bridges to the Baccalaureate Research Training Program	93.859	1T34GM142627-01		12,375 *	-
Total Expenditures - U.S. Department of Health and Human Services				3,225,196	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Agriculture -					
Passed through the Illinois State Board of Education:					
Child and Adult Care Food Program	10.558	15016508051		3,999	-
Child and Adult Care Food Program	10.558	15016508051		140,597	-
Total Expenditures - U.S. Department of Agriculture				144,596	-
U.S. Department of Labor -					
Registered Apprenticeship					
Passed through Illinois Department of Commerce and Economic Opportunity and Bradley University:					
Illinois Manufacturing Excellence Center (IMEC)	17.285	37-1368934		\$ 32,554	\$ -
Passed through the American Association of Community Colleges:					
Apprenticeships Initiative (ECCA)	17.285	AP330251975A11		2,640	-
Subtotal	17.285			35,194	-
H-1B Job Training Grants					
Passed through the Illinois Community College Board					
H-1B Job Training Grants - CAP-IT Apprenticeship Grant	17.268	684-00-2334		225,991	-
Total Expenditures - U.S. Department of Labor				261,185	-
National Science Foundation -					
Research and Development Cluster: STEM Education					
Organizational Change for Gender Equity in STEM Academic Professions					
ADVANCE Catalyst Participatory Action Research	47.076		2140262	124,476	-
Passed through Chicago State University:					
Exploring the Impact of Cultural Wealth and Scholarships					
S-STEM Scholars Program	47.076	DUE-1833435		176,061	-
Building Capacity: Building Bridges into Engineering and Computer Science					
Computer Science	47.076	DUE-1832553		264,635	-
Developing a Biotechnology Degree Program to Train Skilled Biotechnicians in Chicago					
Biotechnicians in Chicago	47.076	DUE-2100370		122,508	-
Research and Development Cluster					
				687,680 *	-
Total Expenditures - National Science Foundation				687,680	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Transportation -					
Passed through the Illinois Department of Transportation: Highway Planning and Construction Cluster: Federal Highway Administration					
Highway Planning and Construction	20.205	S-HCCTP-510		253,409	-
Total Highway Planning and Construction Cluster				253,409	-
Total Expenditures - U.S. Department of Transportation				253,409	-
* Total Research and Development Cluster \$758,117					
U.S. Department of Justice -					
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus Office on Violence Against Women					
Project SAFE	16.525		2020-WA-AX-0008	\$ 333,367	\$ -
Crime Victim Assistance Passed through the Illinois Criminal Justice Information Authority					
Victim of Crime Act	16.575	546-00-1745		664,261	-
Total Expenditures - U.S. Department of Justice				997,628	-
U.S. Department of Defense					
Passed through the Office of Naval Research National Defense Education Program Advancing Opportunities for Women in STEM					
	12.006	N62880		1,001,801	-
Total Expenditures - U.S. Department of Defense				1,001,801	-
U.S. Department of Treasury					
Coronavirus State and Local Fiscal Recovery Funds Passed through the City of Chicago Department of Family and Support Services:					
COVID-19 Apprenticeships & Work-Based Learning	21.027	212797		556,335	-
Coronavirus State and Local Fiscal Recovery Funds Passed through the Illinois Community College Board:					
COVID-19 College Bridge	21.027	684-05-2840		603,005	-
State and Local Fiscal Recovery Fund Program Passed through the Illinois Department of Commerce and Economic Opportunity:					
COVID-19 Job Training Economic Development Program (JTED)	21.027	420-27-2731		105,397	-
Total Expenditures - U.S. Department of Treasury, total	21.027			1,264,737	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Energy					
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance Passed through the University of Illinois at Chicago: University of Illinois Chicago's Industrial Assessment Center	81.117	DE-EE0009714		41,771	-
Office of Science Financial Assistance Program Community Research on Climate and Urban Science Grant (CROCUS)	81.049		DE-SC0023299	2,471 *	-
Total Expenditures - U.S. Department of Energy				44,242	-
Total Expenditures of Federal Awards				\$ 117,358,354	\$ -

See Notes to the Schedule of Expenditures of Federal Awards.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Scope of Entity

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 seven colleges are Richard J. Daley College, Harold Washington College, Kennedy-King College, Malcolm X College, Olive-Harvey College, Harry S. Truman College, and Wilbur Wright College. The Board of Trustees, appointed by the Mayor of the City of Chicago and ratified by the City Council of Chicago, is responsible for establishing the policies and procedures by which City Colleges is governed. The U.S. Department of Education has been designated as the City Colleges' cognizant agency for the audit performed in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Fiscal period audited: Single Audit testing procedures were performed for program transactions that occurred during the fiscal year ended June 30, 2023.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City Colleges under programs of the federal government for the year ended June 30, 2023 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of City Colleges, it is not intended to and does not present the financial position changes in net position, or cash flows of City Colleges.

Note 3. Indirect Costs

Cost allocation: City Colleges has a plan for allocation of common and indirect costs related to grant programs in accordance with the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The indirect cost rate used to allocate amounts to grant programs during the fiscal year ended June 30, 2023 is primarily based on a federally negotiated higher education rate agreement of 53%. Because City Colleges negotiated an indirect cost rate, it cannot elect to use the 10% de minimis rate.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*

Note 4. Federal Student Loan Programs

Loans made under the Federal Direct Student Loan program (Assistance Listing Number 84.268) issued to eligible students of City Colleges during the fiscal year ended June 30, 2023, are summarized as follows:

Guaranteed Loan Programs:	
Subsidized	\$ 1,912,557
Unsubsidized	<u>1,784,380</u>
Total Federal Student Loan Programs	<u>\$ 3,696,937</u>

The loan programs include subsidized and unsubsidized loans. The value of loans issued for the Federal Student Loan Program is based on disbursement amounts. The loan amounts issued during the year are disclosed on the schedule. City Colleges is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in City Colleges' basic financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of City Colleges at June 30, 2023.

Note 5. Amount of Federal Insurance in Effect During the Year

No federal insurance was received by City Colleges during the year ended June 30, 2023.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? X Yes None Reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? X Yes No

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Identification of major program:

<u>Assistance Listing Numbers</u>	<u>Names of Federal Programs or Cluster</u>
84.063, 84.033, 84.007, 84.268	Student Financial Assistance Clusters
84.425E, 84.425F, 84.425L, 84.425T, 84.425C, 84.425P	COVID-19: Education Stabilization Fund: Higher Education Emergency Relief Fund (HEERF) COVID-19: HEERF Student Aid Portion COVID-19: HEERF Institutional Portion COVID-19: HEERF Minority Serving Institution COVID-19: HEERF SSARP COVID-19: Governor’s Emergency Education Relief Fund COVID-19: Maximizing On-Site and Virtual Experiences

Dollar threshold used to distinguish between
type A and type B programs \$3,000,000

Auditee qualified as low-risk auditee? Yes X No

Section II. FINANCIAL STATEMENT FINDINGS

No matters to report.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Section III. FEDERAL AWARD FINDINGS

Finding 2023-001 – Enrollment Reporting

Repeat Finding: Yes

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Pell Grant Program: 84.063
Federal Direct Student Loans: 84.268
Federal Award Year 2022-2023

Condition

For four out of sixty students tested (7%) who withdrew from City Colleges, the students' withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.

Criteria

CFR section 685.309 and 690.83(b)(2) requires City Colleges to notify the NSLDS within 30 days of a change in student status or include the change in status in a response to an enrollment reporting roster within 60 days of the student's date of determination of withdrawal.

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure accurate reporting of enrollment status changes.

Questioned Costs

There were no questioned costs related to testing of enrollment reporting.

Cause

The financial aid office does not have an effective system in place to ensure all official student status changes are reported to the lender accurately.

Prevalence

Infrequent. Four out of sixty students selected for testing.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Effect

Failure to report status changes timely is noncompliance with Federal regulation and could result in loss of future funding.

Recommendation

We recommend City Colleges implement monitoring procedures which will promptly notify the financial aid office of any student status changes. A system of monitoring procedures and/or controls will ensure the College is reporting any status changes to the lender accurately. City Colleges should implement a review process to ensure all status changes are addressed by the financial aid office.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2023-002 – Short-Term Program Completion and Placement Rates

Repeat Finding: Yes

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Direct Student Loans: 84.268
Federal Award Year 2022-2023

Condition

The College did not achieve the required 70% completion rate for a short-term program. The College cannot demonstrate compliance with the gainful employment placement rate calculation for a short-term program.

Criteria

For the Direct Loan Program, short-term eligible programs at a postsecondary vocational institution must be between 300 - 599 clock hours. They must have been provided for at least one year and must have a substantiated completion and placement rate of at least 70 percent for the most recently completed award year. 34 CFR Section 668.8(f) and (g) requires the college to have documentation supporting its placement rates for each student showing that the student obtained gainful employment in the recognized occupation for which he or she was trained or in a related comparable recognized occupation.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Criteria *(continued)*

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure compliance with completion and placement rate calculations for short-term programs.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

The financial aid office did not follow-up on the gainful employment of students.

Prevalence

Frequent. Two out of two students who completed the program did not have sufficient support for the placement rate calculation. Five out of seven students tested did not successfully complete the programs resulting in a completion rate below 70%.

Effect

Failure to calculate the placement data for each student or achievement of the required completion rate is noncompliance with Federal regulation and could result in loss of future funding

Recommendation

We recommend City Colleges enhance their policies and procedures to ensure that calculation of placement rates is being maintained and that completion rates are being monitored for compliance.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2023-003 – Common Origination and Disbursement (COD) Reporting

Repeat Finding: No

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Direct Student Loans: 84.268
Federal Pell Grant Programs: 84.063
Federal Award Year 2022-2023

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Condition

For ten out of forty students tested (25%), the College did not report certain disbursements of financial aid to COD within the require fifteen days from the date of disbursement. In all instances, the disbursements were reported one day late.

Criteria

For the Direct Loan and Pell Grant Programs, Institutions must report student disbursement data to COD within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data. Institutions may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls deigned to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure timeliness of transmission of disbursement records to COD.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

The financial aid office inadvertently miscalculated the reporting date.

Prevalence

Frequent. Ten out of forty students selected for testing.

Effect

Failure to report disbursement records to COD could result in loss of future funding.

Recommendation

We recommend City Colleges enhance their policies and procedures to ensure COD disbursement records are transmitted to COD within the required timeframe.

Views of responsible officials

We agree with this finding. See corrective action plan.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Finding 2023-004– Cash Management – Excess Cash

Repeat Finding: No

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Direct Student Loans: 84.268
Federal Pell Grant Program: 84.063
Federal Award Year 2022-2023

Condition

During our cash management testing, we identified the following instances of excess cash:

- Kennedy King College had excess cash for the Pell Grant Program ranging from \$34,408 to \$175,609 during the period of November 14, 2022 through January 31, 2023. In these situations, the excess cash exceeded one percent of total prior year drawdowns and amounts were not returned within a seven-day period, as outlined below.
- Kennedy King College had excess cash for the Direct Loan Program ranging from \$1,349 to \$4,318 during the period of November 29, 2022 through December 13, 2022, from \$1,508 to \$3,948 during the period of January 6, 2023 through January 16, 2023 and from \$3,207 to \$5,137 during the period of June 15, 2023 through June 29, 2023. In these situations, the excess cash did not exceed one percent of total prior year drawdowns, however, amounts were not returned within a seven-day period, as outlined below.
- Truman College had excess cash for the Pell Grant Program ranging from \$164,625 to \$262,034 during the period of November 14, 2022 through January 31, 2023. In these situations, the excess cash exceeded one percent of total prior year drawdowns and amounts were not returned within a seven-day period, as outlined below.
- Truman College had excess cash for the Direct Loan Program ranging from \$2,731 to \$8,669 during the period of January 20, 2023 through February 16, 2023 and from \$752 to \$10,028 during the period of April 28, 2023 through June 29, 2023. In these situations, the excess cash did not exceed one percent of total prior year drawdowns, however, amounts were not returned within a seven-day period, as outlined below.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Criteria

Uniform Grant Guidance (34 CFR 668.166) states the Secretary considers excess cash to be any amount of title IV, HEA program funds, other than Federal Perkins Loan program funds, that an institution does not disburse to students by the end of the third business day following the date the institution (1) received those funds from the Secretary; or (2) deposited or transferred to its depository account previously disbursed title IV, HEA program funds, such as those resulting from awards adjustments, recoveries, or cancellations. An institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount of excess cash remaining in its account after the seven-day tolerance period.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure excess cash is properly handled.

Questioned Costs

Questioned costs would be those in excess of the one percent threshold. Questioned costs for the Kennedy King College Pell Grant Program excess cash ranged from \$486 to \$133,996. Questioned costs for Truman College Grant Program excess cash ranged from \$108,399 to \$205,809.

Cause

The College drew down funds available in the G5 system as opposed to drawing down expected student disbursement amounts.

Effect

Excess cash is noncompliance with Federal regulation and could result in the loss of future funding and the return of additional funds.

Recommendation

We recommend City Colleges review current processes for monitoring cash management and implement procedures that eliminate excess cash.

Views of responsible officials

We agree with this finding. See corrective action plan.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Finding 2023-005– Student Financial Assistance Cluster Internal Control over Compliance

Repeat Finding: No

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Direct Student Loans: 84.268
Federal Pell Grant Program: 84.063
Federal Work-Study Program: 84.033
Federal Supplemental Educational Opportunity Grants: 84.007
Federal Award Year 2022-2023

Condition

City Colleges did not have sufficient documentation that internal controls were in place and operating effectively relative to the following areas:

- Allowable Activities: For each of the seven campuses, City Colleges did not have sufficient supporting evidence that review controls were performed over the transfer, carryforward, carryback, and administrative cost calculations in the Fiscal Operations Report and Application to Participate (FISAP) for award year July 1, 2021 through June 30, 2022 submitted during fiscal year 2023.
- Reporting: For each of the seven campuses, City Colleges did not have sufficient supporting evidence that secondary review controls were performed over FISAP data for award year July 1, 2021 through June 30, 2022 submitted during fiscal year 2023.

Criteria

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure the review and approval controls over allowable activities, eligibility and reporting compliance requirements are sufficiently documented.

Questioned Costs

There were no questioned costs with respect to this finding.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Cause

City Colleges did not formally document the additional reviews and approvals over the department's review of the FISAP.

Effect

For allowable activities, the lack of properly documented reviews in carryforward, carryback, and administrative cost calculations could result in errors that would impact future funding determinations. For eligibility, the lack of properly documented reviews could result in over or under awards to students which could result in loss of future funding. For reporting, the lack of properly documented reviews over the FISAP, could result in loss of future funding.

Recommendation

We recommend City Colleges implement controls to ensure that sufficient documentation is maintained over review controls associated with eligibility, allowable costs and reporting.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2023-006– Gramm-Leach Bliley Act—Student Information Security

Repeat Finding: No

Federal Program Title – U.S. Department of Education

Student Financial Assistance Cluster

Federal Direct Student Loans: 84.268

Federal Pell Grant Program: 84.063

Federal Work-Study Program: 84.033

Federal Supplemental Educational Opportunity Grants: 84.007

Federal Award Year 2022-2023

Condition

City Colleges did not have a documented policy to address a required safeguard for one of the eight required elements under the Gramm-Leach Bliley Act (GLBA). Specifically, the City Colleges did not conduct a periodic inventory of data, noting where it's collected, stored or transmitted.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Criteria

In accordance with 16 CFR 314.4(c), an institution's written information security program must address the implementation of the minimum safeguards identified in 16 CFR 314.4(c)(1) through (8). This includes the following: (1) implement and periodically review access controls, (2) conduct a periodic inventory of data, noting where it's collected, stored or transmitted, (3) encrypt customer information on the institution's system and when it's in transit, (4) assess apps developed by the institution, (5) implement multi-factor authentication for anyone accessing customer information on the institution's system, (6) dispose of customer information securely, (7) anticipate and evaluate changes to the information system or network, and (8) maintain a log of authorized users' activity and keep an eye out for unauthorized users.

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure that reviews are being completed over information security policies and in compliance with GLBA requirements.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

City Colleges does not have a periodic data inventory in place. The policy is under development with an expected completion date of Spring 2024.

Effect

Failure to meet the minimum requirements of the GLBA act is noncompliance and increases the risk of unauthorized disclosure, misuse, alteration, destruction, or other compromise of student information.

Recommendation

We recommend City Colleges implement controls to ensure that GLBA requirements are reviewed and addressed in a formally documented policy.

Views of responsible officials

We agree with this finding. See corrective action plan.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

**Finding 2023-007 – COVID-19 Education Stabilization Fund: Higher Education
Emergency Relief Fund Annual Reporting**

Repeat Finding: Partial

Federal Program Title – U.S. Department of Education
COVID-19 Education Stabilization Fund
Higher Education Emergency Relief Fund (HEERF)
COVID-19: HEERF Institutional Portion 84.425F
Federal Award Year 2022-2023

Condition

City Colleges did not accurately report certain information required in the calendar year 2022 annual report. The following instances of noncompliance were identified:

- HEERF Institutional Portion: City Colleges submitted the annual report for Olive Harvey for the period of January 1, 2022 – December 31, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$234,118 which was a result of a figure being double counted in the total.
- HEERF Institutional Portion: City Colleges submitted the annual report for Malcolm X for the period of January 1, 2022 – December 31, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$5,580,216 which was a result of a figure being double counted in the total.

Criteria

The Department of Education requires the submission of a “Higher Education Emergency Relief Fund (HEERF) I, II, & III Annual Performance Report” to be submitted on a calendar year basis. The third annual report covered the period of January 1, 2022 – December 31, 2022 and was due in March 2023.

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure the timely and accurate posting of reports.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

City Colleges did not have effective internal controls in place to ensure reports were submitted accurately. Reports were reviewed before submission, but those reviews were not precise enough.

Prevalence

Infrequent. 35 reports were required to be submitted in fiscal year 2023 relative to HEERF Student, Institutional, MSI and Annual reporting. 2 reports contained 1 field that was inaccurate.

Effect

The submission of inaccurate reports is noncompliance with the requirements of the grant award and could result in other penalties.

Recommendation

We recommend City Colleges implement internal controls to ensure reports are submitted accurately for the final annual report that is anticipated to be due in early 2024.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2023-008 – Student Financial Assistance Cluster – Fraudulent Enrollment

Repeat Finding: No

Federal Program Title – U.S. Department of Education

Student Financial Assistance Cluster

Federal Pell Grant Program: 84.063

Federal Work-Study Program: 84.033

Federal Supplemental Educational Opportunity Grants: 84.007

Federal Direct Student Loans: 84.268

Federal Award Year 2022-2023

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Condition

City Colleges did not timely report information regarding potential fraudulent student enrollments to the Department of Education’s Office of Inspector General (OIG). City Colleges identified a total of 23 students where the Enrollment and Admissions Departments discovered submission of fraudulent documents to verify residency. City Colleges performed a thorough investigation of student enrollment and verified that no aid was disbursed for these identified fraudulent enrollments.

Criteria

In accordance with Chapter 3 “FSA Administrative and Related Requirements” of the Federal Student Aid Handbook, the Department of Education requires that “a school must refer any credible information indicating that an applicant for federal student aid may have engaged in fraud or other criminal misconduct in connection with his or her application.”

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls deigned to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure all Department of Education requirements are followed.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

City Colleges experienced turnover in the Admissions Department and was training a new employee. The new employee did not have enough training or experience to identify fraudulent documents when the students enrolled with the college and registered for classes. City Colleges was not aware that this issue was required to be reported to the Department of Education.

Prevalence

Infrequent. 23 fraudulent applications were identified.

Effect

The inability to identify fraudulent documents could result in the incorrect distribution of student financial aid.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Recommendation

We recommend City Colleges increase training around reporting requirements to the U.S. Department of Education when fraudulent student enrollments occur.

Views of responsible officials

We agree with this finding. See corrective action plan.

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Chicago Illinois 60606

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Identifying Number: Finding 2022-001 – COVID-19 Education Stabilization Fund: Higher Education Emergency Relief Fund Reporting

Audit Finding: City Colleges did not have sufficient documentation that internal controls were in place and operating effectively relative to the following areas:

- HEERF Student Reporting: City Colleges did not have sufficient supporting evidence that review controls were performed over the July 1, 2021 – September 30, 2021 quarterly student report prior to submission.
- HEERF MSI Reporting: City Colleges did not have sufficient supporting evidence that review controls were performed over the July 1, 2021 – September 30, 2021 quarterly report prior to submission

City Colleges did not publicly post certain required reports accurately. The following instance of noncompliance was identified:

- HEERF Student Portion: City Colleges posted a report on July 8, 2021 for Wilbur Wright for the period of April 1, 2022 – June 30, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$307,750.

Status: Partially Corrected. Repeat finding in fiscal year 2023. See finding 2023-007.

Corrective Action Taken:

The Department of Ed has given the institution the authorization to amend prior quarterly and annual reports that was posted in error. Student Financial and the Financial Aid Office will continue to fine-tune the Review & Approval Process for all quarterly and annual reports. Part-Time Project Manager for Finance will continue to monitor Dept of ED for any HEERF Updates while validating all review and approval documents.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Identifying Number: Finding 2022-002 – Return of Title IV Funds – Enrollment Reporting

Audit Finding

- For two out of sixty students tested (3%) who withdrew from City Colleges, the students' withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records. The student's status change at the campus level and program were not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For two out of sixty students tested (3%) who withdrew from City Colleges, the students' status change at the campus level and program level were not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For nine out of sixty students tested (15%) who withdrew from City Colleges, the students' status change at the campus level and program level was never reported the National Student Loan Data System (NSLDS).
- For six out of sixty students tested (10%) who withdrew from City Colleges, the students' status change at the program level was never reported the National Student Loan Data System (NSLDS).
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's status change at the program level was not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's status change at the campus level was not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For four out of sixty students tested (7%) who withdrew from City Colleges, the students' withdrawal status reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.

Status: Partially Corrected. Repeat finding in fiscal year 2023. See finding 2023-001.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Corrective Action Taken:

The enrollment reporting functions are housed in the college's registrar office and separate from financial aid. An enrollment file is generated at the district level and uploaded quarterly. The Registrar's Office & Financial Aid Office created a weekly meeting to update its enrollment reporting procedures and create a reconciliation process to ensure all students are reported to NSLDS.

Identifying Number: Finding 2022-003 – Short-Term Program Placement Rate

Audit Finding

The College cannot demonstrate compliance with the gainful employment placement rate of 70% calculation for the short-term program at a post-secondary vocational institution.

Status: Uncorrected. Repeat finding in fiscal year 2023. See finding 2023-002.

Corrective Action Taken:

The Financial Aid Office will work with campus leadership to develop a gainful employment reporting process at Daley College and Wright College for short term programs. The reporting structure will include an outreach protocol to be completed and reported on currently enrolled during End of Term Processing for each semester.

RSM US LLP
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CORRECTIVE ACTION PLANS

Finding 2023-001 – Enrollment Reporting

Condition

For four out of sixty students tested (7%) who withdrew from City Colleges, the students' withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.

Cause

The financial aid office does not have an effective system in place to ensure all official student status changes are reported to the lender accurately.

Corrective Action Taken or Planned

City Colleges sends enrollment files of all students to the National Student Clearinghouse monthly, who then reports CCC enrollment data to NSLDS. City Colleges (Records, Financial Aid, Decision Support and the Office of Information Technology) continues to meet bi-weekly to review and update the enrollment reporting logic to ensure the dates for student enrollment actions align at the campus level and the program level.

Contact Person: Laura Clark, Associate Vice Chancellor, Academic Systems and Tiffany Morrison, Associate Vice Chancellor, Financial Aid.

Anticipated Completion Date: May 1, 2024

Finding 2023-002 – Short-Term Program Completion and Placement Rates

Condition

The College did not achieve the required 70% completion rate for a short-term program. The College cannot demonstrate compliance with the gainful employment placement rate calculation for a short-term program.

CORRECTIVE ACTION PLANS *(Continued)*

Cause

The financial aid office did not follow-up on the gainful employment of students.

Corrective Action Taken or Planned

The Financial Aid Office will work with campus leadership and staff to ensure an accurate reporting process is in place to track gainful employment and completion. Documentation will be required by campus leadership to show communication efforts for students.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid

Anticipated Completion Date: December 31, 2023

Finding 2022-003 – Common Origination and Disbursement (COD) Reporting

Condition

For ten out of forty students tested (25%), the College did not report certain disbursements of financial aid to COD within the require fifteen days from the date of disbursement. In all instances, the disbursements were reported one day late.

Cause

The financial aid office inadvertently miscalculated the reporting date.

Corrective Action Taken or Planned

Financial Aid will add additional monitoring controls of COD files to ensure timely reporting.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid

Anticipated Completion Date: December 31, 2023

Finding 2022-004 – Cash Management – Excess Cash

Condition

During our cash management testing, we identified the following instances of excess cash:

CORRECTIVE ACTION PLANS *(Continued)*

- Kennedy King College had excess cash for the Pell Grant Program ranging from \$34,408 to \$175,609 during the period of November 14, 2022 through January 31, 2023. In these situations, the excess cash exceeded one percent of total prior year drawdowns and amounts were not returned within a seven-day period.
- Kennedy King College had excess cash for the Direct Loan Program ranging from \$1,349 to \$4,318 during the period of November 29, 2022 through December 13, 2022, from \$1,508 to \$3,948 during the period of January 6, 2023 through January 16, 2023 and from \$3,207 to \$5,137 during the period of June 15, 2023 through June 29, 2023. In these situations, the excess cash did not exceed one percent of total prior year drawdowns, however, amounts were not returned within a seven-day period.
- Truman College had excess cash for the Pell Grant Program ranging from \$164,625 to \$262,034 during the period of November 14, 2022 through January 31, 2023. In these situations, the excess cash exceeded one percent of total prior year drawdowns and amounts were not returned within a seven-day period.
- Truman College had excess cash for the Direct Loan Program ranging from \$2,731 to \$8,669 during the period of January 20, 2023 through February 16, 2023 and from \$752 to \$10,028 during the period of April 28, 2023 through June 29, 2023. In these situations, the excess cash did not exceed one percent of total prior year drawdowns; however, amounts were not returned within a seven-day period.

Cause

The College drew down funds available in the G5 system as opposed to drawing down expected student disbursement amounts.

Corrective Action Taken or Planned

District Office Financial Aid will develop and implement better controls and procedures for monitoring the timing of the draw downs and student disbursements as well as controls to monitor the return of excess cash, if any, within the 7-day period. During the middle of a semester, timely reconciliations will be prepared, reviewed and approved prior to the next draw down to ensure the acceptable amount is drawn down and disbursed timely to the students.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid

Anticipated Completion Date: December 31, 2023

CORRECTIVE ACTION PLANS *(Continued)*

Finding 2023-005– Student Financial Assistance Cluster Internal Control over Compliance

Condition

City Colleges did not have sufficient documentation that internal controls were in place and operating effectively relative to the following areas:

- Allowable Activities: For each of the seven campuses, City Colleges did not have sufficient supporting evidence that review controls were performed over the transfer, carryforward, carryback, and administrative cost calculations in the Fiscal Operations

Report and Application to Participate (FISAP) for award year July 1, 2021 through June 30, 2022 submitted during fiscal year 2023.

- Reporting: For each of the seven campuses, City Colleges did not have sufficient supporting evidence that secondary review controls were performed over FISAP data for award year July 1, 2021 through June 30, 2022 submitted during fiscal year 2023.

Cause

City Colleges did not formally document the additional reviews and approvals over the department’s review of the FISAP.

Corrective Action Taken or Planned

Financial Aid will develop and document a review/approval process that will detail accurate reporting, secondary reviews, and review/approval of FISAP submissions and completions.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid

Anticipated Completion Date: December 31, 2023

Finding 2023-006– Gramm-Leach Bliley Act—Student Information Security

Condition

City Colleges did not have a documented policy to address a required safeguard for one of the eight required elements under the Gramm-Leach Bliley Act (GLBA). Specifically, the City Colleges did not conduct a periodic inventory of data, nothing where it’s collected, stored or transmitted.

CORRECTIVE ACTION PLANS *(Continued)*

Cause

City Colleges does not have a periodic data inventory in place. The policy is under development with an expected completion date of December 2023.

Corrective Action Taken or Planned

CCC will refresh the current data inventory and instate periodic inventory refresh procedures by December 31, 2023.

Contact Person: Zarko Njakara, Interim CIO

Anticipated Completion Date: December 31, 2023

Finding 2023-007 – COVID-19 Education Stabilization Fund: Higher Education Emergency Relief Fund Annual Reporting

Condition

City Colleges did not accurately report certain information required in the calendar year 2022 annual report. The following instances of noncompliance were identified:

- HEERF Institutional Portion: City Colleges submitted the annual report for Olive Harvey for the period of January 1, 2022 – December 31, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$234,118 which was a result of a figure being double counted in the total.
- HEERF Institutional Portion: City Colleges submitted the annual report for Malcolm X for the period of January 1, 2022 – December 31, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$5,580,216 which was a result of a figure being double counted in the total.

Cause

City Colleges did not have effective internal controls in place to ensure reports were submitted accurately.

CORRECTIVE ACTION PLANS *(Continued)*

Corrective Action Taken or Planned

Finance will validate and review the OH and MX 2023 annual report for HEERF prior to submission in 2024. Financial Aid will submit the required HEERF Annual Reporting Correction for OH and MX. In addition, will submit the final required 2023 HEERF annual report.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid.

Anticipated Completion Date: December 31, 2023

Finding 2023-008 – Student Financial Assistance Cluster – Fraudulent Enrollment

Condition

City Colleges did not timely report information regarding potential fraudulent student enrollments to the Department of Education’s Office of Inspector General (OIG). City Colleges identified a total of 23 students where the Enrollment and Admissions Departments discovered submission of fraudulent documents to verify residency. City Colleges performed a thorough investigation of student enrollment and verified that no aid was disbursed for these identified fraudulent enrollments

Cause

City Colleges experienced turnover in the Admissions Department and was training a new employee. The new employee did not have enough training or experience to identify fraudulent documents when the students enrolled with the college and registered for classes. City Colleges was not aware that this issue was required to be reported to the Department of Education.

Corrective Action Taken or Planned:

The College will review and monitor the Department of Education regulations. The Student Financial Aid will continue to train employees on the regulations and will timely report issues to the Department of Education.

Contact Person: Tiffany Morrison, Associate Vice Chancellor – Financial Aid & Scholarship

Anticipated Completion Date: In progress

Please contact us if you would like additional copies of the Annual Comprehensive Financial Report for the year ended June 30, 2023: <http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports>

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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