NEW ISSUE – BOOK ENTRY

This Official Statement provides information about the Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement.

$78,065,000
COMMUNITY COLLEGE DISTRICT NUMBER 508
County of Cook and State of Illinois
(CITY COLLEGES OF CHICAGO)
Unlimited Tax General Obligation Bonds (Dedicated Revenues)
Series 2017

DATED: Date of Delivery | **Due: December 1 as shown below**

RATINGS A+ (negative outlook) Fitch Ratings, based on the credit of the District
BBB (stable outlook) Standard & Poor's Global Ratings, based on the credit of the District
Standard & Poor's Global Ratings is expected to assign the insured rating of "AA" (stable outlook) to the Bonds upon the delivery of the Bond Insurance Policy (see **"RATINGS"** and **"BOND INSURANCE"**)

TAX EXEMPTION Interest on the Bonds is excluded from gross income for federal income tax purposes and is not included as an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. Interest on the Bonds is not exempt from current State of Illinois income taxes. See **"TAX MATTERS."**

INTEREST PAYMENT DATES June 1, and December 1, commencing June 1, 2018

ISSUANCE The Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2017 (the *"Bonds"*), will be issued by Community College District Number 508, County of Cook and State of Illinois (the *"District"*) pursuant to the Act, the Debt Reform Act and the Resolutions (all as defined herein).

SECURITY The Bonds will be general obligations of the District to the payment of which the District will pledge its full faith and credit. The Bonds will be payable from Pledged Revenues and Pledged Taxes, as described herein. See **"SECURITY FOR THE BONDS."**

BOND INSURANCE Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Bond Insurance Policy"). The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Bond Insurance Policy included as **APPENDIX F** to this Official Statement. The Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law. See **"BOND INSURANCE."**

BOOK-ENTRY ONLY No physical delivery of the Bonds will be made to beneficial owners, except as described in this Official Statement. Payments with respect to the Bonds will be made to Cede & Co., as nominee of DTC. See and **APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."**

DENOMINATIONS The Bonds will be issued in authorized denominations of $5,000 or any multiple thereof.

REDEMPTION The Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after December 1, 2027, at the redemption price of par plus accrued interest thereon as further described herein. The Bonds are also subject to mandatory sinking fund redemption, as described more fully under **"THE BONDS – Redemption."**

USES The proceeds of the Bonds will be used to finance (i) the design and construction of the Engineering and Advanced Manufacturing Center at Daley College, (ii) the expansion of the Olive-Harvey Campus to include a new 103,000-square-foot Transportation, Distribution & Logistics building, (iii) the payment of the interest on the Bonds through December 1, 2018, and (iv) the payment of the costs of issuance of the Bonds (including the Underwriters' discount). See **"PLAN OF FINANCE."**

DELIVERY On or about December 11, 2017.

CO-BOND COUNSEL Katten Muchin Rosenman LLP and Cotillas and Associates

TRUSTEE U.S. Bank National Association, Chicago, Illinois

MATURITY December 1, as shown below.

Maturity December 1	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2023	$110,000	5.00%	2.69%	112.665%	213187 CY1
2024	115,000	5.00	2.81	113.778	213187 CZ8
2025	120,000	5.00	2.93	114.621	213187 DA2
2026	130,000	5.00	3.04	115.289	213187 DB0
2027	135,000	5.00	3.17	115.540	213187 DC8

$765,000 5.00% Term Bonds due December 1, 2032; Yield 3.53%; Price 112.265%,[C] CUSIP 21318 7DH7
$955,000 4.00% Term Bonds due December 1, 2037; Yield 4.05%; Price 99.318%, CUSIP 213187 DK0
$75,735,000 5.00% Term Bonds due December 1, 2047; Yield 3.85%; Price 109.447%,[C] CUSIP 213187DM6

GEORGE K. BAUM & COMPANY
CABRERA CAPITAL MARKETS, LLC
BLAYLOCK VAN, LLC

LOOP CAPITAL MARKETS
SIEBERT CISNEROS SHANK & CO., L.L.C.
PIPER JAFFRAY

Dated: November 29, 2017

C Priced to December 1, 2027 optional redemption date.

CITY COLLEGES OF CHICAGO

DA **RICHARD J. DALEY COLLEGE**
7500 South Pulaski Road
Industry focus:
Advanced Manufacturing

HW **HAROLD WASHINGTON COLLEGE**
30 East Lake Street
Industry focus:
Business & Professional Services

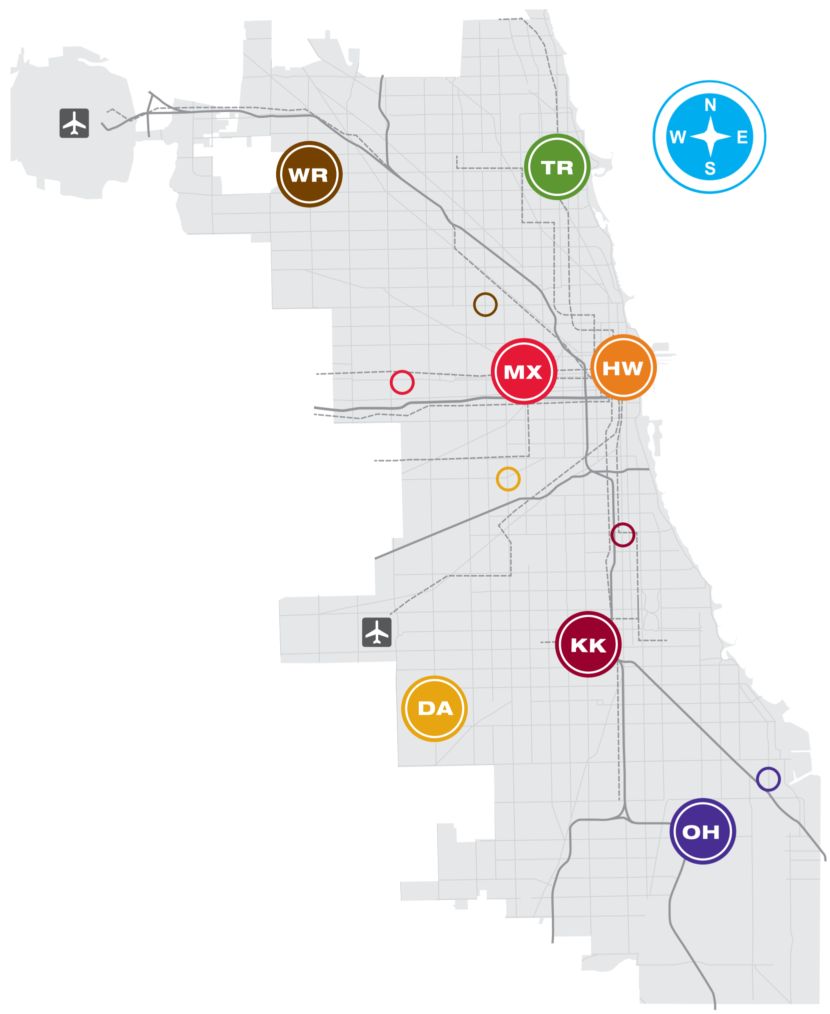
KK **KENNEDY-KING COLLEGE**
6301 South Halsted Street
Industry focus:
Culinary Arts & Hospitality
Construction Technology

MX **MALCOLM X COLLEGE**
1900 West Jackson Boulevard
Industry focus:
Healthcare

OH **OLIVE-HARVEY COLLEGE**
10001 South Woodlawn Avenue
Industry focus:
Transportation, Distribution, & Logistics

TR **HARRY S TRUMAN COLLEGE**
1145 West Wilson Avenue
Industry focus:
Education, Human & Natural Sciences

WR **WILBUR WRIGHT COLLEGE**
4300 North Narragansett Avenue
Industry focus:
Information Technology



Satellite Locations

Humboldt Park Vocational Education Center
1645 North California Avenue

West Side Learning Center
4624 West Madison Street

Arturo Velasquez Institute
2800 South Western Avenue

Dawson Technical Institute
3901 South State Street

South Chicago Learning Center
3055 East 92 Street

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriters to give any information or to make any representation with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement is neither an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Bonds offered hereby, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion set forth herein have been furnished by the District and include information from other sources that the District believes to be reliable. Such information is not guaranteed as to accuracy, fairness or completeness, and is not to be construed as a representation by the Underwriters. Such information and expressions of opinion are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change since the date hereof. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy, fairness or completeness of such information.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "**BOND INSURANCE**" and in **APPENDIX F** – "**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**."

This Official Statement should be considered in its entirety. All references herein to laws, agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the Bonds are further qualified by reference to the information with respect thereto contained in the Indenture for the Bonds. Copies of the Indenture are available for inspection at the offices of the District and the Trustee. The information contained herein is provided as of the date hereof and is subject to change.

These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

This Official Statement contains disclosures which contain "*forward-looking statements.*" Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like "*may*," "*believe*," "*will*," "*expect*," "*project*," "*estimate*," "*anticipate*," "*plan*," or "*continue*." These forward-looking statements are based on the current plans and expectations of the District and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the District's future financial position including but not limited to changes in general economic conditions, demographic trends and federal and State funding of programs which may affect the transfer of funds from the federal and State governments to the District. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the District herein. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The CUSIP numbers on the cover page of this Official Statement listed are being provided solely for the convenience of the Owners only at the time of issuance of the Bonds and neither the District nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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$78,065,000
COMMUNITY COLLEGE DISTRICT NUMBER 508
County of Cook and State of Illinois
(CITY COLLEGES OF CHICAGO)
Unlimited Tax General Obligation Bonds (Dedicated Revenues)
Series 2017

INTRODUCTION

General

The purpose of this Official Statement, including the cover page, the inside cover page and the Appendices hereto, is to set forth information in connection with the offering and sale by Community College District Number 508, County of Cook and State of Illinois (the "*District*" and also referred to in this Official Statement as "*City Colleges of Chicago*," "*CCC*," or "*City Colleges*") of $78,065,000 aggregate principal amount of its Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2017 (the "*Bonds*"). The Bonds are being issued on a parity, and share ratably and equally in all or any portion of the Pledged Revenues (as defined herein), with the District's outstanding Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2013 (the "*Series 2013 Bonds*").

All capitalized terms used in this Official Statement and not otherwise defined in the body of the Official Statement have the same meanings as assigned thereto in **APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions of Certain Terms."**

The proceeds of the Bonds will be used to finance (i) the design and construction of a state-of-the-art Engineering and Advanced Manufacturing Center (EAMC) at Daley College which will support the College's advanced manufacturing instruction, as well as the research and innovation curriculum to accommodate the ever-evolving manufacturing technology and process industry, (ii) the expansion of the Olive-Harvey Campus to include a new 103,000-square-foot Transportation, Distribution & Logistics (TDL) building offering relevant transportation (automotive and diesel technology), distribution and logistics degree and certificate programs, (iii) the payment of the interest on the Bonds through December 1, 2018, and (iv) the payment of the costs of issuance of the Bonds (including the Underwriters' discount). See **"PLAN OF FINANCE"** and **"ESTIMATED SOURCES AND USES OF FUNDS."**

The Bonds will be issued under a Trust Indenture dated as of December 1, 2017 (the "*Indenture*"), by and between the District and U.S. Bank National Association, Chicago, Illinois, as trustee, registrar and paying agent (the "*Trustee*"). The Bonds will be general obligations of the District to the payment of which the District will pledge its full faith and credit.

Authorization for the Bonds

The Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350 (the "*Debt Reform Act*"), authorizes the District to issue alternate revenue bonds ("*Alternate Bonds*") which are general obligation bonds, backed by the full faith and credit of the District, and which are payable from any revenue source available to the District (the "*Alternate Revenues*"). The District must determine, at the time of issuance of the Alternate Bonds, that the Alternate Revenues are projected to be sufficient in each year to pay 125% of debt service on all outstanding Alternate Bonds payable from such Alternate Revenues in such year.

Pursuant to the provisions of the Public Community College Act, 110 Illinois Compiled Statutes 805 (the "*Act*"), and the Debt Reform Act, the Board of Trustees of the District (the "*Board*") adopted a resolution on August 3, 2017 (the "*2017 Authorization*") authorizing the issuance of Alternate Bonds in an aggregate principal amount not to exceed $80,000,000, which Alternate Bonds could be payable from various sources of Alternate Revenues including, but not limited to: (i) student tuition and fees, net of scholarship allowances, imposed and collected pursuant to the Act ("*Tuition and Fee Revenues*") and (ii) grants and other revenues received by the District from the Illinois Community College Board pursuant to the Act ("*State Grant Revenues*"). On November 2, 2017, the Board adopted a resolution authorizing the issuance of Unlimited Tax General Obligation Bonds (Dedicated Revenues), in an aggregate principal amount not to exceed $80,000,000 (the "*Bond Resolution*" and, together with the 2017 Authorization, the "*Resolutions*"). The Bonds are being issued pursuant to the authority of the Act, the Debt Reform Act and the Resolutions.

Security for the Bonds

The Bonds are general obligations of the District to the payment of which the District has pledged its full faith and credit. The Bonds will be secured by and are payable (i) from the Tuition and Fee Revenues and the State Grant Revenues in amounts each year as shall provide for the payment of 125% of annual debt service on the Bonds in such years (the "*Pledged Revenues*"), (ii) to the extent that the Pledged Revenues, together with other amounts on deposit and available to be transferred by the Trustee during the then-current Bond Year from the Pledged Revenues Account pursuant to the Indenture, are insufficient to pay the debt service on the Bonds, from the Pledged Taxes (as defined herein) and (iii) from all Funds, Accounts and Sub-Accounts pledged pursuant to the Indenture. See **"SECURITY FOR THE BONDS"** and **APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."** For a discussion of other obligations of the District that may be payable from the Pledged Revenues, see **"Additional Bonds"** and **"Subordinate Obligations"** below.

Bond Insurance

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Bond Insurance Policy"). The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Bond Insurance Policy included as **APPENDIX F** – "**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**" to this Official Statement. The Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BAM is a third party beneficiary under the Indenture and may enforce provisions of the Indenture as if it were a party thereto. Upon the occurrence and continuance of a default under the Indenture, BAM will be deemed to be the sole holder of the Bonds for all purposes thereunder other than enforcing the tax covenants therein and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds. The Trustee may not waive any default or event of default (other than a default of the tax covenant in the Indenture) without BAM's written consent. See **APPENDIX B** – "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE** – Events of Default and Remedies."

Additional Bonds

Pursuant to the Indenture, the District reserves the right to issue Additional Bonds from time to time payable from all or any portion of the Pledged Revenues in addition to any other source of revenue that may be pledged under the Debt Reform Act, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; provided, however, that no Additional Bonds may be issued except in accordance with the provisions of the Debt Reform Act as in existence on the date of issuance of the Additional Bonds and the Indenture. Subject only to compliance with such provisions of the Debt Reform Act, including the requirement that Pledged Revenues must be sufficient in each year to pay 125% of debt service on all outstanding Bonds, the Series 2013 Bonds and the Additional Bonds, payable from such Pledged Revenues in such year, there is no limit on the aggregate principal amount of Additional Bonds that may be issued by the District. See **"SECURITY FOR THE BONDS – General,"** and **"– Additional Bonds Payable From Pledged Revenues."** After the issuance of the Bonds, the Bonds and the Series 2013 Bonds will be the only Alternate Bonds outstanding and payable from the Pledged Revenues.

Subordinate Obligations

Pursuant to the Indenture, the District reserves the right to issue bonds or other evidences of indebtedness payable from the Pledged Revenues that are subordinate to the Bonds and any Additional Bonds. Such subordinate obligations will be paid from such Pledged Revenues available to the District in each year in excess of those required to be deposited in the Pledged Revenues Account established under the Indenture. See **"SECURITY FOR THE BONDS – General,"** and **"– Subordinate Obligations Payable From Pledged Revenues."**

Other Alternate Bonds

At the time of the issuance of the Bonds, the Bonds and the $237,495,000 principal amount of Series 2013 Bonds outstanding[1] will be the only Alternate Bonds outstanding and payable from the Pledged Revenues. No other bonds of the District are currently outstanding. See **"COMMUNITY COLLEGE DISTRICT NUMBER 508 – Indebtedness."** In the future, the District may issue Alternate Bonds payable from Alternate Revenues designated by the District. There is no current plan to issue Additional Bonds other than the Bonds.

THE BONDS

General

The Bonds shall be issued only in fully registered form without coupons and shall be dated the date of issuance. The Bonds when issued will be registered through a book-entry-only system in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("*DTC*"), New York, New York. So long as DTC, or its nominee, Cede & Co., is the registered owner of all the Bonds, all payments on the Bonds, including redemptions, and notifications related to the Bonds will be made by the Trustee directly to DTC. Individual purchases of interests in the Bonds will be made in book-entry form only. Purchasers will not receive certificates representing their interests in the Bonds purchased. References herein to Bondholders or registered owners of the Bonds mean DTC or its nominee and do not mean the beneficial owners of such Bonds. Details of payments of the Bonds through the book-entry-only-system are described in **APPENDIX D – "BOOK-ENTRY ONLY SYSTEM**."

Each Bond shall bear interest from the interest payment date to which interest has been paid as of the date on which it is authenticated or if it is authenticated prior to the first date on which interest is to be paid from its dated date, which interest shall be payable on June 1 and December 1 of each year, commencing June 1, 2018 (each, an "*Interest Payment Date*"), computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall mature on December 1 of each of the years and in the principal amounts and shall bear interest at the respective rates shown on the cover page hereof. The

[1] Assumes payment of the principal due on the Series 2013 Bonds on December 1, 2017.

Bonds shall be issued in denominations of $5,000 or any integral multiple thereof (the "*Authorized Denominations*"), but no single Bond shall represent principal maturing on more than one date. Interest on each Bond will be payable on each Interest Payment Date to the person in whose name the Bond is registered on the fifteenth day of the calendar month next preceding each Interest Payment Date (the "*Record Date*"). See **APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."**

Redemption

Optional Redemption. The Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in whole or in part (and if in part, in an Authorized Denomination), from such maturities and in such principal amounts as the District shall determine, and in part by lot, on any date on or after December 1, 2027, at the redemption price of par plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2032, December 1, 2037 and December 1, 2047 (the "*Term Bonds*") are subject to mandatory redemption prior to maturity, in part at a redemption price equal to the principal amount thereof plus accrued but unpaid interest on such Term Bonds, on December 1 of the years and in the aggregate principal amounts set forth in the following tables (each constituting a sinking fund installment), as adjusted pursuant to the paragraph immediately thereafter:

Term Bonds maturing on December 1, 2032

Redemption Date (December 1)	Principal Amount
2028	$135,000
2029	145,000
2030	150,000
2031	165,000
2032†	170,000

† Maturity

Term Bonds maturing on December 1, 2037

Redemption Date (December 1)	Principal Amount
2033	$175,000
2034	185,000
2035	190,000
2036	195,000
2037†	210,000

† Maturity

Term Bonds maturing on December 1, 2047

Redemption Date (December 1)	Principal Amount
2038	$ 215,000
2039	225,000
2040	235,000
2041	250,000
2042	260,000
2043	275,000
2044	17,230,000
2045	18,095,000
2046	19,000,000
2047†	19,950,000

† Final Maturity

At its option, to be exercised on or before the 60th day next preceding any mandatory sinking fund redemption date for the Term Bonds, the District may (i) deliver to the Trustee for cancellation Term Bonds or portions thereof in Authorized Denominations or (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for such Term Bonds or portions thereof in Authorized Denominations, which prior to said date have been redeemed (otherwise than through the operation of such mandatory sinking fund redemption) and canceled by the Trustee and not theretofore applied as a credit against any applicable mandatory sinking fund redemption obligation. Each such Term Bond or portion thereof subject to mandatory sinking fund redemption so delivered or previously redeemed shall be credited against future mandatory sinking fund redemption obligations on Term Bonds in such order as the District shall designate, or if no such designation is made, in chronological order, the principal amount of such Term Bonds to be redeemed by operation of such mandatory redemption to be accordingly reduced.

Redemption Procedures. In the case of any redemption of Bonds at the option of the District, the District shall give written notice to the Trustee of its election or direction to so redeem, of the date fixed for redemption, and of the principal amount, maturity date and interest rate of the Bonds to be redeemed. Such notice shall be given at least 35 days prior to the specified redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in the Indenture, (i) there shall be paid on or prior to the specified redemption date to the Trustee an amount in cash and/or Government Obligations maturing on or before the specified redemption date that, together with other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the Bonds to be redeemed on the specified redemption date at their redemption price plus interest accrued and unpaid to the date fixed for redemption; such amount and moneys shall be held in a separate, segregated account for the benefit of the registered owners of the Bonds so called for redemption, or (ii) such redemption notice given under the Indenture may state that any redemption is conditional on such funds being deposited on the redemption date, and that failure to deposit such funds shall not constitute an Event of Default under the Indenture.

Whenever the Trustee is required to redeem the Term Bonds pursuant to the mandatory sinking fund provisions of the Indenture, the Trustee shall select the Term Bonds to be redeemed, give the notice of redemption and pay the redemption price equal to the principal amount thereof plus accrued but unpaid interest on such Term Bonds, in accordance with the terms of the Indenture, without further direction from the District.

Whenever less than all of the Bonds of like maturity and interest rate are redeemed, whether pursuant to mandatory sinking fund redemption or optional redemption, the particular Bonds or portion thereof to be redeemed shall be selected as follows: (i) any Bond of a denomination of more than $5,000 shall be in the principal amount of an Authorized Denomination and (ii) in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of denominations of $5,000 which is obtained by dividing the principal amount of such Bond to be redeemed in part by $5,000. If all Bonds are held in book-entry-only form, the particular Bonds or portions thereof to be redeemed shall be selected by the securities depository for the Bonds in such manner as such securities depository shall determine.

Notice of Redemption. When the Trustee shall receive notice from the District of its election to redeem Bonds pursuant to the Indenture or when the Trustee is required to redeem Bonds pursuant to the Indenture, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds, which notice shall specify the maturities and interest rates to be redeemed, the date fixed for redemption and the place or places where amounts due upon such date fixed for redemption will be payable and, if less than all of the Bonds of like maturity and interest rates are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state whether the redemption is conditioned upon sufficient moneys being available on the redemption date, or any other conditions. Such notice shall further state that on such date there will become due and payable the redemption price of each Bond to be redeemed, or the redemption price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail copies of such notice by first class mail, postage prepaid, not less than 30 days and not more than 60 days before the date fixed for redemption, to the registered owners of the Bonds to be redeemed at their addresses as shown on the registration books of the District maintained by the Registrar; provided, that if all Bonds are held in book-entry-only form, such notice may be given pursuant to the then-existing agreement with the securities depository for the Bonds. The failure of the Trustee to give notice to a registered owner of any Bond or any defect in such notice shall not affect the validity of the redemption of any other Bonds as to which proper notice was given.

Bond Registration and Transfers

Subject to the procedures governing the Bonds while in the book-entry only system, as described in **APPENDIX D – "BOOK-ENTRY ONLY SYSTEM,"** the Bonds are transferable only upon the registration books of the District (which will be kept for that purpose by the Registrar) by the registered owner in person or by such registered owner's attorney duly authorized in writing, upon surrender thereof with a written instrument of transfer in form satisfactory to the Registrar, duly executed by the registered owner or its duly authorized attorney. Any Bond may be exchanged, upon surrender at the principal office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner thereof or such registered owner's duly authorized attorney, for an equal aggregate principal amount of fully registered Bonds of the like maturity and interest rate of any Authorized Denomination. The Registrar and the District may charge a fee sufficient to cover any tax, fee or other governmental charge in connection with any exchange or transfer of any Bond.

Defeasance

Bonds or interest installments thereon for the payment or redemption of which moneys have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date shall be deemed to have been paid within the meaning of the Indenture and the pledge of the Trust Estate under the

Indenture and all covenants, agreements and other obligations of the District thereunder shall be discharged and satisfied with respect to such Bonds. As a condition to such defeasance of the Bonds, the District shall have delivered to or deposited with the Trustee (a) irrevocable instructions to pay or redeem all of said Bonds or interest installments, as applicable, in specified amounts no less than the respective amounts of their principal or interest, as applicable, and on specified dates no later than the respective due dates thereof, (b) irrevocable instructions to mail the required notice of redemption of any Bonds or interest installments, as applicable, so to be redeemed, (c) either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys that shall be sufficient, without further reinvestment to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (d) if any of said Bonds or interest installments, as applicable, are not to be redeemed within the next succeeding 60 days, irrevocable instructions to mail to all registered owners of said Bonds a notice that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, of said Bonds.

PLAN OF FINANCE

Use of Proceeds of the Bonds

The proceeds from the sale of Bonds will be used, together with a cash deposit to be made by the District, to finance (i) the design and construction of a state-of-the-art Engineering and Advanced Manufacturing Center (EAMC) at Daley College which will support the College's advanced manufacturing instruction, as well as the research and innovation curriculum to accommodate the ever-evolving manufacturing technology and process industry, (ii) the expansion of the Olive-Harvey Campus to include a new 103,000-square-foot Transportation, Distribution & Logistics (TDL) building offering relevant transportation (automotive and diesel technology), distribution and logistics degree and certificate programs, (iii) the payment of the interest on the Bonds through December 1, 2018, and (iv) the payment of the costs of issuance of the Bonds (including the Underwriters' discount).

The Project

The Project comprises a portion of the District's five-year, $523.3 million Capital Improvement Plan ("*CIP*"), as included in the District's Fiscal Year 2018 budget. The CIP addresses deferred maintenance and classrooms and facilities upgrades geared to each college's occupational focus, referred to as its College to Careers ("*C2C*") concentration identified or to be identified for each of the District's colleges.

The Project consists of two primary new-construction components: the construction of a state-of-the-art Engineering and Advanced Manufacturing Center at Daley College and the construction of a Transportation, Distribution & Logistics building at the Olive-Harvey Campus. Details of these components are described below.

Daley College Engineering and Advanced Manufacturing Center: This component of the Project includes the design and construction of the EAMC which will support the College's advanced manufacturing instruction, as well as the research and innovation curriculum to accommodate the ever-evolving manufacturing technology and process industry. The EAMC includes manufacturing classrooms, labs, support spaces and high bay equipment spaces for the advanced manufacturing program.

New construction containing advanced manufacturing program space is being constructed south of 76th Street. New construction north of 76th Street shall minimize any negative impact on the Main Building's access to natural light.

The EAMC project will execute a campus master plan goal to link the two properties bifurcated by 76th Street with a gracious, fully enclosed pedestrian bridge. The bridge circulation will allow persons walking north over 76th street to culminate in a volume that facilitates quick identification and direct access to the following levels of the existing Main Building.

The project is being administered by the City of Chicago Public Building Commission.

Olive Harvey College Campus Expansion: The College to Careers initiative at City Colleges includes expanding the Olive-Harvey Campus with construction of the new 103,000-square-foot TDL building offering relevant transportation (automotive and diesel technology), distribution and logistics degree and certificate programs. This facility is designed to emulate the technical and professional environments to better prepare students for industry careers, building on the valuable industry knowledge from C2C partners. City Colleges will centralize the district-wide operations for Central Stores in the new TDL Center, providing real-world experience in the procurement, management and delivery of supplies and materials to the seven campuses and District Office. Students that complete the programs will be able to transition into employment with current skills used in the workplace.

The project is being administered by the State of Illinois Capital Development Board.

Future Financings

The District does not anticipate any further borrowings to fund the balance of the CIP. The current authorization for Bonds from the Board is limited to $80 million. However, the Board is not prohibited from authorizing the District to issue Additional Bonds or subordinate obligations to complete the CIP or for other capital needs in the future. The Board expects to update its debt policy to guide the District (the "Debt Policy") by the end of calendar year 2017. See **"COMMUNITY COLLEGE DISTRICT NUMBER 508 – Debt Policy."**

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ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of funds in connection with the issuance of the aggregate principal amount of the Bonds:

Estimated Sources:	
Principal amount of the Bonds	$78,065,000.00
Deposit from District	279,948.05
Net original issue premium	7,330,175.70
Total Estimated Sources of Funds	$85,675,123.75
Estimated Uses:	
Deposit to Project Fund	$74,088,121.76
Reimbursement for Prior Project Expenditures	5,916,153.00
Capitalized Interest Deposit	3,785,541.67
Costs of Issuance [(1)]	1,885,307.32
Total Estimated Uses of Funds	$85,675,123.75

(1) Includes estimated costs of issuance, the Underwriters' discount and premium for the Bond Insurance Policy.

SECURITY FOR THE BONDS

General

The Bonds will be issued pursuant to the Act, the Debt Reform Act, the Resolutions and the Indenture. The Bonds will be general obligations of the District to the payment of which the District will pledge its full faith and credit.

The Bonds will be payable from and secured by a pledge of (i) Tuition and Fee Revenues and State Grant Revenues in amounts each year as shall provide for the payment of 125% of annual debt service on the Bonds when due in such years (the "*Pledged Revenues*"), (ii) the *ad valorem* taxes levied against all of the taxable property in the District without limitation as to rate or amount, and pledged under the Indenture as security for the Bonds (the "*Pledged Taxes*"), (iii) all moneys and securities and earnings thereon in all Funds, Accounts and Sub-Accounts established pursuant to the Indenture, and (iv) any and all other moneys, securities and property furnished from time to time to the Trustee, by the District or on behalf of the District or by any other persons, to be held by the Trustee under the terms of the Indenture. As described herein, the Pledged Taxes have been levied and will be collected only as and to the extent that amounts on deposit to the credit of the Pledged Revenues Account are not sufficient to pay the debt service on the Bonds. No abatement of the tax levies is permitted unless and until adequate funds are on deposit with the Trustee to pay the annual debt service on the Bonds. See **"–Pledged Taxes"** and **"–Debt Service Fund and Accounts,"** below.

Pledged Revenues

The Bonds are secured by the Pledged Revenues as described below and are further secured by the Pledged Taxes, as described below.

The Debt Reform Act requires that the Pledged Revenues must be pledged to the payment of the Bonds and any Additional Bonds and that the District must covenant to provide for, collect and apply such Pledged Revenues to the payment of 125% of the debt service on the Bonds, the Series 2013 Bonds and any Additional Bonds. This pledge and covenant is contained in the Indenture. Pursuant to the Debt Reform Act, the covenant and pledge constitute continuing obligations of the District and a continuing appropriation of the Pledged Revenues received by the District. The Bonds are being issued on a parity with the Series 2013 Bonds and share ratably and equally in the Pledged Revenues.

Tuition and Fees. The District's Tuition and Fee Revenues are pledged as security for the Bonds. The Board has the authority to set tuition and fees. Tuition was recently increased in Fiscal Year 2016, to combine tuition and fees into a new flat-rate tiered based tuition structure designed to encourage full-time status and timelier completion for students.

Gross student tuition and fees account for approximately 39.5% of the District's operating (Education, O & M, Auxiliary/Enterprise, and Working Cash) funds revenue for Fiscal Year 2017. The following chart shows District tuition and fees for the past ten years.

Tuition and Fees
(Unaudited)

Fiscal Year	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)
2008	$72.00	$189.95	$309.76	–	$1,050,801	$ 75,276,720	$(37,497,635)	$37,779,085
2009	72.00	258.99	306.89	–	1,136,523	85,837,178	(39,117,916)	46,719,262
2010	79.00	259.15	301.55	–	1,260,579	104,761,982	(56,717,736)	48,044,246
2011	87.00	171.56	228.35	–	1,207,136	114,587,331	(68,487,277)	46,100,054
2012	89.00	173.56	230.35	–	1,190,902	115,477,680	(71,260,880)	44,216,800
2013	89.00	185.38	236.59	–	1,209,973	111,907,384	(66,382,528)	45,524,856
2014	89.00	202.01	249.71	–	1,184,165	110,456,613	(66,905,144)	43,551,469
2015	89.00	200.17	246.42	–	1,098,558	99,573,913	(57,835,807)	41,738,106
2016	133.36	353.16	359.73	$624.68	983,907	105,005,157	(49,164,083)	55,841,074
2017	133.36	353.16	359.73	624.68	904,038	99,177,882	(46,670,605)	52,507,277

Source: City Colleges of Chicago Comprehensive Annual Financial Reports
In Fiscal Year 2016, City Colleges adopted a new flat-price structure designed to make City Colleges' prices more transparent by eliminating fees, and to encourage full time status and timelier completion for students.

Scholarships are administered through the City Colleges of Chicago Foundation. Scholarships are awarded based on a student's academic achievements, individual goals, and recommendations. Each scholarship has eligibility criteria that must be met by the student as part of the application process. City Colleges offers many scholarships opportunities to its students that include, but are not limited to, scholastic merit, type of career being pursued, athletic, ethnic background and college specific.

Tuition for college credit courses is a flat rate, including fees and is charged based on the total credit hours for a semester that falls within one of three rate tiers and varies depending on whether a student lives within or outside of the District's boundaries. Students enrolled in the Advanced Certificate or Associate Degree Nursing programs will be charged a higher rate. Student tuition may be paid by or on behalf of a student. Tuition must either be paid in full at the time of registration, by means of a monthly payment plan (without interest) or the student must have received a deferral while awaiting financial aid funding.

Financial aid eligibility is determined annually based on information filed by the student in the Free Application for Federal Student Aid ("*FAFSA*"). The information from the FAFSA is provided to the colleges in the Student Aid Report and is sent to students within 3-10 days after the FAFSA has been processed. Students who qualify to receive financial aid will receive a financial aid deferment for tuition and fees due once the financial aid process is completed. If a student drops a course within the refund period and the number of enrolled credit hours drops to a lower tier, the tuition is refunded.

The following charts set forth the schedule of resident and non-resident tuition for all of the District's Colleges.

In District Resident Tuition

Schedule of Chicago Resident Prices per Semester (No additional fees)

	Credit Courses	Foundational Studies	Launch Program (Wright College)
One Course Only	$ 599.00	$299.50	N/A
5-11 Credit Hours	1,069.00	534.50	$ 75.00
12 Credit Hours and above	1,753.00	876.50	125.00
Adv. Certif. Practical Nursing	2,169.00	N/A	N/A
Associate Degree of Nursing	2,429.00	N/A	N/A

Source: District records

Non-Resident Tuition

Schedule of Non-Chicago Resident Prices per Semester
(No additional fees)

	In-State, Out-of District Rate	Out-of-State Rate	Out-of-Country Rate
One Course Only	$1,359.00	$1,719.00	$2,519.00
5-11 Credit Hours	3,159.00	4,149.00	6,349.00
12 Credit Hours and above	4,603.00	5,953.00	8,953.00
Adv. Certif. Practical Nursing	5,019.00	6,369.00	9,504.00
Associate Degree of Nursing	5,279.00	6,629.00	9,629.00

Source: District records

State Grants. The District receives funding from the State of Illinois (the "*State*") through the Illinois Community College Board ("*ICCB*"). The level of this funding is dependent on annual State appropriations for State community colleges as well as a formula based on credit hours, including adult education classes (subject to a two-year lag in certified credit hours). In Fiscal Year 2017, the District received partial allocation of both the State base operating grant (equal to $16.7 million) and the alternative equalization grant (equal to $5.7 million) as part of the State's "Stop Gap" Budget enacted for Fiscal Year 2017. On July 6, 2017 Illinois Senate Bill 6 passed appropriating an additional $31.4 million ($23.4 million for State base operating grant and $8 million for alternative equalization grant) to the District. This additional funding is not recorded in the Districts CAFR for Fiscal Year 2017 since it was appropriated by the State in Fiscal Year 2018 and therefore was not a receivable as of June 30, 2017.

State grant funding accounted for approximately 6.2% of all District revenues for Fiscal Year 2017. As the following table indicates, current State funding for Illinois community colleges has trended downward over the past five years. Due to the fact that the State is facing significant financial shortfalls and challenges to balancing the State budget, the District cannot predict future levels of State funding.

Community College State Funding

Fiscal Year	State Funding to All State Community Colleges	ICCB Funding to the District
2008	$297,698,600	$55,892,006
2009	287,664,558	53,244,610
2010	308,471,029	57,321,939
2011	295,401,900	64,548,437
2012	295,521,900	64,549,023
2013	282,421,700	58,314,908
2014	284,916,500	58,700,515
2015	278,773,899	55,231,784
2016	74,142,300	14,370,863
2017	114,525,000*	22,463,354*

Source: Illinois Community College Board

* *Amounts do not include the $31.4 million appropriation included in Illinois Senate Bill 6 passed on July 6, 2017.*

The State continues to face significant financial shortfalls and challenges in balancing its budget. Due to the unprecedented budget impasse in Fiscal Year 2016 the District received approximately a quarter of its annual funding in that year. In Fiscal Year 2017, the total State funding authorization of $53.7 million was close to 2015 levels. An additional $31.4 million for Fiscal Year 2017 was appropriated by the State on July 6, 2017, however, this amount will be recorded as receivable in Fiscal Year 2018, as the District is currently awaiting payment. The District has begun receiving payment for its Fiscal Year 2018 appropriation. The District can give no assurances as to when payments for the remaining Fiscal Year 2017 appropriation will be received, whether the District will continue to receive payments of the Fiscal Year 2018 appropriation and, if so, whether those payments will be timely, or what funding levels may be in future years.

The current funding plan for community colleges was adopted in 1979 and first affected Fiscal Year 1981 appropriations. While the State appropriation for a community college is intended to equal the difference between estimated resource requirements for the community college and the estimated resources available to such community college from sources other than the grants appropriated by the ICCB, actual appropriations have not historically satisfied this intention and have been reduced to fit available State resources.

Resource requirements are estimated by multiplying the statewide average cost per semester credit hour (obtained via a statewide unit cost study) by the number of credit hours produced during the fiscal year completed two years prior to the budget year. This amount is adjusted to account for the average of two years of inflation, thus providing an estimate of the budget year's resource needs. The two-year inflation factor is determined by utilizing actual appropriation increases experienced for the first year and economic forecast estimates of inflation factors for salaries, library materials, utilities and the general cost of living for the second year.

Credit hour grants are paid for each of six instructional categories: baccalaureate transfer; business occupational; technical occupational; health occupational; remedial; and adult education. The credit hour rate for each instructional category is determined by calculating a projected statewide average per semester credit hour cost for that category and subtracting the system's other available resources in each instructional category. Since the resources available to each instructional category are nearly the same, an instructional category that has a high unit cost will be funded at a higher level than a category that has a lower unit cost. Credit hour grants are not restricted as to use and comprise approximately 80% of total ICCB grants.

Pledged Taxes

The District has levied the Pledged Taxes to satisfy the debt service on the Bonds if the Pledged Revenues are insufficient. The Pledged Taxes are *ad valorem* taxes levied against all of the taxable property in the District without limitation as to rate or amount. However, based on projected receipts of Pledged Revenues, the District anticipates that all Pledged Taxes will be abated prior to extension on a year-by-year basis prior to such Pledged Taxes being extended. **The District may only direct abatement of such Pledged Taxes in any year if and to the extent that the Trustee has Pledged Revenues or other funds irrevocably on deposit in the Pledged Revenues Account under the Indenture to provide for the payment of annual debt service on the Bonds in such year.** To the extent that the Pledged Revenues or other funds in the Pledged Revenues Account are not available in sufficient amounts, the debt service on the Bonds is payable from the Pledged Taxes. In the event the Pledged Taxes are extended for collection, in any year, the District will direct the County Collectors to segregate from each distribution of property taxes to be paid to the District that percentage attributable to the levy of the Pledged Taxes for the payment of the debt service on the Bonds. The County Collectors will deposit the amount so segregated directly with the Trustee for application to the payment of debt service on the Bonds in accordance with the provisions of the Indenture. All Pledged Taxes received by the Trustee shall be (i) deposited promptly upon receipt into the Pledged Taxes Account described under **"– Debt Service Fund and Accounts,"** below and (ii) applied to the payment of the interest on and principal of the Bonds due during the calendar year in which such Pledged Taxes are collected. The District has covenanted in the Indenture to take all actions necessary to cause the levy and extension of additional Pledged Taxes in excess of those previously levied if necessary to pay debt service on the Bonds. For additional information concerning the levy and collection of the Pledged Taxes, see **"THE REAL PROPERTY TAX SYSTEM – Real Property Assessment, Tax Levy and Collection Procedures."**

In accordance with the Debt Reform Act, the Bonds will be excluded from statutory limitations on indebtedness unless *ad valorem* property taxes are extended for the payment of the Bonds. In such case, the outstanding Bonds will be included in computing all statutory limitations on indebtedness of the District until an audit shows that the Bonds have been paid from the Pledged Revenues for one complete fiscal year. It is the District's intention to use the Pledged Revenues or other available funds for the payment of the Bonds so that it will not be necessary to extend the Pledged Taxes levied by the Bond Resolution.

There are no applicable debt limits on the District under existing law.

Debt Service Fund and Accounts

The Indenture establishes the Debt Service Fund as a separate fund pledged to the payment of debt service on the Bonds. The Indenture also establishes separate accounts in the Debt Service Fund, known as the "*Pledged Revenues Account,*" the "*Pledged Taxes Account*" and the "*Bond Payment Account*" consisting of the "*Interest Sub-Account*" and the "*Principal Sub-Account.*"

Pledged Revenues Account. The Trustee shall deposit to the credit of the Pledged Revenues Account any amounts paid by the District to the Trustee from time to time with written instructions for such deposit.

On or before February 15 of each year, or such earlier date as may be necessary to permit the District to lawfully make the abatement of the Pledged Taxes with respect to the Bonds as described below (a "*Deposit Date*"), the District shall deposit to the credit of the Pledged Revenues Account such amounts derived from Pledged Revenues as shall be sufficient to cause the amount on deposit in said Account to equal the sum of the interest on and principal of the Bonds that will come due and payable, whether at maturity or upon mandatory sinking fund redemption, during such Bond Year (the "*Annual Debt Service Requirement*").

On or before February 16 of each year, whenever sufficient funds are on deposit in the Pledged Revenues Account as shall be necessary to pay the principal of and interest on the Bonds due during the current Bond Year, the Trustee shall deliver to the District a notice evidencing the sufficiency of such deposit for said purpose and directing the District to take such actions as are necessary to abate the Pledged Taxes with respect to the Bonds. Once such full deposit has been made, the District shall take such actions as are necessary to abate in full the Pledged Taxes levied for the calendar year next preceding the calendar year of such Deposit Date.

In the event that on any Deposit Date there is not on deposit to the credit of the Pledged Revenues Account an amount sufficient to satisfy the Annual Debt Service Requirement, the District shall take such actions as are necessary to cause the extension of the Pledged Taxes previously levied for the calendar year next preceding the calendar year of such Deposit Date in an amount sufficient, when added to the amount then on deposit in the Pledged Revenues Account to provide funds sufficient to satisfy the Annual Debt Service Requirement for such Bond Year.

All amounts on deposit in the Pledged Revenues Account on December 2 of each year, following the transfers required to be made to the Bond Payment Account, shall be withdrawn from said Account and paid to the District free and clear of the lien of the Indenture without further written direction.

Bond Payment Account. The Trustee shall deposit to the credit of the Interest Sub-Account and the Principal Sub-Account any amounts directed in writing by the District to be deposited into either such Sub-Account. The Trustee shall also transfer, from time to time, to the credit of the Interest Sub-Account and the Principal Sub-Account all other amounts so directed in writing by the District to be transferred into either such Sub-Account.

There shall be transferred first from moneys on deposit in the Pledged Taxes Account and second from moneys on deposit in the Pledged Revenues Account: (i) first, to the Interest Sub-Account on or before each Interest Payment Date for any of the Outstanding Bonds, the amount required for the interest payable on such date, less the amount then on deposit in the Interest Sub-Account and available for such payment; and then (ii) pro rata, to the Principal Sub-Account on or before each December 1 (A) the amount required for the payment of the redemption price of any Term Bonds that are subject to mandatory sinking fund redemption pursuant to the Indenture on such December 1 and (B) an amount equal to the principal amount of the Outstanding Bonds that mature on such December 1, in each case less the amount then on deposit in the Principal Sub-Account and available for such payments.

Pledge of Funds, Accounts and Sub-Accounts

In addition to the Pledged Revenues and the Pledged Taxes, all Funds, Accounts and Sub-Accounts established pursuant to the Indenture are pledged to the payment of the Bonds. See **APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."**

Additional Bonds Payable From Pledged Revenues

Pursuant to the Indenture, the District reserves the right to issue Additional Bonds from time to time payable from all or any portion of the Pledged Revenues in addition to any other source of revenues that may be pledged under the Debt Reform Act, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds and the Series 2013 Bonds; provided, however, that no Additional Bonds may be issued except in accordance with the provisions of the Debt Reform Act as in existence on the date of issuance of the Additional Bonds and the Indenture. Subject only to compliance with such provisions of the Debt Reform Act, there is no limit on the aggregate principal amount of Additional Bonds, which may be issued by the District.

Subordinate Obligations Payable From Pledged Revenues

The District reserves the right to issue bonds or other evidences of indebtedness payable from all or a portion of the Pledged Revenues, which are subordinate to the Bonds and any Additional Bonds. Such subordinate obligations will be paid from such Pledged Revenues available to the District in each year in excess of those required to be deposited in the Pledged Revenues Account under the Indenture applicable to the Bonds during such year.

Other Indebtedness

In addition, the District reserves the right to issue bonds or other evidences of indebtedness payable from additional designated amounts of the District's revenues that are not Pledged Revenues under future authorizing resolutions.

Bonds Are General Obligations of the District

The Bonds are the direct and general obligations of the District to the payment of which the District has pledged its full faith and credit and taxing power. The Bonds are not the obligations of the City (as hereinafter defined), the State or any other political subdivision of the State (other than the District). Neither the full faith and credit nor the taxing power of the City, the State or any other political subdivision of the State (other than the District) is pledged to the payment of the Bonds.

BOND INSURANCE

Bond Insurance

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Bond Insurance Policy"). The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Bond Insurance Policy included as **APPENDIX F** – "**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**" to this Official Statement. The Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Bond Insurance Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2017 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $508.7 million, $79.5 million and $429.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

INVESTMENT CONSIDERATIONS

Investment in the Bonds involves certain risks. In evaluating an investment in the Bonds, prospective purchasers should carefully consider the risk factors set forth under this heading "INVESTMENT CONSIDERATIONS" regarding a purchase of the Bonds, as well as all other information contained in or incorporated by reference into this Official Statement, including the appendices hereto and additional information in the form of the complete documents summarized herein and in the appendices hereto, copies of which are available as described herein.

There follows under this heading a discussion, in no particular order of importance or priority, of some, but not necessarily all, of the possible risks and investment considerations that should be carefully evaluated prior to purchasing any of the Bonds. There may be other risk factors and investment considerations that may be material or may become material in the future to a prospective purchaser's investment decision regarding purchasing or holding any Bonds, or that may materially and adversely affect the financial condition of the Board and its ability to repay the Bonds. Moreover, any one or more of the factors discussed under this heading, and other factors not described under this heading, could lead to a decrease in the market value and the liquidity of the Bonds.

Financial Condition of the State

The State has experienced and continues to experience a structural deficit and pension obligations that result annually in significant shortfalls between the State's general fund revenues and spending demands. In addition, State operated without fully enacted General Funds Budgets for State Fiscal Years

2016 and 2017 and the State Fiscal Year 2018 General Funds Budget was vetoed by the Governor, and was enacted by the General Assembly after overriding the Governor's vetoes of the Fiscal Year 2018 budget package. There can be no assurance that a State budget will be enacted in future fiscal years.

The State's inability to adopt a budget for Fiscal Years 2016 and 2017 resulted in economic uncertainty, and disruptions in the distribution of State revenues, generally and to the District. See "**SECURITY FOR THE BONDS – Pledged Revenues – State Grants**."

Continued budget problems of the State may result in decreased or delayed State appropriations to the District and could impact the level and timing of payments of State Grants. Any failure of the State to resolve its current and future deficits or resolving them by budget cuts and/or increases in taxes, could have an adverse effect on the local economy and/or property tax base and therefore an adverse impact on the operations and revenues of the District. In addition, the failure to address the unfunded liabilities of State pension systems, which must be achieved primarily through State legislation, could impact the ongoing pension costs to the State and continue or increase the State's structural deficit. There can be no certainty as to if or when the State will resolve its structural deficit.

Financial Condition of the City

The City reported a structural budget deficit in its Fiscal Year 2017 budget, which it addressed through a mixture of savings and revenue enhancements. The City has indicated that it expects structural budget deficits to widen in future years due largely to growing salaries and wages and funding requirements for City pension plans. As part of its process to address such ongoing structural budget deficits, the City has adopted a substantial increase in property taxes, occurring over the tax years 2016, 2017 and 2018. In addition, the City may increase property taxes in the future to address budget needs. The City is not currently subject to the PTELL limit on property tax increases. See **"THE REAL PROPERTY TAX SYSTEM – Real Property Assessment, Tax Levy and Collection Procedures"** and **"– Property Tax Extension Limitation Law; Issuance of Alternate Bonds."** The City has an overlapping taxing base with the District, and the failure of the City to resolve any future deficits or resolving them by budget cuts and/or continued increases in property taxes, could have an adverse effect on the local economy and/or property tax base. Such actions may therefore have an adverse impact on the operations of the District and the revenues it receives, including the Pledged Taxes if extended for collection. See "**OTHER LOCAL GOVERNMENTAL UNITS**."

Overlapping Districts

There are seven major units of local government located in whole or in part within the boundaries of the District (the "*Overlapping Taxing Districts*"). See "**OTHER LOCAL GOVERNMENTAL UNITS**." The Overlapping Taxing Districts share, to varying degrees, a common property tax base and have the power to impose and increase property taxes on the same property tax base as the District. Reasons for such tax increases include, but are not limited to, increased costs of operation, increased debt service requirements on new or outstanding indebtedness, increased pension funding requirements, and other increased costs. The District does not control the amount or timing of the taxes levied by these Overlapping Taxing Districts.

In addition, the District and certain of the Overlapping Taxing Districts have levied taxes to pay Alternate Revenue Bonds and certain other general obligation bonds and such taxes are currently not extended for collection and are not reflected in the current tax rates of the District and the Overlapping Taxing Districts. Such debt service taxes could be extended in the future resulting in an increase in the tax burden of property owners within the boundaries of the District. Such increased burden could potentially be harmful to the local economy and may impact the value of property in the region and lead to population migration, delayed payments of taxes, lower tax collection rates and other factors that may result in a decrease in the rate and amount of tax collections received by the District, including the Pledged Taxes if extended for collection. As described above and in "**SECURITY FOR THE BONDS – Pledged Taxes**," several factors impact whether Pledged Taxes, if extended, will be collected in amounts sufficient to make timely debt service payments on the Bonds.

Local and State Economy

The financial health of the District is in part dependent on the strength of the local economy, which in turn is a component of the State economy. Many factors affect both economies, including rates of employment and economic growth and the level of residential and commercial development. Actions of local governments and the State may also have an economic impact to the extent such actions foster or impede economic growth and development. In addition, financial difficulties experienced by the State and by the Overlapping Taxing Districts may place stress on the same sources of revenue from which the District derives the funds for its operations and debt service. It is not possible to predict whether any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur or to quantify what impact such changes would have on the finances of the District.

Student Enrollment

Tuition revenue paid by enrolled students is a significant element of CCC's overall revenue base. A decline in enrollment can therefore impact its revenues and cash flows. Levels of enrollment may be impacted by factors such as the health of the local economy, levels of State financial support available to students, local wages and student loan availability and rates.

City Colleges enrollment has declined in the past several years, consistent with other community colleges in Illinois. The trend is correlated with the increase in employment in the respective areas. However, City Colleges' credit enrollment, the key driver of tuition revenue, outperformed the aggregate Illinois community colleges trends until Fiscal Year 2016, when there was a decline in Monetary Award Program student financial aid ("*MAP*") funding that fell disproportionally on City Colleges.

The District has taken steps to arrest the declining enrollment trend and has seen recent positive results in a reduced rate of decline (see "**COMMUNITY COLLEGE DISTRICT NUMBER 508 – Enrollment Data**"). The District cannot predict whether these early indications represent a trend reversal. A continued decline in enrollment could have a negative impact on the District's finances.

Unfunded Pensions

The District contributes to the State Universities Retirement System of Illinois ("*SURS*") defined benefit and defined contribution plans. SURS is a cost-sharing, multi-employer defined pension plan to which the State makes substantially all legally required contributions on behalf of the participating employers, including the District. SURS is substantially underfunded. See "**COMMUNITY COLLEGE DISTRICT NUMBER 508 – Pension and Retirement Plan"** for a discussion of the shift to the District of a portion of the obligation to make the employer contribution previously made entirely by the State.

Ratings

The Bonds have been rated by S&P and Fitch Ratings Inc. ("*Fitch*"). There is no assurance that such ratings will be maintained for any given period of time or that any rating will not be lowered or withdrawn entirely. Any revision or withdrawal of any such ratings could have a material adverse effect on the availability of a market for the Bonds and the prices at which the Bonds may be resold. See "**RATINGS**."

Bankruptcy

Units of Illinois local government, such as the District, cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by State law or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor in a bankruptcy proceeding. State law does not currently permit the District to be a debtor in a bankruptcy proceeding. However, from time to time, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois units of local government to be a debtor in bankruptcy under the U.S. Bankruptcy Code. The Board cannot predict whether the Illinois General Assembly may adopt any such legislation that would permit units of local government, such as the District, to be a debtor in bankruptcy and the form and terms of any such proceeding.

COMMUNITY COLLEGE DISTRICT NUMBER 508

Community College District Number 508 was organized in 1911 as a public community college district of the State of Illinois, having boundaries coterminous with the City. It was established under and is governed by the Act and operates seven colleges offering two-year associates' degrees, occupational certificates, continuing education, customized business-specific training and adult education programs.

The District's service area is approximately 237 square miles and has a population of approximately 2,695,598 per the most recent decennial census.

The District's seven colleges are strategically located throughout the City as set forth in the map on the inside front cover. Each of the District's colleges are separately accredited by the Higher Learning Commission (HLC).

Board of Trustees

The District is governed by an eight member Board of Trustees, seven of whom are appointed by the Mayor of the City with the approval of the City Council. One non-voting student member is selected in accordance with the Act. Day-to-day operations are administered by the Chancellor and staff administrators, which positions are appointed by the Board.

Official	Term Expires (June 30)
Walter E. Massey, Chair	2020
Elizabeth F. Swanson, Vice Chair	2018
Clarisol Duque, Secretary	2018
Rev. Dr. Darrell Griffin	2019
Karen Kent	2019
Marisela Lawson	2018
Deborah H. Telman	2020
Diana Campos, *Student Trustee* [1]	2018 [2]

[1] While the Student Trustee may cast an advisory vote on matters taken up by the Board and may make motions and second actions proposed by the Board, the Student Trustee's vote is not binding, nor does attendance by the Student Trustee count towards quorum. The Student Trustee is selected by the students at one of the City Colleges of Chicago on a rotating basis on an annual cycle.

[2] Student Trustee's term expires April 15, 2018.

Administration

Following is information regarding key administrators of the District.

Juan Salgado, *Chancellor*. Chancellor Salgado has focused his 20-year career on improving education and economic opportunities for residents in low-income communities. As Chancellor, he oversees Chicago's community college system, serving more than 80,000 students across seven colleges. From 2001 to 2017, he served as CEO of Instituto del Progreso Latino, where he worked to empower residents of Chicago's Southwest Side through education, citizenship, and skill-building programs that led to sustainable employment and economic stability. Chancellor Salgado is a community college graduate himself, earning an associate degree from Moraine Valley Community College, prior to earning a Bachelors degree from Illinois Wesleyan University, and a Masters degree in Urban Planning from the University of Illinois at Urbana-Champaign. Chancellor Salgado has been nationally recognized for his work, most recently as a 2015 MacArthur Fellow, one of the most prestigious innovation prizes in the United States. Chancellor Salgado is a member of Mayor Rahm Emanuel's Cabinet and is responsible for managing a budget of more than $443 million, overseeing approximately 4,500 employees, and ensuring the success of City Colleges of Chicago students.

Dr. Mark Potter, *Provost and Chief Academic Officer*. As Provost and Chief Academic Officer for City Colleges of Chicago, Dr. Potter is responsible for District-wide strategic planning and supports all aspects of teaching and learning on behalf of student success. He is also charged with ensuring academic integrity and quality in the programs and student life of the District, reporting directly to the Chancellor. Dr. Potter comes to City Colleges from the Metropolitan State University of Denver, an open-access urban public institution with a mission and student body similar to CCC, where he has most recently served as Associate Vice President of Undergraduate Studies. As Associate Vice President for Academic and Civic Collaboration at the same school, he oversaw centers and programs that brought important enhancements to the undergraduate experience and was responsible for advancing community engagement initiatives of the University to prepare students as informed and engaged citizens in a globally connected democracy. He began his career teaching at the University of Wyoming for ten years as an associate professor and department chair. Dr. Potter earned a Ph.D. in History from UCLA and a bachelor's degree from University of California, Berkeley.

Joyce Carson, *Vice Chancellor of Finance & Business Enterprise/Chief Financial Officer*. Ms. Carson is responsible for managing City Colleges' finances and providing governance, support and leadership in financial management and reporting, business and treasury services, budgeting, planning, and financial aid. Prior to accepting the position of Vice Chancellor in 2010, Ms. Carson served as Chief Financial Officer of the Chicago Urban League and held various financial positions at Exelon Corporation and its subsidiary Commonwealth Edison, including as Vice President of Investor Relations, Vice President of Business Support Services and Director of Finance. Prior to this, Ms. Carson held positions at Jane Adams Hull House Association and Deloitte, LLP. Ms. Carson holds Bachelor and Master of Science degrees in Accountancy from DePaul University.

Beatrice O'Donnell, *Vice Chancellor, Safety and Security*. Ms. O'Donnell oversees the safety and security initiatives District-wide at the seven City Colleges, their satellite locations, and the District Office. The CCC Security Department's mission is to provide a safe and secure environment that is conducive to learning for more than 80,000 students. She began her law enforcement career in 1987 with the Chicago Police Department, holding the ranks of sergeant of police, commander, deputy superintendent, assistant superintendent and chief. She was tapped to work at the Chicago Transit Authority as the Vice President of Security and Communications before returning to the Chicago Police Department at the request of Superintendent Terry Hillard. After 24 years serving the Chicago Police Department, Ms. O'Donnell joined City Colleges as its District Director of the Office of Safety and

Security before moving into the role of Vice Chancellor of the same office. She has attended City Colleges of Chicago, Governor's State University and Northwestern University, including Northwestern's Center for Public Safety, School of Police Staff and Command.

John Gasiorowski, *Inspector General*. Mr. Gasiorowski has served as Inspector General for City Colleges of Chicago for seven years, having served in similar titled positions with the Chicago Board of Education and the City of Chicago. At CCC he is oversees investigations regarding waste, fraud and misconduct by any officer, employee, member of the Board; any contractor, subcontractor, consultant or agent providing or seeking to provide goods or services to the City Colleges of Chicago; and any program administered or funded by the District or Colleges. He began his career as an Assistant State's Attorney for Cook County after completing his bachelor's degree with honors in history from DePaul University and his J.D. with highest honors from Chicago-Kent College of Law at the Illinois Institute of Technology.

Diane Minor, *Vice Chancellor, Administrative Services and Procurement*. Ms. Minor provides support services to the City Colleges of Chicago and its District Office, including the coordination, monitoring and leadership of the areas of facilities maintenance and usage, construction and renovation, plant management, auxiliary services, procurement, and other related administrative services. She assumed her current role in 2010, but has been with City Colleges in several positions since 2005. Prior to her work with City Colleges, Ms. Minor held the positions of Chief Administrative Officer with the Chicago Park District, where she was responsible for human resources, finance, purchasing and compliance, risk management and information technology; the position of Chief Procurement Officer at the Chicago Public Schools; and the position of Deputy Purchasing Officer Chief Compliance Officer with the City in the Department of Purchases, Contracts and Supplies. Ms. Minor also previously served the City in roles that involved strategic planning and program design, operations, Minority and Women Owned Business Certification and contract compliance, employment and training program design and support. Ms. Minor received her Masters of Arts in Teaching from Roosevelt University and Bachelor of Arts in Urban Studies from Carleton College, Northfield, Minnesota.

Eric Lugo, *Executive Vice Chancellor and Senior Advisor*. In his role with City Colleges of Chicago, Mr. Lugo leads the Office of Institutional Advancement (OIA), serving the educational goals of CCC by increasing awareness of CCC's programs and outcomes among external and internal stakeholders to enlist their support of CCC's mission. OIA works to build strong relationships with opinion-shapers, community leaders, decision-makers, alumni, and institutional funders to solidify CCC's reputation, to foster a supportive regulatory and legislative climate, and to secure financial contributions to its student programs. Mr. Lugo joined City Colleges following his tenure with Conciencia Ventures LLC, where he worked with philanthropic institutions and non-profit organizations to maximize their impact. Previously, he served as Vice President of Global Philanthropy at JPMorgan Chase & Co., and he was Senior Development Officer for Instituto del Progreso Latino in Chicago. He plays a key role in developing existing partnerships and new relationships to benefit CCC students while they are at City Colleges and when they move on to further study or into the workforce.

Kimberly Ross, *Vice Chancellor, Human Resources/Chief Talent Officer*. Ms. Ross joined the administrative staff of City Colleges in 2017 after leading Human Resources departments at Chicago Public Schools, and most recently at the Chicago Housing Authority. As Vice Chancellor of Human Resources for CCC, Ms. Ross will help ensure that the organization has the right faculty and staff in place to support City Colleges' students at both the district office and the colleges.

Eugene Munin, *General Counsel*. Prior to joining City Colleges in June 2013, Mr. Munin served as Chief Financial Officer of Ave Maria University, Budget Director for the City of Chicago and Executive Vice President/General Counsel for the Chicago Transit Authority. Mr. Munin has a Bachelor of Science Degree in Accountancy from the University of Illinois at Urbana, a J.D. from DePaul University College of Law, an M.B.A. from Northwestern University and an M.P.A. from Harvard University. Mr. Munin is registered as a Certified Public Accountant and is licensed to practice law in the State of Illinois.

Jennifer Mason, *Vice Chancellor, Legislative & Community Affairs*. Ms. Mason works to maintain positive relations between government offices, local campuses, and City Colleges' neighbors and to work collaboratively with community groups to improve the education experience of CCC's students. She provides legislative, regulatory, and financial support to CCC through proactive representation before the City Council of the City, the Illinois General Assembly, the offices of Illinois constitutional officers, and the United States Congress. Ms. Mason has deep experience in government and community relations both in Chicago and nationally, most recently, serving as a liaison between the U.S. Department of Labor, elected officials, and the public. Her work as Deputy Chief of Staff for the U.S. Office of Personnel Management followed her employment as Acting State Director for U.S. Senator Barack Obama. She works with Vice Chancellor Lugo to ensure the organization maximizes every available opportunity to bring resources to City Colleges' students.

Description of the Colleges

The following are short descriptions of the seven City Colleges.

Richard J. Daley College is located on the southwest side of Chicago. Richard J. Daley College's 11,000 students study and work in a facility equipped with a 60,000-volume library, laboratories for chemistry, physics, biology, mathematics, languages, microcomputers, a gymnasium, a pool, a cafeteria and a student activities center. Richard J. Daley College's C2C focus area is advanced manufacturing. The C2C program partners with industry leaders to better align City Colleges' curricula with demand in growing fields. These partnerships provide City Colleges' students access to real-world experience via teacher-practitioners, internships and top-notch facilities, and offer City Colleges' students and graduates a first pass at job opportunities.

Kennedy-King College's main campus on the south side of Chicago, constructed in 2007, and its affiliated satellite campuses serve more than 14,000 students annually. Students can earn an Associate of Arts (with areas of concentration in communications, social sciences, humanities and pre-professional fields), Associate in Science, Associate in Fine Arts, Music, or Associate in General Studies Degree. Kennedy-King College's C2C focus is hospitality and culinary arts. Affiliated satellite campuses include the Washburne Culinary Institute at the South Shore Cultural Center, the French Pastry School and Dawson Technical Institute. Several of City Colleges' business services properties are housed and operated through Kennedy King College, including WYCC PBS Chicago television station, WKKC 89.3 FM Radio, the Center For Distance Learning and the Child Development Laboratory Center.

Malcolm X College is located near the Illinois Medical District, a 560-acre special use zoning district west of Chicago's downtown, and serves approximately 5,000 students. Malcolm X College offers associate degree, certificate and short-term training programs that prepare students to transfer to bachelor's degree programs or to move directly into the workforce. English as a Second Language ("*ESL*") courses are offered to help students master the English language, while adult education courses prepare students to pass the GED examination. Malcolm X College's C2C focus is the health sciences. A new $251 million college campus, complete with virtual hospital, will soon be under construction to serve up to 18,000 students.

Olive-Harvey College is located on the southeast side of Chicago and serves approximately 5,000 students. At 67 acres, the Olive-Harvey College is the largest physical campus within the District. Associate degree, certificate and short-term training programs are offered to prepare students to transfer to bachelor's degree programs or to move directly into the workforce. ESL courses help students master the English language while adult education courses prepare students to pass the GED examination. Non-credit classes range from short-term job training/career skills courses to personal development and leisure courses in a wide variety of areas. Olive-Harvey College's C2C focus is transportation, distribution, and logistics career and a new $45 million Transportation, Distribution and Logistics Training Center is set to open in 2015.

Harry S Truman College is located on the northeast side of Chicago and serves more than 21,000 students. Harry S Truman College has the largest ESL program and GED program in Illinois, serving more than 12,000 students annually. Students come from 160 countries and speak 90 different languages. In addition to the main campus, Truman maintains nearly a dozen satellite campuses, the largest and most established being the Lakeview Learning Center.

Harold Washington College is located in the Chicago Loop area and serves approximately 9,000 students. The college is located in an area considered to have the largest higher education footprint in Illinois with several colleges and universities nearby enrolling over 65,000 students. Several articulation agreements have been established by City Colleges with many of these four-year institutions allowing students to transfer on to complete bachelor's degrees. Harold Washington College's C2C focus is business, professional services and entrepreneurship, and the college is home to the Goldman Sachs 10,000 Small Businesses program.

Wilbur Wright College is located on the northwest side of Chicago and serves over 22,000 students with college credit, adult education, continuing education and special interest classes. The college provides a park-like campus of five interconnected buildings, designed by award-winning architect Bertrand Goldberg, that offer access to classrooms, laboratories, and support services. Wilbur Wright College also provides vocational training at its Humboldt Park campus, the Humboldt Park Vocational Educational Center, in health careers and advanced manufacturing. The college recently earned national certification for its Computerized Numerical Control program. Wright's College's C2C focus is information technology.

The District owns all of the real property on which the Colleges are located. CCC now owns all of the 200+ parcels that constitute Kennedy-King College. The consolidation of all the parcels constituting Kennedy-King College under District ownership was completed in 2014.

Admissions Policy

The District's seven colleges maintain open enrollment. All individuals, regardless of where they live, qualify for general admission if they have graduated from an accredited high school, hold a GED Certificate, or are 18 years of age or older. Health career programs may have additional requirements.

Once students are admitted, they may enroll in classes at the District as long as they meet the pre-requisites for the class and as long as seats are available. Students who reside in the City are charged in-district tuition, which is substantially less than out-of-district, out-of-state and out-of-country tuition.

Financial Aid

City Colleges offers federal, state, and institutional financial aid to eligible students. Participation in these financial aid programs enhances the District's ability to provide students entry into higher education. Financial aid may be in the form of a grant, scholarship, loan, or on-campus Federal Work Study employment. Students are required to complete the FAFSA and/or an institutional scholarship application to begin the application process.

Students routinely seek to access financial aid in order to finance their education. In Fiscal Year 2017, approximately 59% of students received some type of financial assistance.

City Colleges participates in Project Success. Project Success is sponsored by the US Department of Education's Minority Serving Colleges and University division. Education Credit Management Corporation (ECMC) has been assigned to City Colleges of Chicago. They will be working on default management and prevention, student loan entrance and exit counseling and offer information to students on financial literacy.

Enrollment Data

More than 86,000 enrolled students take courses with City Colleges of Chicago annually, which includes, credit, noncredit, adult education, continuing education and varied certification programs.

The following table shows the enrollment headcount and full-time equivalent for the last five years.

Historical Enrollment
(Unaudited)

Fiscal Year	FTE Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses	Total Enrollment
2013	31,044	62,391	51,864	114,255
2014	30,692	62,100	47,258	109,358
2015	28,917	60,250	40,050	100,300
2016	26,410	57,372	39,017	96,389
2017	24,200	51,772	34,559	86,331

Source: City Colleges of Chicago Comprehensive Annual Financial Reports.

City Colleges' new leadership has made enrollment growth a high priority, following several years of declining enrollment exacerbated by a State funding impasse that has since ended. A suspension of the MAP funding related to the State's budget impasse also resulted in suppressing enrollment. That funding has resumed. In response to this recent enrollment trend, senior leadership launched an enrollment management initiative in Summer 2017 with a goal to develop short and long term strategies to boost attendance and retention. This resulted in the creation of an enrollment management group for each college charged with implementing improved practices in the areas of communication, marketing prioritization, targeted efforts focusing on specific potential student groups, and streamlined application process for both entrance and financial aid, among others. The Fall 2017 enrollment is an early indication that the system is turning around the declining enrollment trend. Credit enrollment headcount (the enrollment metric upon which tuition revenue is calculated) is 2% below the prior year, an improvement in enrollment fall-off, allowing for the District to meet its revenue targets for the period.

In Fiscal Year 2017, the District awarded 8,071 degrees and certificates. The ICCB has established minimum requirements for each degree program and City Colleges operates within those standards. Since 2009, Illinois community colleges, coordinated by the ICCB, have undertaken efforts to increase the proportion of adults in the state with postsecondary degrees and credentials. The ICCB and local community college officials have initiated an array of approaches to increase certificate and degree attainment. For example, through the District's reverse transfer policy for awarding associate degrees to students who have transferred in pursuit of a bachelor's degree before completing the requirements for an associate degree at a two-year institution, students are recognized for the credits they have earned. In its "Fiscal Year 2015 Underrepresented Groups Report," the ICCB recognized the City Colleges of Chicago along with several other colleges across the State for implementing best practices for increasing graduation rates and closing achievement gaps through degree audits and enhanced transcript evaluations.

District Revenues

The operating and debt service funds of the District have four primary sources of revenue: local property taxes, student tuition and fees, State grants and federal government funding. The following chart shows the revenues of the District by source for the fiscal year ended June 30, 2017.

District Revenues by Source

	2017	% of Total	I/(D) FY 2016	% I/(D) FY 2016
Local Tax Revenues	$139,686,215	31.4%	$2,389,338	1.7%
Other Local Government	4,186,138	0.9	1,922,233	84.9
Tuition and Fees, Net	52,507,277	11.8	(3,333,797)	(6.0)
State Government	161,560,705	36.3	37,874,950	30.6
Federal Government	80,082,538	18.0	(4,259,215)	(5.0)
Income on Investment	503,916	0.1	(957,216)	(65.5)
All Other	6,702,496	1.5	(978,161)	(12.7)
TOTAL	$445,229,285	100.0%	$32,658,132	7.9%

Source: District records.

The following chart shows revenue in the operating funds of the District over the past five years.

Total Operating Funds Revenue of District

2014	2015	2016	2017
$460,686,682	$454,058,315	$ 412,571,153	$445,229,285

Source: District records. Amounts equal revenue plus inter-fund transfers.

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Indebtedness

The District previously issued its Series 2013 Bonds; currently outstanding in the amount of $237,495,000 (assuming payment of the principal due on the Series 2013 Bonds on December 1, 2017). Other than the Bonds, no other debt is currently outstanding. The District has no capitalized leases.

The following table shows the District's historical bond debt, bond debt as a percentage of the Estimated Fair Value of property in the District and bond debt per capita for the last 10 fiscal years. See "**OTHER LOCAL GOVERNMENT UNITS – Overlapping Entities**" for a description of other governmental units that levy taxes on property located in the City and share a tax base with the District.

Bonded Debt Outstanding
Last 10 Fiscal Years

Fiscal Year	Total Outstanding Bond Debt	Percentage of Estimated Fair Value	Bonded Debt Per Capita
2008	–	–	–
2009	–	–	–
2010	–	–	–
2011	–	–	–
2012	–	–	–
2013	–	–	–
2014	$250,000,000	0.13%	$ 91.95
2015	250,000,000	0.13	91.96
2016	245,995,000	0.12	90.65
2017 [1]	241,830,000	0.11 [2]	89.40 [3]

Source: District records.

[1] Outstanding Bond Debt, percentage and per capita as of June 30, 2017. Taking into account the Outstanding Bond Debt on the date of delivery of the Bonds, ($315,560,000), the percentage of Estimated Fair Value would be 0.14% and the debt per capita would be $116.66.

[2] Based on Estimated Fair Value of property within the District for property tax year 2016 of $221,953,816,299. Source: Cook County Clerk's Office. See also "THE REAL PROPERTY TAX SYSTEM – Property Tax Information."

[3] Based on District 2016 population of 2,704,958. Source: U.S. Census Bureau.

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District Debt Service Schedule

Debt service on the Bonds is shown in the following table.

Calendar Year	Series 2013 Bonds	The Bonds	Total Annual Debt Service
2018	$ 16,943,937.50	$ 3,785,541.67 [1]	$ 20,729,479.17
2019	16,941,437.50	3,893,700.00	20,835,137.50
2020	16,942,687.50	3,893,700.00	20,836,387.50
2021	16,941,937.50	3,893,700.00	20,835,637.50
2022	16,943,687.50	3,893,700.00	20,837,387.50
2023	16,942,187.50	4,003,700.00	20,945,887.50
2024	16,941,937.50	4,003,200.00	20,945,137.50
2025	16,942,187.50	4,002,450.00	20,944,637.50
2026	16,941,187.50	4,006,450.00	20,947,637.50
2027	16,942,600.00	4,004,950.00	20,947,550.00
2028	16,945,375.00	3,998,200.00	20,943,575.00
2029	16,943,462.50	4,001,450.00	20,944,912.50
2030	16,946,075.00	3,999,200.00	20,945,275.00
2031	16,941,900.00	4,006,700.00	20,948,600.00
2032	16,945,150.00	4,003,450.00	20,948,600.00
2033	16,944,250.00	3,999,950.00	20,944,200.00
2034	16,942,250.00	4,002,950.00	20,945,200.00
2035	16,943,443.76	4,000,550.00	20,943,993.76
2036	16,945,856.26	3,997,950.00	20,943,806.26
2037	16,942,875.00	4,005,150.00	20,948,025.00
2038	16,943,181.26	4,001,750.00	20,944,931.26
2039	16,944,887.50	4,001,000.00	20,945,887.50
2040	16,946,087.50	3,999,750.00	20,945,837.50
2041	16,941,062.50	4,003,000.00	20,944,062.50
2042	16,943,237.50	4,000,500.00	20,943,737.50
2043	16,945,250.00	4,002,500.00	20,947,750.00
2044	–	20,943,750.00	20,943,750.00
2045	–	20,947,250.00	20,947,250.00
2046	–	20,947,500.00	20,947,500.00
2047	–	20,947,500.00	20,947,500.00
Total	$440,528,131.28	$187,191,141.67	$623,933,731.28

[1] Paid with funds on deposit in the Capitalized Interest Sub-Account of the Pledged Revenues Account.

Demographics of the District

The table below depicts certain population, income and employment trends for the City over the last ten fiscal years.

Demographic and Economic Statistics
(Unaudited)

Fiscal Year	Population (A)	Personal Income (000)	Per Capita Personal Income (B)	Unemployment Rate (C)
2008	2,697,359	$127,250,608	$47,176	7.00%
2009	2,697,006	116,750,693	43,289	11.10
2010	2,695,598	117,700,591	43,664	11.20
2011	2,705,404	122,641,374	45,332	10.90
2012	2,714,120	129,930,353	47,872	10.00
2013	2,718,887	133,608,826	49,141	10.10
2014	2,718,530	142,396,601	52,380	7.80
2015	2,713,596	148,471,692	54,714	6.60
2016	2,704,958	--------Data Not Available-----		6.50
2017	---------------------Data Not Available ------------------------			

Sources:
(A) *United States Census Bureau.*
(B) *United States Department of Labor – Bureau of Economic Analysis.*
(C) *Illinois Workforce Info Center Website.*

Historical population trends for the City are shown below:

Year	Population	% Change
1980	3,005,072	—
1990	2,783,726	(7.3)%
2000	2,896,016	4.0
2010	2,695,598	(6.9)

Source: United States Census Bureau.

Employees and Status of Collective Bargaining Agreements

In order to provide a wide variety of programming and services, the District maintains a staff of approximately 4,000 people, a significant decrease since 2015, as shown below.

Employee Headcount
(Unaudited)

Unrestricted Funds

	Full-time FTE			**Part-time FTE**			**Total FTE**		
Functional Job Type	**2015**	**2016**	**2017**	**2015**	**2016**	**2017**	**2015**	**2016**	**2017**
Faculty	644	627	619	1,153	1,156	859	1,797	1,783	1,478
Professional/Technical Staff	563	592	558	140	68	66	703	660	624
Administrators	418	424	415	1	2	1	419	426	416
Clerical	349	354	316	6	10	19	355	364	335
Front-Line Direct Support (Custodial/Maintenance/Security)	259	269	264	398	373	291	657	642	555
Academic Support/Direct Student-Facing Personnel	158	161	168	359	322	341	517	483	509
Student Workers	2	1	0	9	20	27	11	21	27
Totals	**2,393**	**2,428**	**2,340**	**2,066**	**1,951**	**1,604**	**4,459**	**4,379**	**3,944**

Source: District records.

The District is currently negotiating successor labor agreements with CCCLOC (Adjunct Instructors), AFSCME, Local 3506 (Adult Educators and Coordinators), Local 1708 (Clerical and Technical Employees), both Full-time and Part-time Units, and Local 1220 (WYCC staff).

The contract with Local 1600 (Security Officers) will expire December 31, 2017. The contract with Local 399 (Engineers) and Local 73 (Janitorial Employees) both will expire on June 30, 2018. The contracts with Local 1600 (Full-time Faculty) and Local 1600 (Full-time and Part-time Professional) both will expire on July 15, 2018. We expect to begin negotiations on successor agreements at or around the time the current contracts expire.

The District considers its relationship with its employees to be very strong, as management, faculty and staff have worked hard to build a collaborative working environment that focuses on student success.

Risk Management

The District purchases commercial insurance to cover property and non-property losses for amount in excess of its self-insured retention levels. The District maintains a comprehensive insurance plan through third-party administrators, insurance brokers and consultants for some of its employees' health coverage and risk management exposures. The District believes that it maintains adequate reserves to address potential losses. The facilities financed with the Bonds will be included under the District's insurance program.

Pension and Retirement Plan

The District contributes to the State Universities Retirement System of Illinois ("*SURS*") defined benefit and defined contribution plans. SURS is a cost-sharing, multi-employer defined pension plan to which the State makes substantially all legally required contributions on behalf of the participating employers, including the District. SURS is included in the State's financial reports as a pension trust fund. SURS provides coverage to faculty and staff of State universities, community colleges and related agencies. SURS draws contributions from employees of nine universities, 39 community college districts and 13 other State agencies. As of June 30, 2016, SURS had a total membership of 230,364, consisting of 78,125 active members (of which 11,880 are in the self-managed defined contribution plan), 88,536 inactive members entitled to benefits but not yet receiving them (of which 9,041 are in the self-managed defined contribution plan), and 63,703 retirees and beneficiaries currently receiving benefits (of which 557 are in the self-managed defined contribution plan). Members contribute either 8.0% or 9.5% of their salary depending on the benefits package applicable to them.

The employer contributions to SURS made by the State are set forth in the following table:

Employer Contributions to SURS Made by the State

Year Ending June 30	State Contribution
2014	$ 68,087,735
2015	82,558,188
2016	102,324,434
2017	133,934,131

Source: SURS GASB Letters

The contribution requirements are established by State law and may be changed at any time by the General Assembly of the State.

The District's financial statements recognize the amount appropriated by the State as additional appropriations (non-operating) revenue and recognize the corresponding expense as an operating expense.

In addition to funding SURS, the State also provides funding for the Teacher's Retirement System of the State of Illinois, the State Employees' Retirement System of Illinois, the Judges' Retirement System of Illinois and the General Assembly Retirement System State of Illinois (each a "*Retirement System*" and, collectively, the "*State Retirement Systems*") that provide benefits upon retirement, death or disability to employees and beneficiaries. The Pension Code requires each Retirement System to produce an Actuarial Valuation within nine months of the end of such Retirement System's fiscal year. The primary purpose of the Actuarial Valuation is to determine the amount the State must contribute to each Retirement System in a given fiscal year to satisfy its current and future obligations to pay benefits to its eligible members as provided in the State Pension Code (the "*Required Annual Statutory Contribution*"). To determine the Required Annual Statutory Contribution, the actuary calculates both the "*Actuarial Accrued Liability*" and the "*Actuarial Value of Assets*." The Actuarial Accrued Liability is an estimate of the present value of the benefits each Retirement System must pay to current and retired employees as a result of their employment and participation in the Retirement System. The Actuarial Accrued Liability is calculated by use of a variety of demographic and other data (such as employee age, salary and service credits) and various assumptions (such as estimated salary increases, interest rates, employee turnover, mortality and disability rates). The Actuarial Value of Assets reflects the value of the investments and other assets held by the Retirement System. Various methods exist for calculating the Actuarial Value of Assets.

Any shortfall between the Actuarial Value of Assets and the Actuarial Accrued Liability is referred to as the "*Unfunded Actuarial Accrued Liability*" or "*UAAL*." The UAAL represents the present value of future benefits that are not matched by current plan assets. In addition, the actuary will compute the "*Funded Ratio*," which is the result obtained by dividing the Actuarial Value of Assets by the Actuarial Accrued Liability. The Funded Ratio and the UAAL are used to measure the financial health of a pension plan. An increasing UAAL or a decreasing Funded Ratio from year to year signals a deterioration in the financial health of a pension plan because it indicates the incurrence of additional liabilities without a corresponding increase in assets necessary to pay those additional liabilities. Conversely, a decreasing UAAL or an increasing Funded Ratio indicates an improvement in the financial health of a pension plan because such a change reflects a closing gap between the liabilities accrued by the pension plan and the assets necessary to pay those liabilities when they become due. A 100% Funded Ratio means existing actuarial assets are sufficient to pay the present value of currently estimated future benefits to be paid over time.

The actuaries use the Actuarial Accrued Liability, the Actuarial Value of Assets and the UAAL to compute the required annual statutory contribution for each Retirement System in accordance with the State Pension Code. The Pension Code sets forth the manner of calculating the required annual statutory contribution under the statutory funding plan. The statutory funding plan requires the State to contribute annually an amount equal to a constant percent of payroll necessary to allow the Retirement Systems to achieve a 90% Funded Ratio by Fiscal Year 2045, subject to any revisions necessitated by actuarial gains or losses, or actuarial assumptions.

The following table sets forth certain relevant data regarding the funding status of SURS.

Funding Progress of SURS
($ in Millions)

Fiscal Year	Actuarial Value of Assets(1)	Accrued Actuarial Liabilities	Unfunded Accrued Actuarial Liabilities (Actuarial Value)	Funding Ratio (Actuarial Value)	Covered Payroll	UUAL as % of Covered Payroll
2007	15,985.7	23,362.1	7,376.4	68.4	$3,181.0	231.9%
2008	14,586.3	24,917.7	10,331.4	58.5	3,303.2	312.8
2009	14,282.0	26,316.2	12,034.2	54.3	3,463.9	347.4
2010	13,966.6	30,120.4	16,153.8	46.4	3,491.1	462.7
2011	13,945.7	31,514.3	17,568.6	44.3	3,460.8	507.6
2012	13,949.9	33,170.2	19,220.3	42.1	3,477.2	552.8
2013	14,262.6	34,373.1	20,110.5	41.5	3,533.9	569.1
2014	15,844.7	37,429.5	21,584.8	42.3	3,522.2	612.8
2015	17,104.6	39,520.7	22,416.1	43.3	3,606.5	621.5
2016	17,701.6	40,923.3	23,221.7	43.3	3,513.1	661.0

Source: SURS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

(1) Per Public Act 96-0043, beginning in Fiscal Year 2009, measures of financial soundness will be calculated using an actuarial value of assets based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 7.25% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

With a Funded Ratio of 43.3% as of June 30, 2016, SURS is considered significantly underfunded. For the State's Fiscal Year 2016, the plan's Net Pension Liability (difference of the Total Pension Liability from the Plan Fiduciary Net Position) increased by nearly $2.2 billion. The required annual statutory contributions to the Retirement Systems, while in conformity with State law, are currently less than the contributions that would otherwise be determined in accordance with the Government Accounting Standards Board ("*GASB*").

Schedule of Employer Contributions to SURS
($ in Millions)

Fiscal Year	Amount Contributed	Actuarially Required Contribution	Percentage Contributed
2007	$ 261.1	$ 705.9	37.0%
2008	344.9	707.5	48.8
2009	451.6	874.0	51.7
2010	696.6	1,003.3	69.4
2011	773.6	1,259.0	61.4
2012	985.8	1,443.3	68.3
2013	1,401.5	1,549.3	90.5
2014	1,502.9	1,560.5	96.3
2015	1,528.5	1,590.9	96.1
2016	1,582.3	1,647.7	96.0

Source: SURS Comprehensive Annual Financial Report for fiscal year ended June 30, 2016

The statutory funding requirement is based upon the following requirements:

(1) the plan will achieve a 90% funded ratio by the end of State Fiscal Year 2045;
(2) the State's contribution amount is based upon a constant percentage of payroll of active members based on the actuarial value of the assets at the valuation date and assuming the actuarial value of assets earns the assumed investment return, currently set at 7.25% for the future;
(3) after 2045, the State's contribution amount is sufficient to maintain the funding level at 90%.

Changes were made to the SURS plan, primarily relating to new employees of the District, which will cause a shift in the employer contribution obligation to include payments made by the District. The difference between the total normal cost of annual contributions and the employee-required contributions is currently paid by the State. Under Public Act 100-0023, the portion of the total normal cost of contributions made on behalf of those employees enrolled in the Tier II defined benefit plan (anyone first hired after January 1, 2011) ("*Tier II Employees*") that is currently paid by the state will be shifted to the actual employers for Tier II members hired on or after the implementation date of the Optional Hybrid Plan. The implementation date has not been determined by SURS, but is expected to be on or after July 1, 2018. The Optional Hybrid Plan is a combined defined benefit/defined contribution plan. While there has always been a Tier II employer normal cost paid under SURS, the Optional Hybrid Plan employer normal cost is expected to be less than that paid previously by the State, given that the total normal cost of the Optional Hybrid Plan is projected to grow from roughly 8 percent to 9 percent of payroll by FY 2045 and the employee contributes 6.2 percent of payroll towards that amount.

As of the date of this Official Statement, the District cannot estimate the amounts of future employer contributions required to be paid by the District or what impact it will have on the District's future finances. Such costs will depend in part on the volume of new hires over the next several years. However, the financial impact is not expected to be material in the near term.

The actuary's projected statutorily-required contribution amounts for the State's Fiscal Year 2018 and subsequent four years, along with the projected funded ratio of the plan in each year, are shown in the following table. This table is based on an actuarial analysis completed prior to the creation of the Optional Hybrid Plan by Public Act 100-0023 and therefore only includes the effects of the retirement plans existing in 2016:

SURS Projected Statutorily Required Contributions and Projected Funded Ratio ($ in Millions)

Year Ending June 30	Statutorily Required State Contribution Amount	Projected Funded Ratio
2018	1,800.2	39.2
2019	1,842.5	39.3
2020	1,899.9	39.6
2021	1,983.7	40.4
2022	2,053.8	40.8

Source: SURS Comprehensive Annual Financial Report for fiscal year ended June 30, 2016.

Other Post-Employment Benefits

The District provides post-retirement health insurance benefits ("*OPEB*") and life insurance to retirees and their spouses or partners based on employee type and years of service. There were 2,751 vested employees and retirees as of June 30, 2017. The benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the Board and, if applicable, through its union contracts. The District 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.. To be eligible for benefits, an employee must qualify for retirement under the State University Retirement System. It is expected that all full-time active employees, who retire directly from the District and meet the eligibility criteria, will participate for up to 10 years. The District has implemented a freeze of benefits and participation in the health plan beginning in 2018 for non-bargained for employees.

The District's contributions to OPEB costs were $6,045,603 and $2,480,807, respectively for Fiscal Years 2017 and 2016, representing 51.6% and 16.9% of the annual required contributions in each year.

Based on an actuarial valuation performed by a third party service provider, the benefit obligation was $123,660,822 as of June 30, 2017. This obligation assumes demographic and mortality rates, an inflation rate of 2% per year, an interest rate assumption of 3.87% per year, and a health care cost trend rate assumption that starts at 7.5% in 2014 and gradually declines to 4.0% by the year 2022.

The net OPEB obligation of $60,267,654 was fully accrued by the District as of June 30, 2017 and reported in the District's financials as a liability. Actuarial valuations are obtained by the District every year. The District has not funded an OPEB trust so the plan is not accounted for as a separate trust fund.

Financial Information

The following table shows five years of Statements of Net Position for the District.

City Colleges of Chicago
Community College District No. 508
Statements of Net Positions

	2013	2014	2015	2016	2017
Assets					
Current assets:					
Cash and cash equivalents	$ 88,029,995	$ 39,362,166	$ 38,847,886	$ 27,900,976	$ 11,126,141
Short-term investments	178,811,936	154,774,287	90,441,739	49,977,101	44,118,558
Property tax receivable, net	58,522,085	58,142,077	58,803,222	57,686,532	57,929,375
Personal property replacement tax receivable	2,584,455	2,299,858	2,390,859	2,400,717	2,326,934
Other accounts receivable, net	37,204,114	34,342,495	31,880,799	39,602,679	40,409,540
Prepaid items and other assets	90,691	160,454	136,724	0	0
Total current assets	365,243,276	289,081,337	222,501,229	177,568,005	155,910,548
Non-current assets:					
Restricted cash	894,142	234,178,599	121,550,517	10,729,363	11,312,556
Funds held by Public Building Commission	79,652	58,363	155,205	627,427	362,383
Long-term investments	83,992,237	122,750,793	105,495,843	48,059,832	-
Other accounts receivable	0	7,634,715	6,889,662	6,106,490	5,283,250
Capital assets not being depreciated	130,766,316	156,727,542	325,048,886	139,666,500	92,902,978
Capital assets being depreciated, net	490,373,415	534,545,383	539,168,847	832,047,926	858,935,785
Total non-current assets	706,105,762	1,055,895,395	1,098,308,960	1,037,237,538	968,796,952
Total assets	$ 1,071,349,038	1,344,976,732	1,320,810,189	1,214,805,543	1,124,707,500
Deferred outflows of resources					
Deferred outflows for SURS	0	0	833,715	1,018,568	980,280
Liabilities					
Current liabilities:					
Accounts payable	31,427,735	39,146,986	42,198,752	34,235,754	12,189,058
Accrued payroll	3,438,653	8,179,546	13,475,823	15,888,344	18,252,209
Other accruals	896,173	5,932,355	3,246,213	5,693,803	5,872,802
Deposits held in custody for others	1,414,048	1,489,337	1,228,698	1,059,997	1,033,080
Unearned tuition and fees revenue	6,388,429	5,263,535	5,265,449	6,504,513	5,656,529
Unearned grant revenue	1,037,895	894,297	1,381,319	286,015	555,595
Other liabilities	17,639,761	12,453,300	10,106,255	13,042,713	10,720,241
Current portion of non-current liabilities	2,933,228	5,310,108	7,502,160	6,928,403	7,424,139
Total current liabilities	65,175,922	78,669,464	84,404,669	83,639,542	61,703,653
Non-current liabilities:					
Accrued compensated absences	3,165,710	3,019,110	3,109,320	3,065,697	2,989,269
Accrued property tax refunds	10,737,144	11,873,206	14,939,575	16,277,328	19,121,950
Sick leave benefits	17,833,993	11,457,018	8,857,755	6,727,996	5,021,558
Other post-employment benefits	35,459,799	39,703,812	42,414,120	54,598,754	60,267,654
Bonds payable, net of premiums and discounts	-	257,406,782	256,211,924	251,089,656	245,933,132
Lease obligations	-	-	-	-	9,897,038
Less current portion of non-current liabilities	(2,933,288)	(5,310,108)	(7,502,160)	(6,928,403)	(7,424,139)
Total non-current liabilities	64,263,418	318,149,820	318,030,534	324,831,028	335,806,462
Total liabilities	129,439,340	396,819,284	402,435,203	408,470,570	397,510,115
Deferred inflows of resources					
Deferred property tax revenue	59,542,677	59,808,797	60,204,301	60,228,410	60,260,718
Net Position					
Net investment in capital assets	621,139,731	658,505,276	717,255,258	719,559,997	704,854,741
Restricted for specific purposes:					
Audit	64,118	194,892	165,898	36,209	29,488
Liability, protection and settlement	6,007,472	7,187,039	6,580,766	2,632,672	705,482
PBC operations and maintenance	607,045	607,045	-	-	-
Unrestricted	254,548,589	221,854,399	135,002,378	24,896,253	(37,672,764)
Total net assets	$ 882,367,021	$ 888,348,651	$ 859,004,300	$747,125,131	$ 667,916,947

Source: District records.

The following table shows five years of Statements of Revenues, Expenses and Changes in Net Position for the District:

City Colleges of Chicago
Community College District No. 508
Statement of Revenues, Expenses and Changes in Net Position

Revenues	**2013**	**2014**	**2015**	**2016**	**2017**
Operating revenues:					
Student tuition and fees:					
Resident tuition	$ 82,619,402	$ 81,468,816	$ 72,157,902	$ 95,135,130	$ 90,887,073
Nonresident tuition	7,826,201	8,828,512	6,961,899	9,692,873	7,609,337
Fees	21,461,781	20,159,285	20,454,112	177,154	681,472
Less: scholarship allowances	(66,382,528)	(66,905,144)	(57,835,807)	(49,164,083)	(46,670,605)
Net student tuition and fees	45,524,856	43,551,469	41,738,106	55,841,074	52,507,277
Other operating revenues	10,407,332	9,806,723	7,240,451	7,680,657	6,702,496
Total operating revenues	55,932,188	53,358,192	48,978,557	63,521,731	59,209,773
Expenses					
Operating expenses:					
Instructional salaries	97,927,822	100,033,039	95,951,938	90,918,944	83,858,803
Non-instructional salaries	103,702,031	110,941,259	118,063,554	123,980,168	123,024,189
Fringe benefits	116,384,988	101,050,332	115,749,425	150,741,188	176,176,135
Supplies	14,673,596	20,216,270	22,552,882	20,032,747	14,732,670
Professional development	1,272,691	1,487,147	1,244,344	1,304,104	742,743
Equipment not capitalized	8,030,169	-	-	-	-
Utilities	9,041,755	8,422,751	8,503,632	7,889,555	8,090,810
Contractual services	39,843,034	39,678,006	37,471,238	29,714,332	26,683,165
Depreciation	19,605,043	20,603,084	40,362,884	49,604,285	42,741,190
Financial aid, exclusive of scholarship allowances	62,302,469	54,757,208	54,781,226	32,657,219	33,531,205
Other expenses	4,572,743	3,208,895	9,048,160	15,151,528	10,045,675
Total operating expenses	477,356,341	460,397,991	503,729,283	521,994,070	519,626,585
Operating loss	(421,424,153)	(407,039,799)	(454,750,726)	(458,472,339)	(460,416,812)
Non-operating revenues (expenses):					
State apportionment and equalization	44,243,857	44,091,624	40,944,584	10,653,563	16,737,354
Other state grants and contracts	101,432,160	103,024,737	113,886,048	113,032,192	144,823,351
Local grants and contracts	5,573,604	5,042,722	5,073,046	2,263,905	4,186,138
Local property taxes	120,202,490	118,738,148	119,389,151	125,659,171	123,263,682
Personal property replacement tax	14,076,439	13,548,322	14,564,695	11,637,706	16,422,533
Federal grants and contracts	131,057,829	121,249,812	109,992,620	84,341,753	80,082,538
Investment income	579,765	1,633,125	1,229,614	1,461,132	503,916
Building lease and interest payments on debt	-	-	-	(4,961,335)	(11,688,580)
Other non-operating revenue	-	573,157	2,175,119	1,846,475	6,075,845
Non-operating revenues, net	417,166,144	407,901,647	407,254,877	345,934,562	380,406,777
Income (Loss) before capital appropriations and grants	(4,258,009)	861,848	(47,495,849)	(112,537,777)	(80,010,035)
Capital appropriations and grants	25,632,166	5,119,782	17,326,560	658,608	801,851
Change in net position	21,374,157	5,981,630	(30,169,289)	(111,879,169)	(79,208,184)
Net position, beginning of year	860,992,864	882,367,021	889,173,589	859,004,300	747,125,131
Net position, end of year	$882,367,021	$888,348,651	$859,004,300	$747,125,131	$667,916,947

Source: District records.

District Financial Position

The District's total net position as of June 30, 2017 of $667.9 million represents a decrease of $79.2 million from the previous Fiscal Year. This decrease is largely attributable to decreases in Federal grants, State funding, and tuition revenue for the Fiscal Year. The decrease was partially offset by a gain from the disposal of the WYCC broadcast license. In addition, the State approval of supplemental funding to community colleges for Fiscal Year 2017 occurred after the end of Fiscal Year 2017. As a result, the District was unable to recognize the $31.4 million supplemental appropriation in Fiscal Year 2017. The $31.4 million Fiscal Year 2017 supplemental State appropriation has been recognized as revenue and recorded as a receivable in Fiscal Year 2018.

Investment Policy

The District has adopted an Investment Policy (the "*Investment Policy*") which is consistent with the Act and the Public Funds Investment Act, 30 Illinois Compiled Statutes 235. The objectives of the Investment Policy are to invest public funds legally in a manner to provide for the safety and preservation of capital and preservation of capital and protection of investment principal, liquidity and yield. The Investment Policy specifically prohibits the use of or investment in reverse repurchase agreements, inverse floaters and derivative products such as collateralized mortgage obligations. All investments of the moneys on deposit in the Funds and Accounts established under the Indenture are subject to the provisions of the Investment Policy to the extent they are more restrictive than the Indenture.

Debt Policy

The Board adopted a Debt Policy on October 2, 2013 to guide the issuance and management of its debt portfolio. The Debt Policy addresses bond terms, procurement rules, and debt burden metrics. Under the Debt Policy, debt incurrence is limited to capital investment in assets with useful lives matching debt amortization. Fixed rate, variable rate, and short term debt issuance is permitted based on market conditions and Board approval. The overall debt burden and portfolio risk is specifically limited and the procurement and agreements governing financial professionals is described. Derivative instruments are not permitted, nor is the use of debt for operating purposes. The Board expects to adopt revisions to the Debt Policy by the end of calendar year 2017.

OTHER LOCAL GOVERNMENTAL UNITS

Overlapping Entities

There are seven major units of local government, including the District, located in whole or in part within the boundaries of the District, each of which (i) is separately incorporated under the laws of the State, (ii) has an independent tax levy, (iii) derives its power and authority under the laws of the State, (iv) maintains its own financial records and accounts and (v) is authorized to issue debt obligations. In addition to the District, these units are: the City; the Chicago Park District; the Chicago Board of Education; the County of Cook; the Forest Preserve District of Cook County; and the Metropolitan Water Reclamation District of Greater Chicago. Each of the foregoing governmental units levies taxes upon property located in the City, and, in some cases, in other parts of Cook County as well. For additional information about the District, see **"COMMUNITY COLLEGE DISTRICT NUMBER 508"** Information about these other units of local government is set forth below.

City Colleges of Chicago
Community College District Number 508

Direct and Overlapping General Obligation Debt
(Unaudited)
As of November 29, 2017

($000s)

	Net Direct Long-Term Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt [1]			
City Colleges of Chicago	$ 315,560 [2]	100.00%	$ 315,560 [2]
Estimated General Obligation Overlapping Debt			
City of Chicago General Obligation Bonds	$9,805,104	100.00%	$9,805,104
Chicago Board of Education	8,257,269	100.00	8,257,269
Chicago Park District	822,045	100.00	822,045
Metropolitan Water Reclamation District of Greater Chicago	2,750,357	54.46	1,497,844
Cook County	3,213,142	51.98	1,670,191
Cook County Forest Preserve District	159,440	53.47	85,253
Total Estimated Overlapping Long-Term Debt			22,137,706
Direct and Estimated Overlapping Long-Term Debt			$22,453,266

Source: Records of each respective governmental unit. Includes Alternate Bond Debt.
[1] For additional information about the District's direct indebtedness, see "**COMMUNITY COLLEGE DISTRICT NUMBER 508 – Indebtedness**."
[2] Assumes payment of the principal amount due December 1, 2017 on the Series 2013 Bonds.

Major Units of Government

The City of Chicago is a home rule unit of government under the Illinois Constitution and was incorporated in 1837. The City is governed by a Mayor (the "*Mayor*"), elected at-large for a four-year term, and the City Council (the "*City Council*"). The City Council consists of 50 aldermen ("*Aldermen*"), each representing one of the City's 50 wards. Aldermen are elected for four-year terms.

The Chicago Park District (the "*Park District*") is responsible for the maintenance and operation of parks, boulevards, marinas and certain other public property within the City. The Park District is governed by a seven-member board, appointed by the Mayor with the approval of the City Council.

Board of Education of the City of Chicago (the "*Chicago Public School District*") maintains a system of public elementary and high schools within the City. The Chicago Public School District is governed by a seven-member board, appointed by the Mayor.

Cook County (the "*County*") is a home rule unit of government under the Illinois Constitution, and includes virtually all of the City, plus numerous surrounding suburbs and unincorporated areas. The County is governed by a board of 17 Commissioners, each elected for four-year terms from one of

17 districts. The voters of the entire County elect a number of County Officials, including the President of the District of Commissioners, the County Sheriff, the County Assessor, the County Clerk, the State's Attorney and the County Treasurer.

The Forest Preserve District of Cook County (the "*Forest Preserve District*") is coterminous with the County. The Forest Preserve District creates, maintains and operates forest preserves within the County. The Forest Preserve District is governed by a seventeen-member board composed of the members of the County Board.

The Metropolitan Water Reclamation District of Greater Chicago (the "*Water Reclamation District*") includes virtually all of the City and most of the County. The Water Reclamation District constructs, maintains and operates sewage treatment plants and certain sanitary sewers and constructs and maintains drainage outlets. The Water Reclamation District is governed by a nine-member board elected at-large by the voters of the Water Reclamation District.

Interrelationships of These Bodies

The governmental units and other public bodies described above, share in varying degrees a common property tax base with the District. See **"– Overlapping Entities"** above. However, they are all separate legal and financial units, and the financial condition or circumstances of any one unit does not necessarily imply similar financial conditions or circumstances for the District.

Other Public Bodies

Other governmental bodies in the District's geographical boundaries are described below. These governmental bodies are authorized to issue debt obligations, but are not authorized to levy real property taxes.

The Public Building Commission of Chicago (the "*PBC*") is a municipal corporation authorized to acquire, construct and improve public buildings and facilities for use by one or more of the local governmental units. The PBC issues bonds to finance its various projects and then leases its facilities to certain governmental units.

The Chicago Transit Authority (the "*CTA*") is a municipal corporation empowered to acquire, construct, own, operate and maintain a transportation system in the City and portions of the County. The CTA is governed by a seven-member board.

The Regional Transportation Authority (the "*RTA*") is a municipal corporation authorized to provide planning, funding, coordination and fiscal oversight of three separately governed operating entities which provide public mass transportation services in a six-county area of northeastern Illinois, including Cook County. The RTA is governed by a 16-member board, consisting of City and suburban members appointed by elected officials in the six-county RTA region.

The Metropolitan Pier and Exposition Authority (the "*MPEA*"), formerly known as the Metropolitan Fair and Exposition Authority, is a municipal corporation which owns the McCormick Place convention and exposition facilities and Navy Pier. MPEA is authorized to impose certain taxes to provide security for its bonds.

The Illinois Sports Facilities Authority (the "*ISFA*") is responsible for the operation of U.S. Cellular Field. The ISFA is primarily funded from hotel taxes and lease revenues from the use of U.S. Cellular Field.

THE REAL PROPERTY TAX SYSTEM

Real Property Assessment, Tax Levy and Collection Procedures

General. The following is a general summary of the real property assessment, taxing, and collection procedures applicable to the District and counties in which it is located. As described under **"SECURITY FOR THE BONDS – Pledged Taxes,"** the Pledged Taxes, to the extent they are levied and collected, will be derived from the proceeds of *ad valorem* taxes levied by the District on all taxable property within the District.

Substantially all (approximately 99.99%) of the "*Equalized Assessed Valuation*" (described below) of taxable property in the District is located in Cook County (the "*County*"). The remainder is located in DuPage County. Accordingly, unless otherwise indicated, the information set forth under this caption and elsewhere in this Official Statement with respect to taxable property of the District does not reflect the portion situated in DuPage County. The Illinois laws relating to real property are contained in the Illinois Property Tax Code, 35 ILCS 200/1-1, *et seq*., as amended (the "*Property Tax Code*").

Assessment. The Cook County Assessor (the "*Assessor*") is responsible for the assessment of all taxable real property within the County, except for certain railroad property and pollution control equipment assessed directly by the State. One-third of the real property in the County is reassessed each year on a repeating triennial schedule established by the Assessor. The City was reassessed in tax year 2015 and will be reassessed again in 2018.

Pursuant to the Cook County Real Property Assessment Classification Ordinance (the "*Classification Ordinance*"), real property in the County is separated into various classifications for assessment purposes. After the Assessor establishes the fair cash value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the "*Assessed Valuation*") for the parcel. As of the 2016 tax year, the classification percentages range from 10 to 25 percent depending on the type of property (e.g., residential, industrial, commercial) and whether it qualified for certain incentives for reduced rates.

The Cook County Board of Commissioners has adopted various amendments to the Classification Ordinance, pursuant to which the Assessed Valuation of real property is established. Among other things, these amendments have reduced certain property classification percentages, lengthened certain incentive renewal periods of classifications and created new property classifications.

The Assessor has established procedures enabling taxpayers to contest their tentative Assessed Valuations. Once the Assessor certifies final Assessed Valuations, a taxpayer can seek review of its assessment by the Cook County Board of Review (the "*Board of Review*"). The Board of Review consists of three commissioners, each elected by an election district in Cook County. The Board of Review is empowered to review and adjust Assessed Valuations set by the Assessor.

Owners of property are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "*PTAB*"), a state-wide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Based on the amount of the proposed change in assessed valuation, taxpayers may appeal decisions of the PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County similar to the previously described judicial review procedure but with a different standard of proof than previously required. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

Equalization. After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year (including any revisions made by the Board of Review), the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the "*Equalization Factor*"), commonly called the "*multiplier*," for each county. The purpose of equalization is to bring the aggregate assessed value of all real estate in each county, except certain farmland and undeveloped coal, to the statutory requirement of 33-1/3% of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County's Equalization Factor to determine the parcel's equalized assessed valuation (the "*EAV*").

The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "*Assessment Base*"). The Equalization Factor for a given year is used in computing the taxes extended for collection in the following year. The EAV used to determine any applicable tax limits is the one for the immediately preceding year and not the current year. See **"– Property Tax Extension Limitation Law; Issuance of Alternate Bonds"** below.

Exemptions. The Illinois Property Tax Code currently provides for a number of different homestead exemptions. These exemptions are discussed below.

The Illinois Constitution allows homestead exemptions for residential property. Pursuant to the Property Tax Code, property must be occupied by the owner as a principal residence on January 1 of the tax year for which the exemption will be claimed. An annual General Homestead Exemption provides for the reduction of the EAV of certain property owned and used exclusively for residential purposes ("*Residential Property*") by the amount of the increase over the 1977 EAV, currently up to a maximum reduction of $7,000 in Cook County ($10,000 beginning with tax year 2017) and $6,000 in all other counties (the "*General Homestead Exemption*").

The Homestead Improvement Exemption ("*Homestead Improvement Exemption*") applies to Residential Properties that have been improved and to properties that have been rebuilt in the two years following a catastrophic event. The exemption is limited to $75,000 per year to the extent the assessed value is attributable solely to such improvements or rebuilding. The exemption continues for 4 years from the date the improvement or rebuilding is completed and occupied, or until the next general assessment of the property, whichever is later.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption ("*Senior Citizens Homestead Exemption*") operates annually to reduce the EAV on a senior citizen's home by $3,500. For taxable years 2012 and thereafter, the maximum reduction is $5,000 in Cook County ($8,000 beginning in tax year 2017). Furthermore, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption ("*Senior Citizens Assessment Freeze Homestead Exemption*") freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is $55,000 for assessment years 2008 and thereafter. In general, the exemption grants qualifying senior citizens an exemption based upon a "*freeze*" of their home's Assessed Valuation.

Beginning with assessment year 2007, the Disabled Persons' Homestead Exemption (the "*Disabled Persons' Homestead Exemption*") provides an annual homestead exemption in the amount of $2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption under the Disabled Veterans Standard Homestead Exemption or the Disabled Veterans Homestead Exemption cannot claim the Disabled Persons' Homestead Exemption.

The Disabled Veterans' Standard Homestead Exemption ("*Disabled Veterans' Standard Homestead Exemption*", not to be confused with the Disabled Veterans' Homestead Exemption defined in the following paragraph) provides disabled veterans an annual homestead exemption. Beginning with the assessment year 2010, those veterans with a service-connected disability of less than 69%, but at least 50%, are granted an exemption of $2,500 and those veterans with a service-connected disability of at least 70% are granted an exemption of $5,000. Additionally, beginning with the assessment year 2011, a disabled veteran receiving the Disabled Veterans' Standard Homestead Exemption may continue to do so if such veteran becomes a resident of a Nursing Home Care Act licensed facility or a facility granted by the U.S. Dept. of Veterans Affairs provided the residence is still occupied by such veteran's spouse, or the residence is vacant and still owned by such veteran. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. Moreover, if the property is sold by the surviving spouse, then an exemption amount not to exceed the amount specified by the current property tax roll may be transferred to the spouse's new residence, provided that it is the spouse's primary residence and the spouse does not remarry. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption or the Disabled Veterans Homestead Exemption described in the following paragraph cannot claim the aforementioned exemption.

The Disabled Veterans Homestead Exemption (the "*Disabled Veterans Homestead Exemption*") is available to disabled veterans, may be applied annually to exempt up to $70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption or the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption ("*Returning Veterans' Homestead Exemption*") is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces (the "*Returning Year*"). This provision grants a homestead exemption of $5,000, which is applicable in all counties. In order to apply for this exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, subject to some limitations. Those individuals eligible for this exemption may claim the exemption in addition to other homestead exemptions, unless otherwise noted. Further, beginning with assessment year 2010, the exemption period expands to two consecutive years – the Returning Year and the assessment year following the Returning Year. Finally, as of assessment year 2010, the exemption is available for property acquired and occupied on January 1 of year after the Returning Year.

In 2001, the Cook County enacted the "*Longtime Homeowner Exemption Ordinance,*" which provides property tax relief from dramatic rises in property taxes directly or indirectly attributable to gentrification in the form of an exemption. This is generally applicable to homeowners: (i) who have resided in their homes for 10 consecutive years (or five consecutive years for homeowners who have received assistance in the acquisition of the property as part of a government or nonprofit housing program), (ii) whose annual household income for the year of the homeowner's triennial assessment does not exceed 115 percent of the "*Chicago Primary Metropolitan Statistical Area*" median income as defined by the United States Department of Housing and Urban Development, (iii) whose property has increased in assessed value to a level exceeding 150 percent of the current average assessed value for properties in the assessment district where the property is located, (iv) whose property has a market value for assessment purposes of $300,000 or less in the current reassessment year, and (v) who, for any triennial assessment cycle, did not cause a substantial improvement which resulted in an increase in the property's fair cash value in excess of the $45,000 allowance set forth in the Property Tax Code.

Certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not for profit schools and public schools, churches, and not-for-profit hospitals and public hospitals, and certain other qualifying property owned by not-for-profit organizations.

Tax Levy. There are over 800 units of local government (the "*Units*") located in whole or in part in the County that have taxing power. The major Units having taxing power over property within the County include the District, the City, the Park District, the Chicago Public Schools District, the Water Reclamation District, the County and the Forest Preserve District.

As part of the annual budgetary process of the Units, each year in which the determination is made to levy real estate taxes, proceedings are adopted by the governing body of each Unit. The tax levy proceedings impose the Units' respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk's Office. The remaining administration and collection of the real estate taxes is statutorily assigned to the County Clerk and the County Treasurer, who is also the County Collector.

The Local Government Debt Reform Act (30 ILCS 350/16) includes special provisions applicable to tax levies to pay debt service on general obligation bonds, including Alternate Revenue Bonds. A governmental unit may levy a tax for the payment of principal of and interest on general obligation bonds, including Alternate Revenue Bonds, at any time prior to March 1 of the calendar year during which the tax will be collected. The County Clerk is required to accept the filing of the ordinance levying such tax notwithstanding that such time is subsequent to the end of the calendar year next preceding the calendar year during which such tax will be collected. (30 ILCS 350/16).

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The County Clerk computes the Unit's maximum allowable levy by multiplying the maximum tax rate for that Unit by the prior year's EAV for all property currently in the taxing district. The prior year's EAV includes the EAV of any new property, the current year value of any annexed property, and any recovered tax increment value, minus any disconnected property for the current year under the Limitation Law. See **"– Property Tax Extension Limitation Law; Issuance of Alternate Bonds"** below. The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year's EAV. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law. Pursuant to the Local Government Debt Reform Act (30 ILCS 350/16) In extending taxes for general obligation bonds, including Alternate Revenue Bonds, the County Clerk is required to increase the levy for debt service on such bonds to provide an allowance for loss in collections, in an amount sufficient, in view of all losses and delinquencies in tax collection, to produce tax receipts adequate for the prompt payment of such debt service.

Extensions. The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The

County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the "*Warrant Books*") along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

Collection. Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second due on the later of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill calculated at 55% of the prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the then current tax year levy, assessed value and Equalization Factor and applicable tax rates, and reflects any changes from the prior year in those factors.

The following table sets forth the second installment penalty date during the last 10 years; the first installment penalty date has been March 2 for all years.

Second Installment

Tax Year	**Penalty Date**
2016	August 1, 2017
2015	August 1, 2016
2014	August 1, 2015
2013	August 1, 2014
2012	August 1, 2013
2011	August 1, 2012
2010	November 1, 2011
2009	December 13, 2010
2008	December 1, 2009
2007	November 3, 2008

The County may provide for tax bills to be payable in four installments instead of two but has never done so. During the periods of peak collections, tax receipts are forwarded to each Unit weekly.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on the year's Warrant Books (the "*Annual Tax Sale*"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 18% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited to the State and the property is eligible to be purchased "*over the counter*" at any time thereafter at an amount equal to all delinquent taxes, interest and certain other costs to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale, except that a different penalty rate may apply depending on the length of the redemption period.

A scavenger sale (the "*Scavenger Sale*"), like the Annual Tax Sale, is a sale of unpaid taxes. A Scavenger Sale is scheduled to be held by Cook County every two years on all property in which taxes are delinquent for two or more years. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be substantially less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years depending upon the type and occupancy of the property.

Property Tax Extension Limitation Law; Issuance of Alternate Bonds

The Limitation Law was extended in 1995 (effective as of the 1994 assessment year) to non-home rule taxing districts in Cook County, including the District. The effects of the Limitation Law are to limit or slow the growth in the amount of property taxes that can be extended for a non-home rule taxing body and to impose direct referendum requirements upon the issuance of certain types of general obligation bonds by such non-home rule taxing bodies. In addition, general obligation bonds, notes and installment contracts payable from *ad valorem* taxes, unlimited as to rate and amount, cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds (such as the Bonds) or are for certain refunding purposes.

The Limitation Law specifically limits the annual growth in property tax extensions for the District to the lesser of 5% or the percentage increase in the Consumer Price Index for All Urban Consumers during the calendar year preceding the relevant tax levy year. Generally, extensions can be increased beyond this limitation only due to increases in the EAV attributable to new construction and referendum approval of tax or limitation rate increases.

The Limitation Law requires the Cook County Clerk, in extending taxes for taxing districts in Cook County, including the District, to use the EAV of all property within the taxing district for the levy year prior to the levy year for which taxes are then being extended.

The Limitation Law (i) authorizes the issuance of "*limited bonds*" payable from non-home rule taxing districts' "*debt service extension base*"; and (ii) excludes certain types of general obligation bonds, known as "*alternate bonds*" issued pursuant to Section 15 of the Debt Reform Act, from the direct referendum requirements of the Limitation Law. Pursuant to the provisions of this amendatory legislation and the Debt Reform Act, the Bonds are being issued as Alternate Bonds. The extension and collection of the Pledged Taxes, to the extent received, for the payment of debt service on such Bonds are not limited or restricted in any way by the provisions of the Limitation Law.

Illinois Truth in Taxation Law

The Illinois Truth in Taxation Law contained within the Property Tax Code imposes procedural limitations on a Unit's real estate taxing powers and requires that notice in the prescribed form must be published if the aggregate annual levy is estimated to exceed 105% of the levy of the preceding year, exclusive of levies for debt service (including debt service on Alternate Revenue Bonds), election cost and payments due under public building commission leases. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the Unit's annual levy. No amount in excess of 105% of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by a certification of compliance with the foregoing procedures. This law does not impose any limitations on the rate or the amount of the levy to pay principal of and interest on the Unit's general obligation bonds and notes (including payment of debt service on Alternate Revenue Bonds).

Bond Issue Notification Act

The Bond Issue Notification Act (the "*Bond Issue Notification Act*") requires a public hearing to be held by any governmental unit proposing to sell non-referendum general obligation bonds or limited bonds subject to backdoor referendum. The public hearing is intended to require the governing body approving the bond issue to explain the reasons for the proposed issuance and allow persons desiring to be heard an opportunity to present written or oral testimony. On October 5, 2017, the District held a hearing pursuant to the Bond Issue Notification Act in connection with bonds to be issued pursuant to the Resolutions, including the Bonds.

Property Tax Information

The tables on the following pages provide statistical data regarding the property tax base of the District and the City and the tax rates, tax levies and tax collections for the District.

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Assessed and Estimated Value of Taxable Property in City

($ 000)

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 % of Estimated Fair Value
2007	$ 43,685,644,783	$ 22,387,633,179	$ 7,454,940,830	$ 77,095,720	$ 73,605,314,512	$ 73,611,156,177	0.159	$ 220,833,468,531	33.33%
2008	48,377,972,238	24,468,644,597	7,993,155,293	84,112,105	80,923,884,233	80,929,580,524	0.156	242,788,741,572	33.33%
2009	52,169,503,706	24,491,319,005	7,785,890,009	98,313,889	84,545,026,609	84,550,505,262	0.150	253,651,515,786	33.33%
2010	51,831,630,468	22,565,050,951	7,530,442,082	119,792,938	82,046,916,439	82,052,222,695	0.151	246,156,668,085	33.33%
2011	47,818,408,543	19,929,694,759	7,209,360,847	125,341,819	75,082,805,968	75,087,804,739	0.165	225,263,414,217	33.33%
2012	39,247,090,939	19,340,669,493	6,496,120,614	130,470,559	65,214,351,605	65,221,057,665	0.189	195,663,172,995	33.33%
2013	37,165,845,442	18,664,711,059	6,359,267,977	140,913,053	62,330,737,531	62,337,066,955	0.199	187,011,200,865	33.33%
2014	39,639,728,826	23,151,162,620	1,946,233,867	137,040,420	64,874,165,733	64,879,908,794	0.193	194,639,726,382	33.33%
2015	43,871,767,527	24,955,908,048	1,943,080,901	148,390,582	70,919,147,058	70,924,421,349	0.177	212,773,264,047	33.33%
2016	45,774,355,574	26,093,545,448	1,964,171,087	148,006,500	73,980,078,609	73,984,605,433	0.169	221,953,816,299	33.33%

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

Sources: *Cook County Clerks' Offices*

(1) Source: Cook County Clerk. Includes Cook County Valuation only

(2) Source: Cook County Clerk. Includes Cook & DuPage County Valuation

(3) Tax rates are per $100 of assessed value.

(4) Source: Cook County Office. Total equalized assed valuation is computed at one-third the estimated actual fair value.

Tax Revenues. The following chart shows the total tax levies and collections of the District for the past ten years current as of November 30, 2017.

District's Property Tax Extensions and Collections

			Collected within the Fiscal Year of Extension (A)			Total Collections to Date (B)	
Levy Year	**Fiscal Year of Extension**	**Tax Levied**	**Amount**	**Percentage of Tax Levy**	**Collections in Subsequent Years**	**Amount**	**Percentage of Levy**
2012	2013	$123,907,268	$62,712,317	50.61%	$58,098,222	$120,810,539	97.50%
2013	2014	124,038,168	63,503,739	51.20	57,852,047	121,355,786	97.84
2014	2015	125,207,190	63,827,769	50.98	59,274,468	123,102,237	98.32
2015	2016	124,890,892	64,993,572	52.04	59,367,216	124,360,788	99.58
2016	2017	124,957,885	64,816,536	51.87	58,129,227	122,937,605	98.38

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

Notes:

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

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

Real Property Tax Rates

(per $100 equalized assessed valuation)

Taxing Bodies	**Legal Limit**	**2012**	**2013**	**2014**	**2015**	**2016**
City Colleges of Chicago						
Audit Fund	$0.005	$0.001	$0.001	$0.001	$0.001	$0.001
Tort Liability	N/A	0.008	0.009	0.005	0.001	0.009
Education Fund	0.175	0.131	0.149	0.149	0.125	0.124
Operations and Maintenance Fund	0.050	0.050	0.040	0.038	0.049	0.035
PBC Rental	N/A	–	–	–	–	–
Total City Colleges of Chicago Rate		$0.189	$0.199	$0.193	$0.177	$0.169
Overlapping Rates						
Chicago Board of Education		$3.422	$3.671	$3.660	$3.455	$3.726
School Finance Authority*		–	–	–	–	–
City of Chicago		1.425	1.496	1.473	1.806	1.880
Chicago Park District		0.395	0.420	0.415	0.382	0.368
Metropolitan Water Reclamation District		0.370	0.417	0.430	0.426	0.406
Cook County		0.531	0.560	0.568	0.552	0.533
Cook County Forest Preserve		0.063	0.069	0.069	0.069	0.063
South Cook County Mosquito Abatement		0.014	0.016	0.017	0.017	0.017
Total Overlapping Rate		$6.220	$6.649	$6.632	$6.707	$6.993
Total Rate		$6.409	$6.848	$6.825	$6.884	$7.162

Source: Cook County Clerk's Office - tax rates by levy year.

*Abolished by statute.

Principal Property Taxpayers

The taxpayers set forth below are believed to be the largest taxpayers in the City.

	2016			2007		
Taxpayer	Taxable Assessed Value (000)	Rank	% Total Assessed Valuation	Taxable Assessed Value (000)	Rank	% Total Assessed Valuation
Willis Tower (formerly Sears Tower)	$ 406,464	1	0.55	$ 514,662	1	0.70
AON Building	252,408	2	0.34	374,456	2	0.51
HCSC Blue Cross A Pini	250,676	3	0.34	–	–	–
Water Tower Place	226,358	4	0.31	231,069	6	0.31
One Prudential Plaza	212,135	5	0.29	293,604	4	0.40
300 LaSalle LLC	205,994	6	0.28	–	–	–
AT&T Corporate Center 1 (Franklin Ctr.)	204,322	7	0.28	297,653	3	0.40
Citadel Center (Mark Davids)	196,745	8	0.27	208,906	9	0.28
Three First National Plaza	191,736	9	0.26	205,913	10	0.28
Hart 353 N. Clark	159,626	10	0.22	–	–	–
Chase Tower	–		0.00	250,261	5	0.34
Citigroup Center	–		0.00	216,217	7	0.29
Leo Burnett Building	–		0.00	211,813	8	0.29
131 S. Dearborn	–		–	–	–	–
	$2,306,464		3.12	$2,804,554		3.80

Sources: Cook County Assessor's Office – 2016 is latest data available.
Cook County Clerk's Office

TAX MATTERS

Summary of Co-Bond Counsel Opinions. Katten Muchin Rosenman LLP and Cotillas and Associates, Co–Bond Counsel, are of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the **"Code"**), Co–Bond Counsel are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. In addition, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includible in corporate earnings and profits when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from Illinois income taxes.

Exclusion from Gross Income: Requirements. The Code contains certain requirements that must be satisfied from and after the date of issuance of the Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. Among these specific requirements are the following:

(a) *Investment Restrictions*. Except during certain "temporary periods," proceeds of the Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a "minor portion") may generally not be invested in investments having a yield that is materially higher than the yield on the Bonds.

(b) *Rebate of Permissible Arbitrage Earnings*. Earnings from the investment of the "gross proceeds" of the Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Bonds.

(c) *Restrictions on Ownership and Use*. The Code includes restrictions on the ownership and use of the facilities financed with the proceeds of the Bonds. Such provisions may restrict future changes in the use of any property financed with the proceeds of the Bonds.

Covenants to Comply. The Board covenants in the Indenture to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Risk of Non Compliance. In the event that the Board fails to comply with the requirements of the Code, interest on the Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, the Indenture does not require acceleration of payment of principal of or interest on the Bonds or payment of any additional interest or penalties to the owners of the Bonds.

Federal Income Tax Consequences. Pursuant to Section 103 of the Code, interest on the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below.

PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE BONDS.

(a) *Cost of Carry*. Owners of the Bonds will generally be denied a deduction for otherwise deductible interest on any debt that is treated for federal income tax purposes as incurred or continued to purchase or carry the Bonds. Financial institutions are denied a deduction for their otherwise allowable interest expense in an amount determined by reference to their adjusted basis in the Bonds.

(b) *Corporate Owners*. Interest on the Bonds is taken into account in computing earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Bonds is taken into account in computing the alternative minimum tax for corporations, but also the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

(c) *Individual Owners*. Receipt of interest on the Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

(d) *Certain Blue Cross or Blue Shield Organizations*. Receipt of interest on the Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

(e) *Property or Casualty Insurance Companies*. Receipt of interest on the Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

(f) *Foreign Personal Holding Company Income*. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Bonds held by such a company is properly allocable to the shareholder.

Change of Law. The opinions of Co–Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings, and other official interpretations of law in existence on the date the Bonds were issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Bonds.

Bonds Purchased at a Premium or at a Discount. The difference (if any) between the "issue price" of the Bonds as determined for federal tax purposes (the "Offering Price") and the principal amount payable at maturity of such Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a bond, the difference between the two is known as *"bond premium,"* if the Offering Price is lower than the maturity value of a bond, the difference between the two is known as *"original issue discount."*

Bond premium and original issue discount are amortized over the term of a Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight–line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as an offset against interest paid on the Bonds and is subtracted from the owner's tax basis in the Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Bond for federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Bond. A Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Bond).

Owners who purchase Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Bonds. In addition, owners of Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Bonds. Under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

RATINGS

The Bonds have been assigned the ratings of "BBB" (stable outlook) by S&P, and "A+" (negative outlook) by Fitch, based on the credit of the District.

S&P is expected to assign the insured rating of "AA" (stable outlook) to the Bonds based upon the issuance of the Bond Insurance Policy by BAM at the time of delivery of the Bonds.

A rating reflects only the view of the rating agency giving such rating. Any explanation of the significance of such ratings may be obtained only from the respective rating agency. There is no assurance that any such rating will be maintained for any given period of time or that any such rating may not be raised, lowered or withdrawn entirely by the respective rating agency if in its judgment circumstances so warrant. Any change in or withdrawal of any such rating may have an effect on the price at which the Bonds may be resold and on their liquidity.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

FINANCIAL STATEMENTS

The financial statements of the District as of and for the year ended June 30, 2017, included in **APPENDIX A** to this Official Statement, have been audited by RSM US LLP ("*RSM*"), independent auditors, as stated in their report appearing herein.

The District has not obtained any consent from RSM to include the audited financial statements as **APPENDIX A** to this Official Statement. RSM has not been engaged to perform and has not performed, since the date of its report included as **APPENDIX A** to this Official Statement, any procedures on the financial statements addressed in that report. RSM has not performed any procedures relating to this Official Statement.

FINANCIAL ADVISORS

The District has engaged PFM Financial Advisors LLC, Backstrom McCarley Berry & Co. and The RSI Group (the "*Financial Advisors*") in connection with the authorization, issuance and sale of the Bonds. The Financial Advisors have provided advice on the plan of financing and structure of the Bonds and have reviewed certain legal documents, including this Official Statement, with respect to financial matters. Unless indicated to the contrary, the Financial Advisors have not independently verified the factual information contained in this Official Statement, but have relied on the information supplied by the District and other sources. The Financial Advisors are "*municipal advisors*" as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203.

UNDERWRITING

George K. Baum & Company, as representative and on behalf of itself and the other underwriters listed on the cover page of this Official Statement (the "*Underwriters*") has agreed to purchase the Bonds at an aggregate purchase price of $84,902,203.92, (representing the aggregate principal amount of the Bonds plus $7,330,175.70 of net original issue premium and less $492,971.78 of Underwriters' discount). The Bonds will be offered to the public at the prices as set forth on the cover page of this Official Statement. The Underwriters will be obligated to purchase all of the Bonds if any are purchased. The

Underwriters reserve the right to join with dealers and other underwriters in offering a Series of Bonds to the public.

The obligation of the Underwriters to accept delivery of and pay for the Bonds is subject to various conditions set forth in the Contract of Purchase entered into in connection with the Bonds, including, among others, the delivery of specified opinions of counsel and a certificate of the District that there has been no material adverse changes in its conditions (financial or otherwise) from that set forth in this Official Statement.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and investments of the District.

CERTAIN LEGAL MATTERS

The Bonds are being offered when, as and if issued and received by the Underwriters, subject to the delivery of the approving legal opinions of Katten Muchin Rosenman LLP and Cotillas and Associates, Co-Bond Counsel. The proposed form of such opinions is included herein as **APPENDIX C**. Certain legal matters will be passed upon for the District by its General Counsel, Eugene Munin, Esq. and its Disclosure Counsel, Burke Burns & Pinelli, Ltd., Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by their counsel, Charity and Associates, PC. Delivery of the Bonds is expected to be made through the facilities of DTC in New York, New York.

LITIGATION

General

The District is involved in numerous lawsuits that arise out of the ordinary course of operating a community college system, including, but not limited to, the lawsuits described in this Official Statement. Some of the cases pending against the District involve claims for substantial monies. As is true with any complex litigation, neither the District nor its counsel is able to predict either the eventual outcome of such litigation or its impact on the District's finances. The District has available to it a Liability, Protection and Settlement Fund established pursuant to Illinois law (745 ILCS 10/9-107) to pay tort judgments and settlements along with other eligible expenses.

Upon delivery of the Bonds to the Underwriters, the District will furnish a certificate to the effect that, among other things, there is no litigation pending in any court seeking to restrain or enjoin the issuance or delivery of the Bonds, or in any way contesting the validity or enforceability of the Bonds.

Specific Matters

Property Tax Objections – Similar to other property taxing bodies in the State of Illinois, the District must defend certain property tax objections by commercial property owners who claim that the District's property tax levy, budgeting techniques or accounting practices are deficient in some way. Many of these objections are without merit but, if the District agrees that there is some validity to any given objection, then the District is liable to refund a portion of its property tax levy in succeeding years to the objectors. Objections are currently outstanding for tax years 2009-2010 and discussions with the objectors' counsel regarding these objections are ongoing.

CMO Arbitration – On January 8, 2014, the District entered into a contract with CMO, A Joint Venture, in the amount of $203,495,000 (guaranteed maximum price) for the construction of a new Malcolm X College Campus. The contract amount was increased to $210,495,000 on January 15, 2016. CMO was the general contractor on this project. The project was scheduled to be complete on December 31, 2015. The District accepted the building as partially, substantially complete on January 19, 2016. A number of punch-list items remain to be addressed by CMO. During the course of the project, CMO made claims for compensation above the guaranteed maximum price. The District has disputed most of these claims, but did resolve some smaller items. The parties agreed to mediate the claims in the spring of 2016 but the majority of the claims remain unresolved. CMO has filed for arbitration to resolve all remaining claims. The arbitration hearing is scheduled to commence on January 29, 2018. The approximate dollar amount of the remaining claims is $25 million. The District will vigorously defend against these claims and, in addition, has filed counter-claims against CMO of approximately $20 million.

SURS/Federal Grants Issue – The District determined that for a period of years, it had improperly coded grant-funded employees and, as a result, did not remit the proper amount of pension contributions to the State University Retirement System of Illinois (SURS) as it is required to do by law. In addition, the District overcharged the amount of pension expense to its grantors, including the United States Department of Education. The District self-reported this issue to SURS and all of the agencies of the federal government and local grantors from which it received funding and where there was an error in pension charges. In 2014, the District repaid to SURS $3,940,501 which was the amount owed but inadvertently never remitted. The District has provided multiple notifications to all of the federal agencies and local grantors and has attempted, through these communications, to resolve all outstanding amounts owed. The District estimates that there was initially approximately $1.7 million in amounts owed to federal government agencies, and approximately $1.2 million owed to local grantors, for a total of $2.9 million. Of this amount, the District has repaid $519,413. The District will continue its attempts to communicate with its grantors in an effort to resolve these matters.

CONTINUING DISCLOSURE

The District will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission (the "*Commission*") under the Securities Exchange Act of 1934. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. A copy of the form of the Undertaking that will be entered into by the District is attached to this Official Statement as **APPENDIX E**.

A failure by the District to comply with the Undertaking will not constitute a default under the Indenture and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See **APPENDIX E – "FORM OF CONTINUING DISCLOSURE UNDERTAKING."** The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District has complied in all material respects with its continuing disclosure undertakings during the five years previous to the issuance of the Bonds.

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AUTHORIZATION AND MISCELLANEOUS

The District has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered on behalf of the District.

COMMUNITY COLLEGE DISTRICT NUMBER 508

By: /s/ Joyce Carson
Vice Chancellor of Finance & Business Enterprise/
Chief Financial Officer

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2017

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CITY COLLEGES OF CHICAGO

Fiscal Year Ended June 30, 2017

Comprehensive Annual Financial Report

Rahm Emanuel
Mayor, City of Chicago

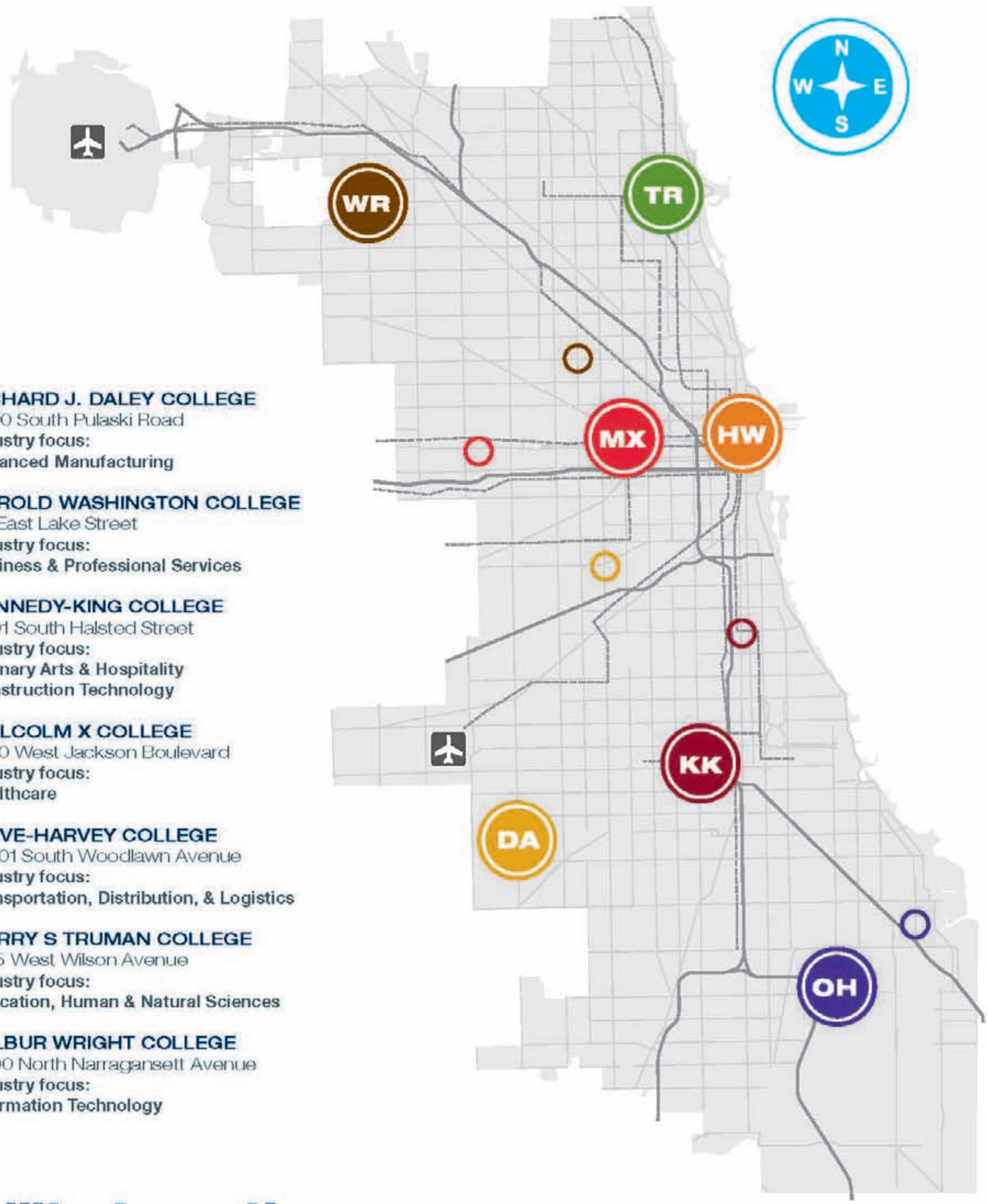
Juan Salgado
Chancellor

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

Richard J. Daley | Harold Washington | Kennedy-King | Malcolm X | Olive-Harvey | Harry S Truman | Wilbur Wright

CITY COLLEGES® of CHICAGO

CITY COLLEGES OF CHICAGO



RICHARD J. DALEY COLLEGE (DA)
7500 South Pulaski Road
Industry focus:
Advanced Manufacturing

HAROLD WASHINGTON COLLEGE (HW)
30 East Lake Street
Industry focus:
Business & Professional Services

KENNEDY-KING COLLEGE (KK)
6301 South Halsted Street
Industry focus:
Culinary Arts & Hospitality
Construction Technology

MALCOLM X COLLEGE (MX)
1900 West Jackson Boulevard
Industry focus:
Healthcare

OLIVE-HARVEY COLLEGE (OH)
10001 South Woodlawn Avenue
Industry focus:
Transportation, Distribution, & Logistics

HARRY S TRUMAN COLLEGE (TR)
1145 West Wilson Avenue
Industry focus:
Education, Human & Natural Sciences

WILBUR WRIGHT COLLEGE (WR)
4300 North Narragansett Avenue
Industry focus:
Information Technology

Satellite Locations

Humboldt Park Vocational Education Center
1645 North California Avenue

Arturo Velasquez Institute
2800 South Western Avenue

South Chicago Learning Center
3055 East 92 Street

West Side Learning Center
4624 West Madison Street

Dawson Technical Institute
3901 South State Street

COMMUNITY COLLEGE DISTRICT NO. 508

Chicago, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2017

Prepared by:
Office of Finance

CITY COLLEGES of CHICAGO
Education that Works

District Office
226 W. Jackson Boulevard
Chicago, Illinois 60606
(312) 553-2500
www.ccc.edu

CITY COLLEGES of CHICAGO
Office of the Chancellor
Education that Works

Juan Salgado
Chancellor

September 30, 2017

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

The following document reflects the Comprehensive Annual Financial Report (CAFR) of the City Colleges of Chicago for the fiscal year ending June 30, 2017. As reflected in this report, in FY2017, City Colleges continued its commitment to providing quality, affordable education while contending with a challenging state funding situation.

City Colleges ended FY2017 with $667.9M in assets, 10.6% less than the prior year, driven largely by a reduction in federal grants, a lack of sufficient state funding, and a decrease in tuition revenue due to a decline in enrollment.

The decrease was offset by a gain from the $15.9 million sale of WYCC-TV's spectrum. The timing of state supplemental funding to community colleges for FY2017 did not allow City Colleges to recognize $31.4 million in state revenue in FY2017; however, the entire amount will be recognized in FY2018.

We are fortunate to have a state budget for FY2018 that allows us to focus on our key priorities:

- Ensuring all students receive a quality, affordable education and an exceptional experience at City Colleges;
- Turning around the past few years' enrollment declines;
- Equipping students with the skills to seize jobs in fast-growing fields through our College to Careers initiative and related capital investments, including the Daley College Engineering and Advanced Manufacturing Center upon which we recently broke group, and the Olive-Harvey College Transportation, Distribution and Logistics (TDL) Center, on which we are eager to work with the state to resume construction;
- Growth of the successful Star Scholarship program for qualified Chicago public school graduates; and
- Setting City Colleges on a strong financial course for the long term.

Dedicated faculty, staff and students are working diligently to achieve these goals, and I am confident that with this teamwork City Colleges will realize its potential as a community college system that puts Chicagoans on the path to the middle class and beyond.

I welcome your review of this document and your partnership as City Colleges plays a critical role in ensuring inclusive economic growth across Chicago.

Sincerely,

Juan Salgado
Chancellor, City Colleges of Chicago

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City Colleges of Chicago
Community College District No. 508
Comprehensive Annual Financial Report
Fiscal year ended June 30, 2017

City Colleges of Chicago
Community College District No. 508
Comprehensive Annual Financial Report
Fiscal year ended June 30, 2017

City Colleges of Chicago
Community College District No. 508
Comprehensive Annual Financial Report
Fiscal year ended June 30, 2017

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Introductory Section

Transmittal Letter

September 29, 2017

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of City Colleges of Chicago, Community College District No. 508 ("City Colleges" or the "District"), for the fiscal year ended June 30, 2017. It has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

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

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

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

PROFILE OF THE CITY COLLEGES OF CHICAGO

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

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

The District currently occupies a land area of approximately 228.5 square miles, and serves an estimated population of 2,704,958.

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

The number of degrees and certificates awarded in fiscal year 2017 totaled 8,071. The number of degrees awarded was 4,456 and the number of certificates was 3,615. The vision for City Colleges is to transform the District into a world-class institution that not only prepares students to move into higher education, but also ensures that they have the skills necessary for employment. All of this will need to be accomplished while enhancing and maintaining efficient and effective operations that are not only customer focused but also fiscally responsible.

STRATEGIC GOALS AND STRATEGIES

OUR STRATEGIC GOALS

Goal 1: Increase the number of students earning college credentials of economic value.

Goal 2: Increase the rate of transfer to baccalaureate degree programs following City Colleges' graduation.

Goal 3: Drastically improve outcomes for students requiring remediation.

Goal 4: Increase the number and share of ABE/GED/ESL students who advance to and succeed in college-level courses.

FINANCIAL CHALLENGES

This year will be the first since fiscal year 2015 that we have seen passage of full-year state funding, and we commend the Illinois legislature for recognizing the urgency of supporting public higher education statewide.

The passage of the state budget is expected to yield funding for fiscal year 2018 at roughly 90 percent of our fiscal year 2015 level in addition to providing capital improvement funds and student MAP grant funding.

While this funding comes at a critical time, we must use our resources efficiently in order to rebuild our reserves, to account for a forthcoming shift in pension contribution responsibilities from the state to City Colleges, and to put City Colleges on stable financial footing for the long-term.

City Colleges' fiscal year 2018 budget of $443 million reflects an overall decrease of 16% from the prior fiscal year. The overall fiscal year 2018 unrestricted operating budget of $277 million is down by 4% from fiscal year 2017.

The fiscal year 2018 budget includes:

- Support for education quality, completion, and retention efforts that have helped to more than double the number of degrees earned annually since the launch of Reinvention.
- Support for scholarships and early college dual enrollment and dual credit programs, recognizing the importance of eliminating every barrier to our students' success.
- Continued investments in student support from career and transfer centers to wellness centers to advisors and athletics.
- Capital investments that help to equip students with the skills to seize jobs in fast-growing fields, including the Olive-Harvey College Transportation, Distribution and Logistics (TDL) Center and the Daley College Engineering and Advanced Manufacturing Center.
- A commitment to rebuild City Colleges' reserves following two years of state underfunding to ensure the institution's long-term financial health.
- A call for redoubling of efforts to boost enrollment, which was impacted by the uncertainty of state funding, including the lack of MAP grants in prior years.

The budget also recognizes that we must operate on a leaner administrative footprint and strategically focuses funds on our students and colleges by incorporating the following efficiencies:

- The sale of City Colleges' underutilized downtown headquarters, and the move of a significant portion of central office administration to colleges to be closer to the students, faculty and staff we serve.
- A 10% reduction in senior leadership compensation, including the elimination of 100% pension contributions and medical reimbursements for Officers of the District.
- A 2.5% reduction of the CCC administrative workforce, or roughly 120 employees, largely based at City Colleges' central office.
- Reductions in travel expenses.
- Reductions in contracts, materials and supplies, and,
- More efficiently scheduling classes to better meet demand.

Supplemental Fiscal Year 2017 Funding For Community Colleges

On July 6, 2017, the State of Illinois approved supplemental funding to community colleges for fiscal year 2017. City Colleges of Chicago's allocation is $31,385,973. In accordance with Governmental Accounting Standards Board rules, this appropriation cannot be recognized as revenue in fiscal year 2017 since the appropriation was not approved by June 30, 2017. The entire $31.4 million will be recognized as revenue in fiscal year 2018.

ECONOMIC CONDITION AND OUTLOOK

The **Federal Reserve Bank of Chicago** reports after a sluggish first half in 2016, economic activity strengthened in the second half of the year, and real gross domestic product (GDP) ended up increasing 1.9 percent from the fourth quarter of 2015 to the fourth quarter of 2016. The achievement of the Fed's full employment goal looks to be on course, with the unemployment rate just below the median long-run projection of 4.8 percent made by the Federal Open Market Committee (FOMC) in December. Inflation, at 1.4 percent from the fourth quarter of 2015 to the fourth quarter of 2016, increased in 2016, but continues to run below our 2 percent target. With the effects of past declines in energy, import prices dissipating, and the anticipation of some further tightening in the labor market, the FOMC expects that inflation will stabilize around its target over the medium term. With the economy improving and inflation moving back toward target, the FOMC made modest increases in the federal funds rate in December and March. (Federal Reserve Bank of Chicago, 2017). The Chicago Fed Survey of Business Conditions (CFSBC) Activity Index increased to +1 from –8, suggesting that growth in economic activity picked up to a moderate pace in late May and June. The CFSBC Manufacturing Activity Index declined to +3 from +20, while the CFSBC Nonmanufacturing Activity Index rose to a neutral value from –24. (Federal Reserve Bank of Chicago, 2017)

World Business Chicago reports Chicago (city) economy has expanded by an estimated 17,715 jobs year-over-year since May 2016. This growth is driven by absolute gains in Financial Activities (+5,789 jobs), Education and Health Services (+3,816), and Professional and Business Services (+2,454). The Chicago (city) unemployment rate decreased by 1.4 points YOY to 4.6% in May 2017. Unemployment insurance claims in Cook County decreased by -2.4%, from 18,016 in June 2016 to 17,586 in June 2017. The Chicago Business Barometer (Purchasing Managers Index) increased by 15.7% from 56.8 in June 2016 to 65.7 in June 2017. In December, an estimated 256,144 people in the 14-county Chicago metropolitan statistical area (MSA) were unemployed out of a labor force of approximately 4.897 million, resulting in a preliminary unemployment rate of 5.4% (not seasonally adjusted). Between December 2015 and December 2016, the Chicago MSA gained an estimated 15,050 employed residents, increasing total regional employment to approximately 4.632 million (not seasonally adjusted). The Chicago MSA's preliminary unemployment rate of 5.4% is a decrease from the December 2015 unemployment rate of 5.7%. Unemployment rates were lower in December than a year earlier in 236 of 387 U.S. metros, 111 metros saw a year-over-year increase, and 40 experienced no change. (World Business Chicago, 2017)

Chicago Fed National Activity Index (CFNAI) moved down to –0.01 in July from +0.16 in June. Three of the four broad categories of indicators that make up the index decreased from June, and three of the four categories made negative contributions to the index in July. The index's three-month moving average, CFNAI-MA3, moved down to –0.05 in July from +0.09 in June. The CFNAI Diffusion Index, which is also a three-month moving average, decreased to –0.06 in July from +0.01 in June. Forty-two of the 85 individual indicators made positive contributions to the CFNAI in July, while 43 made negative contributions. Forty indicators improved from June to July, while 45 indicators deteriorated. Of the indicators that improved, 14 made negative contributions. The contribution from production-related indicators to the CFNAI decreased to –0.02 in July from +0.03 in June. Manufacturing industrial production decreased 0.1 percent in July after increasing 0.2 percent in June; however, total industrial production increased 0.2 percent in July after moving up 0.4 percent in June. Employment-related indicators contributed +0.09 to the CFNAI in July, down from +0.13 in June. The contribution of the personal consumption and housing category to the CFNAI edged up to –0.06 in July from –0.07 in June. Consumption indicators improved, on balance, pushing up the category's overall contribution. However, housing starts decreased to 1,155,000 annualized units in July from 1,213,000 in June, and housing permits decreased to 1,223,000 annualized units in July from 1,275,000 in the previous month. (Federal Reserve Bank of Chicago, 2017)

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

- **State of Illinois**: The structural imbalance of the State's budget remains one of the most difficult challenges facing City Colleges. The continuing uncertainty of the level of state funding and the timing of actual cash payments from the state have serious negative consequences for CCC's sound, long-term financial planning.

- **Health Care**: Annual health care costs are projected to increase by 7%. Employee healthcare plans are reviewed and modified annually to ensure employees have appropriate coverage available to address their family needs at an affordable cost. Employee and retiree contributions toward their healthcare cost have increased slightly to offset a portion of the increase in total cost.

- **Collective Bargaining Agreements**: City Colleges of Chicago has several pending contract negotiations, the outcome of which could place additional strain on resources.
  These challenges continue to drive us to leverage funds more strategically and find efficiencies to fund our ongoing reinvestments in student services, academic enhancements and capital improvements.

Community College State Funding

Fiscal Year	State Funding to All State Community Colleges
2008	$297,698,600
2009	$287,664,558
2010	$308,471,029
2011	$295,401,900
2012	$295,521,900
2013	$282,421,700
2014	$284,916,500
2015	$278,773,899
2016	$74,142,300
2017	$114,525,000*

Source: Illinois Community College Board
**Amounts do not include the appropriations from Illinois Senate Bill 6 passed on July 6, 2017.*

ACHIEVEMENTS

An efficient use of resources and strategic investments have allowed us to make progress against the four academic goals of Reinvention:

- The number of degrees and certificates awarded in fiscal year 2016 was 10,648. The number of degrees awarded was 5,010, which is 125% higher than when Reinvention began in 2010.

- The federal IPEDS graduation rate has more than doubled from 7% to 17% since the launch of Reinvention. The IPEDS graduation rate is calculated using a formula set by the federal government that covers only first-time, full-time students who complete a degree or certificate program within 150% of the program's length (i.e. 3 years for a 2-year Associate's Degree and 9 months for a six-month certificate).

- Adult education transitions to credit are up 250% since the launch of Reinvention.

- The College to Careers initiative, which began in 2013, has helped more than 4,000 students find a job or a paid internship. More than 200 corporate and four-year college partners are working with us to redesign curricula, facilities, and to offer our students access to real world learning opportunities, jobs and internships. New partnerships include IT internships at Accenture as well as insurance and financial services apprenticeships with Aon.

- Since the beginning of the Star Scholars program in 2015, 3,909 Star students have enrolled at CCC.

    - Of the 890 students in the inaugural fall 2015 cohort, 23% have earned an associate's degree.

    - For Star students enrolled in fiscal year 2017, fall 2016 to spring 2017 retention was 91%; fall 2016 to fall 2017 retention is currently at 74%.

    - The Chicago Star Partnership, a group of four-year colleges and universities who have committed to providing scholarships to Chicago Star Scholars pursuing four-year degrees following their graduation from CCC, was launched and has grown from 12 to 17 Chicago-area partner colleges and universities, with another three anticipated in Spring 2018.

    - To date, Chicago Star Scholars have received more than $1 million in scholarship offers from four-year colleges and universities.

CAPITAL IMPROVEMENT PLAN

On July 1, 2013, fiscal year 2014 commenced and City Colleges entered into the five-year, $555.0 million capital planning process. During fiscal year 2017, City Colleges budgeted capital investments of $35.2 million with an additional capital commitment of $7.0 million for the planning and preconstruction efforts for the new Engineering and Advanced Manufacturing Center at Richard J. Daley College, $20 million in new facilities construction and $16.8 million in academic enhancements and improvements to existing infrastructure and information technology. Additionally, as a result of updating the capital planning process for the fiscal year 2018 capital budget, the total five year capital investment has been reduced to $523.3 million due primarily to savings achieved due to efficiencies gained through the College to Careers program structures in the execution of our capital plans and fiscal pressures from the continued uncertainty of State of Illinois funding.

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 exist 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.

GASB Net Position Category	**ICCB FUND**
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
	PBC Operations and Maintenance
	Restricted Purposes (Grants)
	Bond and Interest
Net Investment in Capital Assets	Building Bond Proceeds
	Long-Term Debt

Property Tax: Estimated assessed value of taxable property for tax year 2016 collectible in fiscal year 2017 was $73,984,605,433. Estimated assessed value of taxable property for tax year 2015 collectible in fiscal year 2016 was $70,924,421,349. City Colleges' average collection rate over the past five years has been over 97%.

Debt Administration: Long-term and current debt at June 30, 2017 totaled $241,830,000 due to City Colleges' issuance of bonds in October 2013.

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

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

City Colleges invests funds in various securities listed as permitted investments in the Board-approved Investment Policy. This policy is reviewed on an annual basis and any modifications require Board approval. The securities include, but are not limited to, money market funds, U.S. Treasury bonds, bills, notes and certificates of deposit. Investment income for fiscal year 2017 totaled $0.5 million.

***Risk Management*:** The Office of Risk Management (ORM) continuously and actively assesses and reviews potential risk and exposures the District may encounter and strives to mitigate the potential impact on the institution. ORM procures commercial insurance to address significant property and non-property losses for amounts in excess of self-insured retentions. The comprehensive Commercial Insurance Program 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 $200,000 per claim, respectively.

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

OTHER INFORMATION

***Independent Audit*:** State statutes require an annual audit by independent certified public accountants. The City Colleges of Chicago Board of Trustees selected the audit firm of RSM US LLP as its independent certified public accountants for fiscal year 2016. The independent auditor's report of RSM US LLP on the basic financial statements and supplementary schedules is included in the financial section of this report.

***Awards*:** The Government Finance Officers Association (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to City Colleges for its comprehensive annual financial report for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

City Colleges has also earned GFOA's **Award for Distinguished Budget Presentation** for its annual budget for the fiscal year beginning July 1, 2016. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

Respectfully submitted,

Joyce Carson Vice Chancellor of Finance and Business Enterprises / Chief Financial Officer	Daryl J. Okrzesik Associate Vice Chancellor, Treasurer

CITY COLLEGES OF CHICAGO
COMMUNITY COLLEGE DISTRICT NO. 508
PRINCIPAL OFFICIALS
Year Ended June 30, 2017

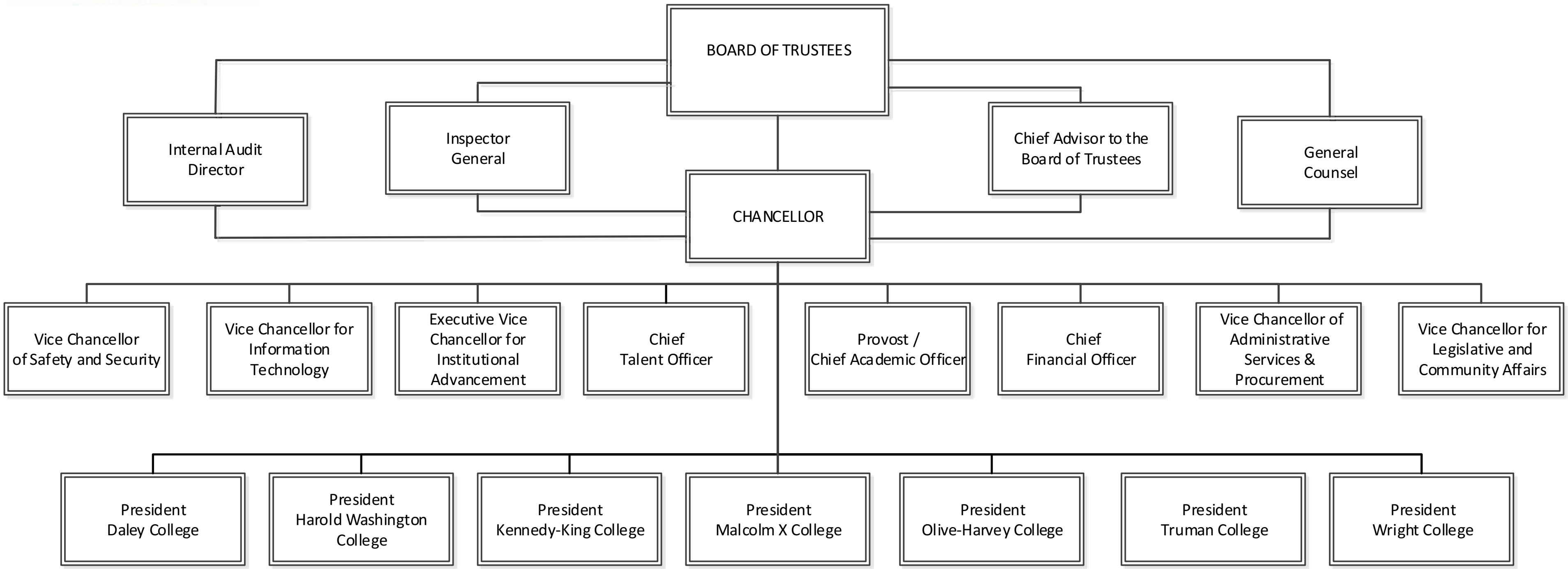
BOARD OF TRUSTEES

ADMINISTRATIVE OFFICERS

REPORT ISSUED BY

Office of Finance

District-wide Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City Colleges of Chicago

Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of City Colleges of Chicago, Community College District No. 508 (City Colleges) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements as listed in the table of contents.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of City Colleges of Chicago, Community College District No. 508, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
For the fiscal year ended June 30, 2017, City Colleges included the statement of financial position, statement of activities, and related notes for its component unit, City Colleges of Chicago Foundation, within the accompanying financial statements of City Colleges. These component unit financial statements and related notes were not previously included within City Colleges' financial statements in prior years because they were not considered significant or material to City Colleges' financial statements.

Other Matters

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Colleges' basic financial statements. The Uniform Financial Statements, as required by the Illinois Community Colleges Board, the schedule of expenditures of federal programs as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Uniform Financial Statements, except for the Certification of Chargeback Reimbursement for Fiscal Year 2017, which is unaudited, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Uniform Financial Statements, except for the Certification of Chargeback Reimbursement for Fiscal Year 2017, and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections and the Certification of Chargeback Reimbursement for Fiscal Year 2017 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 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
September 29, 2017

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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, 2017. 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 describe 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, 2017 decreased by $79.2 million to $667.9 million was largely due to a decrease in Federal grants, a lack of sufficient State funding, and a decrease in tuition revenue. It was offset by a gain from the disposal of the WYCC broadcast license. In addition, because of the late State of Illinois approval of supplemental funding to community colleges for fiscal year 2017, City Colleges cannot recognize $31.4 million in revenue in fiscal year 2017. The entire $31.4 million will be recognized in fiscal year 2018.

Overview of Financial Statements

Total current assets decreased by $21.7 million as compared to prior year, mainly due to the decrease in cash and cash equivalents. Capital assets less accumulated depreciation decreased by $19.9 million due to depreciation of the new Malcolm X College campus building together with other asset retirements and the major software upgrade. Other non-current assets decreased by $48.5 million due to a $49.1 million decrease in funds held by others, long term investments, other accounts receivable. This was offset by a $.6 million increase in restricted cash.

Total current liabilities decreased by $22.0 million due primarily to a decrease of $25.3 million in accounts payable, deposits held in custody for others, unearned tuition and fees revenue and other liabilities. This was offset by a $3.3 million increase from accrued payroll, other accruals, unearned grant revenue and the current portion of non-current liabilities.

Total non-current liabilities increased by $11 million mainly due to a $18.4 million increase in accrued property tax refunds, other post-employment benefits and lease obligations. This was offset by a decrease of $7.4 million in accrued compensation balances, sick leave benefits, bonds payable and the current portion of non-current liabilities. The deferred inflows of resources are the deferred property tax revenue that has been presented separately in the financial statement to conform to GASB Statement No. 65.

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

	2017	2016	Change
Current assets	$ 155.9	$ 177.6	$ (21.7)
Non-current assets			
Capital assets	1,310.1	1,352.2	(42.1)
Less accumulated depreciation	(358.3)	(380.5)	22.2
Other assets	17.0	65.5	(48.5)
Total assets	1,124.7	1,214.8	(90.1)
Deferred outflows of resources	1.0	1.0	-
Current liabilities	61.7	83.7	(22.0)
Non-current liabilities	335.8	324.8	11.0
Total liabilities	397.5	408.5	(11.0)
Deferred inflows of resources	60.3	60.2	0.1
Net position			
Net investment in capital assets	704.9	719.6	(14.7)
Restricted for specific purposes	0.7	2.6	(1.9)
Unrestricted	(37.7)	24.9	(62.6)
Total net position	$ 667.9	$ 747.1	$ (79.2)

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

Operating	**2017**	**2016**	**Change**
Revenues	$ 59.2	$ 63.5	$ (4.3)
Expenses	(519.6)	(522.0)	2.4
Operating loss	(460.4)	(458.5)	(1.9)
Non-operating			
Revenues	392.1	350.9	41.2
Expenses	(11.7)	(5.0)	(6.7)
Net non-operating revenues	380.4	345.9	34.5
Income (loss) before capital contributions	(80.0)	(112.6)	32.6
Capital contributions	0.8	0.7	0.1
Change in net position	(79.2)	(111.9)	32.7
Net position, beginning of year	747.1	859.0	(111.9)
Net position, end of year	$ 667.9	$ 747.1	$ (79.2)

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

	2017	**2016**
Total revenue	$ 440.4	$ 415.1
Total expenses	(519.6)	(527.0)
Decrease in net position	$ (79.2)	$ (111.9)

Statement of Revenues, Expenses and Changes in Net Position

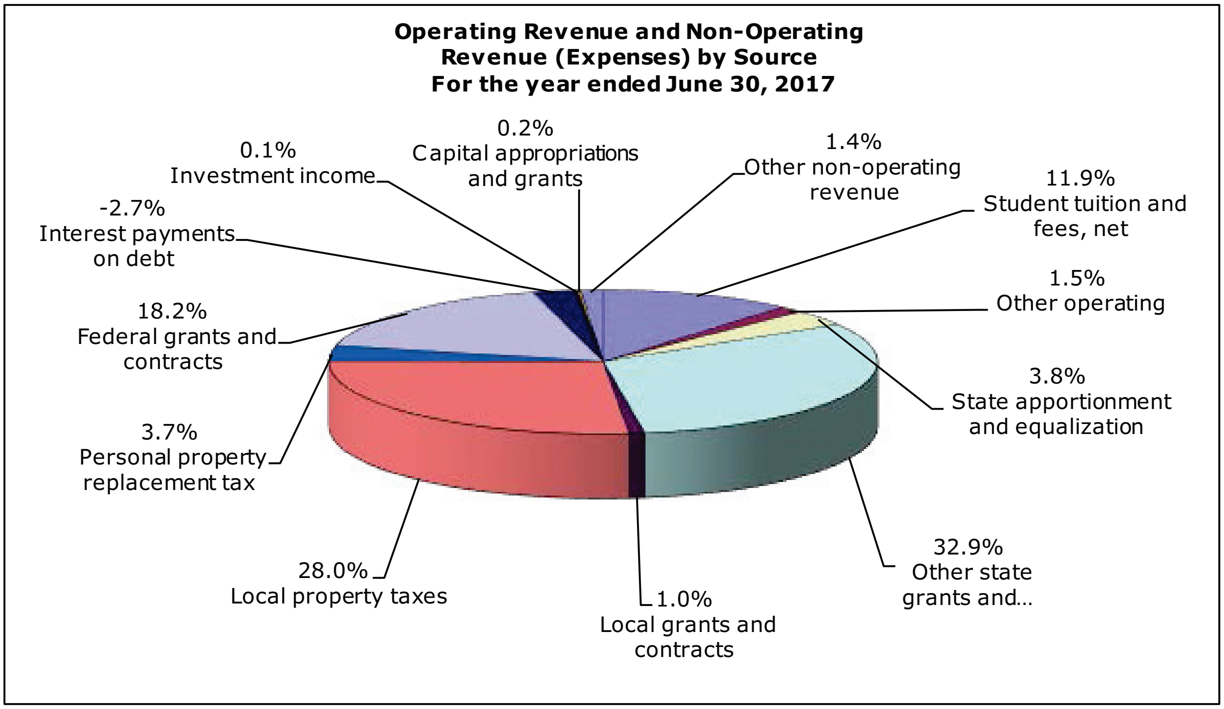
Operating revenues decreased by $4.3 million from the previous year because of a $3.3 million decrease in net student tuition and fees, and a $1 million decrease in other operating revenues.

Net non-operating revenues and expenses increased $34.5 million in fiscal year 2017 mainly due to an increase of $48.8 million in state apportionment and equalization, other state grants and contracts, local grants and property replacement tax. The increase was offset by decreases of $14.3 million in local property taxes, federal grants and contracts, investment income, interest payment on debts and other non-operating revenue.

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

Operating revenues	**2017**	**2016**	**Change**
Student tuition and fees	$ 99.2	$ 105.0	$ (5.8)
Less scholarships	(46.7)	(49.2)	2.5
Other operating	6.7	7.7	(1.0)
Total operating revenues	59.2	63.5	(4.3)
Non-operating revenues (expenses)			
State apportionment and equalization	16.7	10.6	6.1
Other state grants and contracts	144.8	113.1	31.7
Local grants and contracts	4.2	2.3	1.9
Local property taxes	123.3	125.7	(2.4)
Personal property replacement tax	16.4	11.6	4.8
Federal grants and contracts	80.1	84.3	(4.2)
Interest payments on debt	(11.7)	(5.0)	(6.7)
Investment income	0.5	1.5	(1.0)
Other non-operating revenue	6.1	1.8	4.3
Total non-operating revenues (expenses)	380.4	345.9	34.5
Capital appropriations and grants	0.8	0.7	0.1
Total	$ 440.4	$ 410.1	$ 30.3

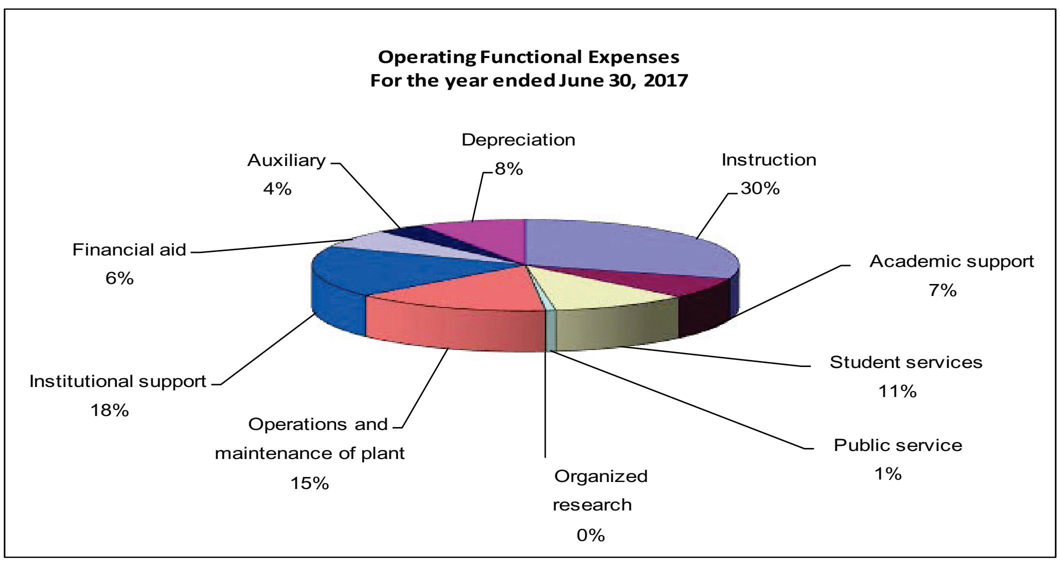
Table 3
Operating Revenue and Non-Operating Revenues (Expenses)
(in millions of dollars)



Total operating expenses decreased by $2.4 million in fiscal year 2017. Instructional, Academic Support, Student Services, Operations & Maintenance of Plant, Financial Aid and Auxiliary expenses increased by $12.5 million. Public Service, Organized Research, Institutional Support, and Depreciation decreased by $14.9 million.

Table 4
Operating Functional Expenses
(in millions of dollars)

Operating expenses	**2017**	**2016**	**Change**
Instruction	$ 155.1	$ 152.2	$ 2.9
Academic support	38.5	34.7	3.8
Student services	54.4	52.2	2.2
Public service	3.9	4.3	(0.4)
Organized research	0.1	0.3	(0.2)
Operations and maintenance of plant	77.3	74.8	2.5
Institutional support	95.1	102.5	(7.4)
Financial aid	33.5	32.7	0.8
Auxiliary	19.0	18.7	0.3
Depreciation	42.7	49.6	(6.9)
Total operating expenses	$ 519.6	$ 522.0	$ (2.4)



Net Capital Assets and Non-Current Liabilities

As of June 30, 2017, City Colleges had $1,310.1 million in capital assets and $358.3 million in accumulated depreciation, resulting in $951.8 million in net capital assets. This investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles and software. The total decrease in City Colleges' net capital assets for the current fiscal year is $19.9 million. **(See Note 4)**

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

Capital Assets	2017	2016	Change
Land	$ 51.4	$ 51.4	$ -
Buildings and improvements	1,083.4	1,097.2	(13.8)
Construction in progress	41.5	88.3	(46.8)
Equipment	63.8	52.9	10.9
Software	70.0	62.4	7.6
Total	1,310.1	1,352.2	(42.1)
Less accumulated depreciation	(358.3)	(380.5)	22.2
Net capital assets	$ 951.8	$ 971.7	$ (19.9)

Total non-current liabilities increased by $11.0 million to $335.8 million. This was mainly due to a $2.8 million increase in accrued property tax refunds, a $5.7 million increase in other post-employment benefits and a $9.9 million increase in lease obligations. These increases were offset by a decrease of $1.7 million in sick leave benefits and a $5.2 million decrease in bonds payable net of premiums and discounts. See Note 12 for more detailed information regarding long-term debt activity.

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

	2017	2016	Change
Accrued compensated absences	$ 3.0	$ 3.0	$ -
Accrued property tax refunds	19.1	16.3	2.8
Sick leave benefits	5.0	6.7	(1.7)
Other post-employment benefits	60.3	54.6	5.7
Bonds payable, net of premiums & discounts	245.9	251.1	(5.2)
Lease obligations	9.9	-	9.9
Sub-total	343.2	331.7	11.5
Less current portion	(7.4)	(6.9)	(0.5)
Total non-current liabilities	$ 335.8	$ 324.8	$ 11.0

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 Vice Chancellor of Finance and Business Enterprises / Chief Financial Officer, City Colleges of Chicago, 11th Floor, 226 West Jackson Boulevard, Chicago, IL 60606.

Basic Financial Statements

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City Colleges of Chicago
Community College District No. 508
Statement of Net Position
June 30, 2017

Assets	
Current assets:	
Cash and cash equivalents	$ 11,126,141
Short-term investments	44,118,558
Property tax receivable, net	57,929,375
Personal property replacement tax receivable	2,326,934
Other accounts receivable, net	40,409,540
Total current assets	155,910,548
Non-current assets:	
Restricted cash	11,312,556
Funds held by others - restricted	362,383
Other accounts receivable	5,283,250
Capital assets not being depreciated	92,902,978
Capital assets being depreciated, net	858,935,785
Total non-current assets	968,796,952
Total assets	1,124,707,500
Deferred outflows of resources	
Deferred grant-related pension contributions	980,280
Liabilities	
Current liabilities:	
Accounts payable	12,189,058
Accrued payroll	18,252,209
Other accruals	5,872,802
Deposits held in custody for others	1,033,080
Unearned tuition and fees revenue	5,656,529
Unearned grant revenue	555,595
Other liabilities	10,720,241
Current portion of non-current liabilities	7,424,139
Total current liabilities	61,703,653
Non-current liabilities:	
Accrued compensated absences	2,989,269
Accrued property tax refunds	19,121,950
Sick leave benefits	5,021,558
Other post-employment benefits	60,267,654
Bonds payable, net of premiums and discounts	245,933,132
Lease obligations	9,897,038
Less current portion of non-current liabilities	(7,424,139)
Total non-current liabilities	335,806,462
Total liabilities	397,510,115
Deferred inflows of resources	
Deferred property tax revenue	60,260,718
Net position	
Net investment in capital assets	704,854,741
Restricted for specific purposes:	
Audit	29,488
Liability, protection, and settlement	705,482
Unrestricted	(37,672,764)
Total net position	$ 667,916,947

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, 2017

Revenues	
Operating revenues:	
Student tuition and fees:	
Resident tuition	$ 90,887,073
Nonresident tuition	7,609,337
Fees	681,472
Less: Scholarship allowances	(46,670,605)
Net student tuition and fees	52,507,277
Other operating revenues	6,702,496
Total operating revenues	59,209,773
Expenses	
Operating expenses:	
Instructional salaries	83,858,803
Non-instructional salaries	123,024,189
Fringe benefits	176,176,135
Supplies	14,732,670
Professional development	742,743
Utilities	8,090,810
Contractual services	26,683,165
Depreciation	42,741,190
Financial aid, exclusive of scholarship allowances	33,531,205
Other expenses	10,045,675
Total operating expenses	519,626,585
Operating loss	(460,416,812)
Non-operating revenues (expenses):	
State apportionment and equalization	16,737,354
Other state grants and contracts	144,823,351
Local grants and contracts	4,186,138
Local property taxes	123,263,682
Personal property replacement tax	16,422,533
Federal grants and contracts	80,082,538
Investment income	503,916
Interest payments on debt	(11,688,580)
Other non-operating revenue	6,075,845
Total non-operating revenues (expenses)	380,406,777
Income (loss) before capital appropriations and grants	(80,010,035)
Capital appropriations and grants	801,851
Change in net position	(79,208,184)
Net position, beginning of year	747,125,131
Net position, end of year	$ 667,916,947

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, 2017

Cash flows from operating activities	
Tuition and fees	$ 40,710,787
Payments to suppliers	(127,393,037)
Payments to employees	(206,265,700)
Payments to students	(33,531,205)
Other operating receipts	6,702,496
Net cash used in operating activities	(319,776,659)
Cash flows from noncapital financing activities	
Local property taxes	125,897,769
State apportionment, grants and contracts	27,596,616
Personal property replacement tax	16,496,316
Grants and contracts	94,707,527
Net cash provided by noncapital financing activities	264,698,228
Cash flows from capital and related financing activities	
Purchases of capital assets	(2,174,327)
Payment received on note receivable	6,035,776
Principal and interest paid on debt	(19,655,936)
Net cash used in capital and related financing activities	(15,794,487)
Cash flows from investing activities	
Proceeds from sales and maturities of investments	63,469,652
Purchases of investments	(9,551,277)
Interest received on investments	762,901
Net cash provided by investing activities	54,681,276
Net decrease in cash and cash equivalents	(16,191,642)
Cash and cash equivalents at beginning of year	38,630,339
Cash and cash equivalents at end of year	$ 22,438,697
Cash and cash equivalents	$ 11,126,141
Restricted cash	11,312,556
	$ 22,438,697

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, 2017

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (460,416,812)
Reconciling adjustments:	
Depreciation	42,741,190
State payment for retirement obligation	133,964,089
Increase in allowance for uncollectible receivables	(323,465)
Changes in assets and liabilities:	
Receivables	(9,982,429)
Prepaid items and other assets	237,418
Accounts payable	(27,577,600)
Accrued payroll	2,363,865
Other accruals	(1,471,576)
Deposits held in custody for others	(26,917)
Unearned tuition and fees revenue	(847,984)
Other liabilities	(2,322,472)
Accrued compensated absences	(76,428)
Sick leave benefits	(1,706,438)
Other post-employment benefits	5,668,900
Net cash used for operating activities	$ (319,776,659)
Non-cash transactions	
Increase in fair value of investments	$ 472,032
State of Illinois contributed capital assets	801,851
Capital assets in accounts payable	5,530,904
Amortization of premiums and discounts on bonds payable	991,524

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

Component Unit - City Colleges of Chicago Foundation
Statement of Financial Position
As of June 30, 2017

Assets	
Cash and cash equivalents	$ 2,298,203
Investments	8,081,438
Total assets	$ 10,379,641
Liabilities and Net Assets	
Liabilities: Accounts payable	$ 92,444
Net Assets	
Unrestricted	814,165
Temporarily restricted	7,514,540
Permanently restricted	1,958,492
Total net assets	10,287,197
Total liabilities and net assets	$ 10,379,641

Component Unit - City Colleges of Chicago Foundation
Statement of Activities
For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Contributions	$ -	$ 943,504	$ 135,907	$ 1,079,411
Investment income	386,861	489,945	-	876,806
Contributed services	338,185	-	-	338,185
Net assets released from restriction and other changes in restrictions	1,615,889	(1,615,889)	-	-
Total income	2,340,935	(182,440)	135,907	2,294,402
Expenses				
Program services	1,689,706	-	-	1,689,706
Fundraising	22,279	-	-	22,279
Management and general	260,529	-	-	260,529
Total expenses	1,972,514	-	-	1,972,514
Change in net assets	368,421	(182,440)	135,907	321,888
Net Assets — Beginning of year	445,744	7,696,980	1,822,585	9,965,309
Net Assets — End of year	$ 814,165	$ 7,514,540	$ 1,958,492	$10,287,197

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

Notes to Basic Financial Statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

City Colleges of Chicago 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.

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

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

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

C. Cash and Cash Equivalents

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

D. Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in the carrying value of investments, resulting in realized and unrealized gains or losses, are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

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

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

E. Receivables

Accounts receivable consist of property taxes, personal property replacement taxes, and tuition and fee charges to students and facilities rentals provided to third parties. Accounts receivable also include amounts due from the federal government, as well as state and local governments, in connection with reimbursement of allowable expenditures made pursuant to City Colleges' grants and contract agreements. Receivables are recorded net of estimated uncollectible amounts. During fiscal year 2017, $10.9 million of student receivables were written off.

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.

G. Property Taxes

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

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

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2016 tax year and collected in 2017 are recorded as revenue in fiscal year 2017. The remaining revenue related to the 2016 tax year extension is deferred and will be recorded as revenue in fiscal year 2018. Based upon collection histories, City Colleges recorded property taxes at 96.5% of the 2016 extended levy.

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

H. Personal Property Replacement Tax Revenue

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

I. Prepaid Items and Other Assets

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

J. Restricted Cash

Cash held in trust for the purchase or construction of capital or other non-current assets, are classified as non-current assets in the Statement of Net Position.

K. Capital Assets

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

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

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

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

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

Renovation 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 its 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:

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

L. Deferred Outflows of Resources

Deferred outflows are defined under GASB Statement No. 63 as a consumption of net assets by the City Colleges that is applicable to future reporting periods, and should be reported as having a similar impact on net position as assets. For the City Colleges, pension payments related to federal grants and made subsequent to the pension liability measurement date are considered to be deferred outflows in accordance with GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – An Amendment of GASB Statement No. 68.* See Note 7 for further discussion of the City College's deferred outflows of resources.

M. Pensions

The net pension liability, deferred outflows and inflows of resources related to pensions, contributions, and pension expense have been determined on the same basis as they are determined and reported by SURS. **(See Note 7)**

N. Other Liabilities

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

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

O. Non-Current Liabilities

Non-current liabilities include estimated amounts for accrued compensated absences, sick leave benefits (payments to retirees for accumulated unused sick days), other post-employment benefits, bonds payable and other liabilities 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.

R. Unearned Revenue and Deferred Inflows of Resources

Deferred inflows of resources are defined under GASB Statement No. 63 as acquisitions of net assets that are applicable to a future reporting period, and should be reported as having a similar impact on net position as liabilities. Deferred inflows include property tax revenues restricted for the subsequent fiscal year.

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 the 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.

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

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, 2017, City Colleges had a portion of its net position restricted for audit and tort liability.

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

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

T. Classification of Revenues and Expenses

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

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

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

U. Tuition and Fees

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

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

V. Use of Estimates

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

W. Pending Accounting Standards

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (Employer)*, will be effective for City Colleges beginning with its year ending June 30, 2018. This Statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Standard will impact the financial statements and note disclosures.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* will be effective for the District beginning with its year ending June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for City Colleges' beginning with its year ending June 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations. It establishes criteria for determining the timing and pattern of recognition of liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for City Colleges' beginning with its year ending June 30, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments.

GASB Statement No. 85, *Omnibus 2017*, will be effective for City Colleges' beginning with its year ending June 30, 2018. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

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

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will be effective for City Colleges' beginning with its year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. It also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 87, *Leases*, will be effective for City Colleges' beginning with its year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Management has not yet completed its evaluation of the impact of the provisions of the standards on its financial statements, however, GASB Statement No. 75, GASB Statement No. 85, and GASB Statement No. 87 will likely impact City Colleges.

2. DEPOSITS AND INVESTMENTS

The Illinois Public Community College Act and the Illinois Investment of the Public Funds Act allow funds belonging to City Colleges to be invested. City Colleges' policy delegates this authority to the Treasurer of the Board of Trustees or the Vice Chancellor of Finance and Business Enterprises / CFO as permitted by Illinois law.

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) commercial paper, (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), and (j) repurchase agreements. 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 – City Colleges' investment policy specifically prohibits the use of or investment in reverse repurchase agreements, inverse floaters, and derivative products such as collateralized mortgage obligations (CMOs), interest-only securities (IOs), principal-only securities (POs) and other securities that could impart leverage to the portfolio or have highly unpredictable cash flows.

2. DEPOSITS AND INVESTMENTS *(Continued)*

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.

Deposits

Custodial credit risk **–** with regards to deposits with financial institutions, custodial credit risk is the risk that in the event of bank failure, City Colleges' deposits may not be returned. City Colleges' investment policy requires that investments made in excess of any applicable deposit insurance be secured by a corporate surety bond written by a surety company authorized to do business in the State of Illinois that is rated at least AA by Standard and Poor's or Aa3 by Moody's, or by an undertaking from the depository supported by a pledge of securities having a market value that is at all times equal to or greater than the uninsured amount on deposit. At June 30, 2017, City Colleges had deposits of over $44.5 million and was not exposed to custodial credit risk on these deposits.

Investments

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

Custodial credit risk – as it relates to investments, custodial credit risk is the risk that in the event of the failure of the counterparty to the investment, City Colleges will not be able to recover the value of its investments held by an outside party. All City Colleges' investment counterparties are limited to banks or trust companies authorized to do business in the State of Illinois that are member banks of the Federal Reserve System, and only to registered primary reporting dealers who are registered as broker-dealers with the Securities and Exchange Commission as required by City Colleges' investment policy. The District's investments in federal agency bonds and notes in the amount of $654,410 were exposed to custodial credit risk as of June 30, 2017.

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. The College's 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 the College will not recover its investments due to the ability of the counterparty to fulfill its obligation. Illinois statutes authorize the 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. The U.S. Treasury Securities, Federal Agency Bond/Notes and Federal Agency Discount Notes are rated AA+ by Standard and Poor's and the Commercial Paper is rated A-1 by Standard and Poor's.

The State Treasurer maintains the Illinois Funds at net asset value based on amortized cost, which approximates fair value, (2a7 like pool) through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The value of City Colleges' investment in the funds is the same as the value of the pool shares. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30ILCS 235. The Illinois Funds is rated AAAm by Standard and Poor's.

2. DEPOSITS AND INVESTMENTS *(Continued)*

The Illinois Trust measures the Illinois Portfolio, IIIT Class at net asset value based on amortized cost, which approximates fair value. The Illinois Trust also maintains a weighted average maturity of 60 days or less. The value of City Colleges' investments in the funds is the same as the value of the pool shares. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30ILC5235. The Illinois Trust is rated AAAm by Standard & Poor's.

The carrying amount of investments at June 30, 2017 is shown below:

Investment Type	June 30, 2017 Carrying Value	Investment Maturities (in years) Less Than 1	1 - 5
U.S. Treasury Bond / Note	$ 7,955,375	$ 7,955,375	$ -
Federal Agency Bond / Note	654,410	654,410	-
Illinois Portfolio, IIIT Class	35,469,438	35,469,438	-
Illinois Funds	39,335	39,335	-
Total investments	$ 44,118,558	$ 44,118,558	$ -

City Colleges of Chicago adopted GASB Statement No. 72, Fair Value Measurement and Application in fiscal year 2016. 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 of Chicago categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of the asset.

- 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

2. DEPOSITS AND INVESTMENTS *(Continued)*

The carrying amount of investments and fair value hierarchy at June 30, 2017 is shown below:

		Fair Value Measurements Using		
Investments Measured at Fair Value	6/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Bond/Note	$ 7,955,375	$ 7,955,375	$ -	$ -
Federal Agency Bond / Note	654,410	-	654,410	-
Total investments at fair value	8,609,785	7,955,375	654,410	-
Investments Measured at Net Asset Value (based on amortized cost)				
Illinois Portfolio, IIIT Class	35,469,438			
Illinois Funds	39,335			
Total investments at Net Asset Value	35,508,773			
Total investments	$44,118,558			

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 of Chicago does not have Level 3 investments.

3. OTHER ACCOUNTS RECEIVABLE

City Colleges' other accounts receivable consists of the following:

	2017
Student	$ 17,910,792
Grants	8,071,031
State of Illinois	556,536
City of Chicago - TIF	6,106,491
Sale of WYCC	15,959,957
Other	4,371,603
Gross other accounts receivable	52,976,410
Less: Allowance for uncollectibles	(7,283,620)
Other accounts receivable, net	45,692,790
Less: Non-current portion of City of Chicago - TIF	(5,283,250)
Current portion of other receivable, net	$ 40,409,540

4. CAPITAL ASSETS

	July 1, 2016	Additions and Transfers In	Retirements and Transfers Out	June 30, 2017
Capital assets not being depreciated:				
Land	$ 51,376,464	$ -	$ -	$ 51,376,464
Construction in progress	88,290,037	27,484,234	(74,247,757)	41,526,514
Subtotal	139,666,501	27,484,234	(74,247,757)	92,902,978
Capital assets being depreciated:				
Equipment	52,985,078	10,815,422	-	63,800,500
Software	62,395,481	7,571,335	-	69,966,816
Buildings and improvements	1,097,180,326	52,862,680	(66,623,737)	1,083,419,269
Subtotal	1,212,560,885	71,249,437	(66,623,737)	1,217,186,585
Total capital assets	1,352,227,386	98,733,671	(140,871,494)	1,310,089,563
Accumulated depreciation:				
Equipment	21,600,010	7,548,201	-	29,148,211
Software	30,679,669	8,308,791	-	38,988,460
Buildings and improvements	328,233,281	26,884,198	(65,003,350)	290,114,129
Total accumulated depreciation	380,512,960	42,741,190	(65,003,350)	358,250,800
Capital assets, net	$ 971,714,426	$ 55,992,481	$ (75,868,144)	$ 951,838,763

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, 2017:

		2017
Other accruals		
Accrued for services	$	4,737,690
Accrued interest		1,050,891
Other accruals		84,221
Total other accruals	$	5,872,802
Other liabilities		
Self insurance	$	4,625,255
Unclaimed property		2,960,325
Other		3,134,661
Total other liabilities	$	10,720,241

7. EMPLOYEE RETIREMENT PENSION PLAN

Plan Description **–** City Colleges contributes to the State Universities Retirement System of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the 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 of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the *Illinois Compiled Statues*. 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 Illinois reciprocal system services. 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. A summary of the benefit provisions as of June 30, 2016, can be found in the System's comprehensive annual financial report (CAFR) notes to the financial statements.

7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Contributions - The State of Illinois 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 of the System 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 2016 and 2017, respectively, was 12.69% and 12.53% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

For the 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.

7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

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

Employer Proportionate Share of Net Pension Liability **-** The proportionate share of the State's net pension liability associated with City Colleges is $1,355,491,236, or 5.2204%, as of the measurement date. The amount of the proportionate share of the net pension liability to be recognized for City Colleges as of the measurement date is $0 due to the special funding situation described above. The net pension liability and total pension liability as of June 30, 2016 was determined based on the June 30, 2015 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2016 as compared to the total actual reported pension contributions of all employees.

Employer Proportionate Share of Pension Expense **-** The employer proportionate share of collective pension expense is recognized as on-behalf payments for both the contributions made by the State and the matching expense in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pension contributions made to SURS during fiscal year 2016. As a result, City Colleges recognized on-behalf revenue and pension expense of $133,964,089 for the fiscal year ended June 30, 2017.

Deferral of Fiscal Year 2017 Pension Expense **-** Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods. City Colleges paid $980,280 in federal, trust or grant contributions for the fiscal year ended June 30, 2017. These contributions were made subsequent to the pension liability measurement date of June 30, 2016, and are recognized as deferred outflows of resources as of June 30, 2017.

Assumptions and Other Inputs

Actuarial Assumptions **-** The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2011 – 2014. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 15.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Mortality rates were based on the RP2014 Combined Mortality Table, projected generational mortality and a separate mortality assumption for disabled participants.

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

For each major asset class that is included in the pension plans target asset allocation as of June 30, 2016, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
U.S. Equity	23%	6.08%
Private Equity	6%	8.73%
Non-U.S. Equity	19%	6.95%
Global Equity	8%	6.78%
Fixed Income	19%	1.17%
Treasury-Inflation Protected Securities	4%	1.41%
Emerging Market Debt	3%	4.44%
Real Estate Investment Trust (REITS)	4%	5.75%
Direct Real Estate	6%	4.62%
Commodities	2%	4.23%
Hedged Strategies	5%	4.00%
Opportunity Fund	1%	6.54%
Total	100%	5.09%
Inflation		2.75%
Expected Arithmetic Return		**7.84%**

7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Discount Rate - A single discount rate of 7.010% 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 7.250% and a municipal bond rate of 2.85% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate 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 the System's 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 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual 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, 2017 are as follows:

	July 1, 2016	Additions	Reductions/ Adjustments	June 30, 2017	Amounts due within one year
Accrued compensated absences	$ 3,065,697	$ 5,592,833	$ (5,669,261)	$ 2,989,269	$ 1,424,915
Accrued property tax refund	16,277,328	4,943,100	(2,098,478)	19,121,950	-
Sick leave benefits	6,727,996		(1,706,438)	5,021,558	984,019
Other post-retirement benefits	54,598,754	11,714,503	(6,045,603)	60,267,654	-
Bonds payable	245,995,000	-	(4,165,000)	241,830,000	4,335,000
Bonds premiums and discounts	5,094,656	-	(991,524)	4,103,132	-
Lease obligations	-	9,897,038	-	9,897,038	680,205
	$ 331,759,431	$ 32,147,474	$ (20,676,304)	$ 343,230,601	$ 7,424,139

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, 2017, City Colleges recorded a liability of $2,989,269 for compensated absences, and estimated that $1,424,915 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 Universities Retirement System (SURS), generally at age 55. The method of calculating the estimated present value of an eligible employee's termination benefit liability uses the following assumptions: (1) estimated average annual salary increments of 2.5%, for fiscal year 2017 and 2.5% thereafter, (2) future payments discounted by a 3.87% interest factor in 2017 and (3) estimated rates of retention as adopted from the *Actuary's Pension Handbook* adjusted for mortality in accordance with published mortality tables.

At June 30, 2017, City Colleges accrued $3,565,344 for the estimated present value of these future retiree benefits for current employees and $1,456,214 in benefits payable to retired employees for a total of $5,021,558. **(See Note 8)**

11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description: In addition to providing the pension benefits described in Note 7, City Colleges provides other post-employment health care 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. 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.

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.

Membership: As of June 30, 2017, 2016 and 2015, membership consisted of:

	2017	2016	2015
Retirees currently receiving benefits	917	951	1,279
Active employees	1,834	2,390	2,274
TOTAL	2,751	3,341	3,553
Participating Employers	1	1	1

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 2017. The actuarial valuation is used to determine the total actuarial liability and annual required contribution for the post-retirement medical and life insurance benefits provided for purposes of GASB Statement No. 45. For the fiscal year ended June 30, 2017, City Colleges contributed $6,045,603.

Annual OPEB costs and the net OPEB obligation are based on the calculations and parameters prescribed in GASB Statement No. 45. A valuation date of July 1, 2017 and the Projected Unit Credit actuarial cost method were used. Using a closed amortization period, the annual required contribution is calculated as the normal cost plus a 30-year amortization of the unfunded actuarial liability as a level-dollar amount. The assumptions also include data regarding demographic and mortality rates, an inflation rate of 2% per year, an interest rate assumption of 3.87% per year, and a health care cost trend rate assumption that starts at 7.5% in 2014 and gradually declines to 4.0% by the year 2022. This valuation also considers projections and estimates of future retiree health care benefits based on actuarial standards issued by the Actuarial Standards Board. In performing the actuarial valuation of the OPEB programs, the actuarial assumptions for fiscal year 2017 included premium rates, payroll, data, variation of health care costs, census data regarding participants and age factors in each plan.

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 fully advance-funded its obligation. Based upon the above valuations, City Colleges' annual OPEB costs and net OPEB obligation shown in the tables on the following page disclose the actuarial calculations of the OPEB plan and its actuarial accrued funded status for fiscal years 2017, 2016, and 2015.

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	$ 11,714,503	$ 6,045,603	51.6%	$ 60,267,654
June 30, 2016	14,665,441	2,480,807	16.9%	54,598,754
June 30, 2015	11,992,523	9,282,215	77.4%	42,414,120

	2017
Annual Required Contribution	$ 12,593,544
Interest on Net OPEB Obligation	2,112,972
Adjustment to Annual Required Contribution	(2,992,013)
Annual OPEB Cost	11,714,503
Contributions Made	(6,045,603)
Increase in Net OPEB Obligation	5,668,900
Net OPEB Obligation Beginning of Year	54,598,754
Net OPEB Obligation End of Year	$ 60,267,654

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

The actuarially determined funded status of the plan as of June 30 is as follows:

	2017	2016	2015
Actuarial Value of Assets	$ -	$ -	$ -
Actuarial Liability	123,660,822	143,642,679	120,853,689
Unfunded Actuarial Liability	123,660,822	143,642,679	120,853,689
Funded Ratio (actuarial value of assets/AAL)	0%	0%	0%
Covered Payroll (active plan members)	125,139,898	148,691,885	146,164,608
UAAL as a Percentage of Active Member Payroll	98.8%	96.6%	82.7%

12. LONG-TERM DEBT

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.

City Colleges has pledged revenues to repay its bond issue. The pledges will remain until the bond is retired. The amount of pledges remaining as of June 30, 2107 is as follows:

Debt Issue	Pledged Revenue Source	Pledge Remaining	Commitment End Date	Percentage of Revenue Pledged
2013	Tuition, fees, and state grants	$451,168,475	2044	7.88%

Debt Issue	Pledged Revenue Source	Pledge Revenue	Principal and Interest Retired
2013	Tuition, fees, and state grants	$214,067,982	$ 16,858,988

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 of Chicago municipal bonds. There are several rating agencies that assign ratings to municipal debt, including debt issued by City Colleges of Chicago. Two of these agencies down-graded City Colleges of Chicago debt rating from the previous year. As of August 4, 2017, City Colleges of Chicago current ratings are A+ (previously AA-) and BBB (previously A+) by Fitch Ratings and S&P Global Ratings, respectively.

Following is the future debt service requirements for the Bonds:

Fiscal Year	Principal Payment	Interest	Total
2018	$ 4,335,000	$ 12,502,313	$ 16,837,313
2019	4,550,000	12,280,187	16,830,187
2020	4,775,000	12,047,063	16,822,063
2021	5,015,000	11,802,313	16,817,313
2022	5,265,000	11,545,313	16,810,313
2023 - 2027	30,565,000	53,365,642	83,930,642
2028 - 2032	39,380,000	44,305,687	83,685,687
2033 - 2037	50,810,000	32,577,313	83,387,313
2038 - 2042	65,740,000	17,243,275	82,983,275
2043 - 2044	31,395,000	1,669,369	33,064,369
Total	$ 241,830,000	$ 209,338,475	$ 451,168,475

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.

13. RISK MANAGEMENT *(Continued)*

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 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 $200,000.

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 $1,010,500 as of June 30, 2017.

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

B. Workers' Compensation

City Colleges retains a portion of workers' compensation risk and maintains an excess commercial policy for individual claims exceeding $600,000 up to the statutory limit. City Colleges estimates future claims based on a loss development factor and a specific claim reserve. City Colleges has accrued for estimated future claims of $2,238,334 as of June 30, 2017. 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.

13. RISK MANAGEMENT *(Continued)*

C. Health Insurance

City Colleges self-insures for a portion of its health costs for eligible employees. Future claims are estimated based on historical charges and lag periods. City Colleges has accrued estimated medical expenses of $1,376,421 as of June 30, 2017 that have been incurred, but not claimed.

The following table shows the activity within the District's 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, 2016	Incurred Claims	Payment on Claims	June 30, 2017
General liability	$ 876,700	$ 167,900	$ (34,100)	$ 1,010,500
Workers' compensation	2,365,047	522,007	(648,720)	2,238,334
Health insurance	1,200,865	32,403,086	(32,227,530)	1,376,421
	$ 4,442,612	$ 33,092,993	$ (32,910,350)	$ 4,625,255

	June 30, 2015	Incurred Claims	Payment on Claims	June 30, 2016
General liability	$ 1,018,389	$ -	$ (141,689)	$ 876,700
Workers' compensation	2,629,086	450,807	(714,846)	2,365,047
Health insurance	1,029,406	31,774,981	(31,603,522)	1,200,865
	$ 4,676,881	$ 32,225,788	$ (32,460,057)	$ 4,442,612

14. TAX ABATEMENT

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), 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.

14. TAX ABATEMENT *(Continued)*

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

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

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

For fiscal year 2017, City Colleges reimbursed $49,418 to Boeing for the General Real Estate Taxes paid by Boeing in accordance with the agreement. City Colleges is entitled to terminate the agreement or recover certain payments if Boeing defaults on their commitments.

Tax Abatement Agreements Entered Into By Other Government – Cook County

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

- 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 form the date of completion of major rehabilitation.

15. DISCRETELY PRESENTED COMPONENT UNIT

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 2017, City Colleges estimated its portion of annual abatement of property taxes to various taxpayers under the development incentive programs approximates $1.7 million.

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.

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, 2017, 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 unrestricted net assets, unless such income or loss is temporarily or permanently restricted by explicit donor stipulations or by law.

15. DISCRETELY PRESENTED COMPONENT UNIT (*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.

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

Expenses - Expenses are recognized in the period they are incurred and have been summarized on a functional basis in the statement of activities.

Net Assets - Classification of Net Assets **-** In accordance with Accounting Standards Codification ("ASC") 958, resources are classified into three classifications of net assets according to externally (donor) imposed restrictions.

Unrestricted - Net assets are expendable for any purpose in performing the primary objectives of the organization. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

Temporarily Restricted - Net assets whose use is limited by donor-imposed restrictions that either expire with the passage of time, can be removed by fulfillment of the stipulated purpose for which the donation was restricted, or appropriation by the Board. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Net assets donated with stipulations that they be invested to provide a permanent source of income; such restrictions can neither expire with the passage of time nor be removed by fulfillment of a stipulated purpose.

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.

15. DISCRETELY PRESENTED COMPONENT UNIT (*Continued)*

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, 2017.

The Foundation files Forms 990 in the U.S. federal jurisdiction and the State of Illinois. With few exceptions, the Foundation is no longer subject to examination by the Internal Revenue Service for fiscal years ended before June 30, 2012.

Subsequent Events - The Foundation has evaluated all subsequent events through September 29, 2017, which is the date the financial statements were available to be issued.

New accounting pronouncements – In May 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. The amendments remove the requirement to categorize within the fair value hierarchy those investments for which fair value is measured using the net asset value per share practical expedient. The amendments in this update will be effective as of July 1, 2017, for the Foundation. The adoption will not have a material effect on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in the U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-04 which defers the effective date of ASU 2014-09 one year making it effective as of July 1, 2019, for the Foundation. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on its financial statements.

C. Investments

In August, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update include significant changes to the financial reporting model for Not-for-Profit organizations. Key elements in this update include reducing net asset classification from three to two categories, expanded disclosures about the nature and amount of any donor restrictions, expanded disclosures on any board designations of net assets, and other additional disclosures. The amendments in this update will be effective as of July 1, 2018 for the Foundation, and will likely have a material effect on the presentation of the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are require to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Foundation for the year ending June 20, 2021.

The components of net investment return for the year ended June 30, 2017 are as follows:

	2017
Interest and dividends	$164,129
Net realized gains	185,744
Net unrealized gains	526,933
Total	$876,806

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:

15. DISCRETELY PRESENTED COMPONENT UNIT (*Continued)*

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.

For the year ended June 30, 2017, 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, 2017, there were no such transfers.

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

The Foundation also invests in domestic and fixed income mutual funds, which are open-ended Securities and Exchange Commission registered investment funds with a daily net asset value ("NAV"). These mutual funds are designed to be liquid and allow investors to sell their interests daily to the fund at the published NAV, with no restrictions on redemptions, no unfunded commitments, and are categorized in Level 2 of the fair value hierarchy.

Assets measured at fair value on a recurring basis as of June 30, 2017 are as follows:

	2017
Mutual Funds:	
Fixed income funds	$ 2,082,123
Equity funds	5,979,898
Total	$ 8,062,021

15. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

E. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 are restricted to the following purposes:

	2017
Scholarships	$5,485,624
Goldman Sachs 10,000 Small Businesses Initiative	1,524,682
Project Grants	463,496
Miscellaneous	$40,738
Total temporarily restricted net assets	$7,514,540

Temporarily restricted net assets were released from restrictions as follows for the year ended June 30, 2017:

	2017
Scholarships	$506,349
Goldman Sachs 10,000 Small Businesses Initiative	1,070,534
Project Grants	37,005
Miscellaneous	2,001
Total temporarily restricted net assets	$1,615,889

F. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2017 are restricted to investment in perpetuity, the income from which is expendable to support:

	2017
Scholarships	$1,958,087
Miscellaneous	405
Total permanently restricted net assets	$1,958,492

15. DISCRETELY PRESENTED COMPONENT UNIT (*Continued)*

G. Endowment Net Assets

The Foundation has donor-restricted endowment net assets that consist of 14 individual funds established for a variety of donor-restricted purposes. Net assets associated with permanently restricted funds are classified and reported based on the existence of 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 permanently restricted funds in the absence of explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently 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. The remaining portion of the donor-restricted fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate 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

15. DISCRETELY PRESENTED COMPONENT UNIT (*Continued)*

Changes in endowment net assets for the year ended June 30, 2017, are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - beginning of year	$1,283,747	$1,822,585	$3,106,332
Investment return:			
Investment income	91,755	-	91,755
Net gain (realized and unrealized)	398,190	-	398,190
Total investment return	489,945	-	489,945
Contributions	-	135,907	135,907
Appropriation of endowment assets for expenditures	(174,867)	-	(174,867)
Endowment net assets - end of year	$1,598,825	$1,958,492	$3,557,317

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor permanently 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, 2017.

H. 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 $338,185. These amounts have been included as contributed services and related expenses in the statement of activities.

16. COMMITMENTS AND CONTINGENCIES

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

As of June 30, 2017, City Colleges had $3.2 million in commitments for its capital plan, all of which are being funded by City Colleges.

17. DISPOSAL OF OPERATIONS

On April 13, 2017, City Colleges disposed its Federal Communications Commission ("FCC") broadcast license in the 600 MHz spectrum that is used to broadcast the signal for the WYCC TV 20 television station through an incentive auction conducted by the FCC. WYCC TV 20 will be off air on October 26, 2017. As a result of the auction, City Colleges recognized a gain of $6.06 million that is reported as "other non-operating revenue". City Colleges' fiscal year 2017 expense related to its WYCC operation totaled approximately $7.3 million. Fiscal year 2017 revenue associated with its WYCC operation totaled approximately $10.8 million.

18. SUBSEQUENT EVENTS

On July 6, 2017, the State of Illinois enacted Senate Bill 6 legislation into law that provides appropriations in supplemental funding to community colleges for fiscal year 2017. Since this legislation was enacted into law subsequent to the end of fiscal year 2017, according to GASB 33, the appropriations cannot be recognized in fiscal year 2017. The amount of the fiscal year 2017 appropriations to City Colleges is $31.4 million and this amount will be recognized in fiscal year 2018.

On August 3, 2017, the Board of Trustees of Community College District No. 508 (the Board) authorized the issuance of general obligation bonds in one or more series and in the maximum aggregated principal amount of $80,000,000 for the purposes of financing the current capital improvement for repairs and rehabilitation of existing buildings and structures, restarting and continuation of construction of a new Transportation Distribution and Logistics Center at Olive-Harvey College and construction of a new Engineering and Advanced Manufacturing Center at Richard J. Daley College.

Required Supplementary Information

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Other Post -Employment Benefit Plan

Analysis of Funding Progress

Actuarial Valuation Date July1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll (b-a)/c
2017	$ -	$ 123,660,822	$ 123,660,822	0%	$ 125,139,898	98.8%
2016	-	143,642,679	143,642,679	0%	148,691,885	96.6%
2015	-	120,853,689	120,853,689	0%	146,164,608	82.7%
2014	-	115,158,411	115,158,411	0%	128,106,608	89.9%
2013	-	112,458,352	112,458,352	0%	107,485,980	104.6%
2012	-	119,275,116	119,275,116	0%	110,092,137	108.3%
2011	-	124,498,937	124,498,937	0%	99,595,638	125.0%
2010	-	117,079,887	117,079,887	0%	102,896,841	113.8%
2009	-	121,654,154	121,654,154	0%	101,030,184	120.4%
2008	-	113,011,808	113,011,808	0%	95,665,186	118.1%

Employer Contributions

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2017	$ 12,593,544	48.0%
2016	15,390,834	16.1%
2015	12,538,366	74.0%
2014	11,559,712	59.1%
2013	11,874,427	57.0%
2012	11,992,485	62.4%
2011	11,362,668	58.3%
2010	11,552,729	54.4%
2009	10,557,002	58.5%
2008	10,087,473	64.4%

City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2017

	Employer Retirement Pension Plan	FY 2014	FY 2015	FY 2016
(a)	Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%
(b)	Proportion Amount of the Collective Net Pension Liability	$ -	$ -	$ -
(c)	Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	$ 1,087,536,479	$ 1,218,726,483	$ 1,355,491,236
	Total (b) + (c)	$ 1,087,536,479	$ 1,218,726,483	$ 1,355,491,236
	Employer Covered-Employee Payroll	$ 209,114,348	$ 210,959,550	$ 212,512,956
	Proportion of Collective Net Pension Liability associated with Employer as a Percentage of Covered-Employee Payroll	520.07%	577.71%	670.38%
	SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%
	Federal, Trust, Grant and Other contribution	$ 787,225	$ 812,143	$ 1,100,852
	Contribution in Relation to Required Contribution	787,225	812,143	1,100,852
	Contribution Deficiency (Excess)	$ -	$ -	$ -
	Employer Covered-Employee Payroll	$ 209,114,348	$ 210,959,550	$ 212,512,956
	Contributions as a Percentage of Covered-Employee Payroll	0.38%	0.38%	0.52%

*City Colleges implemented GASB No. 68 in fiscal year 2016. The information above is presented for as many years as available. The schedule is intended to show information for 10 years.

Notes to Required Supplementary Information

Changes of benefit term: There was no benefit changes recognized in the total pension liability as of June 30, 2016.

Notes to Required Supplementary Information *(Continued)*

Changes of assumption: 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, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- Mortality rates: Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase: Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates: Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early retirement rates: Change to a slight increase to the rates at ages 55 and 56.
- Turnover rates: Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates: Decrease rates and also have separate rates for males and females to reflect observed experience.
- Dependent assumption: Maintain the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

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Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

City Colleges of Chicago
Community College District No. 508

Table A

Financial Trends
Components of Net Position *(Unaudited)*
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Position:										
Net investment in capital assets	$ 569,734,877	$ 570,962,411	$ 593,174,965	$ 593,020,416	$ 600,335,077	$ 621,139,731	$ 658,505,276	$ 717,255,258	$ 719,559,997	$ 704,854,741
Restricted for specific purposes										
Capital Projects	28,768,926	56,156,946	44,507,719	92,978,002	97,683,367	-	-	-	-	-
Audit	-	-	-	-	-	64,118	194,892	165,898	36,209	29,488
Liability, protection, and settlement	-	-	-	-	-	6,007,472	7,187,039	6,580,766	2,632,672	705,482
PBC operations and maintenance	-	-	-	-	-	607,045	607,045	-	-	-
Other	72,738,397	72,753,668	69,361,867	71,830,566	70,154,208	-	-	-	-	-
Unrestricted	71,794,664	67,104,370	86,874,142	66,367,440	92,820,212	254,548,655	221,854,399	135,002,378	24,896,253	(37,672,764)
Total Net Position	$ 743,036,864	$ 766,977,395	$ 793,918,693	$ 824,196,424	$ 860,992,864	$ 882,367,021	$ 888,348,651	$ 859,004,300	$ 747,125,131	$ 667,916,947

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

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

City Colleges of Chicago
Community College District No. 508

Table B

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating revenues:										
Student tuition and fees (net of scholarship allowances)	$ 37,779,085	$ 46,719,262	$ 48,044,246	$ 46,100,054	$ 44,216,800	$ 45,524,856	$ 43,551,469	$ 41,738,106	$ 55,841,074	$ 52,507,277
Other operating revenues	6,997,724	7,773,577	7,442,333	8,370,707	7,530,445	10,407,332	9,806,723	7,240,451	7,680,657	6,702,496
Total operating revenues	44,776,809	54,492,839	55,486,579	54,470,761	51,747,245	55,932,188	53,358,192	48,978,557	63,521,731	59,209,773
Operating expenses:										
Instructional staff	81,587,686	88,799,795	90,477,097	88,565,180	88,192,744	97,927,822	100,033,039	95,951,938	90,918,944	83,858,803
Non-instructional staff	94,272,264	92,884,417	95,556,737	93,023,672	101,665,123	103,702,031	110,941,259	118,063,554	123,980,168	123,024,189
Fringe benefits	48,646,332	52,008,207	64,479,515	67,970,166	78,556,221	116,384,988	101,050,332	115,749,425	150,741,188	176,176,135
Supplies	17,756,862	13,262,646	14,646,462	13,885,552	15,409,438	22,703,765	20,216,270	22,552,882	20,032,747	14,732,670
Professional development	2,294,480	2,053,242	1,826,668	1,325,058	1,484,245	1,272,691	1,487,147	1,244,344	1,304,104	742,743
Equipment not capitalized	25,457,028	3,846,842	4,838,391	5,765,922	7,169,078	-	-	-	-	-
Utilities	12,565,805	11,405,723	10,299,268	9,834,789	9,833,894	9,041,755	8,422,751	8,503,632	7,889,555	8,090,810
Contractual services	45,368,250	37,549,206	42,380,663	46,303,596	37,456,245	39,843,034	39,678,006	37,471,238	29,714,332	26,683,165
Depreciation	27,231,445	21,336,035	18,367,180	22,245,912	19,844,225	19,605,043	20,603,084	40,362,884	49,604,285	42,741,190
Financial aid (net of scholarship allowances)	32,612,287	46,833,746	57,192,354	73,006,767	88,128,031	62,302,469	54,757,208	54,781,226	32,657,219	33,531,205
Other expenses	2,203,370	2,222,996	4,301,200	13,379,760	1,873,076	4,572,743	3,208,895	9,048,160	15,151,528	10,045,675
Total operating expenses	389,995,809	372,202,855	404,365,535	435,306,374	449,612,320	477,356,341	460,397,991	503,729,283	521,994,070	519,626,585
Operating loss	(345,219,000)	(317,710,016)	(348,878,956)	(380,835,613)	(397,865,075)	(421,424,153)	(407,039,799)	(454,750,726)	(458,472,339)	(460,416,812)
Non-operating revenues (expenses):										
State apportionment and equalization	39,808,436	37,759,550	38,637,438	48,683,543	48,683,543	44,243,857	44,091,624	40,944,584	10,653,563	16,737,354
Other state grants and contracts	59,444,571	64,191,417	72,578,870	75,378,306	87,343,845	101,432,160	103,024,737	113,886,048	113,032,192	144,823,351
Local grants and contracts	4,073,193	4,706,664	5,646,914	5,273,784	5,241,086	5,573,604	5,042,722	5,073,046	2,263,905	4,186,138
Local property taxes	113,234,703	121,020,792	127,316,069	123,516,103	121,811,625	120,202,490	118,738,148	119,389,151	125,659,171	123,263,682
Property taxes for lease obligations	13,912,993	-	-	-	-	-	-	-	-	-
Personal property replacement tax	15,525,950	13,581,642	11,416,700	13,924,035	12,319,744	14,076,439	13,548,322	14,564,695	11,637,706	16,422,533
Federal grants and contracts	64,170,398	78,525,778	110,203,448	140,186,492	156,278,485	131,057,829	121,249,812	109,992,620	84,341,753	80,082,538
Litigation settlement	-	-	656,745	-	-	-	-	-	-	-
Investment income	11,293,733	5,829,685	2,028,369	1,589,648	1,557,008	579,765	1,633,125	1,229,614	1,461,132	503,916
Building lease and interest payments on debt	(2,016,881)	-	-	-	-	-	-	-	(4,961,335)	(11,688,580)
Other non-operating revenue	-	-	-	-	-	-	573,157	2,175,119	1,846,475	6,075,845
Non-operating revenues, net	319,447,096	325,615,528	368,484,553	408,551,911	433,235,336	417,166,144	407,901,647	407,254,877	345,934,562	380,406,777
Income (loss) before capital appropriations and grants	(25,771,904)	7,905,512	19,605,597	27,716,298	35,370,261	(4,258,009)	861,848	(47,495,849)	(112,537,777)	(80,010,035)
Capital appropriations and grants	53,576,141	16,035,019	7,335,701	2,561,433	1,426,179	25,632,166	5,119,782	17,326,560	658,608	801,851
Change in net position	$ 27,804,237	$ 23,940,531	$ 26,941,298	$ 30,277,731	$ 36,796,440	$ 21,374,157	$ 5,981,630	$ (30,169,289)	$ (111,879,169)	$ (79,208,184)

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

City Colleges of Chicago
Community College District No. 508

Table C

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

Tax Year Levy	Class 2 Residential Property	Class 5 Commercial Property	Class 5 Industrial Property	Other Railroad Property	Total Equalized Assessed Valuation (1)	Total Equalized Assessed Valuation (2)	Total Direct Tax Rate	Total Estimated Fair Value (3)	Assessed Value as a Percentage of Estimated Fair Value
2007	$ 43,685,644,783	$ 22,387,633,179	$ 7,454,940,830	$ 77,095,720	$ 73,605,314,512	$ 73,611,156,177	0.159	$ 220,833,468,531	33.33%
2008	48,377,972,238	24,468,644,597	7,993,155,293	84,112,105	80,923,884,233	80,929,580,524	0.156	242,788,741,572	33.33%
2009	52,169,503,706	24,491,319,005	7,785,890,009	98,313,889	84,545,026,609	84,550,505,262	0.150	253,651,515,786	33.33%
2010	51,831,630,468	22,565,050,951	7,530,442,082	119,792,938	82,046,916,439	82,052,222,695	0.151	246,156,668,085	33.33%
2011	47,818,408,543	19,929,694,759	7,209,360,847	125,341,819	75,082,805,968	75,087,804,739	0.165	225,263,414,217	33.33%
2012	39,247,090,939	19,340,669,493	6,496,120,614	130,470,559	65,214,351,605	65,221,057,665	0.189	195,663,172,995	33.33%
2013	37,165,845,442	18,664,711,059	6,359,267,977	140,913,053	62,330,737,531	62,337,066,955	0.199	187,011,200,865	33.33%
2014	39,639,728,826	23,151,162,620	1,946,233,867	137,040,420	64,874,165,733	64,879,908,794	0.193	194,639,726,382	33.33%
2015	43,871,767,527	24,955,908,048	1,943,080,901	148,390,582	70,919,147,058	70,924,421,349	0.177	212,773,264,047	33.33%
2016	45,774,355,574	26,093,545,448	1,964,171,087	148,006,500	73,980,078,609	73,984,605,433	0.169	221,953,816,299	33.33%

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

Sources: *Cook County Clerks' Offices*

(1) Source: Cook County Clerks Office. Includes Cook County Valuation only

(2) Source: Cook County Clerks Office. Includes Cook & DuPage County Valuation

(3) Tax rates are per $100 of assessed value.

(4) Source: Cook County Clerks Office. Total equalized assed valuation is computed at one-third the estimated actual fair value.

City Colleges of Chicago
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Table D

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

Taxing Bodies	Legal				Tax Levy Year						
		2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
(per $100 of assessed valuation)	Limit										
City Colleges of Chicago											
Audit Fund	$ 0.005	$ -	$ 0.002	$ -	$ 0.001	$ 0.001	$ 0.001	$ 0.001	$ 0.001	$ 0.001	$ 0.001
Tort Liability	N/A	0.009	0.007	0.004	0.007	0.010	0.008	0.009	0.005	0.001	0.009
Education Fund	0.175	0.109	0.104	0.104	0.100	0.109	0.131	0.149	0.149	0.125	0.124
Operations and Maintenance Fund	0.050	0.041	0.043	0.042	0.043	0.045	0.050	0.040	0.038	0.049	0.035
PBC Rental	N/A	-	-	-	-	-	-	-	-	-	-
Total City Colleges of Chicago Rate		$ 0.159	$ 0.156	$ 0.150	$ 0.151	$ 0.165	$ 0.189	$ 0.199	$ 0.193	$ 0.177	$ 0.169
Overlapping Rates											
Chicago Board of Education		$ 2.583	$ 2.472	2.366	2.581	2.875	3.422	3.671	3.660	3.455	3.726
School Finance Authority		0.091	-	-	-	-	-	-	-	-	-
City of Chicago		1.044	1.147	1.098	1.132	1.229	1.425	1.496	1.473	1.806	1.880
Chicago Park District		0.355	0.323	0.309	0.319	0.346	0.395	0.420	0.415	0.382	0.368
Metropolitan Water Reclamation District		0.263	0.252	0.261	0.274	0.320	0.370	0.417	0.430	0.426	0.406
Cook County		0.446	0.415	0.394	0.423	0.462	0.531	0.560	0.568	0.552	0.533
Cook County Forest Preserve		0.053	0.051	0.049	0.051	0.058	0.063	0.069	0.069	0.069	0.063
South Cook County Mosquito Abatement		0.006	0.009	0.009	0.010	0.012	0.014	0.016	0.017	0.017	0.017
Total Overlapping Rate		$ 4.841	$ 4.669	$ 4.486	$ 4.790	$ 5.302	$ 6.220	$ 6.649	$ 6.632	$ 6.707	$ 6.993
Total Rate		$ 5.000	$ 4.825	$ 4.636	$ 4.941	$ 5.467	$ 6.409	$ 6.848	$ 6.825	$ 6.884	$ 7.162
Tax Extensions *($ thousands)*											
Audit Fund		$ -	$ 1,600	$ -	$ 650	$ 650	$ 650	$ 584	$ 384	$ 384	$ 684
Tort Liability		6,574	5,399	2,865	5,736	7,736	4,361	5,584	2,985	985	6,984
Education Fund		80,486	84,245	87,682	81,669	81,669	85,144	92,760	96,559	88,610	91,677
Operations and Maintenance Fund		29,972	34,997	35,694	35,186	33,186	33,186	24,912	24,912	34,911	25,612
PBC Rental		-	-	-	-	-	-	-	-	-	-
		$ 117,032	$ 126,241	$ 126,241	$ 123,241	$ 123,241	$ 123,341	$ 123,841	$ 124,840	$ 124,890	$ 124,957

Source: Cook County Clerk's Office

City Colleges of Chicago
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Table E

Revenue Capacity

Principal Property Taxpayers *(Unaudited)*

Current Year and Nine Years Ago

	2016			2007		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Assessed Valuation**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Assessed Valuation**
Willis Tower (formerly Sears Tower)	$ 406,464	1	0.55%	$ 514,662	1	0.70%
AON Building	252,408	2	0.34%	374,456	2	0.51%
HCSC Blue Cross A Pini	250,676	3	0.34%	-	-	-
Water Tower Place	226,358	4	0.31%	231,069	6	0.31%
One Prudential Plaza	212,135	5	0.29%	293,604	4	0.40%
300 Lasalle LLC	205,994	6	0.28%	-		-
AT&T Corporate Center 1 (Franklin Ctr.)	204,322	7	0.28%	297,653	3	0.40%
Citadel Center (Mark Davids)	196,745	8	0.27%	208,906	9	0.28%
Three First National Plaza	191,736	9	0.26%	205,913	10	0.28%
Hart 353 N. Clark	159,626	10	0.22%	-	-	
Chase Tower	-		0.00%	250,261	5	0.34%
Citigroup Center	-		0.00%	216,217	7	0.29%
Leo Burnett Building	-		0.00%	211,813	8	0.29%
131 S. Dearborn				-	-	
	$ 2,306,464		3.12%	$ 2,804,554		3.80%

Source: Cook County Assessor's Office – 2016 is latest data available.
Cook County Clerk's Office
Taxable assessed value in thousands of dollars

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

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

Levy Year	Fiscal Year of Extension	Tax Levied	Collected within the Fiscal Year of Extension (A) Amount	Collected within the Fiscal Year of Extension (A) Percentage of Tax Levy	Collections in Subsequent Years	Total Collections to Date (B) Amount	Total Collections to Date (B) Percentage of Levy
2007	2008	$ 117,032,450	$ 65,674,332	56.12%	$ 47,602,208	$ 113,276,540	96.79%
2008	2009	126,241,259	56,373,682	44.66%	65,995,942	122,369,624	96.93%
2009	2010	126,817,540	64,591,707	50.93%	56,983,091	121,574,798	95.87%
2010	2011	123,890,844	64,730,979	52.25%	54,891,164	119,622,143	96.55%
2011	2012	123,886,630	63,562,811	51.31%	56,005,524	119,568,335	96.51%
2012	2013	123,907,268	62,712,317	50.61%	58,355,621	121,067,938	97.71%
2013	2014	124,038,168	63,503,739	51.20%	58,136,730	121,640,469	98.07%
2014	2015	125,207,190	63,827,769	50.98%	59,621,270	123,449,039	98.60%
2015	2016	124,890,892	64,993,572	52.04%	59,481,832	124,475,404	99.67%
2016	2017	124,957,885	64,816,536	51.87%	-	64,816,536	51.87%

Notes: (A) The amount does not represent a full year's tax collection.
(B) The total amount collected to date is net of refunds.

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

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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)
2008	21,165	47,609	65,668	$ 72.00	$ 189.95	$ 309.76	$ -	1,050,801	$ 75,276,720	$ (37,497,635)	$ 37,779,085
2009	23,218	50,500	70,438	72.00	258.99	306.89	-	1,136,523	85,837,178	(39,117,916)	46,719,262
2010	27,347	57,423	70,094	79.00	259.15	301.55	-	1,260,579	104,761,982	(56,717,736)	48,044,246
2011	29,194	60,514	58,935	87.00	171.56	228.35	-	1,207,136	114,587,331	(68,487,277)	46,100,054
2012	29,602	61,756	55,009	89.00	173.56	230.35	-	1,190,902	115,477,680	(71,260,880)	44,216,800
2013	31,044	62,391	51,864	89.00	185.38	236.59	-	1,209,973	111,907,384	(66,382,528)	45,524,856
2014	30,692	62,100	47,258	89.00	202.01	249.71	-	1,184,165	110,456,613	(66,905,144)	43,551,469
2015	28,917	60,250	40,050	89.00	200.17	246.42	-	1,098,558	99,573,913	(57,835,807)	41,738,106
2016	26,410	57,372	39,017	133.36	353.16	359.73	624.68	983,907	105,005,157	(49,164,083)	55,841,074
2017	24,200	51,772	34,559	133.36	353.16	359.73	624.68	904,038	99,177,882	(46,670,605)	52,507,277

Source: City Colleges of Chicago Comprehensive Annual Financial Reports
In fiscal year 2016, City Colleges adopted a new flat-price structure designed to make City Colleges' prices more transparent by eliminating fees, and to encourage full time status and timelier completion for students.

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

Fiscal Year	General Obligation Bonds	Capital Leases	Total Outstanding Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	$ -	$ -	$ -	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	257,406,782	-	257,406,782	0.14%	94.67
2015	256,211,924	-	256,211,924	0.13%	94.25
2016	251,089,656	-	251,089,656	0.12%	92.53
2017	241,830,000	-	241,830,000	0.11%	89.40

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

City Colleges of Chicago
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Table I

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

	Net Direct Long-Term Debt (1)	As of June 30, 2017 Estimated Percentage Applicable (2)	Share of Overlapping Debt
Direct Debt			
City Colleges of Chicago	$ 241,830	100.00%	$ 241,830
Estimated General Obligation Overlapping Debt			
City of Chicago General Obligation Bonds	$ 8,943,914	100.00%	$ 8,943,914
Chicago Board of Education	6,778,084	100.00%	6,778,084
Chicago Park District	863,580	100.00%	863,580
Metropolitan Water Reclamation District of Greater Chicago	2,926,998	54.46%	1,594,043
Cook County	3,213,142	51.98%	1,670,191
Cook County Forest Preserve District	159,440	53.47%	85,253
Total Estimated Overlapping Long-Term Debt			19,935,064
Direct and Estimated Overlapping Long-Term Debt			$ 20,176,894

(1) Source: City of Chicago CAFR; Amount of Net Direct Debt was obtained from each respective taxing bodies.
(2) Assessed value data used to estimate applicable percentage is provided by the Office of the Cook County Clerk. Percentages are calculated by dividing each taxing district's 2015 City of Chicago tax extension, within the City of Chicago, by the total Cook County extension for the district.

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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
2008	2,697,359 *	$ 127,250,608 *	$ 47,176	7.00%
2009	2,697,006 *	116,750,693 *	43,289	11.10%
2010	2,695,598 ^	117,700,591 *	43,664	11.20%
2011	2,705,404 *	122,641,374 *	45,332	10.90%
2012	2,714,120 *	129,930,353 *	47,872	10.00%
2013	2,718,887 *	133,608,826 *	49,141	10.10%
2014	2,718,530 *	142,396,601 *	52,380	7.80%
2015	2,713,596 *	148,471,692 *	54,714	6.60%
2016	2,704,958 *	--------Data Not Available--------		6.50%
2017	---------------------Data Not Available -------------------------			

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

(B) 2008 - 2015 Data from the Bureau of Economic Analysis (BEA). These rates are for Cook County. 2016 - 2017 data is not available.

(C) Illinois Workforce Info Center Website, prior information has been updated to reflect the most current data available.

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Table K

Demographic and Economic Information
Principal Employers *(Unaudited)*
Last Nine Fiscal Years

	Fiscal Year 2017			Fiscal Year 2016			Fiscal Year 2015		
Employer	**Rank**	**City of Chicago Number of Employees**	**% of City of Chicago Area Employment**	**Rank**	**City of Chicago Number of Employees**	**% of City of Chicago Area Employment**	**Rank**	**City of Chicago Number of Employees**	**% of City of Chicago Area Employment**
U.S. Government	1	42,663	1.58%	1	42,887	1.58%	1	45,673	1.68%
Chicago Public Schools	2	35,862	1.33%	2	37,406	1.37%	2	38,933	1.43%
City of Chicago	3	30,754	1.14%	3	30,276	1.11%	3	30,345	1.11%
Cook County	4	20,716	0.77%	4	21,795	0.80%	4	21,622	0.79%
Advocate Health Care	5	18,930	0.70%	5	18,308	0.67%	5	18,556	0.68%
University of Chicago	6	16,374	0.61%	6	16,197	0.60%	6	16,025	0.59%
Northwestern Memorial Hospital	7	15,747	0.58%	7	15,317	0.56%	9	14,550	0.53%
JP Morgan Chase	8	15,229	0.56%	9	14,158	0.52%	7	15,015	0.55%
United Continental Holdings Inc	9	15,157	0.56%	10	14,000	0.51%	10	14,000	0.51%
State of Illinois	10	13,524	0.50%	8	15,136	0.56%	8	14,925	0.55%
		224,956	8.32%		225,480	8.28%		229,644	8.42%

	Fiscal Year 2014			Fiscal Year 2013			Fiscal Year 2012		
Employer	**Rank**	**City of Chicago Number of Employees**	**% of City of Chicago Area Employment**	**Rank**	**City of Chicago Number of Employees**	**% of City of Chicago Area Employment**	**Rank**	**City of Chicago Number of Employees**	**% of City of Chicago Area Employment**
U.S. Government	1	49,860	1.83%	1	52,144	1.92%	1	55,183	2.04%
Chicago Public Schools	2	39,094	1.44%	2	40,145	1.48%	2	39,667	1.47%
City of Chicago	3	30,340	1.12%	3	30,197	1.11%	3	31,307	1.16%
Cook County	4	21,482	0.79%	4	21,057	0.77%	4	21,785	0.80%
Advocate Health Care	5	18,512	0.68%	5	16,710	0.61%	5	18,485	0.68%
University of Chicago	7	15,452	0.57%	8	15,029	0.55%	10	14,584	0.54%
State of Illinois	8	14,731	0.54%	6	15,400	0.57%	6	15,800	0.58%
JP Morgan Chase	6	16,045	0.59%	7	15,103	0.56%	-	-	-
United Continental Holdings Inc	9	14,000	0.51%	-	- -	-	-	-	-
AT&T Inc.	10	14,000	0.51%	10	14,000	0.51%	7	15,000	0.55%
Walgreen Co.	-	-	-	9	14,528	0.53%	9	14,688	0.54%
Provena Health/Resurrection Health	-	-	-	-	-	-	8	14,806	0.55%
		233,516	8.58%		234,313	8.61%		241,305	8.91%

	Fiscal Year 2011			Fiscal Year 2010			Fiscal Year 2009		
Employer	**Rank**	**City of Chicago Number of Employees**	**% of City of Chicago Area Employment**	**Rank**	**City of Chicago Number of Employees**	**% of City of Chicago Area Employment**	**Rank**	**City of Chicago Number of Employees**	**% of City of Chicago Area Employment**
U.S. Government	1	49,573	1.83%	1	77,000	2.86%	1	78,000	2.73%
Chicago Public Schools	2	40,883	1.51%	2	43,740	1.62%	2	43,910	1.54%
City of Chicago	3	35,237	1.30%	3	36,242	1.34%	3	35,570	1.25%
Cook County	5	23,083	0.85%	5	23,416	0.87%	5	22,142	0.78%
Advocate Health Care	7	14,873	0.55%	7	14,784	0.55%	7	15,660	0.55%
State of Illinois	4	25,700	0.95%	4	26,000	0.96%	6	18,124	0.64%
JP Morgan Chase	8	13,639	0.50%	9	13,142	0.49%	-	-	-
University of Chicago	-	-	-	-	-	-	8	14,287	0.50%
Walgreen Co.	9	13,122	0.48%	8	13,281	0.49%	9	14,254	0.50%
AT&T Inc.	-	-	-	10	13,000	0.48%	10	14,000	0.49%
Abbott Laboratories	10	13,000	0.48%	-	-	-	-	-	-
Walmart Stores, Inc.	6	21,329	0.79%	6	19,990	0.74%	4	23,453	0.82%
		250,439	9.24%		280,595	10.40%		279,400	9.80%

Source: Crain's Chicago's Business, Largest Employers, published January 19, 2017
Note: Beginning with the fiscal year 2009, City Colleges of Chicago will accumulate data to arrive at data for the current year and the nine years prior.

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Table L

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

Unrestricted Funds

Functional Job Type	Full-time FTE			Part-time FTE			Total FTE		
	2015	**2016**	**2017**	**2015**	**2016**	**2017**	**2015**	**2016**	**2017**
Faculty	644	627	619	1,153	1,156	859	1,797	1,783	1,478
Professional/Technical Staff	563	592	558	140	68	66	703	660	624
Administrators	418	424	415	1	2	1	419	426	416
Clerical	349	354	316	6	10	19	355	364	335
Front-Line Direct Support (Custodial/Maintenance/Security)	259	269	264	398	373	291	657	642	555
Academic Support/Direct Student-Facing Personnel	158	161	168	359	322	341	517	483	509
Student Workers	2	1		9	20	27	11	21	27
Totals	**2,393**	**2,428**	**2,340**	**2,066**	**1,951**	**1,604**	**4,459**	**4,379**	**3,944**

Data Source: FY18 Budget book - Full-Time Equivalent by Position (FTE)
Note: A review of all position titles, job families, groups and functionality was performed in fiscal year 2017.
Data has been realigned from previous years to reflect the resulting changes.

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 Business	Occupational Technical	Occupational Health	Remedial Development	Adult Basic Secondary Education
2017	904,038.0	455,404.0	33,621.0	56,363.5	25,955.0	59,925.0	272,769.5
2016	983,907.0	489,438.0	36,204.0	59,245.5	32,958.5	72,423.0	293,638.0
2015	1,098,557.5	536,289.0	44,735.0	68,863.0	36,548.5	107,093.0	305,029.0
2014	1,184,165.0	536,233.0	51,231.0	79,220.0	45,666.0	123,339.0	348,476.0
2013	1,209,972.5	532,810.0	53,069.0	71,636.5	47,413.0	132,728.0	372,316.0
2012	1,190,901.5	518,328.0	55,799.0	69,998.0	51,460.0	139,422.0	355,894.5
2011	1,207,136.0	505,897.0	54,590.0	72,682.0	51,648.0	136,247.0	386,072.0
2010	1,260,579.0	476,794.0	47,756.0	82,551.0	54,920.0	144,347.0	454,211.0
2009	1,136,523.0	408,681.0	41,510.0	77,907.0	48,517.0	122,788.0	437,120.0
2008	1,050,801.0	375,014.0	42,368.0	75,633.0	43,777.0	105,781.0	408,228.0

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Land	$ 48,988,547	$ 49,094,047	$ 49,094,047	$ 49,959,334	$ 49,959,334	$ 50,588,046	$ 53,616,391	$ 55,421,960	$ 51,376,464	$ 51,376,464
Construction in progress	18,421,821	28,955,476	43,035,306	51,832,430	58,677,994	80,178,270	103,111,151	269,626,926	88,290,037	41,526,514
Equipment	17,574,611	17,919,630	16,548,010	15,901,476	16,930,530	17,064,376	17,525,902	20,378,093	52,985,078	63,800,500
Buildings and improvements	642,987,012	654,292,589	680,481,594	692,728,579	711,320,407	725,256,411	786,947,003	824,248,668	1,097,180,326	1,083,419,269
Software	28,734,268	29,008,086	29,342,571	29,342,571	30,035,011	30,035,011	30,035,011	30,852,286	62,395,481	69,966,816
Total Capital Assets	756,706,259	779,269,828	818,501,528	839,764,390	866,923,276	903,122,114	991,235,458	1,200,527,933	1,352,227,386	1,310,089,563
Less: Accumulated Depreciation	(186,971,382)	(208,307,417)	(225,326,563)	(246,743,974)	(266,588,199)	(281,982,383)	(299,962,533)	(336,310,200)	(380,512,960)	(358,250,800)
Net Capital Assets	$569,734,877	$570,962,411	$593,174,965	$593,020,416	$600,335,077	$621,139,731	$691,272,925	$ 864,217,733	$ 971,714,426	$ 951,838,763
Capital Lease & Bond Obligations	$ -	$ -	$ -	$ -	$ -	$ -	$250,000,000	$ 250,000,000	$ 245,995,000	$ 241,830,000

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

City Colleges of Chicago
Community College District No. 508

Table O
Operating Information
Miscellaneous Statistics *(Unaudited)*

Founded	***1911***	
Accreditation by North Central Association of Colleges and Schools	**Most Recent Accreditation**	**Next Review**
Daley	2011-12	2021-22
Harold Washington	2008-09	2018-19
Kennedy-King	2015-16	2025-26
Malcolm X	2007-08	2017-18
Olive-Harvey	2010-11	2020-21
Truman	2009-10	2019-20
Wright	2012-13	2019-20

Current gross square footage	4,228,755
Size of district	228.5 square miles
Counties served	Cook and DuPage
Population of district	2,704,958
Number of faculty	1,478
Number of professional / technical staff	624
Number of administrators	416
Number of clerical staff	335
Number of custodial / maintenance staff	555
Number of academic support staff	509
Number of student/workstudy staff	27
Degrees and certificates awarded (fiscal year 2017)	8,071

City Colleges of Chicago
Community College District No. 508

Table P

Community College State Funding
Last Ten Fiscal Years

Fiscal Year	State Funding to All State Community Colleges	ICCB Funding to the District
2008	$297,698,600	$55,892,006
2009	$287,664,558	$53,244,610
2010	$308,471,029	$57,321,939
2011	$295,401,900	$64,548,437
2012	$295,521,900	$64,549,023
2013	$282,421,700	$58,314,908
2014	$284,916,500	$58,700,515
2015	$278,773,899	$55,231,784
2016	$74,142,300	$14,370,863
2017	$114,525,000*	$22,463,354*

Source: Illinois Community College Board

**Amounts do not 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, 2017

	Daley	Harold Washington	Kennedy-King	Malcolm X	Olive-Harvey	Truman	Wright	District Office	Total
Revenues:									
Local Tax Revenue	$ 55,384	$ 10,323,956	$ 30,001,335	$ 37,754,705	$ 19,227,383	$ 5,313,118	$ 9,171,188	$ 27,037,293	$ 138,884,362
All Other Local Revenue	313,533	41,298	421,970	245,424	117,801	465,849	47,422	-	1,653,297
ICCB Grants	3,938,343	5,079,879	1,702,481	2,898,996	1,235,595	4,293,674	4,868,433	-	24,017,401
All Other State Revenue	419,048	497,096	405,626	740,302	482,301	430,630	604,212	-	3,579,215
Federal Revenue	13,858,027	15,862,247	5,134,409	8,860,988	4,221,056	15,218,308	16,927,504	-	80,082,539
Student Tuition and Fees	16,304,727	20,847,804	7,129,585	11,941,280	5,028,353	17,669,299	20,256,833	-	99,177,882
All Other Revenue	45,343	1,045,867	3,316,218	360,374	1,076,946	1,762,702	805,370	9,992,761	18,405,581
Total Revenue before Capital Appropriations	34,934,405	53,698,147	48,111,624	62,802,069	31,389,435	45,153,580	52,680,962	37,030,054	365,800,277
Capital Appropriations	-	-	-	-	801,851	-	-	-	801,851
Total Revenue	$ 34,934,405	$ 53,698,147	$ 48,111,624	$ 62,802,069	$ 32,191,286	$ 45,153,580	$ 52,680,962	$ 37,030,054	$ 366,602,129
Expenditures by program									
Instruction	$ 10,168,452	$ 17,359,179	$ 12,993,810	$ 17,725,391	$ 9,061,071	$ 15,680,772	$ 17,494,710	$ -	$ 100,483,385
Academic Support	1,935,731	3,196,368	3,092,822	5,032,401	2,348,307	3,018,976	3,408,359	3,349,057	25,382,021
Student Services	4,140,612	6,273,554	3,758,716	5,129,399	3,707,609	6,207,518	5,760,477	1,547,590	36,525,475
Public Service/Continuing Education	249,481	173,850	365,945	441,872	-	222,380	309,131	929,031	2,691,690
Organized Research		-	-	-	-	96,829	1,252	-	98,081
Auxiliary Services	828,871	678,755	2,558,765	801,440	510,274	513,936	238,619	6,649,441	12,780,101
Operations and Maintenance	8,165,426	5,677,564	13,638,183	17,336,623	8,485,737	8,972,000	9,271,383	31,775,393	103,322,309
Institutional Support	2,804,837	2,417,754	2,834,892	3,691,582	2,325,606	2,205,401	2,667,709	62,635,625	81,583,406
Scholarships, Grants, Waivers	6,640,995	17,921,123	8,868,491	12,643,361	4,950,831	8,235,768	13,529,322	10,153,954	82,943,845
Total Expenditures	$ 34,934,405	$ 53,698,147	$ 48,111,624	$ 62,802,069	$ 31,389,435	$ 45,153,580	$ 52,680,962	$ 117,040,091	$ 445,810,313

Excludes SURS contribution of $133,964,089.

Statement of Purpose: The City Colleges of Chicago Revenues and Expenditures by College for the year ended June 30, 2017, is required by the terms of a Memorandum of Understanding (MOU) between City Colleges and the North Central Association of Colleges and Schools Commission on Institutions of Higher Education (NCA). The MOU outlines an appropriate pattern of evidence to be made available by City Colleges for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenditures for each college and the district office.

SPECIAL REPORTS SECTION

State Required Reports Section

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Schedule 1

City Colleges of Chicago
Community College District No. 508
All Funds Summary
Uniform Financial Statement #1
Fiscal Year Ended June 30, 2017

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund *	Working Cash Fund	Audit Fund	Liability, Protection Settlement Fund	GASB 34/35 Adjustment **	Total
Fund Balance: July 1, 2016	$ (38,141,585)	$ (3,085,634)	$ 14,811,127	$ (6,256,620)	$ (10,269,005)	$ (1,258,903)	$ 67,013,532	$ 36,209	$ 2,632,672	$ 721,643,338	$ 747,125,131
Revenues:											
Local Tax Revenue	83,398,177	28,947,715	-	23,049,058	-	-	-	512,335	3,778,929	-	139,686,214
All Other Local Revenue	-	-	801,851	-	-	851,446	-	-	-	-	1,653,297
ICCB Grants	24,017,401	-	-	-	-	-	-	-	-	-	24,017,401
All Other State Revenue	2,314	-	374,554	-	-	3,202,347	-	-	-	-	3,579,215
Federal Revenue	402,859	-	-	-	-	79,679,680	-	-	-	-	80,082,539
Student Tuition and Fees	98,522,610	-	-	-	655,272	-	-	-	-	-	99,177,882
All Other Revenue	1,807,782	1,154,477	12,764	52,767	12,057,359	3,320,432	-	-	-	-	18,405,581
Total Revenues	208,151,143	30,102,192	1,189,169	23,101,825	12,712,631	87,053,905	-	512,335	3,778,929	-	366,602,129
Expenses											
Instruction	91,830,501	-	-	-	2,278,920	6,373,964	-	-	-	-	100,483,385
Academic Support	18,761,175	-	-	-	87,727	6,533,119	-	-	-	-	25,382,021
Student Services	33,808,402	-	-	-	11,655	2,705,418	-	-	-	-	36,525,475
Public Service/Continuing Education	288	-	-	-	1,433,042	1,258,360	-	-	-	-	2,691,690
Organized Research	-	-	-	-	-	98,081	-	-	-	-	98,081
Auxiliary Services	7,705,024	-	-	-	4,040,568	1,034,509	-	-	-	-	12,780,101
Operations and Maintenance	12,458,784	28,127,754	21,888,671	16,845,105	-	-	-	-	1,470	24,000,525	103,322,309
Institutional Support	74,405,073	(8,921)	9,859,361	100	(18,711)	404,183	-	519,056	5,704,651	(9,281,386)	81,583,406
Scholarships, Grants, Waivers	11,774,978	-	-	-	-	71,168,867	-	-	-	-	82,943,845
Total Expenses	250,744,225	28,118,833	31,748,032	16,845,205	7,833,201	89,576,501	-	519,056	5,706,121	14,719,139	445,810,313
Net Transfers	-	-	-	-	-	-	-	-	-	-	-
Fund Balance: June 30, 2017	$ (80,734,667)	$ (1,102,275)	$ (15,747,736)	$ -	$ (5,389,575)	$ (3,781,499)	$ 67,013,532	$ 29,488	$ 705,480	$ 706,924,199	$ 667,916,947

* Excludes SURS contribution $133,964,089

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

Schedule 2

City Colleges of Chicago
Community College District No. 508
Summary of Fixed Assets and Debt
Uniform Financial Statement #2
Fiscal Year Ended June 30, 2017

	Capital Assets / Long-Term Debt July 1, 2016	Additions	Deletions and Transfers	Capital Assets / Long-Term Debt June 30, 2017
Fixed Assets				
Land	$ 51,376,464	$ -	$ -	$ 51,376,464
Construction in progress	88,290,037	27,484,234	(74,247,757)	41,526,514
Buildings and improvements	1,097,180,326	52,862,680	(66,623,737)	1,083,419,269
Equipment	52,985,078	10,815,422	-	63,800,500
Software	62,395,481	7,571,335	-	69,966,816
Accumulated depreciation	(380,512,960)	(42,741,190)	65,003,350	(358,250,800)
Net Fixed Assets	$ 971,714,426	$ 55,992,481	$ (75,868,144)	$ 951,838,763
Fixed Debt				
Bonds payable	$ 245,995,000	$ -	$ (4,165,000)	$ 241,830,000
Total Fixed Debt	$ 245,995,000	$ -	$ (4,165,000)	$ 241,830,000

City Colleges of Chicago
Community College District No. 508
Operating Funds Revenues and Expenditures**
Uniform Financial Statement #3
Fiscal Year Ended June 30, 2017

OPERATING REVENUES BY SOURCE	**Education Fund**	**Operations and Maintenance Fund**	**Total Operating Funds**
Local Government Revenue:			
Local Taxes	$ 83,398,177	$ 28,947,715	$ 112,345,892
TOTAL LOCAL GOVERNMENT	83,398,177	28,947,715	112,345,892
State Government:			
ICCB Base Operating Grant	24,017,401	-	24,017,401
Other (Include other ICCB grants not listed above)	2,314	-	2,314
TOTAL STATE GOVERNMENT	24,019,715	-	24,019,715
Federal Government:			
Dept. of Education	402,859	-	402,859
TOTAL FEDERAL GOVERNMENT	402,859	-	402,859
Student Tuition and Fees			
Tuition	98,496,410	-	98,496,410
Fees	26,200	-	26,200
TOTAL TUITION AND FEES	98,522,610	-	98,522,610
Other Sources			
Sales and Service Fees	403,542	(29,840)	373,702
Facilities Revenue	-	1,184,317	1,184,317
Investment Revenue	451,149	-	451,149
Other	953,091	-	953,091
TOTAL OTHER REVENUE	1,807,782	1,154,477	2,962,259
TOTAL REVENUE	$ 208,151,143	$ 30,102,192	$ 238,253,335
Less: Non-Operating Items *			
Tuition Chargeback Revenue	(47,620)	-	(47,620)
ADJUSTED REVENUE	$ 208,103,523	$ 30,102,192	$ 238,205,715
OPERATING EXPENDITURES			
BY PROGRAM			
Instruction	$ 91,830,501	$ -	$ 91,830,501
Academic Support	18,761,175	-	18,761,175
Student Services	33,808,402	-	33,808,402
Public Service/Continuing Education	288	-	288
Auxiliary Services	7,705,024	-	7,705,024
Operations and Maintenance	12,458,784	28,127,754	40,586,538
Institutional Support	74,405,073	(8,921)	74,396,152
Scholarships, Grants, Waivers	11,774,978	-	11,774,978
TOTAL EXPENDITURES	250,744,225	28,118,833	278,863,058
Less Non-Operating Items*			
Tuition Chargeback	(225,549)	-	(225,549)
ADJUSTED EXPENDITURES	$ 250,518,676	$ 28,118,833	$ 278,637,509
BY OBJECT			
Salaries	$ 172,918,718	$ 15,238,707	$ 188,157,425
Employee Benefits	32,658,321	2,650,448	35,308,769
Contractual Services	10,028,623	1,764,969	11,793,592
General Materials and Supplies	10,706,416	859,095	11,565,511
Professional Development	428,119	750	428,869
Fixed Charges	1,096,841	788,417	1,885,258
Utilities	1,243,408	6,825,368	8,068,776
Capital Outlay	57,346	-	57,346
Other	21,606,433	(8,921)	21,597,512
TOTAL EXPENDITURES	$ 250,744,225	$ 28,118,833	$ 278,863,058
Less Non-Operating Items*			
Tuition Chargeback	(225,549)	-	(225,549)
ADJUSTED EXPENDITURES	$ 250,518,676	$ 28,118,833	$ 278,637,509

* Enter as negative.
** Operating Funds include the Education and the Operations and Maintenance funds.

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, 2017

REVENUE BY SOURCE:	
TOTAL LOCAL GOVERNMENT	$ 851,446
State Government	
Other	3,202,347
TOTAL STATE GOVERNMENT	3,202,347
Federal Government	
Dept. of Education	66,306,448
Other	13,373,232
TOTAL FEDERAL GOVERNMENT	79,679,680
Other Sources	
Other	3,320,432
TOTAL OTHER SOURCES	3,320,432
TOTAL RESTRICTED PURPOSES FUND REVENUES	$ 87,053,905
EXPENDITURES BY PROGRAM	
Instruction	$ 6,373,964
Academic Support	6,533,119
Student Services	2,705,418
Public Service/Continuing Education	1,258,360
Organized Research	98,081
Auxiliary Services	1,034,509
Institutional Support	404,183
Scholarships, Grants and Waivers	71,168,867
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	$ 89,576,501
EXPENDITURES BY OBJECT	
Salaries	$ 13,528,923
Employee Benefits	2,161,914
Contractual Services	1,722,531
General Materials and Supplies	2,150,806
Professional Development	302,535
Capital Outlay	177,039
Other	159,045
Scholarships, Grants, Waivers	69,373,708
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	$ 89,576,501

* Excludes SURS contribution of $133,964,089.

Schedule 5

City Colleges of Chicago
Community College District No. 508
Current Funds * Expenditures by Activity**
Uniform Financial Statement #5
Fiscal Year Ended June 30, 2017

INSTRUCTION	
Instructional Programs	$ 100,483,385
Total Instruction	100,483,385
ACADEMIC SUPPORT	
Library Center	3,101,057
Instructional Materials Center	324,177
Educational Media Services	142,370
Academic Computing Support	1,406,658
Academic Administration and Planning	13,790,001
Other	6,617,758
Total Academic Support	25,382,021
STUDENT SERVICES SUPPORT	
Admissions and Records	6,155,815
Counseling and Career Services	12,385,802
Financial Aid Administration	3,822,050
Other	14,161,808
Total Student Services Support	36,525,475
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	170,363
Customized Training (Instructional)	447,124
Community Services	403,153
Other	1,671,050
Total Public Service/Continuing Education	2,691,690
ORGANIZED RESEARCH	98,081
AUXILIARY SERVICES	12,780,101
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	10,442,193
Custodial Services	7,217,619
Grounds	23,703
Campus Security	10,789,626
Utilities	6,826,308
Administration	3,330,765
Other	1,957,794
Total Operations and Maintenance of Plant	40,588,008
INSTITUTIONAL SUPPORT	
Executive Management	7,623,163
Fiscal Operations	14,828,304
Community Relations	3,157,414
Administrative Support Services	44,280,635
Board of Trustees	381,146
General Institutional	13,961,312
Institutional Research	1,519,687
Administrative Data Processing	8,399,275
Other	(13,145,605)
Total Institutional Support	81,005,331
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	82,943,845
TOTAL CURRENT FUNDS EXPENDITURES	$ 382,497,937

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

** Excludes SURS Contribution of $133,964,089.

CITY COLLEGES of CHICAGO
Education that Works

Schedule 6

City Colleges of Chicago
ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 508

CERTIFICATE OF CHARGEBACK REIMBURSEMENT FOR FISCAL YEAR 2018

All fiscal year 2017 non-capital audited operating expenditures for the past year from the following funds:

Education Fund	$	250,744,225
Operations and Maintenance Fund		28,118,833
Bond and Interest Fund		16,845,205
Restricted Purposes Fund		89,576,501
Audit Fund		519,056
Liability, Protection and Settlement Fund		5,706,121
Total noncapital expenditures	$	391,509,941
Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	$	26,312,819
Total costs included	$	417,822,760
Total certified semester credit hours for FY 2017		904,038.0
Per capita cost	$	462.17
All FY 2017 state and federal operating grants for noncapital expenditures, except ICCB grants	$	83,841,753
FY 2017 state and federal grants per semester credit hour	$	92.74
District's average ICCB grant rate (excluding equalization grants) for FY 2017	$	47.08
District's student tuition and fee rate per semester credit hour for FY 2017	$	104.28
Chargeback reimbursement per semester credit hour	$	218.08

Approved: ______________________________ 9/29/2017
Joyce Carson, Vice Chancellor of Finance and Business Enterprises / CFO — Date

Approved: ______________________________ 9/29/2017
Juan Salgado, Chancellor — Date

RSM US LLP

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

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

We have examined the accompany Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed (the Schedule) of City Colleges of Chicago, Community District No. 508 (City Colleges) for the year ended June 30, 2017. City Colleges' management is responsible for preparing the Schedule in accordance with the guidelines of the *Illinois Community College Board's Fiscal Management Manual*. Our responsibility is to express an opinion on the Schedule based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule referred to above is in accordance with the guidelines of the *Illinois Community College Board's Fiscal Management Manual*, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgement, including as assessment of the risks of material misstatement of the Schedule, referred to above, whether due to fraud or error. We believe that the evidence we obtained in sufficient and appropriate to provide a reasonable basis for our opinion.

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

The supplementary information on page 83 discusses City Colleges' residency policy and provides a summary of assessed valuations and is the responsibility of City Colleges' management. This information has not been subjected to the examination procedures applied in the examination of the Schedule and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Chicago, Illinois
September 29, 2017

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Schedule 7

City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases On Which Claims are Filed
Year ended June 30, 2017

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

	Summer		Fall		Spring		Total	
Categories	**Unrestricted**	**Restricted**	**Unrestricted**	**Restricted**	**Unrestricted**	**Restricted**	**Unrestricted**	**Restricted**
Baccalaureate Transfer	49,367.0	-	208,422.0	-	197,615.0	-	455,404.0	-
Business Occupational	2,626.0	-	15,656.0	-	15,339.0	-	33,621.0	-
Technical Occupational	7,320.5	78.0	25,728.0	228.5	22,405.5	603.0	55,454.0	909.5
Health Occupational	2,830.0	-	11,662.0	-	11,463.0	-	25,955.0	-
Remedial/Developmental	3,497.0	-	36,068.0	-	20,360.0	-	59,925.0	-
Adult Basic/Secondary Education	65,768.0	3,421.0	94,904.5	8,561.0	86,322.5	13,792.5	246,995.0	25,774.5
Total	131,408.5	3,499.0	392,440.5	8,789.5	353,505.0	14,395.5	877,354.0	26,684.0

Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2017

	Unrestricted			Restricted		
Categories	**Total Credit Hours**	**Total Credit Hours Certified by ICCB**	**Difference**	**Total Credit Hours**	**Total Credit Hours Certified by ICCB**	**Difference**
Baccalaureate Transfer	455,404.0	455,404.0	-	-	-	-
Business Occupational	33,621.0	33,621.0	-	-	-	-
Technical Occupational	55,454.0	55,454.0	-	909.5	909.5	-
Health Occupational	25,955.0	25,955.0	-	-	-	-
Remedial/Developmental	59,925.0	59,925.0	-	-	-	-
Adult Basic/Secondary Education	246,995.0	246,995.0	-	25,774.5	25,774.5	-
Total	877,354.0	877,354.0	-	26,684.0	26,684.0	-

Summary of Certified Dual Credit and Dual Enrollment Hours

	Dual Credit	**Dual Enrollment**
Reimbursable Semester Credit Hours (All Terms)	17,902.0	10,364.0

Schedule 8

City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases On Which Claims are Filed *(Continued)*
Year ended June 30, 2017

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

	Attending In-District	Attending Out-of-District on Chargeback or Cooperative/ Contractual Agreement	Total
Unrestricted in-district resident hours	846,068.5		
Restricted in-district resident hours	25,463.5		
Semester credit hours (all terms)	871,532.0	1,120.7	872,652.7

District prior-year equalized assessed evaluation $ 73,984,605,433

	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference
In-district resident	871,532.0	871,532.0	-
Out-of-district (chargeback/contractual agreement)	1,120.7	1,120.7	-
Total	872,652.7	872,652.7	-

Schedule 9

Student Residency Verification Process

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

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

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

Non-resident tuition and fees will be charged to:

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

Summary of Assessed Valuations

Tax Levy Year	Equalized Assessed Valuation
2016	$73,984,605,433
2015	70,924,421,349
2014	64,879,908,794
2013	62,337,066,955
2012	65,221,057,665
2011	75,087,804,739
2010	82,052,222,695
2009	84,550,505,262
2008	80,929,580,524
2007	73,611,156,177

State Grant Compliance Section

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RSM US LLP

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

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

Report on the Financial Statements
We have audited the accompanying financial statements of the Early School Leavers Grant Program and the Career and Technical Education - Program Improvement Grant Program (the Grant Programs) of City Colleges of Chicago, Community District No. 508 (City Colleges), as of and for the year ended June 30, 2017, and the related notes to the financial statements – grant programs, which collectively comprise City Colleges' grant programs financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Early School Leavers Grant Program and the Career and Technical Education - Program Improvement Grant Program as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
The grant programs financial statements present only the Grant Programs referred to above and do not purport to, and do not present the financial position of City Colleges as of June 30, 2017, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017, 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 College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in the effectiveness of City Colleges' accordance with *Government Auditing Standards* in considering City Colleges' internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
September 29, 2017

Independent Auditor's 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*

To the Board of Trustees
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, the financial statements of the Early School Leavers Grant Program and the Career and Technical Education - Program Improvement Grant Program (the Grant Programs) of City Colleges of Chicago, Community College District No. 508 (City Colleges), as of and for the year ended June 30, 2017, and the related notes to the financial statements—grant programs, and have issued our report thereon dated September 29, 2017. The grant program financial statements present only the Grant Programs referred to above and do not purport to, and do not present the financial position of City Colleges as of June 30, 2017, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting
In planning and performing our audit of the grant programs financial statements, we considered City Colleges' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the grant program 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

RSM US LLP

Chicago, Illinois
September 29, 2017

Grant Program Financial Statements

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City Colleges of Chicago
Community College District No. 508
Early School Leavers Grant Program
Balance Sheet
June 30, 2017

Assets		
Cash	$	34,833
Total Assets	$	34,833
Liabilities and Fund Balance		
Accounts payable	$	733
Due to City Colleges of Chicago		34,100
Total liabilities		34,833
Total Fund Balance		-
Total Liabilities and Fund Balance	$	34,833

Statement of Revenues, Expenditures and Changes in Fund Balance
Year ended June 30, 2017

Revenue		
State sources	$	41,611
Expenditures		
Salaries	$	30,075
Employee benefits		3,838
Materials and supplies		2,537
Student support services		3,014
Travel and professional development		1,960
Purchased services		187
Total expenditures	$	41,611
Excess of Revenue Over Expenditures		
Fund Balance - July 1, 2015	$	-
Fund Balance - June 30, 2017	$	-

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
Career and Technical Education - Program Improvement
Balance Sheet
As of June 30, 2017

Assets	
Cash	$ 102,267
Liabilities and Fund Balance	
Accounts payable	$ 101,847
Due to City Colleges of Chicago	420
Total liabilities	102,267
Total Fund Balance	-
Total Liabilities and Fund Balance	$ 102,267

Statement of Revenues, Expenditures and Changes in Fund Balance
Year ended June 30, 2017

Revenue	
State sources	$ 172,672
Expenditures	
Salaries	$ 420
Instructional equipment	78,716
Materials and supplies	93,236
Staff development	300
Conference and meeting expenses	-
Total Expenditures	$ 172,672
Excess of Revenue Over Expenditures	
Fund Balance - July 1, 2016	$ -
Fund Balance - June 30, 2017	$ -

See accompanying notes to grant program financial statements.

Notes to Grant Program Financial Statements

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City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2017

1. **PROGRAM DESCRIPTIONS**

City Colleges of Chicago is responsible for administering the programs listed below 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. **Early School Leavers Grant**

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

B. **Career and Technical Education – Program Improvement Grant**

Grant funding recognizes that keeping career and technical education programs current and reflective of the highest quality practices in the workplace is necessary to prepare students to be successful in their chosen careers and to provide employers with the trained workforce they require. The grant funds are dedicated to enhancing instruction and academic support activities to strengthen and improve career and technical programs and services.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Basis of Reporting**

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

Grant revenues are reported in these grant program financial statements when all eligibility requirements are met. Expenditures are allowable if they comply with "Policy Guidelines for Restricted Grant Expenditures and Reporting" set forth in the ICCB Fiscal Management Manual.

The grant funds shall be expended or obligated by 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 Early School Leavers program was fully expended within the grant period.

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

These grant program financial statements cover only the Early School Leavers and the Career and Technical Education program. It is not intended to, and does not, present the financial position or results of operations of City Colleges of Chicago in its entirety.

B. Cash held by City Colleges of Chicago

To facilitate sound management, substantially all grant program cash for the Early School Leavers program are pooled with City Colleges. At June 30, 2017, the grant programs were not exposed to custodial credit risk on these deposits.

C. 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.

D. 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

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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
City Colleges of Chicago
Community Colleges 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, the financial statements of City Colleges of Chicago, Community College District No. 508 (City Colleges), as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated September 29, 2017.

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) to determine the 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 may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001,that we consider to be a significant deficiency.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

City Colleges' response to the significant deficiency identified in our audit is described in the accompanying corrective action plan. City Colleges' response was not subjected to our auditing procedures and, accordingly, we express no opinion on the response.

RSM US LLP

Chicago, Illinois
September 29, 2017

Report On Compliance For Each Major Federal Program and Report On Internal Control Over Compliance Required By The Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for 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 described 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, 2017. City Colleges' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of City Colleges' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City Colleges' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City Colleges' compliance.

Opinion on Each Major Federal Program
In our opinion, City Colleges complied, in all material respects, with the types of 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, 2017.

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 2017-002, 2017-003, 2017-004, and 2017-005. Our opinion on each major federal program is not modified with respect to these matters.

City Colleges' responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City Colleges' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance
Management of City Colleges is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City Colleges' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City Colleges' internal control over compliance.

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 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.

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

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.

RSM US LLP

Chicago, Illinois
September 29, 2017

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Project or Pass-Through Grantor's Number	Total Expenditures	Pass - Through To Subrecipients
U.S. Department of Education -				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	P063P111341	$ 64,660,361	$ -
Federal Work-Study Program	84.033	P033A111123	1,321,949	-
Federal Supplemental Educational Opportunity Grants Program	84.007	P007A111123	1,694,295	-
Total Student Financial Assistance			67,676,605	-
Federal Direct Student Loans				
Kennedy King College	84.268	P268K156807	2,173,454	-
Olive Harvey College	84.268	P268K156999	1,174,314	-
Harold Washington College	84.268	P268K156870	1,826,430	-
Truman College	84.268	P268K156996	1,458,813	-
Malcolm X College	84.268	P268K156907	2,507,079	-
Wright College	84.268	P268K156997	827,820	-
Daley College	84.268	P268K156878	280,034	-
Total Federal Direct Student Loans			10,247,944	-
Total Student Financial Assistance Cluster:			77,924,549	-
TRIO Cluster:				
TRIO- Student Support Services				
Student Support Services Program	84.042A	P042A151046	27,663	-
Student Support Services Program	84.042A	P042A151046-16	178,653	-
Student Support Services Program	84.042A	P042A150138	27,311	-
Student Support Services Program	84.042A	P042A150138-16	192,177	-
	Subtotal 84.042A		425,804	-
TRIO - Talent Search Program:				
Talent Search Grant	84.044A	P044A110877-15	83,722	-
Talent Search Grant	84.044A	PO44A160427	11,726	-
Talent Search Grant	84.044A	P044A110382-15	119,631	-
Talent Search Grant	84.044A	PO44A160557	174,899	-
	Subtotal 84.044A		389,978	-
TRIO - Upward Bound Program:				
Upward Bound Grant	84.047A	P047A121219-15	28,098	-
				-
TRIO - Educational Opportunity Centers				
Educational Opportunity Centers Program	84.066A	P066A110111-15	39,742	-
Educational Opportunity Centers Program	84.066A	PO66A160284	190,927	-
	Subtotal 84.066A		230,669	-
Total TRIO Cluster			1,074,549	-

Continued

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Project or Pass-Through Grantor's Number	Total Expenditures	Pass - Through To Subrecipients
U.S. Department of Education - (Continued)				
Adult Education - Basic Grants to States				
Passed through the Illinois Community College Board				
Adult Education Grant - Basic	84.002A	F5080117	$ 1,572,500	$ -
Adult Education Grant - Civic	84.002A	F5080117	204,310	-
Subtotal	84.002A		1,776,810	-
Higher Education Institutional Aid				
Predominantly Black Institutions Program - Formula Grant	84.031P	P031P110013-15	272,540	-
Predominantly Black Institutions Program - Formula Grant	84.031P	P031P110014-15	45,481	-
Predominantly Black Institutions Program - Formula Grant	84.031P	P031P110015-15	200,096	-
Subtotal	84.031P		518,117	-
Higher Education Institutional Aid				
Wright Start: Increasing Hispanic Student Success in the First Year of College	84.031S	P031S120098-15	129,817	-
Wright Start: Increasing Hispanic Student Success in the First Year of College	84.031S	P031S120098-16	610,683	-
			740,500	-
Higher Education Institutional Aid				
Truman College Critical Reading and Science Centers	84.031S	P031S150026	71,742	-
Truman College Critical Reading and Science Centers	84.031S	P031S150026-16	496,644	-
			568,386	-
Subtotal	84.031		1,827,003	
Career and Technical Education - Basic Grants to States				
Passed through the Illinois Community College Board				
Perkins III Grant	84.048	CTE50817	2,798,007	-
Career and Technical Education				
Implementation Communities				
Pathway to Results Year 2	84.048	PTR50816	18,109	-
Career and Technical Education				
Passed through Illinois Community College Board				
Dual Credit Enhancement	84.048	DCE-50817	18,460	-
Career and Technical Education				
Passed through Illinois Community College Board				
Career Pathways Enhancement	84.048	CPE-50817	5,000	
Subtotal	84.048		2,839,576	

Continued

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Project or Pass-Through Grantor's Number	Total Expenditures	Pass - Through To Subrecipients
U.S. Department of Education - (Continued)				
Strengthening Minority-Serving Institutions				
Learning Communities for STEM	84.382A	P382A110046-14	$ 92,340	$ -
Strengthening Minority-Serving Institutions				
Olive Harvey College	84.382A	P382A150033	238,913	-
Olive Harvey College	84.382A	P382A150033-16	430,364	-
			669,277	-
Strengthening Minority-Serving Institutions				
Pipeline to Careers in Healthcare	84.382A	P382A150024	132,162	-
Pipeline to Careers in Healthcare	84.382A	P382A150024-16	421,337	-
			553,499	-
Subtotal	84.382A		1,315,116	
Total Expenditures - U.S. Department of Education			**86,757,603**	**-**
U.S. Department of Health and Human Services -				
Head Start				
Passed through the City of Chicago Department of Family and Support Services:				
Head Start Program	93.600	33362-1	289,366	-
Head Start Program	93.600	33362-2	557,238	-
Head Start Support Services Program	93.600	33576-1	94,244	-
Head Start Support Services Program	93.600	33576-2	101,720	-
Early Head Start Support Services - Child Care Partnership	93.600	37613-2	216,173	
Early Childhood Support Services	93.600	52755-1	7,223	-
Subtotal	93.600		1,265,964	-
Child Care				
Passed through the City of Chicago Department of Family and Support Services:				
Child Care Services Program	93.596	28412-4	51,176	-
Oral Health Workforce Activities				
Passed through Illinois Department of Public Health				
Illinois Oral Health Workforce	93.236	73489109E	8,522	-
Total Expenditures - U.S. Department of Health and Human Services			**$ 1,325,662**	$ -

Continued

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Project or Pass-Through Grantor's Number	Total Expenditures	Pass - Through To Subrecipients
U.S. Department of Agriculture -				
Passed through the Illinois State Board of Education				
Child and Adult Care Food Program	10.558	15016508051	$ 25,750	$ -
Child and Adult Care Food Program	10.558	15016508051	131,776	-
Subtotal	10.558		157,526	-
Total Expenditures - U.S. Department of Agriculture			**157,526**	-
National Science Foundation -				
Research and Development Cluster				
Education and Human Resources				
Passed through National Center for Science and Civic Engagement				
Science Education for New Civic Engagement and Responsibilities (SENCER)	47.076	DUE-1224488	2,100	-
Education and Human Resources				
STEM Scholars Program	47.076	DUE-1259809	215,418	-
Education and Human Resources				
Advanced Technological Education Program	47.076	DUE-1550438	174,512	-
Total Expenditures - National Science Foundation			**392,030**	-
Research amd Development -				
Office of Naval Research -				
Midwest Association for Science and Services (Critical Mass)	12.300	N00014-13-1-0881	301,620.00	301,620.00
Midwest Association for Science and Services (Critical Mass)	12.300	N00014-16-1-3077	119,521	119,521
Total Expenditures - Research and Development Cluster			**421,141**	**421,141**
Other Federal Agencies				
U.S. Department of Transportation				
Federal Highway Administration				
Highway Planning and Construction				
Passed through the Illinois Community College Board				
Highway Construction Careers Training Program	20.205	S-HCCTP-508	293,340	-
National Aeronautics and Space Administration				
Passed through University of Illinois Urbana-Champaign				
Passed through Illinois Institute of Technology				
Engaging community college students in STEM through high altitude ballooning	43.008	NNX14AR13A	143,021	-
Total Expenditures - Other Federal Agencies			**436,361**	-
Total All Programs			**$ 89,490,323**	**$ 421,141**

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, 2017.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The accompanying schedule of expenditures of federal awards includes the federal grant activity of City Colleges 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The amounts presented in this schedule have been reconciled to the City College's basic financial statements.

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, 2017, is primarily based on a federally negotiated higher education rate agreement of 50.5%.

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

Note 3. Student Loan Programs

Loans made under the Federal Direct Student Loan program issued to eligible students of City Colleges during the fiscal year ended June 30, 2017, are summarized as follows:

Guaranteed Loan Programs:	
Subsidized	$ 5,787,830
Unsubsidized	4,319,526
Parent Plus	140,588
Total Federal Student Loan Programs	$ 10,247,944

The loan programs include subsidized and unsubsidized Stafford Loans and Parent PLUS 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, 2017.

Note 4. Other Noncash Assistance

City Colleges did not receive federal noncash assistance during the fiscal year ended June 30, 2017.

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, 2017.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?	____ Yes	_X_ No
Significant deficiencies identified?	_X_ Yes	___ None Reported
Noncompliance material to financial statements noted?	____ Yes	_X_ No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	____ Yes	_X_ No
Significant deficiencies?	____ Yes	_X_ None Reported

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

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

Identification of major programs

CFDA Number	Name of Federal Program
84.063, 84.033, 84.007, 84.268	Student Financial Assistance Cluster
84.042A, 84.044A, 84.047A, 84.066A	TRIO Cluster

Dollar threshold used to distinguish between types A and type B programs:	$2,684,710

Auditee qualified as low-risk auditee?	_X_ Yes	___ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

II. FINANCIAL STATEMENT FINDINGS

Finding 2017-001: Accounts Payable

Criteria
City Colleges' financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, expenditures are generally recorded when a liability is incurred. At the end of the fiscal year, City Colleges' records an accounts payable liability for any goods received or services performed before the end of the year which were subsequently paid after year-end.

Condition and Context
We noted the following issues in accounts payable:

1) During subsequent disbursement testing, we found that City Colleges improperly excluded an invoice for approximately $131,000 relating to fiscal year 2017 benefits that were paid subsequent to year-end. Management posted an adjusting entry of approximately $131,000 to include this in accounts payable at year-end.

2) The accounts payable subledger was higher than the liability on the trial balance. Management determined a system error occurred relating to the posting of payments and invoices to the accounts payable subledger. In these situations, certain invoices were paid and the accounts payable subledger was incorrectly reduced and the related expense accounts were not properly charged. This caused the accounts payable liability on the trial balance to be too low and the related expense accounts understated. Management posted an entry of approximately $517,000 to increase accounts payable and increase the related expense accounts.

3) Management also determined that the accounts payable subledger incorrectly included approximately $58,000 of invoices which had previously been deleted. Management posted an entry to reduce accounts payable for these items.

The total effect of these adjustments was an increase to accounts payable of approximately $590,000.

Cause and Effect
City Colleges does not have adequate internal controls and procedures in place to ensure all unrecorded liabilities have been accounted for at year-end, or that the accounts payable subledger is reconciled to the trial balance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)tion*

Recommendation
We recommend City Colleges develop detail reports that reconcile the accounts payable subledger to the general ledger at the end of every month. If any differences exist, they should be investigated and resolved promptly.

Views of responsible officials
We agree with this finding. See corrective action plan.

III. FEDERAL AWARD FINDINGS

There were no internal control significant deficiencies or material weaknesses over the federal awards identified for fiscal year 2017. The compliance findings identified are as follows:

Finding 2017-002: Enrollment Reporting

Federal Program Title – U.S Department of Education
Federal Pell Grant Program: 84.063
Federal Direct Student Loans: 84.268
Federal Award Year 2016-2017

Condition
Two students tested withdrew from City Colleges for which status changes were not recorded to the National Student Loan Data System (NSLDS).

Criteria
CFR section 685 309(b)(2) requires City Colleges to notify the lender within 30 days if City Colleges discovers that a student who received a loan either did not enroll or was not enrolled on at least a half-time basis. For official student status changes, City Colleges has 60 days to notify the lender if the next scheduled roster date is within 60 days of the date of determination.

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 in a timely manner.

Prevalence
Two out of forty students testing selections.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Effect:
Noncompliance with federal regulations could result in the loss of future federal financial aid funding. In addition, not reporting enrollment changes within the required timeframe can impact the specified student's loan deferment and repayment.

Recommendation
We recommend that City Colleges implement procedures to ensure the financial aid office is promptly notified of any student status changes, so the information may be reported to the lender in a timely manner. 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 2017-003 – Use of Federal Work Study Funds

Federal Program Title – U.S Department of Education
84.033 Federal Work Study
Federal Award Year 2016-2017

Condition
During review of the Federal Work Study (FWS) program, we identified the following:

a.) At five of the seven campuses, the College did not employ a student in a reading tutor or family literacy project; and,
b.) City Colleges did not use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities at one campus.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Criteria
34 CFR section 675.18 states that City Colleges must use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities. In meeting this requirement, the College must include at least one of the following:

a.) The reading tutoring project employs one or more FWS students as reading tutors for children who are preschool age or who are in elementary school; or,
b.) The family literacy project employs one or more FWS students in family literacy activities.

Questioned Costs
a.) There were no questioned costs with respect to part A of this finding.
b.) There were questioned costs of $980 with respect to part B of this finding.

Cause
City Colleges' employees did not have adequate training on the requirements for the use of FWS program funds and they could not find students to meet the requirements.

Prevalence
a.) This finding was prevalent at five out of seven campuses.
b.) This finding was prevalent at one out of seven campuses

Effect
Noncompliance with federal regulations could result in the loss of future federal financial aid funding.

Recommendation
To meet the requirements of the FWS program, we recommend that City Colleges train employees over FWS program requirements and hire personnel to fill community service and reading tutor positions.

Views of responsible officials
We agree with this finding. See corrective action plan.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Finding 2017-004 – Earmarking Requirement

Federal Program Title – U.S Department of Education
TRIO Student Support Services Program: 84.042A
TRIO Talent Search Grant: 84.044A
Federal Award Year 2016-2017

Condition
During review of the TRIO Student Support Services (SSS) and Talent Search (TS) programs, we identified the following:

a.) Only twenty five percent of disabled participants served were also low-income in a SSS program;
b.) For the TS program, City Colleges only served 51 participants even though the Secretary of Education had identified 500 participants within this federal register.
c.) Only 63% of participants served in a TS program were low-income and potential first-generation college students.

Criteria
The Code of Federal Regulations requires City Colleges to meet certain earmarking requirements while participating in the Student Support Services (SSS) and Talent Search (TS) TRIO programs. In meeting those requirements, City Colleges must abide by the following:

a.) For a SSS program, not less than one-third of the individuals with disabilities served must also be low-income individuals (34 CFR sections 646.7 and 646.11);
b.) For a TS program, City Colleges is to serve at least the number of participants that the Secretary identifies in the Federal Register notice inviting applications for a competition (43 CFR 643.32(b)); and,
c.) For a TS program, at least two-thirds of the individuals served by a TS project must be low-income individuals who are potential first-generation college students (34 CFR sections 643.11 and 643.7)

Questioned Costs
There were no questioned costs related to the earmarking requirement.

Cause
City Colleges was unable to find participants meeting the requirements noted above.

<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u> *(Continued)*

Prevalence

a.) Prevalent for low-income disabled participants in a SSS program.
b.) Prevalent for the applications for competition in a TS program.
c.) Prevalent for low-income potential first-generation college students in a TS program.

Effect

Noncompliance with federal regulations could result in the loss of future federal financial aid funding.

Recommendation

We recommend that City Colleges serve additional participants that have met the TRIO cluster programs' earmarking requirements and to train employees on TRIO compliance program requirements.

Views of responsible officials

We agree with this finding. See attached corrective action plan.

Finding 2017-005 – Reporting Requirement

Federal Program Title – U.S. Department of Education
Trio Talent Search Grant Program: 84.044A
Federal Award Year 2015-2016

Condition

During review of the Talent Search Program, we determined City Colleges did not sign the annual performance report that was submitted to the Department of Education.

Criteria

The Code of Federal Regulations requires City Colleges to meet certain reporting requirements while participating in the Talent Search (TS) TRIO programs. In meeting those requirements, City Colleges must submit an annual performance report to the Department of Education for each year of the project period (OMB No. 1840-0826).

Questioned Costs

There were no questioned costs related to the reporting requirement.

Cause

City Colleges does not have an effective system in place to ensure all performance reports have been adequately reviewed and signed prior to submission.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Prevalence
This finding was prevalent for one out of the six annual performance reports that were tested.

Effect
Noncompliance with federal regulations could result in the loss of future federal financial aid funding.

Recommendation
To ensure reporting requirements are met, we recommend designing and implementing controls that require supervisory review and sign off prior to submission to the Department of Education.

Views of responsible officials
We agree with this finding. See attached corrective action plan.

CITY COLLEGES of CHICAGO
Education that Works

RSM US LLP
1 S. Wacker Drive, Suite 800
Chicago Illinois 60606

CORRECTIVE ACTION PLANS

Finding 2017-001: Accounts Payable: We noted the following issues in accounts payable:

1) During subsequent disbursement testing, we found that City Colleges improperly excluded an invoice for approximately $131,000 relating to fiscal year 2017 benefits that were paid subsequent to year-end. Management posted an adjusting entry of approximately $131,000 to include this in accounts payable at year-end.

2) The accounts payable subledger was higher than the liability on the trial balance. Management determined a system error occurred relating to the posting of payments and invoices to the accounts payable subledger. In these situations, certain invoices were paid and the accounts payable subledger was incorrectly reduced and the related expense accounts were not properly charged. This caused the accounts payable liability on the trial balance to be too low and the related expense accounts understated. Management posted an entry of approximately $517,000 to increase accounts payable and increase the related expense accounts.

3) Management also determined that the accounts payable subledger incorrectly included approximately $58,000 of invoices which had previously been deleted. Management posted an entry to reduce accounts payable for these items.

The total effect of these adjustments was an increase to accounts payable of approximately $590,000.

Corrective Action Taken or Planned
Finance will work with the Office of Information Technology to develop reports to identify exceptions, non-posting entries, and to reconcile the accounts payable subledger to the general ledger. In addition, Finance will retrain the Accounts Payable staff on year end posting and closing procedures to ensure transactions are posted in the correct fiscal year.

Contact person: Controller
Anticipated completion date: October 2017

CORRECTIVE ACTION PLANS *(Continued)*

Finding 2017-002: Enrollment Reporting: During review of the Student Financial Aid Cluster program, we identified the following:

a.) Two students tested withdrew from City Colleges for which status changes were not recorded to the National Student Loan Data System (NSLDS).
b.) CFR section 685.309(b)(2) requires City Colleges to notify the lender within 30 days if City Colleges discovers that a student who received a loan either did not enroll or was not enrolled on at least a half-time basis. For official student status changes, City Colleges has 60 days to notify the lender if the next scheduled roster date is within 60 days of the date of determination.

Corrective Action Taken or Planned
Campus Solutions 9 is not currently set up to capture these students and report the enrollment status, but we have requested a modification to ensure that they are captured in the future. Until the modification is implemented, we will modify our R2T4 process to update the enrollment when the student's R2T4 calculation is performed.

Contact Person: Senior Associate Vice Chancellor, Strategy and Academic Governance
Anticipated completion date: Fall 2018

Finding 2017-003: Use of Federal Work Study Funds: During review of the Federal Work Study (FWS) program, we identified the following:

a.) At five of the seven campuses, the College did not employ a student in a reading tutor or family literacy project; and,
b.) City Colleges did not use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities at one campus.

34 CFR section 675.18 states that City Colleges must use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities. In meeting this requirement, the College must include at least one of the following:

CORRECTIVE ACTION PLANS *(Continued)*

a.) The reading tutoring project employs one or more FWS students as reading tutors for children who are preschool age or who are in elementary school; or,
b.) The family literacy project employs one or more FWS students in family literacy activities.

Corrective Action Taken or Planned

(a and b) Financial Aid Directors and the District Director of Financial Aid for City Colleges of Chicago have made it a priority to ensure more community service positions and at least one reading tutor for each campus. We have recently made off-site agreements for all 7 campuses with: Maps Corps, Boys & Girls Clubs of Chicago, Chicago Historical Society, Chicago Run, and Girls Inc. of Chicago.

Wilbur Wright College is also working on agreements with Onward Neighborhood House and Schurz High School.

The new off-site arrangements with other community organizations will ensure that FWS funds are used for community service in excess of the required 7% and that off-site reading tutor or family literacy positions will be available. Campuses are all also working with their tutoring centers to create reading tutor FWS positions on campus.

Contact Person: Associate Vice Chancellor Student Financials
Anticipated completion date: Completed

Finding 2017-004: Earmarking Requirement: During review of the TRIO Student Support Services (SSS) and Talent Search (TS) programs, we identified the following:

a.) Only twenty five percent of disabled participants served were also low-income at an SSS program;
b.) The Secretary in the Federal Register invited applications for competition of 500 but City Colleges only served 51 participants for a TS program; and,
c.) Only 63% of participants served in a TS program were low-income and potential first-generation college students.

CORRECTIVE ACTION PLANS *(Continued)*

The Code of Federal Regulations requires City Colleges to meet certain earmarking requirements while participating in the Student Support Services (SSS) and Talent Search (TS) TRIO programs. In meeting those requirements, City Colleges must abide by the following:

a.) For a SSS program, not less than one-third of the individuals with disabilities served must also be low-income individuals (34 CFR sections 646.7 and 646.11);
b.) For a TS program, City Colleges is to serve at least the number of participants that the Secretary identifies in the Federal Register notice inviting applications for a competition (43 CFR 643.32(b)); and,
c.) For a TS program, at least two-thirds of the individuals served by a TS project must be low-income individuals who are potential first-generation college students (34 CFR sections 643.11 and 643.7)

Corrective Action Taken or Planned

a.) In relation to the SSS program, City Colleges will take the following actions in an effort to correct the finding:

1. Closer monitoring of participant eligibility and acceptance into the 160 student limit of the TRIO-SSS program.
2. Monitoring will be recorded through Student Access database system specifically tailored to TRIO programs.
3. Denying services to students who do not meet the necessary 1/3 low-income and disabled threshold.

Contact person: Malcolm X College, Director of TRIO Student Support Services Program

Anticipated completion date: Completed

(b & c) Malcolm X College made the decision to discontinue the Talent Search Program. We communicated our decision to the DOE on February 9, 2017. No corrective action plan is needed.

Contact person: Malcolm X College, Dean of Student Services
Anticipated completion date: Completed

CITY COLLEGES of CHICAGO
Education that Works

CORRECTIVE ACTION PLANS *(Continued)*

Finding 2017-005: Reporting Requirement: During review of the Talent Search Program, we determined City Colleges did not sign the annual performance report that was submitted to the Department of Education.

Corrective Action Taken or Planned

The TRIO Talent Search program at Kennedy-King College has developed a revised system for submission of the Annual Performance Report (APR) to the Department of Education. The Director of the TRIO program in conjunction with other TRIO staff will complete a comprehensive APR that is to be submitted to the Dean of Student Services at least three weeks prior to the required submission date. The Dean will review the APR within one week and if no further edits/corrections are needed, the Dean will sign the APR and submit to the President of the college for his review. Once the President has reviewed the APR and is satisfied with its contents, the President will sign the APR and return to the Dean of Student Services. With the Dean and President's signature on the APR, the Director of TRIO will also sign the APR and submit to the Department of Education on or before the submission deadline. The Director will not under any circumstances submit the APR without the appropriate signatures from the Dean and the President or their designee.

Contact person: Associate Dean of Student Services
Anticipated completion date: November 25, 2017

226 W. Jackson Blvd. | Chicago, Illinois 60606 | 773.COLLEGE | www.ccc.edu

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Please contact us if you would like additional copies of the Comprehensive Annual Financial Report for the year ended June 30, 2017: http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports/CAFR.

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

Office of Finance
226 W. Jackson Blvd., 11th Fl.
Chicago, IL 60606
(312) 553-2500 Phone
(312) 553-2785 Fax

CITY COLLEGES of CHICAGO
Education that Works

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture for the Bonds not summarized elsewhere in this Official Statement. Reference is made to such Indenture for a complete description thereof. The discussion herein is qualified by such reference.

Definitions of Certain Terms

"*Act*" means the Public Community College Act of the State, as amended.

"*Additional Bonds*" means any Alternate Bonds issued in the future in accordance with the provisions of the Debt Reform Act on a parity with and sharing ratably and equally in all or any portion of the Pledged Revenues with the Bonds and the Series 2013 Bonds, as described in this APPENDIX B under the heading "Additional Bonds and Subordinate Obligations Payable from Pledged Revenues."

"*Alternate Bonds*" means general obligation bonds payable from any revenue source as provided by the Debt Reform Act, particularly Section 15 thereof.

"*Annual Debt Service Requirement*" means, for any Bond Year, the sum of the interest on and principal of the Bonds that will become due and payable, whether at maturity or upon mandatory sinking fund redemption, during such Bond Year.

"*Authorized Denominations*" means $5,000 or any integral multiple thereof.

"*BAM*" means Build America Mutual Assurance Company, or any successor thereto.

"*Board*" means the Board of Trustees of the District.

"*Bond Counsel*" means any nationally recognized firm(s) of municipal bond attorneys approved by the District.

"*Bondholder*" means the Owner of any Bond.

"*Bond Payment Account*" means the Bond Payment Account established in the Indenture.

"*Bond Resolution*" means Board Report No. 33337, adopted by the Board on November 2, 2017, authorizing the issuance of the Bonds.

"*Bond Year*" means each annual period beginning on December 2nd of a calendar year to and including December 1st of the next succeeding calendar year.

"*Bonds*" means the $78,065,000 Community College District Number 508, County of Cook and State of Illinois Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2017 of the Issuer, issued pursuant to the Indenture.

"*Business Day*" means any day which is not a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the designated corporate trust office of any Fiduciary is located are authorized by law or executive order to close (and such Fiduciary is in fact closed).

"*Chief Financial Officer*" means the Vice Chancellor, Finance and Chief Financial Officer (including any interim Chief Financial Officer) of the Issuer.

"*Code*" or "*Code and Regulations*" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated or proposed pursuant thereto as the same may be in effect from time to time.

"*Counsel's Opinion*" means any Opinion of Counsel or any Opinion of Bond Counsel.

"*County Clerks*" means, collectively, the County Clerks of The Counties of Cook and DuPage, Illinois.

"*County Collectors*" means, collectively, the County Treasurers of The Counties of Cook and DuPage, Illinois, in their respective capacities as county collector, or, respectively, such other officer as may be lawfully appointed in the future to serve as county collector in either of said counties.

"*Debt Reform Act*" means the Local Government Debt Reform Act of the State, as amended.

"*Debt Service Fund*" means the Debt Service Fund established in the Indenture.

"*Defeasance Government Obligations*" means Government Obligations which are not subject to redemption other than at the option of the holder thereof.

"*Defeasance Obligations*" means (i) Defeasance Government Obligations and (ii) Pre-refunded Municipal Obligations.

"*Deposit Date*" means February 15 of each year or such earlier date as may be necessary to permit the Issuer to lawfully make the abatement of taxes described under the heading "SECURITY FOR THE BONDS – Pledged Taxes" in the Official Statement.

"*Designated Official*" means (i) the Chancellor of the District, (ii) the Chief Financial Officer or (iii) any other officer of the Issuer authorized to perform specific acts and duties hereunder by resolution duly adopted by the Board.

"*District*" or "*Issuer*" means Community College District Number 508, County of Cook and State of Illinois, a community college district established pursuant to the Act.

"*DTC*" means The Depository Trust Company, New York, New York, as securities depository for the Bonds.

"*Event of Default*" means any event so designated and specified as described in this APPENDIX B under the heading "Events of Defaults and Remedies – Events of Default."

"*Fiduciary*" or "*Fiduciaries*" means the Trustee, the Registrar and any Paying Agent, or any or all of them, as may be appropriate.

"*Forward Supply Contract*" means any contract entered into between the Issuer and a supplier of Investment Securities selected by or pursuant to the direction of the Issuer (a *"Counterparty"*) pursuant to which the Counterparty agrees to sell to the Issuer (or to the Trustee on behalf of the Issuer) and the Issuer (or the Trustee on behalf of the Issuer) agrees to purchase specified Investment Securities on specific dates at specific purchase prices, all as established at the time of the execution and delivery of such contract and as set forth in such contract. Any amounts due and owing from the Issuer to the Counterparty pursuant to any Forward Supply Contract (other than the specified purchase prices of the Investment Securities set forth therein) shall be treated as current operating expenses of the Issuer subject to annual appropriation, and shall not constitute indebtedness of the Issuer.

"*Government Obligations*" means (i) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America and (ii) certificates of ownership of the principal of or interest on obligations of the type described in clause (i) of this definition, (a) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian; (b) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) for which the underlying obligations are held in safekeeping in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian, or any Person to whom the custodian may be obligated.

"*Indenture*" means the Trust Indenture, dated as of December 1, 2017, by and between the District and the Trustee, as from time to time amended and supplemented and relating to the Bonds.

"*Interest Payment Date*" means each June 1st and December 1st, commencing June 1, 2018.

"*Interest Sub-Account*" means the sub-account of that name in the Bond Payment Account established in the Indenture.

"*Investment Policy*" means the investment policy of the District as currently in effect and as may be amended from time to time.

"*Investment Securities*" means any of the following securities authorized by law and by the Investment Policy as permitted investments of District funds at the time of purchase thereof:

(i) Government Obligations;

(ii) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Farmers Home Administration
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Tennessee Valley Authority
- United States Postal Service
- Private Export Funding Corporation

(iii) Senior debt obligations issued by Fannie Mae or the Federal Home Loan Mortgage Corporation or senior debt obligations of other government agencies;

(iv) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and its affiliates) rated in the highest short term rating category, without respect to modifier, by a Rating Agency at the time of purchase and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(v) Commercial paper which is rated in the highest short term rating category, without respect to modifier, by a Rating Agency at the time of purchase and which matures not more than 270 days after the date of purchase;

(vi) Investments in a money market fund which at the time of purchase is rated in the second highest rating category or higher, without respect to modifier, by a Rating Agency at the time of purchase, including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise;

(vii) Investments in the Public Treasurers' Investment Pool;

(viii) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 subject to the provisions of said Act and the Regulations issued thereunder. The government securities that are the subject of such repurchase agreements, unless registered or inscribed in the name of the Issuer, shall be purchased through banks or trust companies authorized to do business in the State of Illinois;

(ix) Pre-refunded Municipal Obligations; and

(x) Any Forward Supply Contract.

"*Issuer*" or "*District*" means Community College District Number 508, County of Cook and State of Illinois, a community college district established pursuant to the Act.

"*Opinion of Bond Counsel*" means a written opinion of Bond Counsel, the scope, form, substance and other aspects of which are described in the applicable article or section requiring the delivery of such opinion, which opinion may be based on a ruling or rulings of the Internal Revenue Service.

"*Opinion of Counsel*" means an opinion signed by an attorney or firm of attorneys of recognized standing in the area of law to which the opinion relates, selected by the District, who may be counsel to the District (including the General Counsel of the District).

"*Outstanding*" means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Any Bonds cancelled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys and/or Defeasance Obligations, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, are held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption will have been given as provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds will have been authenticated and delivered in connection with any substitution, transfer or exchange; and

(iv) Bonds deemed to have been paid as described in this APPENDIX B under the heading "Defeasance."

"*Owner*" means any Person who shall be the registered owner of any Bond or Bonds.

"*Paying Agent*" means the Trustee and any other bank, national banking association or trust company designated by a Designated Official as paying agent for the Bonds, and any successor or successors appointed by a Designated Official under the Indenture.

"*Person*" means and includes an association, unincorporated organization, a corporation, a limited liability company, a partnership, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

"*Pledged Revenues*" means State Grant Revenues and Tuition and Fee Revenues in amounts each year the Bonds are Outstanding as shall provide for the payment of 1.25 times annual debt service on the Bonds and the Series 2013 Bonds in such years.

"*Pledged Revenues Account*" means the account of that name in the Debt Service Fund established in the Indenture.

"*Pledged Taxes*" means the *ad valorem* taxes levied against all of the taxable property in the District without limitation as to rate or amount and pledged under the Indenture as security for the Bonds.

"*Pledged Taxes Account*" means the account of that name in the Debt Service Fund established in the Indenture.

"*Policy*" means the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Bonds when due.

"*Pre-refunded Municipal Obligations*" means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) are rated by at least one Rating Agency at the time of purchase, the rating afforded to the United States of America; and

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

"*Principal Sub-Account*" means the sub-account of that name in the Bond Payment Account established in the Indenture.

"*Record Date*" means, with respect to any Interest Payment Date for the Bonds, the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

"*Redemption Price*" means, with respect to any Bond, the amount payable upon the date fixed for redemption.

"*Registrar*" means the Trustee and any other bank, national banking association or trust company appointed by a Designated Official under the Indenture and designated as registrar for the Bonds, and its successor or successors.

"Series 2013 Bonds" means the $250,000,000 Community College District Number 508, County of Cook and State of Illinois Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2013 of the Issuer.

"*SLGS*" means United States Treasury Certificates of Indebtedness, Notes and Bonds—State and Local Government Series.

"*State*" means the State of Illinois.

"*State Grant Revenues*" means any grants and other revenues received by the District from the Illinois Community College Board pursuant to the Act.

"*Subordinate Obligations*" means bonds or other evidences of indebtedness payable from all or a portion of the Pledged Revenues subordinate to the Bonds and any Additional Bonds.

"*Supplemental Indenture*" means any Supplemental Indenture between the District and the Trustee authorized as described in this APPENDIX B under the caption "Supplemental Indenture."

"*Tax Agreement*" means the Tax Exemption Certificate and Agreement of the Issuer relating to the Bonds.

"*Trustee*" means U.S. Bank National Association, Chicago, Illinois, and any successor or successors appointed under the Indenture. The "designated corporate trust office" of the Trustee means 190 S. LaSalle Street, Chicago, Illinois 60603 or such other address as is provided by the Trustee; provided, however, that with respect to payments on the Bonds and any exchange, transfer, or other surrender of the Bonds, the Trustee's "designated corporate trust office" shall mean the corporate trust operations office of the Trustee in St. Paul, Minnesota or such other office or location designated by the Trustee by written notice.

"*Trust Estate*" means the Pledged Revenues, the Pledged Taxes and all other property pledged to the Trustee pursuant to the Granting Clauses of the Indenture.

"*Tuition and Fee Revenues*" means student tuition and fees, net of scholarship allowances, imposed and collected pursuant to the Act.

"*2017 Authorization*" *or* "*2017 Authorizing Resolution*" means the authorization adopted by the Board pursuant to Board Report No. 33279 on August 3, 2017, authorizing the issuance of alternate bonds pursuant to the Debt Reform Act in an amount not to exceed $80,000,000.

"*Year*" or "*year*" means a calendar year.

Pledge of Trust Estate

In order to secure the payment of the principal of, premium, if any, and interest on all Bonds issued under the Indenture, according to the import thereof and the performance and observance of each and every covenant and condition contained in the Indenture and in the Bonds, the District pledges and grants in the Indenture a lien upon the following Trust Estate to the Trustee and its successors in trust and assigns, for the benefit of the Owners, to the extent provided in the Indenture:

(a) The Pledged Revenues and the Pledged Taxes; provided that the pledge of the Pledged Revenues to the payment of the Bonds is on a parity with the pledge of such revenues to the payment of the Series 2013 Bonds and any Additional Bonds (as defined herein) that may be hereafter issued;

(b) All moneys and securities and earnings thereon in all Funds, Accounts and Sub-Accounts established pursuant to the Indenture; and

(c) Any and all other moneys, securities and property furnished from time to time to the Trustee by the District or on behalf of the District or by any other Persons to be held by the Trustee under the terms of the Indenture.

Pursuant to Section 13 of the Debt Reform Act, the moneys, securities and properties pledged and received by the District, are immediately subject to the lien and pledge of the Indenture without any physical delivery or further act, and the lien and pledge of the Indenture is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice of the lien and pledge of the Indenture.

The Bonds Are General Obligations

The Bonds are at all times Outstanding the general obligation of the District, for the payment of which its full faith and credit are pledged, and are payable from the levy of Pledged Taxes and the Pledged Revenues, as described in the Indenture. The Bonds do not represent or constitute a debt of the District within the meaning of any constitutional or any statutory limitation unless the Pledged Taxes have been extended for collection, in which case the Outstanding Bonds will, to the extent required by law, be included in the computation of indebtedness of the District for purposes of all statutory provisions or limitations until such time as an audit of the District shows that the Bonds have been paid from the Pledged Revenues for a complete fiscal year of the District.

Additional Bonds and Subordinate Obligations Payable From Pledged Revenues

Except as provided below, the District shall not hereafter issue any bonds or other evidences of indebtedness, other than the Bonds, which are secured by a pledge of or lien on the Pledged Revenues, the Pledged Taxes or the moneys, securities or funds held or set aside by the District or by the Trustee under the Indenture, and shall not, except as expressly authorized in the Indenture, create or cause to be created any lien or charge on the Pledged Revenues, the Pledged Taxes or such moneys, securities or funds.

The District reserves the right to issue Additional Bonds from time to time payable from all or any portion of the Pledged Revenues or any other source of revenues that may be pledged under the Debt Reform Act, and any such Additional Bonds will share ratably and equally in the Pledged Revenues with the Bonds and the Series 2013 Bonds; provided, however, that no Additional Bonds are permitted under the Indenture to be issued except in accordance with the provisions of the Debt Reform Act as in existence on the date of issuance of the Additional Bonds.

The District also reserves the right to issue bonds or other evidences of indebtedness payable from Pledged Revenues subordinate to the Bonds and any Additional Bonds. Such Subordinate Obligations will be paid from such Pledged Revenues available to the District in each year in excess of those required under the Indenture to be deposited in the Pledged Revenues Account during such Year.

Provisions Regarding Payment of Bonds

The principal and Redemption Price of the Bonds are payable at the designated corporate trust office of the Trustee, as Paying Agent, and at such offices of any co-Paying Agent or successor Paying Agent or Paying Agents appointed pursuant to the Indenture. Interest on the Bonds is payable by check or bank draft mailed or delivered by the Trustee to the Owners as the same appear on the registration books of the Issuer maintained by the Registrar as of the Record Date. At the option of any Owner of $1,000,000 or more in aggregate principal amount of Bonds, interest is payable by wire transfer of immediately available funds to such bank in the continental United States as said Owner shall request in writing to the Registrar prior to the Record Date. Notwithstanding the foregoing, while DTC's nominee is the Owner of the Bonds, payments of principal and Redemption Price of the Bonds will be made in accordance with existing arrangements between the Trustee and DTC.

Provisions Regarding Transfer and Exchange of Bonds

Subject to the provisions described in the Official Statement under the heading "The Bonds – Book-Entry-Only System" and in the immediately succeeding sentence, any Bond, upon surrender at the principal office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney, may, at the option of the Owner and upon payment of any taxes, fees or charges as provided in the Indenture, be exchanged for an equal aggregate principal amount of fully registered Bonds of like maturity and interest rate of any other Authorized Denominations. Neither the Trustee nor any Registrar shall be required to make any registration, transfer or exchange of any Bond after such Bond has been called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days next preceding the date of first giving notice of such redemption. For any exchange or transfer of Bonds, whether temporary or definitive, the Issuer, the Trustee or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid.

Investment of Funds

Investment of Certain Moneys

Moneys held in the Accounts and Sub-Accounts of the Debt Service Fund will be invested and reinvested by the Trustee at the written direction of a Designated Official in Investment Securities within the parameters established in the Indenture which mature no later than necessary to provide moneys when needed for payments to be made from such Fund or Account. If the District fails to provide written direction regarding moneys held in the Debt Service Fund as described in the preceding sentence, the Trustee will hold such moneys in uninvested cash. The Trustee may make any and all such investments through its trust department or the bond department of any bank (including the Trustee) or trust company under common control with the Trustee. The Issuer acknowledges that all investment directions provided to the Trustee by the Designated Official are required to be consistent with the expectations expressed in the Tax Agreement.

Valuation and Sale of Investments

Investment Securities in any Fund, Account or Sub-Account created under the Indenture will be deemed at all times to be part of such Fund, Account or Sub-Account and any profit realized from the liquidation of such investment will be credited to such Fund, Account or Sub-Account and any loss resulting from liquidation of such investment will be charged to such Fund, Account or Sub-Account. Valuations of Investment Securities held in the Funds, Accounts and Sub-Accounts established under the Indenture will be made by the Trustee when required pursuant to the Indenture or as requested by the Issuer; provided the Issuer shall request any such valuations no more than monthly. In computing the amounts in such Funds, Accounts and Sub-Accounts, Investment Securities therein will be valued as provided in the following paragraph.

The value of Investment Securities will mean the fair market value thereof, provided, however, that all SLGS will be valued at par and those obligations which are redeemable at the option of the holder will be valued at the price at which such obligations are then redeemable.

Except as otherwise provided in the Indenture, the Trustee at the written direction of a Designated Official will sell at the best price reasonably obtainable, or present for redemption, any Investment Security held in any Fund, Account or Sub-Account held by the Trustee whenever it will be necessary to provide moneys to meet any payment or transfer from such Fund, Account or Sub-Account as the case may be.

Particular Covenants and Representations of the District

Covenants Regarding Pledged Revenues

Pursuant to the Debt Reform Act, the District covenants under the Indenture, so long as there are any Outstanding Bonds, to provide for, collect and apply the Pledged Revenues sufficient for the payment of the Bonds and the Series 2013 Bonds and the provision of not less than an additional .25 times annual debt service on the Bonds and the Series 2013 Bonds and further to establish annually a schedule of Tuition and Fee Revenues sufficient, together with State Grant Revenues, for the payment of the Bonds and the Series 2013 Bonds and the provision of not less than an additional .25 times annual debt service on the Bonds and the Series 2013 Bonds. The District and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues may be allocated and paid to the District for application as provided in the Indenture.

Covenants Regarding Pledged Taxes

The District represents that it has directed the County Collectors to deposit all collections of the Pledged Taxes, if and when extended for collection, directly with the Trustee for application in accordance with the provisions of the Indenture. As long as any of the Bonds remain Outstanding, the District will not modify or amend such direction, except for such modifications or amendments as may be necessitated by changes in State law, procedures, rules or regulations thereunder with respect to the collection and distribution of *ad valorem* property taxes; provided, that no such modification or amendment may provide for the deposit with the Trustee of less than all of the Pledged Taxes to be collected in any Year.

As described in the Official Statement under the heading "Security for the Bonds – Pledged Taxes," the District will direct the abatement of the Pledged Taxes in whole or in part as described therein, and proper notification of any such abatement will be filed with (i) the County Clerks, in a timely manner to effect such abatement and (ii) the County Collectors, so as to advise such officers of the amount of the Pledged Taxes to be extended for the relevant levy year.

As long as there are any Outstanding Bonds, the District and its officers will comply with all present and future applicable laws in order to ensure that the Pledged Taxes may be levied and extended and collected and deposited to the Pledged Taxes Account.

In furtherance of the general obligation, full faith and credit promise of the District to pay the principal and Redemption Price of and interest on the Bonds, the District will take all actions necessary to (i) cause the levy and extension of Pledged Taxes, including any Pledged Taxes required to be levied in excess of those levied pursuant to the Bond Resolution, for collection on a timely basis to make all such payments and (ii) to cause such Pledged Taxes when extended for collection to be deposited directly with the Trustee for application pursuant to the Indenture.

Accounts and Reports

The District will keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries will be made of its transactions relating to the Pledged Revenues, the Pledged Taxes and the Funds, Accounts and Sub-Accounts established by the Indenture, and which, together with all other books and financial records of the District, will at all reasonable times be available for the inspection of the Trustee and the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds or their representatives duly authorized in writing.

Tax Covenants

The District will not at any time permit any of the proceeds of the Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any Bond to constitute a “private activity bond” within the meaning of the Code. In addition, the District will not permit any of the proceeds of the Bonds or other moneys to be invested in any manner that would cause any Bond to constitute an “arbitrage bond” or a “hedge bond” within the meaning of the Code.

Events of Default and Remedies

Events of Default

Each of the following events constitutes an Event of Default under the Indenture:

(1) if a default occurs in the due and punctual payment of interest on any Bond, when and as such interest becomes due and payable;

(2) if a default occurs in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same becomes due and payable, whether at maturity or by call for redemption or otherwise;

(3) if a default occurs in the performance or observance by the District of any other of the covenants, agreements or conditions contained in the Indenture or in the Bonds, and such default continues for a period of sixty (60) days after written notice thereof to the District by the Trustee or after written notice thereof to the District and to the Trustee by the Owners of not less than 25% in aggregate principal amount of the Outstanding Bonds, provided that if the nature of the default is such that it cannot be cured within the 60-day cure period but can be cured within a longer period, no event of default shall occur if the District institutes corrective action within the 60-day period and diligently pursues such action until the default is corrected (provided such default is correctable) and provides the Trustee with a certification to that effect; or

(4) if the District files a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State.

Upon the occurrence and continuance of a default or an Event of Default under the Indenture, BAM will be deemed to be the sole holder of the Bonds for all purposes thereunder other than enforcing the tax covenants therein and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds for the benefit of such *holders hereunder. The Trustee may not waive any default or event of default without BAM's written consent.*

Proceedings Brought By Trustee

There is no provision for the acceleration of the maturity of the Bonds if an Event of Default occurs under the Indenture.

If an Event of Default happens and is not remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon identical written request of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding and upon being indemnified to its satisfaction will proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under the Bonds or the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for an accounting against the District as if the District were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, will deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture or enforce any of the rights or interests of the Owners of the Bonds under the Bonds or the Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding, and any such suit or other proceeding instituted by the Trustee shall be brought in its name.

All actions against the District under the Indenture must be brought in a state or federal court located in the State.

The Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the enforcement of any remedy available to the Trustee, or for the exercise of any trust or power conferred upon the Trustee, provided that the Trustee will have the right to decline to follow any such direction if the Trustee is advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith determines that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners not parties to such direction.

Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee has the power, but unless requested in writing by the Owners of 25% in aggregate principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, is under no obligation to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under the Indenture and to preserve or protect its interests and the interest of the Owners.

Application of Trust Estate and Other Moneys on Default

During the continuance of an Event of Default, the Trustee will apply all moneys, securities, funds, Pledged Revenues and Pledged Taxes and the income therefrom (other than amounts not constituting part of the Trust Estate) as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee, including the reasonable fees and expenses of counsel employed by it and the creation of a reasonable reserve for anticipated fees, costs and expenses; and

(2) to the payment of the principal of, Redemption Price and interest on the Bonds then due, as follows:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available is not sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

SECOND: to the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which have become due, whether at maturity or by call for redemption and, if the amount available is not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

If and whenever all overdue installments of principal and Redemption Price of and interest on, Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other overdue sums payable by the District under the Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on, all Bonds held by or for the account of the District, or provision satisfactory to the Trustee is made for such payments, and all defaults under the Indenture or the Bonds are made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate is made therefor, the Trustee will pay over to the District all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon the District, the Trustee and the Owners will be restored, respectively, to their former positions and rights under the Indenture. No such payment to the District by the Trustee nor such restoration of the District and the Trustee to their former positions and rights will extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Whenever moneys are to be applied as provided above, the Trustee may, in its discretion, establish and maintain a reserve for future fees and expenses, and may apply moneys to be distributed at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix a date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates, and for which moneys are available, shall cease to accrue. The Trustee shall also select a Record Date for such payment date. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such Record Date and payment date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Restrictions on Bondholders' Actions

No Owner of any Bond will have any right to institute any suit or proceeding at law or in equity for the enforcement or violation of any provision of the Indenture or the execution of any trust under the

Indenture or for any remedy under the Indenture, unless such Owner has previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding have filed a written request with the Trustee, and have offered it reasonable opportunity either to exercise the powers granted in the Indenture or by the laws of the State or to institute such suit or proceeding in its own name, and unless such Owners will have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or failed to comply with such request within 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by the Indenture or to enforce any right under the Indenture, except in the manner provided in the Indenture; and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

Nothing contained in the Indenture or in the Bonds will affect or impair the general obligation of the District to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action of any Owner to enforce such payment of its Bond from the sources provided in the Indenture.

Restriction on BAM's Actions

If an Insurer Default shall occur and be continuing, then, notwithstanding anything herein to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of any such principal payment only, BAM will be treated like the Bondholder with respect only to such principal paid for all purposes, including giving of consents, and (2) if BAM has not made any principal payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Insurance Policy, in which event, the foregoing clause (1) will control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Insurance Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

Remedies Conferred By The Debt Reform Act

The District and the Trustee each acknowledge that Section 15(e) of the Debt Reform Act provides that all covenants of the District relating to the issuance of the Bonds as Alternate Bonds pursuant to Section 15 of the Debt Reform Act and the conditions and obligations imposed by said Section 15 are enforceable by any Owner of the Bonds, any taxpayer of the District and the people of the State acting through the Attorney General of the State or any designee, and in the event that any such action results in an order finding that the District has not properly collected and applied the Pledged

Revenues or Pledged Taxes as required by the Debt Reform Act, the plaintiff in any such action shall be awarded reasonable attorney's fees.

No Remedy Exclusive

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners is intended to be exclusive of any other remedy, but each remedy will be cumulative and will be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute on or after the date of the execution and delivery of the Indenture.

No delay or omission of the Trustee or any Owner to exercise any right or power arising upon the happening of an Event of Default will impair any right or power or will be construed to be a waiver of any such Event of Default or be construed to be an acquiescence to any such Event of Default.

Waiver

The Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds waive any past default under the Indenture and its consequences, except a default in the payment of interest on, or principal or Redemption Price of any of the Bonds when due. No such waiver will extend to any subsequent or other default or impair any right consequent thereon.

Provisions Relating to Trustee

Resignation and Removal of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by the Indenture by giving not less than sixty (60) days' written notice to the District, all Owners of the Bonds and the other Fiduciaries, and such resignation will take effect upon the day specified in such notice but only if a successor will have been appointed by the District or the Owners as provided below and accepted such appointment, in which event such resignation will take effect immediately on the appointment of such successor whether or not the date specified for such resignation to take effect has arrived. If a successor Trustee has not been appointed and accepted such appointment within a period of sixty (60) days following the giving of notice, then the Trustee is authorized to petition any court of competent jurisdiction, at the expense of the District, to appoint a successor Trustee as described below.

The Trustee may be removed upon 30 days written notice at any time by an instrument in writing approved by and executed in the name of the District and delivered to the Trustee; provided, however, that if an Event of Default has occurred and is continuing, the Trustee may be so removed by the District only with the written concurrence of the Owners of a majority in aggregate principal amount of Bonds then Outstanding (excluding Bonds held by or for the account of the District). The Trustee may be removed at any time by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the District, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or their attorneys-in-fact duly authorized, and delivered to the District. Copies of each such instrument shall be delivered by the District to each Fiduciary.

Appointment of Successor Trustee. In case at any time the Trustee resigns, is removed or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, is appointed, or if any public officer or court takes charge or control of the Trustee, or of its property or affairs, the District will appoint a successor Trustee. The District will cause notice of any such appointment made by it to be mailed to all Owners of the Bonds.

If no appointment of a Trustee is made by the District within sixty (60) days following such resignation or removal as described in the foregoing paragraphs, the Trustee or the Owner of any Outstanding Bond may apply to any court of competent jurisdiction, at the expense of the District, to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee appointed under the provisions of the Indenture must be a bank or trust company or national banking association, doing business and having a corporate trust office in the United States of America, and having capital stock and surplus aggregating at least $15,000,000, or a wholly owned subsidiary of such an entity, if there be such a bank, trust company, national banking association or subsidiary willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture.

Supplemental Indenture

Supplemental Indenture Not Requiring Consent of Owners. The District and the Trustee may without the consent of, or notice to, any of the Owners, enter into a Supplemental Indenture or Supplemental Indentures not inconsistent with the Indenture for any one or more of the following purposes:

(i) to impose additional covenants or agreements to be observed by the District;

(ii) to impose other limitations or restrictions upon the District;

(iii) to surrender any right, power or privilege reserved to or conferred upon the District by the Indenture;

(iv) to confirm, as further assurance, any pledge of or lien upon the Pledged Revenues, the Pledged Taxes or any other moneys, securities or funds;

(v) to supplement the Indenture in connection with the issuance of Additional Bonds as authorized in the Indenture;

(vi) to supplement the Indenture in connection with the issuance of Subordinate Obligations as authorized in the Indenture;

(vii) to cure any ambiguity, omission or defect in the Indenture;

(viii) to provide for the appointment of a successor securities depository;

(ix) to provide for the appointment of any successor Fiduciary; and

(x) to make any other change which, in the judgment of the Trustee, does not materially adversely affect the rights of the Owners or the Trustee.

Supplemental Indenture Effective upon Consent of Owners. Any Supplemental Indenture not effective in accordance with the foregoing provisions will take effect only if permitted and approved and in the manner described below under the heading "Amendments – Consent of Owners."

Amendments

General. Except for Supplemental Indentures not requiring consent of the Owners as described above, the Owners of not less than a majority in aggregate principal amount of the Bonds then

Outstanding have the right, from time to time, to (i) consent to and approve the execution by the District and the Trustee of such other indenture or indentures supplemental to the Indenture as may be deemed necessary and desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture, or (ii) waive or consent to the taking by the District of any action prohibited, or the omission by the District of the taking of any action required, by any of the provisions of the Indenture or of any supplemental indenture; provided, however, that nothing in this paragraph or as described under "Supplemental Indenture Not Requiring Consent of Owners" above permits or may be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the payment or redemption of any Bond, without the consent of the Owner of such Bond, (b) except for the pledge of the Pledged Revenues in connection with the issuance of Additional Bonds, the creation of any lien prior to or on a parity with the lien of the Indenture, without the consent of the Owners of all the Bonds at the time Outstanding, (c) a reduction in the aforesaid aggregate principal amount of Bonds, the Owners of which are required to consent to any such waiver or Supplemental Indenture, without the consent of the Owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, (d) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (e) the loss of the exclusion from federal gross income of the Owners of the interest paid on the Bonds held by a non-consenting Bondholder to the extent otherwise afforded under the Code and Regulations.

Consent of Owners. The District may at any time authorize the execution and delivery of a Supplemental Indenture making a modification or amendment described in the preceding paragraph, to take effect when and as described in this paragraph. Upon the authorization of such Supplemental Indenture, a copy thereof will be delivered to and held by the Trustee for the inspection of the Owners. A copy of such Supplemental Indenture (or summary thereof or reference thereto prepared by the Issuer) together with a request to Owners for their consent thereto in form satisfactory to the Trustee, will be mailed to the Owners, but failure to mail such copy and request will not affect the validity of such Supplemental Indenture when consented to as described below. Such Supplemental Indenture will not be effective unless and until, and will take effect in accordance with its terms when (a) there has been filed with the Trustee (i) the written consents of the Owners of the required aggregate principal amount of Outstanding Bonds, and (ii) a Counsel's Opinion stating that the execution and delivery of such Supplemental Indenture has been duly authorized by the District in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture and, when effective, will be valid and binding upon the District and the Trustee, (b) an Opinion of Bond Counsel to the effect that the Supplemental Indenture will not adversely affect any exemption from federal income tax of the interest paid on the Bonds to which such Bonds are otherwise entitled and (c) the notice described below has been mailed. Any such consent will be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor or replacement thereto whether or not such subsequent Owner has notice thereof, provided, however, that any consent may be revoked by any Owner of such Bonds by filing with the Trustee, prior to the time when the Trustee's written statement described below is filed, a written revocation, with proof that such Bonds are held by the signer of such revocation. The Trustee will give notice by mail within 30 days of receiving sufficient consent to the Owners of the Bonds that the Supplemental Indenture has been consented to by the Owners of the required aggregate principal amount of Outstanding Bonds and will be effective (but failure to mail such notice or any defect therein will not prevent such Supplemental Indenture from becoming effective and binding). The Trustee will deliver to the District proof of the mailing of such notice. A record, consisting of the information required or permitted by the Indenture to be delivered by or to the Trustee, will be proof of the matters therein stated.

The Indenture and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended in any respect by a Supplemental Indenture effecting such modification or amendment and with the consents of the Owners of all the Bonds then Outstanding, each such consent to be accompanied by proof of the holding at the date of such consent of the Bonds with respect to which such consent is given. Such Supplemental Indenture will take effect upon the filing (a) with the Trustee of (i) a copy thereof, (ii) such consents and accompanying proofs and (iii) the Counsel's Opinion referred to in the preceding paragraph and (b) with the District of the Trustee's written statement that the consents of the Owners of all Outstanding Bonds have been filed with it. No mailing or publication of any Supplemental Indenture (or reference thereto or summary thereof) or of any request or notice will be required. No such modification or amendment, however, shall change or modify any of the rights or obligations of any Fiduciary without its written consent thereto.

The prior written consent of BAM is required for any amendments or supplements to the Indenture that require the consent of the Bondholders or that adversely affects the rights or interests of BAM other than with respect to amendments to the provision regarding tax covenants.

Defeasance

If the District pays or causes to be paid or there is otherwise paid to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the District to the Owners will thereupon be discharged and satisfied. In such event, the Trustee, upon request of the District, will provide an accounting of the assets managed by the Trustee to be prepared and filed with the District for any year or part thereof requested, and will execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Paying Agent will pay over or deliver to the District all moneys and securities held by it pursuant to the Indenture which are not required for the payment of Bonds not previously surrendered for such payment or redemption. If the District pays or causes to be paid, or there is otherwise paid, to the Owners of all or a portion of Outstanding Bonds of a particular maturity and interest rate (and if only a portion of such particular maturity and interest rate, such portion will be selected by lot by the Trustee in the manner provided in the Indenture for the selection of Bonds to be redeemed in part), the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated in such Bond and in the Indenture, such Bonds will cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the District to the Owners of such Bonds and to the Trustee will thereupon be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date will be deemed to have been paid as described in the preceding paragraph if the District has delivered to or deposited with the Trustee (a) irrevocable instructions to pay or redeem all of said Bonds or interest installments, as applicable, in specified amounts no less than the respective amounts of their principal or interest, and on specified dates no later than the respective due dates thereof, (b) irrevocable instructions to mail the required notice of redemption of any Bonds or interest installments, as applicable, so to be redeemed, (c) either moneys in an amount which will be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which will be sufficient, without further reinvestment, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (d) if any of said Bonds or interest installments, as applicable, are not to be redeemed within the next succeeding sixty (60) days, irrevocable instructions to mail to all Owners of said Bonds a notice that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. The Defeasance Obligations and moneys deposited with the Trustee as described in this paragraph will be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds. No payments of principal of any such Defeasance Obligations or interest thereon shall be withdrawn or used for any purpose other than the payment of such principal or Redemption Price of, or interest on, said Bonds unless after such withdrawal the amount held by the Trustee and interest to accrue on Defeasance Obligations so held shall be sufficient to provide fully for the payment of the principal of or Redemption Price and interest on said Bonds, at maturity or upon redemption, as the case may be.

The Defeasance Obligations (or any portion thereof) held for the payment of the principal and redemption price of and interest on said Bonds as described in the preceding paragraph may not be sold, redeemed, invested, reinvested or removed from the lien of the Indenture in any manner or other Defeasance Obligations substituted therefor (any such direction to sell, redeem, invest, reinvest, remove or substitute to be referred to as a "subsequent action") unless prior to the taking of such subsequent action, the Trustee has received the following: (i) either (a) a certified copy of the proceedings of the District authorizing the subsequent action, or (b) an opinion of counsel for the District to the effect that such subsequent action has been duly authorized by all necessary action on the part of the District; (ii) an opinion from a nationally recognized firm of independent public accountants to the effect that the Defeasance Obligations and cash available or to be available for payment of the Bonds after the taking of the subsequent action will remain sufficient to pay, without any further reinvestment thereof, the principal and redemption price of and interest on said Bonds at or prior to their maturity in the manner provided in the preceding paragraph; (iii) an opinion of bond counsel to the effect that the subsequent action will not adversely affect any exemption from federal income tax of the interest paid on the Bonds to which such Bonds are otherwise entitled; and (iv) such other documents and showings as the Trustee may reasonably require. The Trustee will give notice to the owners of any subsequent action in the same manner as notices of redemption are required to be sent pursuant to the Indenture.

APPENDIX C

FORM OF OPINIONS OF CO-BOND COUNSEL

December 11, 2017

Community College District Number 508,
County of Cook and State of Illinois
Chicago, Illinois

Dear Trustees:

We have examined a record of proceedings relating to the issuance of $78,065,000 aggregate principal amount of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2017 (the "Bonds") of Community College District Number 508, County of Cook and State of Illinois (the "District"). The Bonds are authorized and issued pursuant to the Public Community College Act, 110 Illinois Compiled Statutes 805; the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350; Resolution No. 33279, adopted by the Board of Trustees of the District on August 3, 2017 (the "2017 Authorizing Resolution"); Resolution No. 33337, adopted by the Board of Trustees of the District on November 2, 2017 (the "Bond Resolution"); and a Trust Indenture dated as of December 1, 2017 securing the Bonds (the "Indenture") by and between the District and U.S. Bank National Association, as trustee (the "Trustee"). Terms used herein, which are defined in the Indenture, shall have the meanings set forth in the Indenture unless otherwise defined herein.

The Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 and any integral multiple thereof. The Bonds delivered on original issuance are dated December 11, 2017. The Bonds shall mature on December 1 of each of the years and in the principal amounts set forth in the following table, and the Bonds maturing in each such year shall bear interest from their date at the rate per annum set forth opposite each such year in the following table:

Year	Principal Amount	Interest Rate
2023	$ 110,000	5.00%
2024	115,000	5.00
2025	120,000	5.00
2026	130,000	5.00
2027	135,000	5.00
2032	765,000	5.00
2037	955,000	4.00
2047	75,735,000	5.00

Interest on the Bonds is payable on June 1, 2018 and semiannually thereafter on each June 1 and December 1 in each year.

The Bonds maturing on or after December 1, 2032 are subject to redemption prior to maturity at the option of the District, in whole or in part, from such maturities and in such principal amounts as the District shall determine, on any date on or after December 1, 2027, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date.

The Bonds maturing in the years 2032, 2037 and 2047 are term bonds subject to mandatory redemption, in part and by lot, on December 1 of the years and in the respective principal amounts set forth in the following tables, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date:

2032 Term Bonds		2037 Term Bonds		2047 Term Bonds	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount
2028	$135,000	2033	$175,000	2038	$ 215,000
2029	145,000	2034	185,000	2039	225,000
2030	150,000	2035	190,000	2040	235,000
2031	165,000	2036	195,000	2041	250,000
				2042	260,000
				2043	275,000
				2044	17,230,000
				2045	18,095,000
				2046	19,000,000

We have not been requested to examine and have not examined any documents or information relating to the District other than the record of proceedings hereinabove referred to, and we express no opinion as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchasers of the Bonds.

The Bonds are issued as “alternate bonds” under Section 15 of the Local Government Debt Reform Act for the purposes of paying the costs of (i) financing the current capital improvement plans of the District, including the acquisition of real and personal property, fixtures and site improvements, (ii) funding interest on a portion of the Bonds and (iii) issuing the Bonds.

Interest on the Bonds is not exempt from Illinois income taxes.

We are of the opinion that:

The District had and has the right and power to adopt the 2017 Authorizing Resolution and the Bond Resolution, to enter into the Indenture and to authorize the Bonds.

The 2017 Authorizing Resolution and the Bond Resolution have been duly adopted, are presently in full force and effect, are valid and binding upon the District and are enforceable in accordance with their terms.

The Indenture has been duly authorized, executed and delivered by the District, is presently in full force and effect, is valid and binding upon the District and is enforceable in accordance with its terms.

The Bonds have been duly authorized and issued, are valid and legally binding general obligations of the District, are entitled to the benefits and security of the Indenture and are enforceable in accordance with their terms.

The full faith and credit of the District are irrevocably pledged to the punctual payment of the Bonds and the District has power and is obligated to levy ad valorem taxes upon all the taxable property within the District for the punctual payment of the Bonds and the interest thereon without limitation as to rate or amount.

The Indenture creates the valid pledge which it purports to create of the Trust Estate, consisting of the Pledged Revenues, the Pledged Taxes and the other moneys, securities and funds held thereunder, subject to the application thereof in the manner and to the purposes permitted by the Indenture.

The District has taken all necessary action to cause the County Collectors of the Counties of Cook and DuPage to deposit the Pledged Taxes directly with the Trustee for application pursuant to the Indenture.

Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. The Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The District has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise that the enforceability (but not the validity or binding effect) of the Bonds, the 2017 Authorizing Resolution, the Bond Resolution and the Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought.

Very truly yours,

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company ("DTC") of New York, New York has been furnished by DTC for use in this Official Statement. None of the District, the Trustee nor the Underwriters take responsibility for its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither of the District, the Trustee nor the Underwriters takes any responsibility for the accuracy thereof.

The District, the Trustee and the Underwriters cannot and do not give any assurances that DTC, direct participants or indirect participants of DTC, will distribute to the beneficial owners of the Bonds (1) payments of principal of or interest or redemption premium on the Bonds, (2) confirmations of their ownership interests in the Bonds or (3) other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, direct participants or indirect participants of DTC, will serve and act in the manner described in this Official Statement.

Neither the District, the Trustee nor the Underwriters will have any responsibility or obligations to DTC, Direct participants or the Indirect Participants of DTC, or the beneficial owners with respect to (1) the accuracy of any records maintained by DTC or any direct participants or indirect participants of DTC; (2) the payment by DTC or any direct participants or indirect participants of DTC of any amount due to any beneficial owner in respect of the principal amount of or interest or redemption premium on the Bonds; (3) the delivery by DTC or any direct participants or indirect participants of DTC of any notice to any beneficial owner that is required or permitted to be given to owners under the terms of the Indenture; (4) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as Owner of the Bonds.

FOR SO LONG AS THE BONDS ARE REGISTERED IN THE NAME OF DTC OR ITS NOMINEE, CEDE & CO., THE DISTRICT AND THE TRUSTEE WILL RECOGNIZE ONLY DTC OR ITS NOMINEE, CEDE & CO., AS THE REGISTERED OWNER OF THE BONDS FOR ALL PURPOSES, INCLUDING PAYMENTS, NOTICES AND VOTING.

Any references in this Official Statement to notices or other communication to be provided to owners by the District or the Trustee will be given to DTC, as the owner. Conveyance of notices and other communications by DTC and by Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. The District and the Trustee shall have no responsibility or obligation to assure that any such notice is forwarded by DTC to the Participants or by any Participant to the Beneficial Owner.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the "***Agreement***") is executed and delivered by the Community College District Number 508, County of Cook and State of Illinois, a community college district established pursuant to the Public Community College Act (the "***District***"), in connection with the issuance of its $78,065,000 aggregate principal amount of its Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2017 (the "***Bonds***"). The Bonds are being issued under and pursuant to the Public Community College Act of the State of Illinois, as amended, 110 ILCS 805/1-1 et seq., including, without limitation, Section 7-1.1 and the Local Government Debt Reform Act of the State of Illinois, as amended, 30 ILCS 350/1 et seq., a resolution adopted by the Board of Trustees of the District (the "***Board***") on August 3, 2017, a resolution adopted by the Board on November 2, 2017, and a Trust Indenture, dated as of December 1, 2017 (the "***Indenture***"), by and between the District and U.S. Bank National Association, Chicago, Illinois, as trustee. The Bonds will be as described in, and secured pursuant to, the Indenture.

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds for the purpose of providing certain information annually and to provide notice of certain events to the MSRB (defined below) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters (as defined below) and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"***Annual Financial Information***" means the financial information and operating data described in Exhibit I.

"***Annual Financial Information Disclosure***" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"***Audited Financial Statements***" means the combined financial statements of the District prepared in accordance with generally accepted accounting principles and Government Auditing Standards, issued by the Comptroller General of the United States, and as described in Exhibit I.

"***Commission***" means the Securities and Exchange Commission.

“***Dissemination Agent***” means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent’s successors and assigns.

“***EMMA***” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure accessible at http://www.emma.msrb.org/ or through any other electronic format or system prescribed by the Commission from time to time for purposes of the Rule.

“***Exchange Act***” means the Securities Exchange Act of 1934, as amended.

“***Events Disclosure***” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“***MSRB***” means the Municipal Securities Rulemaking Board or any successor entity as described in the Rule.

“***Participating Underwriter***” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“***Reportable Event***” means the occurrence of any of the events set forth in Exhibit II.

“***Rule***” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“***State***” means the State of Illinois.

“***Undertaking***” means the obligations of the District pursuant to Sections 4 and 5.

Section 3. CUSIP Numbers/Official Statement. The CUSIP Numbers of the Bonds are as set forth in Exhibit III. The final Official Statement relating to the Bonds is dated November 29, 2017 (the “***Final Official Statement***”).

Section 4. Annual Financial Information Disclosure. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements in electronic format (in the form and by the dates set forth in Exhibit I hereto) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. If Audited Financial Statements are not available when the Annual Financial Information is filed, the District will file unaudited financial statements. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents filed within EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District shall disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Reportable Events Disclosure. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten (10) business days after the occurrence of the Reportable Event) Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery to such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the bondholders pursuant to the Indenture.

Section 6. Duty To Update the Procedures. The District shall determine, in the manner it deems appropriate, the proper procedures for disseminating such information required to be disseminated under the Rules each time it is required to file such information with EMMA.

Section 7. Consequences of Failure of the District to Provide Information. The District shall give notice in a timely manner to the EMMA of any failure to provide Annual Financial Information and Audited Financial Statements when the same is due hereunder. In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order to the cause the District to comply with its obligations under this Agreement. Any court action to enforce this Agreement must be commenced in the Circuit Court of Cook County, Illinois.

A default under this Agreement shall not be deemed an event of default under the Indenture with respect to the Bonds, and the sole remedy in the event of any failure of the District to comply with this Agreement shall be an action to compel performance. A failure by the District to comply with this Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a "*no action*" letter issued by the Commission, a change in law, or change in the identity, nature or status of the District or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by a party unaffiliated with the District (such as Co-Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 9. Termination of Undertaking. The Undertaking of the District shall be terminated hereunder if the District no longer has any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. If this Section is applicable, the District shall give notice in a timely manner to the MSRB.

Section 10. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Section 12. Beneficiaries. This Agreement has been executed to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The District shall maintain records of all Annual Financial Information Disclosure and Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Assignment. The District shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the District under this Agreement or to execute a similar agreement obligating such transference to comply with the provisions of the Rule.

Section 15. Governing Law. This Agreement shall be governed by the internal laws of the State of Illinois applicable to contracts performed wholly therein and without reference to its conflict of laws principles.

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COMMUNITY COLLEGE DISTRICT NUMBER 508

By:________________________________
Name: Joyce Carson
Its: Vice Chancellor
of Finance &Business Enterprise/
Chief Financial Officer

Date: December 11, 2017

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

Annual Financial Information includes the financial information and operating data as set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements (as set forth below) may be included by reference to other documents, including other official statements (subject to the following sentence), which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information

"*Annual Financial Information*" means information of the type contained in the following charts, tables, headings, subheadings and exhibits of the Final Official Statement, which may be presented in such format as the District determines:

- "Tuition and Fees" chart under "SECURITY FOR THE BONDS – Pledged Revenues."
- "Community College State Funding" chart under "SECURITY FOR THE BONDS – Pledged Revenues."
- "Direct and Overlapping General Obligation Debt" table under "OTHER LOCAL GOVERNMENTAL UNITS – Overlapping Entities."
- "Assessed and Estimated Value of Taxable Property in the City" table under "THE REAL PROPERTY TAX SYSTEM – Property Tax Information."
- "District's Property Tax Extensions and Collections" table under "THE REAL PROPERTY TAX SYSTEM – Property Tax Information."

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA not more than 210 days after the last day of the District's Fiscal Year which is June 30th of each calendar year.

Audited Financial Statements will be prepared according to Generally Accepted Accounting Principles as applicable to governmental units *(i.e.*, as subject to the pronouncements of the Governmental Standards Accounting Board) and subject to any express requirements of State law. Audited Financial Statements will be submitted to EMMA within 30 days after availability to the District.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Agreement, the District will disseminate a notice of such change as required by Section 4 herein.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

(1) Principal and interest payment delinquencies.
(2) Non-payment related defaults, if material.
(3) Unscheduled draws on debt service reserves reflecting financial difficulties.
(4) Unscheduled draws on credit enhancements reflecting financial difficulties.
(5) Substitution of credit or liquidity providers, or their failure to perform.
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
(7) Modifications to the rights of security holders, if material.
(8) Bond calls, if material, and tender offers.
(9) Defeasances
(10) Release, substitution, or sale of property securing repayment of the Bonds, if material.
(11) Rating changes.
(12) Bankruptcy insolvency, receivership or similar event of the District (such an Event will be considered to have occurred in the following instances: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if the jurisdiction of the District has been assumed by leaving the District and the District's officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District).
(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

EXHIBIT III

CUSIP NUMBERS

Maturity (December 1)	Principal Amount	CUSIP
2023	$110,000	213187CY1
2024	115,000	213187CZ8
2025	120,000	213187DA2
2026	130,000	213187DB0
2027	135,000	213187DC8
2032	765,000	213187DH7
2037	955,000	213187DK0
2047	75,735,000	213187DM6

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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Education that Works

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