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.

$250,000,000
COMMUNITY COLLEGE DISTRICT NUMBER 508
County of Cook and State of Illinois
(CITY COLLEGES OF CHICAGO)
Unlimited Tax General Obligation Bonds (Dedicated Revenues)
Series 2013

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

RATINGS AA- (stable outlook) Fitch Ratings
AA (stable outlook) Standard & Poor's Ratings Services

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 EXEMPTION."

INTEREST PAYMENT DATES June 1, and December 1, commencing June 1, 2014

ISSUANCE The Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2013 (the "Bonds"), will be issued by Community College District Number 508, County of Cook and State of Illinois (the "District") pursuant to the Public Community College Act, the Local Government Debt Reform Act and the Resolutions (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."

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 "THE BONDS – **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, 2024 are callable at the option of the District, in whole or in part at par on any date on or after December 1, 2023. The Bonds are also subject to mandatory sinking fund redemption. See "THE BONDS – **Redemption.**"

USES The proceeds of the Bonds will be used to (i) construct, acquire and equip the District's campuses and administrative buildings and make site improvements and other capital expenditures related thereto and (ii) pay the costs of issuance of the Bonds. See "PLAN OF FINANCE."

DELIVERY On or about October 22, 2013.

CO-BOND COUNSEL Mayer Brown LLP and Burke Burns & Pinelli, Ltd.

TRUSTEE U.S. Bank National Association

MATURITY December 1, as shown below.

CUSIP†	Maturity	Principal Amount	Interest Rate	Yield	CUSIP†	Maturity	Principal Amount	Interest Rate	Yield
213187BQ9	2015	$4,005,000	4.00%	0.65%	213187CA3	2025	$6,400,000	5.25%	4.14%*
213187BR7	2016	4,165,000	4.00	1.05	213187CB1	2026	6,735,000	5.25	4.28*
213187BS5	2017	4,335,000	5.00	1.51	213187CC9	2027	7,090,000	5.25	4.40*
213187BT3	2018	4,550,000	5.00	2.05	213187CD7	2028	7,465,000	5.25	4.53*
213187BU0	2019	4,775,000	5.00	2.45	213187CE5	2029	7,855,000	5.25	4.67*
213187BV8	2020	5,015,000	5.00	2.81	213187CF2	2030	8,270,000	5.25	4.81*
213187BW6	2021	5,265,000	5.00	3.18	213187CG0	2031	8,700,000	5.25	4.89*
213187BX4	2022	5,530,000	5.00	3.48	213187CH8	2032	9,160,000	5.25	4.97*
213187BY2	2023	5,805,000	5.00	3.75	213187CJ4	2033	9,640,000	5.00	5.07
213187BZ9	2024	6,095,000	5.00	3.97*					

CUSIP 213187CK1 $26,290,000 5.125% Term Bonds due December 1, 2038; Yield 5.25%
CUSIP 213187CM7 $30,000,000 5.500% Term Bonds due December 1, 2038; Yield 5.08%*
CUSIP 213187CL9 $72,855,000 5.250% Term Bonds due December 1, 2043; Yield 5.35%

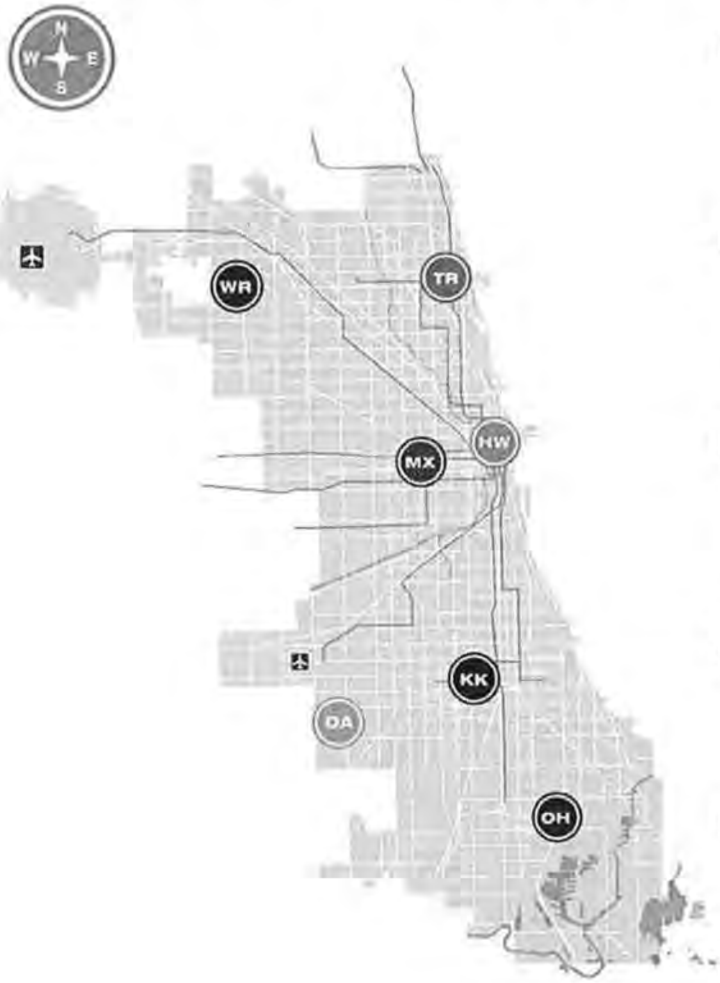
* Yield to call date, December 1, 2023.

JEFFERIES

LOOP CAPITAL MARKETS **RAMIREZ & CO., INC.**
BMO CAPITAL MARKETS **CABRERA CAPITAL MARKETS, LLC** **GOLDMAN, SACHS & CO.** **LEBENTHAL & CO., LLC**
SIEBERT BRANDFORD SHANK & CO., L.L.C. **THE WILLIAMS CAPITAL GROUP, L.P.**

Dated: October 8, 2013

CITY COLLEGES OF CHICAGO



RICHARD J. DALEY COLLEGE
7500 S. Pulaski Road, Chicago, IL 60652
College to Careers focus:
Advanced Manufacturing
- **Arturo Velasquez Institute**
  2800 South Western Avenue, Chicago, IL 60608

KENNEDY-KING COLLEGE
6301 S. Halsted Street, Chicago, IL 60621
College to Careers focus:
Culinary Arts & Hospitality
Construction Technology
- **Dawson Technical Institute**
  3901 South State Street, Chicago Il 60609

MALCOLM X COLLEGE
1900 W. Van Buren Street, Chicago, IL 60612
College to Careers focus:
Healthcare
- **West Side Learning Center**
  4624 W. Madison Street, Chicago, IL 60644

OLIVE-HARVEY COLLEGE
10001 S. Woodlawn Avenue,Chicago, IL 60628
College to Careers focus:
Transportation, Distribution & Logistics
- **South Chicago Learning Center**
  3055 E. 92 Street, Chicago, IL, 60617

HARRY S TRUMAN COLLEGE
1145 W. Wilson Avenue, Chicago, IL 60640
- **Lake View Learning Center**
  3310 North Clark Street, Chicago, IL 60657

HAROLD WASHINGTON COLLEGE
30 East Lake Street, Chicago, IL 60601
College to Careers focus:
Business & Professional Services

WILBUR WRIGHT COLLEGE
4300 N. Narragansett Avenue, Chicago, IL 60634
College to Careers focus:
Information Technology
- **Humboldt Park Vocational Education Center**
  1645 N. California Avenue, Chicago, IL 60647

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.

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.

COMMUNITY COLLEGE DISTRICT NUMBER 508
COUNTY OF COOK AND STATE OF ILLINOIS

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TABLE OF CONTENTS

$250,000,000
COMMUNITY COLLEGE DISTRICT NUMBER 508
County of Cook and State of Illinois
(CITY COLLEGES OF CHICAGO)
Unlimited Tax General Obligation Bonds (Dedicated Revenues)
Series 2013

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*") of $250,000,000 aggregate principal amount of its Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2013 (the "*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 C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions of Certain Terms."**

The proceeds of the Bonds will be used to (i) construct, acquire and equip the District's campuses and administrative buildings and make site improvements and other capital expenditures related thereto and (ii) pay the costs of issuance of the Bonds. See **"PLAN OF FINANCE"** and **"ESTIMATED SOURCES AND USES OF FUNDS."**

The Bonds will be issued under a Trust Indenture dated as of October 1, 2013 (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 July 11, 2013 (the "*2013 Authorization*") authorizing the issuance of Alternate Bonds in an aggregate principal amount not to exceed $250,000,000, which Alternate Bonds could be payable from various sources of Alternate Revenues including, but not limited to: (i) student tuition and fees imposed and collected pursuant to the Act net of scholarship allowances ("*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 October 2, 2013, the Board adopted a resolution authorizing the issuance of Unlimited Tax General Obligation Bonds (Dedicated Revenues), in an aggregate principal amount not to exceed $250,000,000 (the "*Bond Resolution*" and, together with the 2013 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 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 *ad valorem* taxes levied by the District pursuant to the Bond Resolution, 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*") and (iii) from all Funds, Accounts and Sub-Accounts pledged pursuant to the Indenture.

For additional information, see **"SECURITY FOR THE BONDS"** and see **APPENDIX C – "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.

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, 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."** The 2013 Authorization permits the District to issue Alternate Bonds in an amount not to exceed $250,000,000.

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 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.

THE BONDS

General

The Bonds initially are registered through a book-entry-only system operated by The Depository Trust Company, New York, New York ("*DTC*"). Details of payments of the Bonds and the book-entry-only-system are described below under the subcaption **"– Book-Entry-Only System."** Except as described under the subcaption **"– Book-Entry-Only System"** below, beneficial owners of the Bonds will not receive or have the right to receive physical delivery of Bonds, and will not be or be considered to be the registered owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC "*Participant*" (as defined below), the Participant who will act on behalf of such beneficial owner to receive notices and payments of principal, redemption price of, premium, if any, and interest on the Bonds, and to exercise voting rights and (ii) the records of DTC and, if such beneficial owner is not a Participant, such beneficial owner's Participant, to evidence its beneficial ownership of the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, references herein to Bondholders or registered owners of such Bonds mean DTC or its nominee and do not mean the beneficial owners of such Bonds.

The Bonds shall be issued only in fully registered form without coupons and shall be dated the date of issuance. 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, 2014 (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 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 C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."**

Redemption

Optional Redemption. The Bonds maturing on or after December 1, 2024 are subject to prior redemption at the option of the District, in whole or in part in such principal amounts and interest rates and from such maturities as the District shall determine, in Authorized Denominations on any date on or after December 1, 2023, at the redemption price of 100% plus accrued but unpaid interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2038 and bearing interest at a rate of 5.125% per annum; December 1, 2038 and bearing interest at a rate of 5.50% per annum; and December 1, 2043 (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 Bond maturing on December 1, 2038
bearing interest at 5.125%

Redemption Date (December 1)	Principal Amount
2034	$4,745,000
2035	4,990,000
2036	5,245,000
2037	5,515,000
2038*	5,795,000

* Final Maturity

Term Bond maturing on December 1, 2038
bearing interest at 5.50%

Redemption Date (December 1)	Principal Amount
2034	$5,375,000
2035	5,670,000
2036	5,985,000
2037	6,310,000
2038*	6,660,000

* Final Maturity

Term Bond maturing on December 1, 2043

Redemption Date (December 1)	Principal Amount
2039	$13,120,000
2040	13,810,000
2041	14,530,000
2042	15,295,000
2043*	16,100,000

* 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 thereof, plus interest accrued and unpaid to the date fixed for redemption, 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. For a description of the giving of notices while the Bonds are in the book-entry-only system, see "**– Book-Entry-Only System**" below. 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

For a description of the procedure to transfer ownership of a Bond while in the book-entry-only system, see **"– Book-Entry-Only System"** below. Subject to the limitations described below, 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. Subject to the limitations described below, 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.

Book-Entry-Only System

General. The following information concerning The Depository Trust Company, New York, New York ("*DTC*"), has been furnished by DTC for use in this Official Statement. Neither the District nor the Underwriters are responsible 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 the Bonds in the aggregate principal amount of the issue, 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 17 A of the Securities Exchange Act of 1934 (the "*Exchange Act*"). 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its

Participants are on file with the Securities and Exchange Commission (the "*SEC*"). 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. See **"THE BONDS – General."**

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 affect 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 Trustee 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 are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Operational Arrangements and the Issuing/Paying Agent General Operating Procedures ("*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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest 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 its Agent, on the 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 securities 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 District or the Trustee, as applicable, 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 Trustee, 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 depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates are required to be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

NEITHER THE DISTRICT NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

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 to (i) construct, acquire and equip the District's campuses and administrative buildings and make site improvements and other capital expenditures related thereto (the "*Project*") and (ii) pay the costs of issuance of the Bonds (including the Underwriters' discount).

The Project

The Project comprises a portion of the District's five-year, $555 million capital improvement plan ("*CIP*"), as included in the District's Fiscal Year 2014 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 two largest discrete components of the CIP are the new Malcolm X Allied Health Sciences College (approximately $251 million), and the Olive-Harvey Transportation, Distribution and Logistics ("*TDL*") Center (approximately $45 million). The new Malcolm X College, to be located directly across from the current college, will consist of approximately 520,000 square feet of classrooms, skill and simulation labs, and a virtual hospital. With a conference center, auditorium and a host of meeting and study spaces, the new college will serve up to 18,000 students and will offer curricula specializing in the health sciences, including nursing, dental hygiene and dental assisting, emergency medical technician, pharmacy and community health. Groundbreaking of the new building and construction commenced in October, 2013 and completion is scheduled for December, 2015.

The Olive-Harvey TDL Center features hands on training in automotive technology and other transportation mechanics, consistent with the District's C2C focus. The facility will include automotive and diesel labs and will also house the District's Central Store, a new concept to the District that is modeled after industry practice to increase the efficiency of supply distribution among the District's 14 operational buildings. The new Olive-Harvey TDL Center is anticipated to serve up to 4,000 students and is expected to be operational by August of 2015.

The CIP will be funded by a combination of the Bond proceeds, internal sources (both from capital reserves and operating funds), and State earmarked funds. A total of $31.6 million in State Capital Development Board funds has already been awarded by the State, to be used exclusively for the Olive-Harvey TDL Center.

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 $250 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.

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	$250,000,000
Net original issue premium	8,233,226
Total Estimated Sources of Funds	258,233,226
Estimated Uses:	
Project Costs	256,098,970
Costs of Issuance [1]	2,134,256
Total Estimated Uses of Funds	$258,233,226

(1) Includes estimated costs of issuance and the Underwriters' discount.

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 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.

Tuition and Fees. The District's Tuition and Fee Revenues, which are net of scholarship allowances, are pledged as security for the Bonds. The Board has the authority to set tuition and fees. Tuition was most recently increased in Fiscal Year 2012, to $89 per credit hour for in-District students. Fees vary, ranging from $25 to $400 per course. Gross student tuition and fees account for approximately 37% of the District's operating funds revenue for fiscal year 2013. The following chart shows District tuition and fees for the past ten years.

Tuition and Fees

Fiscal Year	In District Tuition* per Semester Hr	Out of District Tuition* per Semester Hr	Out of State Tuition* per Semester Hr	Total Semester Credit Hrs Generated	Tuition & Fees Revenue	Less: Scholarship Allowances	Tuition & Fees Revenue (Net)
2004	$ 52.00	$ 174.50	$ 254.29	$ 1,070,621	$ 56,243,960	$(20,834,420)	$ 35,409,540
2005	62.00	229.21	314.95	1,164,887	63,734,062	(25,926,423)	37,807,639
2006	67.00	162.65	266.20	1,085,936	67,578,330	(27,658,747)	39,919,583
2007	72.00	180.83	291.61	1,064,630	69,513,402	(34,160,855)	35,352,547
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	1,190,894	115,477,680	(71,260,880)	44,216,800
2013	89.00	185.52	233.84	1,182,217†	111,907,384†	(70,751,740)†	41,155,644†

*Tuition for college credit courses.
Source: District records.
†Preliminary figure.

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 charged per semester hour and varies depending on whether a student lives within or outside of the District's boundaries. Student tuition and fees 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 a certain limited timeframe, the tuition and fees are refunded.

The following chart sets forth the schedule of tuition and fees for all of the District's Colleges.

	Fall 2013		
Tuition	In-District Students	Out of District Students	Out of State Students
College Credit Course-Credit Hour	$89.00	$185.52	$233.84
Foundational Studies-Credit Hour	44.50	141.02	189.34
Continuing Education-Credit Hour	89.00	185.52	233.84
Vocational Skills-Clock Hour	89.00	185.52	233.84
Fees:			
Lab Fee	$30.00	$30.00	$30.00
Full Time Activity Fee	170.00	170.00	170.00
Part Time Activity Fee	50.00	50.00	50.00
Center for Distance Learning Fee	50.00	50.00	50.00
Registration Fee per semester	30.00	30.00	30.00

State Grants. The District receives State funding 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). Each year, the District receives its allocation of the State base operating grant (equal to $44.1 million in Fiscal Year 2014) and an alternative equalization grant (equal to $14.1 million in Fiscal Year 2014).

State grant funding accounted for approximately 20% of all District revenues for fiscal year 2013. As the following table indicates, current State funding for Illinois community colleges has trended downward over the past ten 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.

The District has experienced delays in State payments as compared to other revenue sources. During the latter half of fiscal year 2011, the District's receivables from the State, which include ICCB grants, more than doubled for four months, peaking at $30 million in July of fiscal year 2012. Generally, the District's monthly receivables from the State range from $8 million to $12 million. The State has not owed the District more than $10 million at any time during the current fiscal year.

Community College State Funding

Fiscal Year	State Funding to All State Community Colleges	ICCB Funding to the District
2005	$295,486,740	$52,688,641
2006	296,555,599	54,645,516
2007	302,035,040	58,595,337
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	282,621,500	58,170,624

Source: District records.

The decrease of $13.1 million in State funding for community colleges between fiscal year 2012 and fiscal year 2013 resulted from reductions in the base operating grant of $7.6 million and in the alternative equalization grant of $1.6 million, as well as the elimination of the workforce development grant ($3.3 million) and the retirees' health grant ($0.6 million).

The current funding plan for community colleges was adopted in 1979 and first affected fiscal year 1981 appropriations. The appropriation for a community college should 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.

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. The expected costs of programs not included in calculated statewide average semester credit hour costs are added to this figure.

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 73% 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 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 it has Pledged Revenues or other funds irrevocably set aside 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 (each such date being referred to as a "*Deposit Date*"), the District shall deposit to the credit of the Pledged Revenues Account such amounts derived from Pledged Revenues as shall be necessary and 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*"). 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.

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.

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 C – "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; 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 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.

COMMUNITY COLLEGE DISTRICT NUMBER 508

Community College District Number 508, known as the City Colleges of Chicago (the "*District*" or "*City Colleges*"), was organized in 1911 as a public community college district of the State of Illinois, having boundaries coterminous with the City of Chicago (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 228.5 square miles, which service area has a population of approximately 2,714,856.

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 is separately accredited by the North Central Association of Colleges and Schools.

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. There is currently one vacancy. One non-voting student member is selected in accordance with the Act. Day-to-day operations are administered by the Chancellor and staff administrators exclusively appointed by the Board.

Official	Term Expires (June 30)
Paula Wolff, *Chair*	2014
Ellen Alberding, *Vice Chair*	2015
Larry R. Rogers, Sr., *Secretary*	2014
Charles Jenkins	2013*
Marisela Lawson	2015
Everett Rand	2013*
Timakia Hobbs, *Student Trustee*	2014

* Although these Trustees' terms have expired, each continues to serve until reappointed or replaced.

Administration

Following is information regarding key administrators of the District.

Cheryl L. Hyman, *Chancellor*. As Chancellor, Cheryl Hyman is a member of Mayor Rahm Emanuel's Cabinet and is responsible for managing a budget of more than $650 million, overseeing approximately 5,900 employees, and ensuring the success of over 114,000 students annually. Since taking the helm of the District in April 2010, Chancellor Hyman launched a comprehensive Reinvention of the Colleges, which has led to the highest number of degrees awarded in the institution's history, three balanced budgets, the launch of a five-year capital plan, the creation of College to Careers, an internationally recognized program that partners City College's faculty and staff with industry leaders to better prepare students for careers in six fast-growing fields and to increase the competitiveness of Chicago's workforce. Prior to being appointed Chancellor, Ms. Hyman had a 14-year career at ComEd, an Exelon company, rising to Vice President of Operations Strategy and Business Intelligence. She serves on the boards of Complete College America and the Chicago History Museum and is a member of the Commercial Club of Chicago. A graduate of City Colleges, Chancellor Hyman also holds an Executive Master of Business Administration from Northwestern University's Kellogg School of Management, a Master of Arts Degree in Community Development from North Park University, and a Bachelor of Science Degree in Computer Science from the Illinois Institute of Technology.

James T. Frankenbach, *Chief Operating Officer*. Mr. Frankenbach, who joined City Colleges in 2011, is responsible for ensuring the optimal use of system resources, including guiding City Colleges' capital plan. Prior to joining City Colleges, Mr. Frankenbach served for 35 years in a variety of leadership roles at Rush University Medical Center, including as corporate vice president, and president and chief executive officer of Rush North Shore Medical Center. He also chaired the Department of Health Systems Management at Rush University. Mr. Frankenbach earned an MBA at Loyola University's Graduate School of Business and is registered as a Certified Public Accountant.

Craig Lynch, *Chief of Staff and Chief Information Officer*. As Chief of Staff for the Chancellor, Mr. Lynch helps ensure that City Colleges is meeting its strategic and operational goals and that they are closely aligned with the vision. As CIO, Mr. Lynch leads a team of over 120 technology professionals to provide value added technology services across the institution. Prior to joining City Colleges of Chicago in July 2010, Mr. Lynch was the Deputy Chief Information Officer for the Chicago Board of Education responsible for overall technology leadership, information management and instructional technology. Mr. Lynch received a Masters in Business Administration from the University of Illinois at Chicago and Bachelors of Arts Degree from Illinois Wesleyan University. Mr. Lynch was honored to be a recipient of the 2009 CIP magazine "Ones to Watch" award.

Vernese Edghill-Walden, Ph.D., *Provost and Chief Academic Officer*. Dr. Edghill-Walden joined City Colleges in 2007 and is responsible for leading the academic staff to enhance the quality of education for its students. Dr. Edghill-Walden has developed academic and co-curricular learning programs and services for faculty and staff in higher education and private primary and secondary education for over 25 years. Dr. Edghill-Walden's area of research is race and gender equity and Black women's career mobility, specifically in higher education, and she has taught at Richard J. Daley College and Howard University. Dr. Edghill-Walden holds a Bachelor of Arts degree from Bucknell University in Sociology, a Master's Degree from the University of Delaware in Higher Education Administration, and a Ph.D. in Sociology with a specialization in Race, Class and Gender, Social Inequalities and Urban Sociology from Howard University.

Diane Minor, *Vice Chancellor, Administrative Services and Procurement*. Ms. Minor assumed her current role in 2010, but has been with City Colleges in a number of positions since 2005. Prior to her work with City Colleges, Ms. Minor held the positions of Chief Administrative Officer with the Chicago Park District from 1999 to 2004, 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.

Rasmus Lynnerup, *Vice Chancellor of Strategy, Research, and Organizational Effectiveness*. Rasmus Lynnerup has held this position since 2012 leading City Colleges' comprehensive reform effort, Reinvention. He oversees its research and analytics capabilities and leads a team that includes faculty, staff and students to establish a system-wide culture of student success. Mr. Lynnerup was a Senior Engagement Manager for the management consulting firm McKinsey & Company from 2007 to 2012, where he designed and managed large-scale change programs for clients across multiple industries. Previously, he served in the Foreign Ministry of Denmark. Mr. Lynnerup moved to Chicago in 2008 from Denmark. He holds a Bachelor of Science in International Business and a Master of Science in Business Administration from Copenhagen Business School in Copenhagen, Denmark.

Laurent Pernot, *Executive Vice Chancellor*. As Executive Vice Chancellor, Mr. Pernot is a member of the Chancellor's cabinet charged with helping drive efficiency and accountability across the system. Prior to assuming his position at City Colleges in 2011, Mr. Pernot was principal of consultancy at Platform Public Affairs; public affairs vice president at Hill and Knowlton, an international consulting firm, from 2008 to 2009; an executive at Jasculca/Terman and Associates, a public affairs firm, from 1999 to 2009; and a public affairs specialist and a new bureau editor at the University of Illinois at Chicago, from 1996-1999. He holds a Bachelor's and Master's degrees in Political Science from the University of Illinois at Chicago and is the author of the upcoming University of Illinois Press book, "*Before the Ivy: The Cubs in Pre-Wrigley Chicago*."

Joyce Carson, *Vice Chancellor, Business Enterprises*. Ms. Carson is responsible for the revenue generating business and education labs of the colleges, which include WYCC TV 20, WKKC Radio 89.3FM, the restaurants and Incubator Kitchen of the Washburne Culinary Institute, the French Pastry School collaboration agreement, financial and operational oversight of the Childcare Centers and management of the food services and bookstore contracts. Prior to accepting the position of Vice Chancellor in 2010, Ms. Carson served as Chief Financial Officer of the Chicago Urban League from 2008 to 2010 and held various financial positions at Exelon Corporation and its subsidiary Commonwealth Edison from 1997 to 2007, including as Vice President of Investor Relations, Vice President of Business Support Services and Director of Finance. Prior to her tenure at Exelon, Ms. Carson held several finance positions at Jane Adams Hull House Association and served as an external auditor for Deloitte, LLP. Ms. Carson holds Bachelor and Master of Science degrees in Accountancy from DePaul University. She is currently serving on the Board of Directors for Chicago House and Social Service Agency for the 14th year, is Treasurer of Future for Faso Children, and is a member of the Accounting Advisory Board at DePaul University.

Melanie A.J. Shaker, *Vice Chancellor of Finance/Chief Financial Officer.* Ms. Shaker 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 joining City Colleges in September 2012, Ms. Shaker was the Deputy Chief Financial Officer and Treasurer for the Chicago Board of Education, where she managed a $6 billion debt portfolio and also served as Interim Chief Financial Officer. Prior to her government service, Ms. Shaker was a lead analyst for Fitch Ratings' Midwest Public Finance Group, responsible for the credit ratings of many of the largest municipalities in the Midwest region. Ms. Shaker received her Master's in Public Policy from the University of Chicago and her Bachelor's degree from DePaul University.

Daryl Okrzesik, *Associate Vice Chancellor of Finance, Treasurer.* Prior to joining City Colleges in March 2013, Mr. Okrzesik was the Controller for 16 years for the Chicago Board of Education, where he was responsible for financial reporting, compliance and internal controls. In addition, Mr. Okrzesik worked for 14 years with the City of Chicago as a Tax and Audit Manager and Deputy Director in the Department of Revenue. Mr. Okrzesik received his Master's in Taxation and Bachelor's in Accountancy from DePaul University and is a Certified Public Accountant in Illinois.

Eugene Munin, *General Counsel.* Prior to joining City Colleges in June 2013, Mr. Munin served as Chief Financial Officer of Ave Maria University from 2011 to 2012, Budget Director for the City of Chicago from 2009 to 2011 and Executive Vice President/General Counsel for the Chicago Transit Authority from 2008 to 2009. 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.

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. See **"PLAN OF FINANCE – The Project"** herein.

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. See **"PLAN OF FINANCE – The Project"** herein.

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 except for Kennedy-King College. The City and the Public Building Commission (the "*PBC*") have authorized the transfer of title to the real property acquired by the City and the PBC on behalf of the District in connection with construction of Kennedy-King College that was completed in 2007. A quit claim deed transferring the PBC parcels at Kennedy-King College to the District was executed on July 3, 2013 and will be recorded with the Cook County Recorder of Deeds in October, 2013. The City currently is in the process of preparing title to the City-owned parcels for transfer.

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 and out-of-state 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 2012, approximately 90% of students received some type of financial assistance.

The District participates in numerous default prevention activities including a District-wide Student Loan Default Prevention Taskforce, advising students who are entering repayment, and partnering with community-based organizations to provide financial literacy information to current students.

Enrollment Data

More than 114,000 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

Fiscal Year	FTE Credit Courses	Fall Term 8th Day Headcount	Headcount Noncredit Courses	Total Enrollment
2009	23,218	50,500	70,438	120,938
2010	27,347	57,423	70,094	127,517
2011	29,194	60,514	58,935	119,449
2012	29,602	61,756	55,009	116,765
2013*	29,288	61,126	53,129	114,255

Source: City Colleges of Chicago Comprehensive Annual Financial Reports.
*City College records.

Credit enrollment, a subset of the headcount data provided above, has grown more than 6% since the beginning of Reinvention, consistent with City Colleges' strategic direction and C2C focus. Although non-credit enrollment has experienced some decline, overall credit enrollment growth supports both more efficient educational advancement and State-secured reimbursement at stable rates.

In Fiscal Year 2013, the District awarded 10,017 degrees and certificates.

Reinvention

Upon her arrival in 2010, Chancellor Cheryl L. Hyman launched Reinvention, a comprehensive review and overhaul of the District's programs and processes to ensure its students successfully complete and move on to further college and careers. Reinvention has four primary academic goals: (1) to increase the number of students earning college credentials of economic value; (2) to increase the rate of transfer to Bachelor's degree programs following graduation; (3) to dramatically improve outcomes for students in need of remediation; and (4) to increase the number and share of adult basic education students who advance to and succeed in college-level courses. Since the launch of Reinvention, the graduation rate has increased 71% and the number of degrees awarded has increased by nearly 80% to the highest level in the District's history.

In December 2011, Mayor Emanuel and Chancellor Hyman launched the C2C program, which partners more than 100 industry leaders with the District's faculty and staff to better align City Colleges' curricula with employment demands in the growing fields of transportation, distribution and logistics; culinary and hospitality; advanced manufacturing; healthcare; information technology; and business and professional services. These partnerships provide City Colleges' students access to real-world experience via teacher-practitioners, internships and top-notch facilities. More than 700 City Colleges students have secured jobs in relevant fields since the launch of C2C. C2C is helping to inform capital investments being made across the district, such as the new Malcolm X College campus and the new TDL Training Center at Olive-Harvey College.

In addition, Reinvention has an operational component to ensure that students are in conducive learning environments and working with the best faculty and staff. As a result, City Colleges has fostered an environment of teamwork focused on efficient use of resources. With a careful eye on targets through a zero-based budgeting process and monthly spending monitoring, the District's management team has made strides in ensuring effective financial management, tying all budget expenses to one of the District's organizational goals. As noted in the Fiscal Year 2014 budget, the District has realized $51 million in operational efficiencies and redeployed this money towards attainment of its educational goals.

Through Reinvention, the District is accelerating this progress as college-based task forces are working to ensure each and every student has a clear path through the institution and receives detailed guidance to complete their programs, maximizing students' time and resources before they move on to four-year colleges or careers.

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, 2012.

District Revenues by Source

Revenue Source	Amount	Percent of Total	Increase (Decrease) From FY 2011	Percent Increase (Decrease) From FY 2011
Local Tax Revenues	$ 134,131,369	27.7	$ (3,308,769)	(2.4)%
Other Local Government	5,241,086	1.1	(32,698)	(0.6)
Tuition & Fees	44,216,800	9.1	(1,883,254)	(4.1)
State Government	136,027,388	28.0	11,965,539	9.6
Federal Government	156,278,485	32.2	16,091,993	11.5
Income on Investments	1,557,008	0.3	(32,640)	(2.1)
All Other	7,530,445	1.6	(840,262)	(10.0)
TOTAL	$ 484,982,581	100.0	$ 21,959,909	4.7%

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

FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
$380,108,367	$423,971,132	$463,022,672	$484,982,581	$492,509,778

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

Indebtedness

The District previously issued bonds in 1995 in the amount of $36,245,000. Those bonds were paid in 2006 and no other debt has been issued or has been outstanding since 2007. The District has no capitalized leases.

The following table shows the District's historical debt for the last 11 fiscal years.

Ratios of Net General Bonded Debt Outstanding
Last 11 Fiscal Years

Fiscal Year	General Obligation Bonds	Capital Leases	Total Outstanding Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	$32,739,132	$118,545,000	$151,284,132	0.09%	$52.36
2004	32,218,928	99,375,000	131,593,928	0.08%	45.76
2005	30,399,472	78,610,000	109,009,472	0.06%	38.11
2006	—	56,105,000	56,105,000	0.03%	19.80
2007	—	31,695,000	31,695,000	0.01%	11.17
2008	—	—	—	—	—
2009	—	—	—	—	—
2010	—	—	—	—	—
2011	—	—	—	—	—
2012	—	—	—	—	—
2013	—	—	—	—	—

Source: District records.

District Debt Service Schedule

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

Calendar Year	Principal	Interest	Total Annual Debt Service
2014	–	$ 14,339,049	$ 14,339,049
2015	$ 4,005,000	12,937,488	16,942,488
2016	4,165,000	12,777,288	16,942,288
2017	4,335,000	12,610,688	16,945,688
2018	4,550,000	12,393,938	16,943,938
2019	4,775,000	12,166,438	16,941,438
2020	5,015,000	11,927,688	16,942,688
2021	5,265,000	11,676,938	16,941,938
2022	5,530,000	11,413,688	16,943,688
2023	5,805,000	11,137,188	16,942,188
2024	6,095,000	10,846,938	16,941,938
2025	6,400,000	10,542,188	16,942,188
2026	6,735,000	10,206,188	16,941,188
2027	7,090,000	9,852,600	16,942,600
2028	7,465,000	9,480,375	16,945,375
2029	7,855,000	9,088,462	16,943,463
2030	8,270,000	8,676,075	16,946,075
2031	8,700,000	8,241,900	16,941,900
2032	9,160,000	7,785,150	16,945,150
2033	9,640,000	7,304,250	16,944,250
2034	10,120,000	6,822,250	16,942,250
2035	10,660,000	6,283,444	16,943,444
2036	11,230,000	5,715,856	16,945,856
2037	11,825,000	5,117,875	16,942,875
2038	12,455,000	4,488,181	16,943,181
2039	13,120,000	3,824,888	16,944,888
2040	13,810,000	3,136,088	16,946,088
2041	14,530,000	2,411,062	16,941,063
2042	15,295,000	1,648,238	16,943,238
2043	16,100,000	845,250	16,945,250
Total*	$ 250,000,000	$255,697,642	$505,697,642

The District is not subject to any State constitutional or statutory debt limitation, however, the Board recently adopted a debt policy to guide the District (the "Debt Policy"). See "**– Debt Policy**" below.

*Totals may not foot due to rounding.

Demographics of the District

The table below depicts certain population, income and employment trends for the City.

Demographic and Economic Statistics

Year	Population (A)	Median Household Income (B)	Median Per Capita Income (A)	Unemployment Rate (C)
2007	2,836,658	$ 45,230	$ 32,114	5.60%
2008	2,853,114	46,475	32,004	7.00
2009	2,850,502	46,161	30,824	10.90
2010	2,695,598	45,311	29,533	10.50
2011	2,707,120	46,939	29,268	10.40
2012	2,714,856	47,371	–	9.30

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

In order to provide a wide variety of programming and services, the District maintains a staff of approximately 6,000 people as shown below.

Employee Headcount

	Fiscal Year		
	2012	2013	2014
Number of Employees	5,756	5,936	5,927

Source: District records.

During Fiscal Years 2012 and 2013, the District negotiated new contracts with unions representing full-time and part-time clerical employees, adult education instructors and coordinators; and full-time faculty and professional staff. Negotiations with the City Colleges Contingent Labor Organizing Committee (the adjunct faculty union) are underway. The previous adjunct faculty contract ran from July 1, 2009 through June 30, 2012. Other unions at City Colleges, along with the terms of their active labor agreements and the status of any negotiations, are: the International Union of Operating Engineers, Local 399 (July 1, 2007 – June 30, 2012), in negotiations; the Service Employees International Union, Local 73 (July 1, 2009 – June 30, 2012), in negotiations; and the International Brotherhood of Electrical Workers (July 1, 2011 – June 30, 2014).

A five-year contract entered into in July 2013 with the Cook County College Teachers Union ("*CCCTU*"), for the first time allows a portion of employee compensation to be awarded based on measures of student success, ends automatic raises based solely on seniority and terminates the practice of cashing out unused sick days upon retirement. CCCTU also represents professionals and non-sworn security staff. The contract for professionals and non-sworn security was settled simultaneously with the full-time faculty. The current security staff contract has a term of January 1, 2008 to December 31, 2013.

The District's current contract with AFSCME, the union representing the adult education instructors and coordinators, expires June 2016. The current contract for the first time allows a portion of compensation to be awarded based on measures of student success and ends automatic raises based solely on seniority for all new hires.

The District also signed a six-year contract with the Federation of College Clerical and Technical Personnel, expiring in 2016, that included raises but did not increase benefit costs.

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 15 other State agencies. As of June 30, 2012, SURS had a total membership of 217,282, consisting of 81,156 active members (of which 10,100 are in the self-managed defined contribution plan), 81,341 inactive members entitled to benefits but not yet receiving them (of which 7,307 are in the self-managed defined contribution plan), and 54,785 retirees and beneficiaries currently receiving benefits (of which 253 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
2010	$30,288,298
2011	33,035,428
2012	43,796,241
2013	63,780,346

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.

The District reserved a liability in its Fiscal Year 2013 unaudited results emanating from prior year SURS contributions for grant funded employees, which liability totals less than two percent of the District's annual expenditures. The timing and amount of any payments in satisfaction of this liability are undetermined. The District has sufficient unrestricted net assets to fully satisfy the liability in Fiscal Year 2014 if required (see **APPENDIX B – "UNAUDITED STATEMENTS FOR FISCAL YEAR 2013 – Statement of Net Position, June 30, 2013"**). District negotiations with SURS are underway.

Underfunded State Pensions.[†] 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 (collectively, the "*State Retirement Systems*") that provide benefits upon retirement, death or disability to employees and beneficiaries. During Fiscal Year 2012 the State's contribution to the State Retirement Systems from its General Fund was $4,135 million, which represented a 12.4% increase over the prior fiscal year. Pension contributions for Fiscal Year 2013 to the State Retirement Systems are estimated to total $5,107 million from the State's General Fund, an increase of 23.5% over the prior fiscal year.

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 eligible members of the Retirement Systems 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.

† Sources: Official Statement dated June 26, 2013 related to $1,300,000,000 State of Illinois General Obligation Bonds, Series of June 2013; and SURS audit and SURS Fiscal Year 2012 actuarial report of Gabriel Roeder Smith.

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 Status of SURS
($ in Millions)

Fiscal Year	Actuarial Value of Assets(1)	Fair Value of Assets	Accrued Actuarial Liabilities	Unfunded Accrued Actuarial Liabilities (Actuarial Value)	Unfunded Accrued Actuarial Liabilities (Fair Value)	Funding Ratio (Actuarial Value)	Funding Ratio (Fair Value)
2003	$ 9,714.5	-	$18,025.0	$ 8,310.5	-	53.9%	-
2004	12,586.3	-	19,078.6	6,492.3	-	66.0	-
2005	13,350.3	-	20,349.9	6,999.6	-	65.6	-
2006	14,175.1	-	21,688.9	7,513.8	-	65.4	-
2007	15,985.7	-	23,362.1	7,376.4	-	68.4	-
2008	14,586.3	-	24,917.7	10,331.4	-	58.5	-
2009	14,282.0	$ 11,033.0	26,316.2	12,034.2	$ 15,283.2	54.3	41.9%
2010	13,966.6	12,121.5	30,120.4	16,153.8	17,998.9	46.4	40.2
2011	13,945.7	14,274.0	31,514.3	17,568.6	17,240.3	44.3	45.3
2012	13,949.9	13,705.1	33,170.2	19,220.3	19,465.1	42.1	41.3

Source: SURS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012.

(1) Per Public Act 96-0043, starting in Fiscal Year 2009 the pension systems began using an asset smoothing method when calculating the actuarial value of assets. For Fiscal Years prior to 2009 the actuarial value of assets was equal to the fair value of assets.

SURS is substantially underfunded. For the State's Fiscal Year 2012, the net obligations of the plan increased by nearly \$854 million. The plan's actuary reported a Net Pension Obligation (*"NPO"*) the cumulative difference between the actuarially required contribution and actual contribution amounts over time of nearly \$8.6 billion at June 30, 2012. 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*"). The State Pensions have the lowest Funded Ratios of any state in the nation.

State Contributions to SURS
(\$ in Millions)

Fiscal Year	Amount Contributed	Actuarially Required Contribution	Percentage Contributed
2003	\$ 285.3	\$ 597.5	47.7%
2004	1,757.5	691.0	254.4
2005	285.4	607.8	47.0
2006	180.0	662.0	27.2
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

Source: SURS Comprehensive Annual Financial Report for fiscal year ended June 30, 2012

The plan's actuary estimates that the statutory funding requirements will remain below the GASB actuarially required contribution (the *"ARC"*) through the State's Fiscal Year 2015, after which time statutory funding requirements will exceed the ARC through the State's Fiscal Year 2045. Total plan contribution requirements are projected to triple over that period.

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 7.75%, for the future;

(3) after 2045, the State's contribution amount is sufficient to maintain the funding level at 90%.

The actuary's projected statutorily-required contribution amounts for the State's Fiscal Year 2013 and subsequent six years, along with the projected funded ratio of the plan in each year, are shown in the following table:

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

Year Ending June 30	Statutorily Required State Contribution Amount	Projected Funded Ratio
2013	$1,442.8	41.2%
2014	1,551.8	43.0
2015	1,625.8	44.4
2016	1,637.2	44.6
2017	1,665.4	45.3
2018	1,725.2	46.0
2019	1,768.6	46.7

Source: SURS Comprehensive Annual Financial Report for fiscal year ended June 30, 2012.

While the State pension funding crisis has existed for many years, the General Assembly has failed to find a solution to date. The 98th General Assembly adjourned its Spring 2013 legislative session on May 31, 2013, without passing legislation to reform the State's public pension systems. While the Illinois Senate and the Illinois House of Representatives each passed their own versions of pension reform bills, the General Assembly as a whole did not agree on any bill. There can be no assurances regarding whether or when pension reform legislation may be enacted, the effective date of any such legislation or its substance, or whether such legislation, if challenged as unconstitutional once enacted, will be upheld as constitutional by the courts. Without enacted and implemented pension reform legislation, the statutory funding requirements and current benefit calculation provisions could materially and adversely affect the State's financial condition. Without pension reform legislation, the required annual funding of the State Pensions by the State will continue to increase and the projected benefit payments will continue to rise, which could materially and adversely affect the State's financial condition. No assurance can be given that the State will make the appropriations necessary to meet the escalating costs of funding the State Retirement Systems.

The Illinois General Assembly has considered several pension reform proposals from time to time, but to date the General Assembly has not enacted any such legislation. Senate Bill 1673, House Amendment 5 introduced by the 97th General Assembly and Senate Bill 1678, introduced by the 98th General Assembly but never passed into law, would have implemented a phased approach to shift the funding of pension costs from the State to local public entities, including the District over time. Under those bills, the District's additional pension contributions would increase annually over a period of years. In the Fiscal Year 2014 budget, this cost shift has been reflected in the District's financial forecast with a Fiscal Year 2015 increase of $1 million and a Fiscal Year 2016 increase of $2.1 million. Should any similar legislation be enacted in the future, the District could be required to assume a larger portion of or the entire liability for funding its employees' pensions in the future. There can be no assurance what, if any, legislation will be enacted to address the State's pension underfunding issues, and how any such legislation would affect the District's finances.

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 2,394 vested employees and retirees as of June 30, 2012. 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 pays approximately 90% of the medical and life insurance premiums for most retirees and spouses or partners. For other retirees, it pays a portion of the medical premium. 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's contributions to OPEB costs were \$7,485,562 and \$6,625,444, respectively for fiscal years 2012 and 2011, representing a 12.9% annual increase and 63.0% and 55.2% of the annual required contributions in each year. For fiscal year 2013, the District added \$6,774,237 (60.0% of the annual required contribution) to its OPEB liability account.

Based on an actuarial valuation performed by a third party service provider, the benefit obligation was \$112,458,352 as of June 30, 2013. This obligation assumes the entry age actuarial cost method, a 4.5% rate of return and an 8% annual health care cost trend which gradually declines to 5% by 2020. Both rates include a 3% inflation rate.

The net OPEB obligation of \$35,459,799 was fully accrued by the District as of June 30, 2013 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. As of June 30, 2013, the District had \$31.9 million in investments designated for this obligation which is 90% of the Net OPEB obligation for the year. The District partially funds the payment of these benefits on a current, pay-as-you-go basis through its operating fund.

Financial Information

The table below provides five years of history of the District Statement of Net Assets.

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

	2009	2010	2011	2012	(Unaudited) 2013
Assets					
Current assets:					
Cash and cash equivalents	$ 1,341,090	$ 43,354,420	$ 119,912,936	$ 102,797,818	$ 88,029,995
Short-term investments	161,735,928	152,669,337	91,408,206	137,167,278	178,811,936
Property tax receivable, net	67,584,701	59,574,942	56,673,602	57,546,691	58,522,085
Personal property replacement tax receivable	2,119,531	2,074,089	1,858,390	1,707,271	2,584,455
Other accounts receivable, net	54,546,915	26,946,708	9,759,446	38,605,102	37,204,114
Prepaid items and other assets	155,678	44,024	46,868	189,163	90,691
Total current assets	287,483,843	284,663,520	304,659,448	338,013,323	365,243,276
Non-current assets:					
Restricted cash	1,771,624	2,083,053	1,778,722	824,389	894,142
Funds held by Public Building Commission	5,879,547	2,734,557	2,762,337	108,303	79,652
Long-term investments	61,125,267	76,047,269	104,664,276	99,753,689	83,992,237
Capital assets	779,269,828	818,501,528	839,764,390	866,923,276	903,122,114
Less: Accumulated depreciation	(208,307,417)	(225,326,563)	(246,743,974)	(266,588,199)	(281,982,383)
Total non-current assets	639,738,849	674,039,844	702,225,751	701,021,458	706,105,762
Total assets	$ 927,222,692	$ 958,703,364	$ 1,006,885,199	$ 1,039,034,781	$ 1,071,349,038
Liabilities					
Current liabilities:					
Accounts payable	11,748,806	14,952,180	21,185,009	21,635,811	31,427,735
Accrued payroll	6,646,148	7,240,135	7,542,753	2,500,605	2,730,265
Other accruals	1,259,828	449,962	973,972	1,245,012	896,173
Deferred salaries	2,953,779	3,285,805	3,726,330	1,484,513	708,388
Deposits held in custody for others	2,117,453	1,991,323	1,610,311	1,402,552	1,414,048
Deferred tuition and fees revenue	5,790,205	7,105,037	7,471,623	6,411,658	6,388,429
Deferred property tax revenue	59,528,579	58,781,511	59,161,623	59,161,623	59,542,677
Accrued property tax refunds	12,275,262	8,305,585	6,292,190	9,671,585	10,737,144
Deferred grant revenue	7,373,789	4,379,524	4,810,007	1,341,414	1,037,895
Other liabilities	10,456,197	13,546,085	21,196,468	22,206,095	15,622,088
Current portion of non-current liabilities	2,261,530	2,308,346	2,530,122	2,609,757	2,933,228
Total current liabilities	122,411,576	122,345,493	136,500,408	129,670,625	133,438,070
Non-current liabilities:					
Accrued compensated absences	2,682,430	2,904,460	2,735,949	2,656,394	3,165,710
Sick leave benefits	20,108,306	19,534,758	19,270,303	17,504,584	17,833,993
Other post-employment benefits	17,304,515	22,308,306	26,712,237	30,820,071	37,477,472
Less current portion of non-current liabilities	(2,261,530)	(2,308,346)	(2,530,122)	(2,609,757)	(2,933,228)
Total non-current liabilities	37,833,721	42,439,178	46,188,367	48,371,292	55,543,947
Total liabilities	$ 160,245,297	$ 164,784,671	$ 182,688,775	$ 178,041,917	$ 188,982,017
Net assets					
Net assets invested in capital assets	570,962,411	593,174,965	593,020,416	600,335,077	621,139,731
Restricted for expendable:					
Capital projects	56,156,947	44,507,719	92,978,002	97,683,367	–
Working capital	68,783,787	69,361,867	71,830,566	70,154,208	–
Specific purposes	3,969,880	–	–	–	6,678,701
Unrestricted	67,104,370	86,874,142	66,367,440	92,820,212	254,548,589
Total net assets	$ 766,977,395	$ 793,918,693	$ 824,196,424	$ 860,992,864	$ 882,367,021

Source: District records.

The following table shows five years of changes in the Net Assets for the District and the 2014 budget.

City Colleges of Chicago
Community College District No. 508

Changes in Net Assets

	Fiscal Year Ended June 30					
	2009	2010	2011	2012	Unaudited 2013	Budgeted 2014
Operating revenues:						
Student tuition and fees (net of scholarship allowances)	$ 46,719,262	$ 48,044,246	$ 46,100,054	$ 44,216,800	$ 41,155,644	$ 41,422,494
Other operating revenues	7,773,577	7,442,333	8,370,707	7,530,445	10,407,332	17,508,047
Total operating revenues	54,492,839	55,486,579	54,470,761	51,747,245	51,562,976	58,930,541
Operating expenses:						
Instructional staff	88,799,795	90,477,097	88,565,180	88,192,744	97,927,822	107,079,725
Non-instructional staff	92,884,417	95,556,737	93,023,672	101,665,123	103,702,031	127,741,698
Fringe benefits	52,008,207	64,479,515	67,970,166	78,556,221	116,384,988†	39,183,988*
Supplies	13,262,646	14,646,462	13,885,552	15,409,438	14,673,596	20,293,743
Professional development	2,053,242	1,826,668	1,325,058	1,484,245	1,272,691	1,853,940
Equipment not capitalized	3,846,842	4,838,391	5,765,922	7,169,078	8,030,169	253,953
Utilities	11,405,723	10,299,268	9,834,789	9,833,894	9,041,755	7,842,742
Contractual services	37,549,206	42,380,663	46,303,596	37,456,245	39,843,034	30,286,476
Depreciation	21,336,035	18,367,180	22,245,912	19,844,225	19,027,327	–
Financial aid (net of scholarship allowances)	46,833,746	57,192,354	73,006,767	88,128,031	87,712,137	89,951,314
Other expenses	2,222,996	4,301,200	13,379,760	1,873,076	(847,763)	6,075,946
Total operating expenses	372,202,855	404,365,535	435,306,374	449,612,320	496,767,787	430,563,525
Operating loss	(317,710,016)	(348,878,956)	(380,835,613)	(397,865,075)	(445,204,811)	(371,632,984)
Non-operating revenues (expenses):						
State apportionment and equalization	37,759,550	38,637,438	48,683,543	48,683,543	44,243,857	45,731,579
Other state grants and contracts	64,191,417	72,578,870	75,378,306	87,343,845	101,432,160†	22,159,360*
Local grants and contracts	4,706,664	5,646,914	5,273,784	5,241,086	5,573,604	8,422,428
Local property taxes	121,020,792	127,316,069	123,516,103	121,811,625	120,202,490	120,906,051
Property taxes for lease obligations	–	–	–	–	–	–
Personal property replacement tax	13,581,642	11,416,700	13,924,035	12,319,744	14,076,439	6,000,000‡
Federal grants and contracts	78,525,778	110,203,448	140,186,492	156,278,485	154,838,487	173,264,916
Litigation settlement	–	656,745	–	–	–	–
Investment income	5,829,685	2,028,369	1,589,648	1,557,008	579,765	1,100,000
Building lease and interest payments on debt	–	–	–	–	–	(6,000,000)
Non-operating revenues, net	325,615,528	368,484,553	408,551,911	433,235,336	440,946,802	371,584,334
Income before capital appropriations and grants	7,905,512	19,605,597	27,716,298	35,370,261	(4,258,009)	(48,650)
Capital appropriations and grants	16,035,019	7,335,701	2,561,433	1,426,179	25,632,166	N/A
Change in net assets	$ 23,940,531	$ 26,941,298	$ 30,277,731	$ 36,796,440	$ 21,374,157	N/A

Source: City Colleges of Chicago Comprehensive Annual Financial Reports.

*Excludes the State's employer contribution to SURS on the District's behalf, which is reported as revenue and expense, and is presented differently in the audited financials than in the budget document.

† Increase in Fiscal Year 2013 fringe benefits expenses is partly offset by an increase in other state grants and contracts; the majority of the remaining increase in benefit expense relates to the SURS liability. See "— **Pension and Retirement Plans**" above.

‡Total personal property replacement tax revenues are projected at $12 million in Fiscal Year 2014; the presentation here reflects solely the portion of PPRT revenues that will be used to pay debt service, in addition to other funds, in Fiscal Year 2014.

District Financial Position

Net assets have grown significantly over the past five years as cash and investments increased and capital assets expanded. Liabilities related to post-employment benefits increased, while current liabilities remained flat. Overall resources are substantially higher over the five-year period as non-operating revenue growth more than offset flat operating receipts. The District has set aside $77 million in a working cash fund and has accumulated $176 million (at the end of Fiscal Year 2012) in capital reserves to be used, together with Bond proceeds and its operating reserves, to finance its CIP.

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 the Debt Policy to guide the issuance and management of its debt portfolio. The Debt Policy will be implemented by the Vice Chancellor of Finance/CFO. 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; the procurement and agreements governing financial professionals is described. Derivative instruments are not permitted, nor is the use of debt for operating purposes.

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)

($000s)

	As of June 30, 2013		
	Outstanding Debt	% Applicable to District	Amount Applicable to District
Direct Debt			
City Colleges of Chicago*	$ 250,000	100.00%	$ 250,000*
Estimated General Obligation Overlapping Debt			
City of Chicago	$ 7,628,303	100.00	$ 7,628,303
Chicago Board of Education	6,325,728	100.00	6,325,728
Chicago Park District	866,525	100.00	866,525
Metropolitan Water Reclamation District of Greater Chicago	2,494,172	48.91	1,219,900
Cook County	3,616,435	47.92	1,732,996
Cook County Forest Preserve District	187,950	47.92	90,066
Total Estimated Overlapping Long-Term Debt			$ 17,863,517
Direct and Estimated Overlapping Long-Term Debt			$ 18,113,517

Source: Records of each respective governmental unit. Includes Alternate Bond Debt
*After issuance of the 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 2012 and will be reassessed again in 2015.

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 2012 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 appealing to 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 both residential property having six or fewer units and owners of real estate other than residential property with six or fewer units 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. 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.

In a series of decisions, the PTAB reduced the assessed valuations of certain commercial and industrial property in the County based upon the application of median levels of assessment derived from Illinois Department of Revenue sales-ratio studies instead of utilizing the assessment percentages provided in the Classification Ordinance. On appeal, the Illinois Appellate Court determined that it was improper for the PTAB, on its own initiative, to use the sales-ratio studies when such studies were not even raised as an issue by the taxpayer before the Board of Review or in its appeal to the PTAB.

The Appellate Court decisions do not preclude a taxpayer in a properly presented case from introducing into evidence sales-ratio studies for the purpose of obtaining an assessment below that which would result from application of the Classification Ordinance. No prediction can be made whether any currently pending or future case would be successful. The District believes that the impact of any such case on the Board of Review would be minimal, as the District's ability to levy or collect real property taxes would be unaffected.

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.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("*Residential Property*") may be reduced by $6,000 for assessment years 2009 through 2011 (the "*General Homestead Exemption*"). For taxable years 2012 and thereafter, the maximum reduction is $7,000 in Cook County.

The Alternative General Homestead Exemption (the "*Alternative General Homestead Exemption*") caps EAV increases for homeowners (who also reside on the property as their principal place of residence) at 7% a year, up to a certain maximum each year as defined by the statute. Any amount of increase that exceeds the maximum exemption as defined is added to the 7% increase and is part of that property's taxable EAV. Homes that do not increase by at least 7% a year are entitled, in the alternative, to the General Homestead Exemption as discussed above. Of note, the Alternative General

Homestead Exemption is limited to the amount of the General Homestead Exemption for properties that receive the Senior Citizen Assessment Freeze Homestead Exemption (hereinafter defined).

The Base Year for purposes of calculation of the Alternative General Homestead Exemption is 2003 for properties located in the City, 2004 for properties located in the northern and northwestern portions of the County and 2005 for properties located in the western and southern portions of the County. The Base Homestead Value is the EAV of the homestead property minus the General Homestead Exemption for that year: $7,000 for the year 2012 and thereafter.

For properties in the City, the Alternative General Homestead Exemption cannot exceed $20,000 for assessment year 2009 (with taxes payable in 2010), $16,000 for assessment year 2010 (with taxes payable in 2011) and $12,000 for the 2011 tax year (with taxes payable in 2012). For properties in the northern and northwestern portions of the County, the Alternative General Homestead Exemption cannot exceed $20,000 for assessment year 2009 and 2010 (with taxes payable in 2010 and 2011, respectively), and $16,000 for assessment year 2011 (with taxes payable in 2012) and $12,000 for assessment year 2012 (with taxes payable in 2013). For properties in the western and southern portions of the County, the Alternative General Homestead Exemption cannot exceed $26,000 for assessment year 2009 (with taxes payable in 2010), $20,000 for assessment year 2010 and 2011 (with taxes payable in 2011 and 2012, respectively), $16,000 for assessment year 2012 (with taxes payable in 2013) and $12,000 for assessment year 2013 (with taxes payable in 2014).

Finally, the Long-Time Occupant Homestead Exemption applies to those counties subject to the Alternative General Homestead Exemption, including the County. Beginning with assessment year 2007 and thereafter, the EAV of homestead property of a taxpayer who has owned the property for at least 10 years (or five years if purchased with certain government assistance) and who has a household income of $100,000 or less ("*Qualified Homestead Property*") may increase per year by no more than the percentages described below. If the taxpayer's annual income is $75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. If the taxpayer's annual income is over $75,000 to $100,000, the EAV of the Qualified Homestead Property may increase by no more than 10% per year. There is no exemption limit for Qualified Homestead Properties. Individuals applying for this exemption must comply with the following guidelines: (i) continuously occupy their property for 10 years, as of January 1st of the assessment year, and occupy such property as their principal residence or, (ii) continuously occupy their property as their principal place of residence for five years, as of January 1st of the assessment year, provided that the property was purchased with certain government assistance.

In addition, 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. 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.

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 ("*Disabled Persons' Homestead Exemption*") or the hereinafter defined *Disabled Veterans Standard Homestead Exemption* cannot claim the aforementioned exemption.

Also, 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.

Furthermore, beginning with assessment year 2007, 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 as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the Disabled Persons' Homestead Exemption.

In addition, the Disabled Veterans' Standard Homestead Exemption ("*Disabled Veterans' Standard Homestead Exemption*", not to be confused with the Disabled Veterans' Homestead Exemption indicated above) 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 as a disabled veteran or claiming an exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Also, 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.

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.

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.

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. Over the last 10 years, the second installment "*penalty date*" (that is, the date after which interest is due on unpaid amounts) has not been later than December 1 except the date for tax years 2006 and 2009, which was December 3, 2007 and December 13, 2010, respectively. It is possible that delays in the assessment process or changes to the assessment appeal process described above will cause delays in the preparation and mailing of second installment tax bills in future years. The delay in the second installment 2009 tax bill was a result of the decrease in the level of assessment for all properties, prompting a county-wide appeal by taxpayers. It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years.

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 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, 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.

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 July 11, 2013, 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.

Assessed and Estimated Value of Taxable Property in City

(Dollars in Thousands)

Tax Year Levy	Assessed Values(1)					Total Equalized Assessed Value(2)	Total Estimated Fair Cash Value(3)
	Class 2(4)	Class 3(5)	Class 5(6)	Other(7)	Total		
2002	$ 9,221,622	$1,865,646	$ 8,878,142	$349,371	$20,314,781	$45,330,892	$189,362,475
2003	12,677,199	2,233,572	10,303,731	487,680	25,702,182	53,168,632	263,482,258
2004	12,998,216	1,883,047	10,401,428	465,464	25,748,155	55,283,639	262,080,627
2005	13,420,538	1,842,613	10,502,698	462,099	26,227,948	59,304,530	283,137,884
2006	18,521,873	2,006,898	12,157,199	688,818	33,374,788	69,511,192	329,770,733
2007	18,937,256	1,768,927	12,239,086	678,196	33,623,465	73,645,316	320,503,503
2008	19,339,574	1,602,769	12,359,537	693,240	33,995,120	80,977,543	310,888,609
2009	18,311,981	1,812,850	10,720,244	592,365	31,437,440	84,592,286	280,288,730
2010	18,120,678	1,476,291	10,407,012	561,682	30,565,663	82,087,170	231,986,396
2011	17,976,208	1,161,634	10,411,363	544,416	30,093,621	75,122,914	247,905,616
2012	N/A	N/A	N/A	N/A	N/A	65,250,387	215,326,277

(1) Source: Through 2010, The Civic Federation, April 2010; for 2011, Cook County CAFR, November 2012.
(2) Source: Cook County Clerk's Office. Excludes DuPage County Valuation
(3) Source: Cook County Clerk's Office. Assessed value is computed by the Cook County Clerk's Office at one-third estimated actual value.
(4) Residential, six units and under.
(5) Residential, seven units and over and mixed-use.
(6) Industrial/Commercial.
(7) Vacant, not-for-profit and industrial/commercial incentive classes.

Tax Revenues. The following chart shows the total tax levies and collections of the District for the past ten years current as of June 30, 2013.

District's Property Tax Extensions and Collections

		Cumulative Collections (1)	
Levy Year (2)	Extension	Amount	Percent
2003	$130,637,356	$126,852,284	97.10%
2004	133,668,416	130,326,843	97.50
2005	138,650,381	135,433,119	97.68
2006	142,374,342	137,047,956	96.26
2007	117,000,396	113,528,333	97.03
2008	126,075,044	122,842,015	97.44
2009	126,766,334	123,349,794	97.30
2010	123,838,613	121,839,012	98.49
2011	123,839,800	120,492,000	97.30
2012	123,864,943	62,707,895	50.62

(1) Cook County Treasurer's Tax Records.
(2) The 2012 tax extensions year reflects collections through June 30, 2013.

Real Property Tax Rates
(per $100 equalized assessed valuation)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Legal Limit
Tax Rates by District Fund:											
Audit Fund	$0.001	$0.001	$0.001	$0.002	$ -	$0.002	$ -	$0.001	$0.001	$0.001	$0.005
Tort Liability	0.009	0.009	0.005	0.005	0.009	0.007	0.004	0.007	0.010	0.007	N/A
Education Fund	0.130	0.136	0.133	0.116	0.109	0.104	0.104	0.100	0.109	0.131	0.750
Building Fund	0.023	0.041	0.043	0.039	0.041	0.043	0.042	0.043	0.045	0.051	0.100
PBC Operations & Maintenance	0.025	-	-	-	-	-	-	-	-	-	N/A
PBC Rental	0.058	0.056	0.052	0.043	-	-	-	-	-	-	N/A
District Subtotal	0.246	0.242	0.234	0.205	0.159	0.156	0.150	0.151	0.165	0.190	0.855
Other Major Government Units:											
City of Chicago	$1.380	$1.302	$1.243	$1.062	$1.044	$1.147	$1.098	$1.132	$1.229	$1.425	
Chicago Public Schools	3.142	3.104	3.026	2.697	2.583	2.472	2.366	2.581	2.875	3.422	
School Finance Authority*	0.151	0.177	0.127	0.118	0.091	-	-	-	-	-	
Chicago Park District	0.464	0.455	0.443	0.379	0.355	0.323	0.309	0.319	0.346	0.395	
Water Reclamation District	0.361	0.347	0.315	0.284	0.263	0.252	0.261	0.274	0.320	0.370	
Cook County	0.630	0.593	0.533	0.500	0.446	0.415	0.394	0.423	0.462	0.531	
Cook County Forest Preserve	0.059	0.060	0.060	0.057	0.053	0.051	0.049	0.051	0.058	0.063	
Other Unit Subtotal	6.187	6.083	5.747	5.097	4.835	4.660	4.477	4.780	5.290	6.206	
TOTAL	$6.433	$6.280	$5.981	$5.302	$4.994	$4.816	$4.627	$4.931	$5.455	$6.396	–

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.

Principal Property Taxpayers
Comparison Over Time(1)
(Amounts are in thousands of dollars)

	2011			2002		
Taxpayer	Taxable assessed value	Rank	Percentage of total distract assessed valuation	Taxable assessed value	Rank	Percentage of total district assessed valuation
Willis Tower(2)	$ 445,590	1	0.54%	$ 417,723	1	1.00%
AON Building(3)	302,125	2	0.37	283,924	2	0.68
Prudential Plaza	272,345	3	0.33	230,947	4	0.55
Northwestern Memorial Hospital	243,610	4	0.30			
Water Tower Place	207,942	5	0.25			
Health Care Service Corporation Blue Cross	206,344	6	0.25			
Chase Tower	204,229	7	0.25			
AT&T Corporate Center	197,943	8	0.24	196,455	6	0.47
Three First National Plaza	197,182	9	0.24			
300 LaSalle LLC	190,006	10	0.23			
Chicago Mercantile Exchange				260,304	3	0.62
Bank One Plaza				230,071	5	0.55
Lakeside Tech Center				160,564	7	0.38
Citicorp Plaza				155,795	8	0.37
Northwestern Atrium				150,438	9	0.36
Hyatt Regency Hotel				148,240	10	0.35
	$2,467,316		3.00%	$2,234,461		5.30%

Source: City of Chicago Finance Department.

Notes: 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.

(1) 2012 information not available.
(2) Willis Tower and Sears Tower are the same building renamed.
(3) AON Building and Amoco Building are the same building renamed.
(4) Chase Plaza, Bank One Plaza, and One First National Plaza are the same building renamed.
(5) Citicorp Plaza and Northwestern Atrium are the same building renamed.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Co-Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

Interest on the Bonds is not exempt from present State of Illinois income taxes.

In rendering their opinions, Co-Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. The opinions of Co-Bond Counsel represent their legal judgment based upon their review of the law and the facts which Co-Bond Counsel deem relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "*Code*"), includes provisions for an alternative minimum tax ("*AMT*") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("*AMTI*"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "*adjusted current earnings*" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "*Adjusted current earnings*" would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "*Issue Price*") for the Bonds is the price at which a substantial amount of the Bonds is first sold to the public. The Issue Price of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof. The Issue Price of certain Bonds ("*OID Bonds*") may be less than the stated amount payable on such bonds at maturity. The difference between (i) the stated amount payable at maturity of an OID Bond and (ii) the Issue Price of that OID Bond constitutes original issue discount ("*Original Issue Discount*") with respect to that OID Bond in the hands of the owner who purchased that OID Bond in the initial public offering.

For federal income tax purposes, Original Issue Discount on each OID Bond will accrue over the term of the OID Bond. The amount accrued will be based on a single rate of interest, compounded semiannually and, during each semi-annual period, the amount will accrue ratably on a daily basis. The Original Issue Discount accrued during the period that an initial purchaser of an OID Bond owns it is added to that purchaser's tax basis for the purpose of determining gain or loss at maturity, redemption, sale or disposition of that OID Bond. For an OID Bond, accrued Original Issue Discount is treated the same way as stated interest is treated for a tax-exempt bond, that is, it is excludible from gross income for federal income tax purposes.

Purchasers of OID Bonds should consult their tax advisors regarding the determination and treatment of Original Issue Discount for federal income tax purposes and the state and local tax consequences of owning an OID Bond.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors. Such Owners of the Bonds may recognize gain or loss on the sale, redemption, retirement or other disposition of such Bonds. Such gain or loss normally will be capital gain or loss. In addition certain non-corporate

Owners may be subject to a 3.8% tax on net gain, in addition to regular tax on net gain. Owners should consult their tax advisors regarding the applicability of this 3.8% tax.

If a Bond is purchased subsequent to its original issuance for a price that is less than the Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "*bond premium*" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

RATINGS

The Bonds have been assigned the ratings of "*AA" (stable outlook)* by Standard & Poor's Ratings Services, a business of Standard & Poor's Financial Services LLC ("*Standard & Poor's*"), and "*AA-" (stable outlook)* by Fitch Ratings ("*Fitch*"), based on the credit of the District.

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, 2012, included in **APPENDIX A** to this Official Statement, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein. The financial statements of the District as of and for the year ended June 30, 2013, included in **APPENDIX B** to this Official Statement have not been audited. The District believes that the unaudited financial statements included in **APPENDIX B** have been prepared in conformity with U.S. generally accepted accounting principles ("*GAAP*") applied on a basis substantially consistent with that of the audited financial statements included in **APPENDIX A**, except that such financial statement are incomplete in that they omit the recording of any change in the fair value of investments, the statements of cash flows, notes to the financial statements and other disclosures required by GAAP.

The District has not obtained any consent from Deloitte & Touche LLP to include the audited financial statements as **APPENDIX A** to this Official Statement. Deloitte & Touche LLP 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. Deloitte & Touche LLP has not performed any procedures relating to this Official Statement and has not been engaged to perform the audit for the District for the fiscal year ending June 30, 2013.

The District is obligated to file its audited annual financial statements with EMMA when such statements become available and not more than 210 days after the last day of the District's fiscal year. As of the date hereof, the audited financial statements of the District as of and for the year ended June 30, 2013 ("*2013 Audited Financial Statements*") have not been completed and accepted by the District and therefore, are not available for public disclosure. Such audited financial statements are anticipated to be released by October 18, 2013 and, if and when they are released, will be posted promptly to EMMA. There can be no assurance, however, that the audited financial statements will be available prior to delivery of the Bonds. *The 2013 audited financial statements may differ from the unaudited statements included in* **APPENDIX B**; however, the District does not expect that the 2013 Audited Financial Statements will contain any material adverse financial information not contained in the unaudited financial statements included in **APPENDIX B**.

FINANCIAL ADVISORS

The District has engaged Columbia Capital Management, LLC and Peralta Garcia Solutions, LLC (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

Jefferies LLC, 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 $256,803,069.22, (representing the aggregate principal amount of the Bonds plus $8,233,225.70 of net original issue premium and less $1,430,156.48 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.

BMO Capital Markets is a trade name used by the institutional broker dealer business of BMO Capital Markets GKST Inc.

Loop Capital Markets LLC ("*LCM*"), one of the Underwriters of the Bonds, has entered into distribution agreements (each a "*Distribution Agreement*") with each of UBS Financial Services Inc. ("*UBSFS*") and Deutsche Bank Securities Inc. ("*DBS*") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Distribution Agreement (if applicable to this transaction), each of UBSFS and DBS will purchase Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

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 Mayer Brown LLP and Burke Burns & Pinelli, Ltd., Co-Bond Counsel. Certain legal matters will be passed upon for the District by its General Counsel, Eugene Munin, Esq. and by its special counsel, Pugh Jones & Johnson, P.C. and for the Underwriters by their co-counsel, Katten Muchin Rosenman LLP and Quintairos, Prieto, Wood & Boyer, P.A. Delivery of the Bonds is expected to be made through the facilities of DTC in New York, New York. The District, rather than the Underwriters, has selected Co-Underwriters' Counsel.

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinions of Mayer Brown LLP and Burke Burns & Pinelli, Ltd., as Co-Bond Counsel ("Co-*Bond Counsel*"), who have been retained by, and act as, Co-Bond Counsel to the District. Co-Bond Counsel have not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in their capacity as Co-Bond Counsel, Mayer Brown LLP and Burke Burns & Pinelli, Ltd. have, at the request of the District, reviewed those sections of this Official Statement involving the description of the Bonds, the security for the Bonds and the description of the federal tax exemption of interest on the Bonds. This review was undertaken solely at the request and for the benefit of the District and did not include any obligation to establish or confirm factual matters set forth herein. The proposed form of such opinions is included herein as **APPENDIX D**.

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

In The Matter of City Colleges of Chicago – Kennedy King College (U.S. Department of Education Office of Hearings and Appeals) Case No. 2009 405 27231. On August 3, 2009, the U.S Department of Education (*"DOE"*) commenced an off-site program review of the student financial aid program at Kennedy-King College ("*KKC*"). Based on an analysis of a small sample of the KKC's data, the DOE preliminarily determined that KKC's data contained verification and other errors for the 2007-08 and 2008-09 award years, and issued a program review report on July 16, 2010, to which Kennedy-King responded by letter.

The DOE began a more detailed review based on a larger statistical sample after issuing its July 16, 2010 program review report. During the pendency of the DOE review, KKC financial aid staff provided numerous student financial aid files to the Chicago DOE office. On August 5, 2011, the DOE issued its Final Program Review Determination (*"FPRD"*) for KKC. However, there were numerous additional files that KKC submitted that had not been considered. In four findings, the DOE estimated, based on an extrapolation of the statistical sample that it reviewed, that KKC was liable to the DOE for $10,311,486 in allegedly "improperly disbursed" funds. The District, on behalf of KKC, appealed the initial FPRD on September 21, 2011 and provided the additional files previously submitted that were not considered for the initial FPRD. Following review of the additional files submitted by KKC, the DOE issue a substantially revised FPRD on May 28, 2013, reducing KKC's liability to $4,539,356. The District has appealed this determination, as well, and seeks to reduce the liability even further. A pre-hearing conference has been requested to review the matter and on August 12, 2013, the District received notice that an administrative hearing will be scheduled.

Janie Donaldson-Mullen, d/b/a Quilt Central v. Board of Trustees of Community College District No. 508, is an action arising from an alleged breach of contract. Janie Donaldson-Mullen (*"Donaldson-Mullen"*), entered into a written agreement on April 6, 2005 with the District in which the District, through its television station WYCC, would provide production facilities and personnel for the taping and editing of a 26-episode Quilt Central TV series. In exchange, Donaldson-Mullen would pay the District $3,000 per episode, or $78,000 in total. WYCC produced 24 episodes of Quilt Central TV, but the shows were rejected for broadcast by the National Educational Telecommunications Association (*"NETA"*) because they contained questionable content, particularly the display and discussion of commercial products during what was ostensibly intended to be an educational program. Donaldson-Mullen paid the District only $39,000, refused to pay the balance and sued claiming that the District failed to provide an appropriate production crew which led to the rejection of the episodes by NETA. The District has responded that it met its obligations under the contract and has filed a counter-claim for the unpaid balance of $39,000. Donaldson-Mullen has demanded $2.9 million to settle the case.

The District feels that it has a strong factual and legal defense to this claim. First, the evidence will demonstrate that the District met its obligation to provide a production studio and crew. The District was not required to guarantee that the episodes produced would be broadcast. Second, the evidence will show that it was Donaldson-Mullen who was responsible for the episodes not being broadcast because she interjected into the shows a commercial element that was unacceptable to NETA. Therefore, Donaldson-Mullen cannot prove that a breach of contract occurred. Finally, there is no evidence to support Donaldson-Mullen's inflated alleged economic damages. Donaldson-Mullen has never earned the amount of money that she is claiming as lost income and will present no expert testimony substantiating such a large claim. The District fully expects to prevail at trial in this matter.

CONTINUING DISCLOSURE UNDERTAKING

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 the Municipal Securities Rulemaking Board (the *"MSRB"*) 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. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under **"THE UNDERTAKING."**

The District has not been subject to any undertaking pursuant to the Rule during the last five years. 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 **"THE UNDERTAKING – Consequences of Failure of the District to Provide Information."** 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 UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the District and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the District.

Annual Financial Information Disclosure

The District covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB 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. The District is required to deliver such information within 210 days after the last day of the District's fiscal year (currently on June 30). If Audited Financial Statements are not available when the Annual Financial Information is filed, the District will file unaudited financial statements. The District will submit Audited Financial Statements to the MSRB's Electronic Municipal Market Access ("*EMMA*") system within 30 days after availability to the District. 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.

"*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 Tax Extensions and Collections" table under "THE REAL PROPERTY TAX SYSTEM – Property Tax Information."

"*Audited Financial Statements*" means the combined financial statements of the District prepared in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Reportable Events Disclosure

The District covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB 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. 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. The "*Events*" are:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- 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
- Modifications to the rights of security holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the District[†]
- 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 an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material

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[†] This event is considered to occur when any of the following occur: 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 such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Consequences of Failure of the District to Provide Information

The District shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the District to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order to cause the District to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Indenture, and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking shall be an action to compel performance:

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the District by resolution authorizing such amendment or waiver may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) The amendment or the 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 a change in the identify, nature, or status of the District, or type of business conducted; or

(ii) The Undertaking, 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 parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with 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 the Undertaking.

Termination of Undertaking

The Undertaking shall be terminated if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. The District shall give notice to the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. 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 the Undertaking, the

District shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Dissemination of Information; Dissemination Agent

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its EMMA system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

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: Melanie Shaler

Vice Chancellor, Finance and Chief Financial Officer

APPENDIX A

FISCAL YEAR 2012 CAFR

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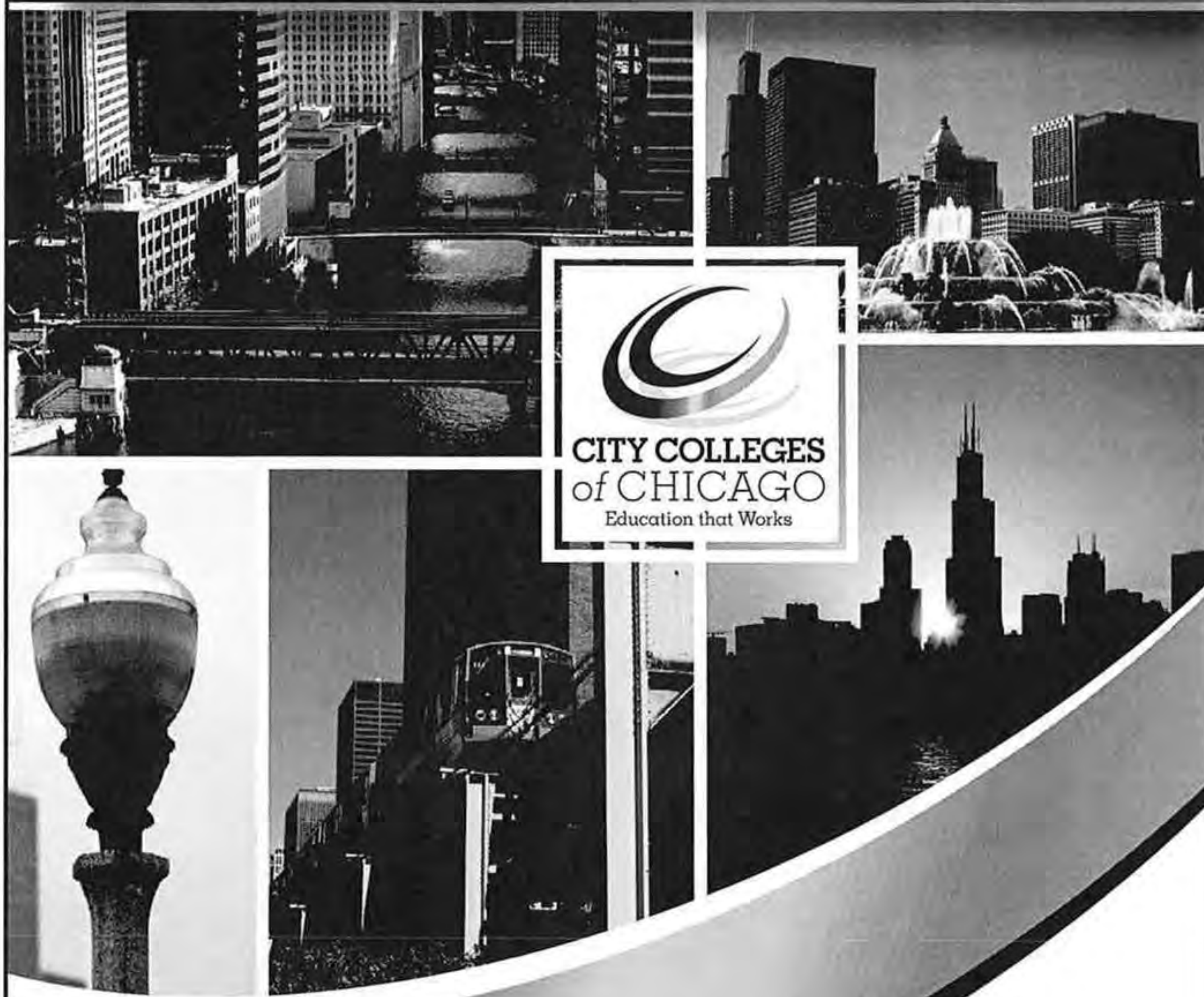
THE CITY COLLEGES OF CHICAGO

RICHARD J. DALEY | KENNEDY-KING | MALCOLM X | OLIVE-HARVEY | HARRY S. TRUMAN | HAROLD WASHINGTON | WILBUR WRIGHT

Fiscal Year Ended June 30, 2012 Comprehensive Annual Financial Report



Rahm Emanuel
Mayor, City of Chicago, Illinois

Cheryl L. Hyman
Chancellor

Paula Wolff
Chair of the Board

Board of Trustees of Community College District No. 508
Cook County, State of Illinois

CITY COLLEGES
of CHICAGO
Education that Works

COMMUNITY COLLEGE DISTRICT NO. 508

Chicago, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2012

Prepared by:
Office of Finance

Paula Wolff, Board Chairman
Cheryl L. Hyman, Chancellor

Introduction for Comprehensive Annual Financial Report (2012)

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

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City Colleges of Chicago for the fiscal year ended June 30, 2012.

This report offers a comprehensive analysis of our financial conditions and activities. It reflects our efforts to deliver the highest quality, most affordable education for our 120,000 students while remaining a responsible steward of taxpayer dollars. Through the exercise of prudent fiscal management, City Colleges maintains a strong financial position with total net assets of $861 million which is an increase of $37 million over fiscal year 2011.

During the last two fiscal years -- with the elimination of redundancies and inefficiencies -- City Colleges has saved $41 million that has enabled us to make further investments in the classroom. As a result of zero-based budgeting and cost-containment strategies, City Colleges has held the line on property taxes in both of the last two years. We have saved millions of dollars through changes in newly negotiated labor contracts. We have also reduced our benefits liability by more than $1 million a year with reforms that include ending sick day payouts for new non-union hires, freezing them for current non-union employees, increasing health insurance co-pays and deductibles, and ending premium-free lifetime retiree health care for senior CCC leaders.

City Colleges has also undertaken proactive methods to improve our revenue stream. For example, we have streamlined our business enterprise operations – including our television and radio stations, food catering services, daycare centers and bookstores – which has yielded nearly $1.2 million dollars improvement in operating results.

While it is important to find efficiencies and new revenues, it is also equally important to invest in areas that support student success. City Colleges has launched a five-year, $524 million capital plan to provide students at all of our colleges access to new and improved facilities including modern classrooms, laboratories, tutoring centers and libraries. This includes a new $251 million campus with an Allied Health Academy for Malcolm X College and a $45 million Transportation, Distribution and Logistics (TDL) Center at Olive-Harvey College as part of the College to Careers program, in addition to ongoing maintenance efforts to keep our campuses safe and secure for our students

As we prepare our students to compete in a global workforce, we are working to better align our occupational programs with employer needs. Last December, Mayor Rahm Emanuel launched our College to Careers initiative to revamp our occupational programs – in healthcare at Malcolm X College, TDL at Olive-Harvey College, and Business, Entrepreneurship and Professional Services at Harold Washington College. In October, we announced the next three College to Careers programs that will prepare Chicagoans for careers in high-demand industries: Information Technology with a hub at Wilbur Wright College, Advanced Manufacturing at Richard J. Daley College, and Culinary and Hospitality at Kennedy-King College. Together, these programs will allow us to better prepare our students for high-growth careers and help our region fight unemployment by addressing the area's skills gap.

Our credit enrollment is up and we continue strategies to retain students. We have doubled the number of advisors, added tutors and mentors, introduced early alert technology that partners faculty, advisors and students in creating plans for student success, and launched wellness centers across the system to provide social and emotional support resources. We have also begun to reverse the trend of declining adult education enrollment by better aligning our adult education locations with community need.

Finally, we have expanded our partnerships with the K-12 system to ensure students are ready to hit the ground running when they enter college. Working with Chicago Public Schools, we have doubled the size of our dual enrollment program and more than tripled the dual credit programs that allow CPS students to take college classes for free while they are still in high school. We are also working to offer recent high school graduates "refresher courses" to prepare them for City Colleges' placement exam to reduce time in remedial courses as well as other targeted approaches to allow students to fill their gaps and move more quickly through remedial coursework.

Enabling us to track our progress, we have linked our strategic goals and annual planning with the budgetary process to further ensure student success. Our approach is beginning to bear fruit. The graduation rate increased three percentage points from 7 percent to 11 percent in the last two years, and is the highest in more than a decade.

City Colleges is building a strong foundation – academically and operationally – to reach our goals of ensuring student success and becoming a world-class community college system serving the city of Chicago. We are proud to offer this comprehensive annual financial report as evidence of the strong pillar of financial integrity that supports our critical mission.

Sincerely,

Cheryl L. Hyman
Chancellor
City Colleges of Chicago

City Colleges of Chicago
Community College District No. 508

Comprehensive Annual Financial Report
Fiscal year ended June 30, 2012

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Introductory Section

CITY COLLEGES
of CHICAGO
Education that Works

Transmittal Letter

October 31, 2012

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), for the fiscal year ended June 30, 2012. It has been prepared in accordance with Generally Accepted Accounting Principles (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 auditors' report of Deloitte & Touche 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. City Colleges has no component units, which are legally separate organizations for which the City Colleges would be financially accountable.

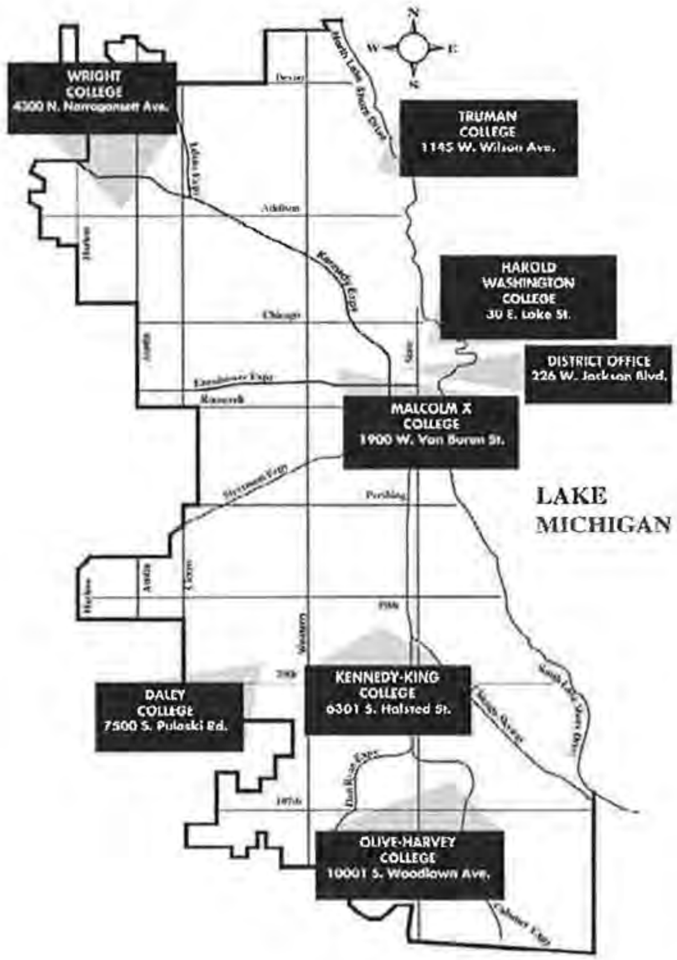
Of the Board's eight members, the seven who vote are appointed by the City of Chicago with the approval of the City Council of Chicago. One non-voting student member, selected in accordance with the Illinois Public Community College Act, comes from one of the colleges.

The District currently occupies a land area of approximately 228.5 square miles, and serves a population of approximately 2,707,120.

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

The year 2011 marked the City Colleges 100th anniversary. This historic milestone celebrated the City Colleges' proud history as "the People's College" and the positive impact this great institution has had on the lives of more than 1 million alumni and countless others. It is also a time to look ahead to the fundamental changes needed to elevate the City Colleges' performance and deliver on the promise of a City Colleges' education. During the last five years alone, City Colleges awarded 11,131 associate degrees and 30,577 certificates and has seen 6,205 individuals complete the General Education Diploma (GED) program. 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 to make them employable. All this will need to be accomplished while enhancing and maintaining efficient and effective operations that are not only customer focused but also fiscally responsible.

CITY COLLEGES
of CHICAGO
Education that Works



City Colleges of Chicago* 226 W Jackson Boulevard (773) COLLEGE (265-5343), or(312) 553-2500 www.ccc.edu	**Richard J. Daley College** 7500 S Pulaski Road (773) 838-7500 http://daley.ccc.edu/	**Harold Washington College** 30 E Lake Street (312) 553-5600 http://hwashington.ccc.edu/	**Kennedy-King College** 6301 S Halsted Street (773) 602-5000 http://kennedyking.ccc.edu/
Malcolm X College 1900 W Van Buren Avenue (312) 850-7000 http://malcolmx.ccc.edu/	**Olive-Harvey College** 10001 S Woodlawn Avenue (773) 291-6100 http://oliveharvey.ccc.edu/	**Harry S Truman College** 1145 W Wilson Avenue (773) 907-4000 www.trumancollege.edu	**Wilbur Wright College** 4300 N Narragansett Avenue (773) 777-7900 http://wright.ccc.edu/

*District Office

REINVENTION

In a dynamic global economy, the City Colleges of Chicago has a unique opportunity to become both a world-class institution and an economic engine that helps create opportunity, jobs and economic growth in the future. It is not enough to welcome students in our doors, they must thrive here. We define student success very simply. When our students leave City Colleges, they should be prepared to move into well-paying jobs, transfer to a four-year college or advance in their careers.

Vision and Goals: Our Vision is to transform the City Colleges of Chicago into a world-class institution. We do that by ensuring student success, the centerpiece of our Reinvention effort. What we mean by student success is ensuring our students are prepared to move into higher education and that they have the skills for jobs in the 21st Century. We believe there is no other institution better positioned to become an economic engine for the City of Chicago.

We have a proud history of providing life-changing opportunities and education to residents of Chicago's most underserved communities. However, far too many students are not meeting their goals today. And that is why we have launched this ambitious plan to reinvent the City Colleges.

Our work and our vision will not be complete until we make sure every one of our students leaves with the tools they need to achieve their goals. Success is going to look different for each student. In the end, we envision an institution which will do four things very well;

- Increase the number of students earning college credentials of economic value
- Increase the rate of transfer to Bachelor's degree programs following CCC graduation
- Drastically improve outcomes for students needing remediation
- Increase number and share of ABE/GED/ESL students who advance to and succeed in college-level courses

Accomplishing these goals will benefit not only our students, but also our faculty and staff, four-year colleges, Chicago area employers, the Chicago Public Schools and communities…and help transform us into a world-class institution. In order to do so, Reinvention has focused its efforts into six areas: Readiness, Adult Education, Occupational, Transfer, Student Services and Efficiency and Effectiveness.

How Reinvention Works: Reinvention is a uniquely collaborative process led by task forces of faculty, staff and students who look closely at areas needing improvement. Three external advisory councils consisting of employers, civic leaders and foundations, academics, capital planning experts and community representatives provide guidance throughout the Reinvention process.

Reinvention of the City Colleges of Chicago will not happen overnight – it's going to take time. More importantly, it's going to take the collaboration of people from all walks of life, including ordinary citizens, civic groups, educators, community groups and business who all have an interest in seeing the City Colleges rise to the level of a great world-class institution.

The Reinvention of City Colleges of Chicago targets chronic underachievement through common-sense improvements emanating from every corner of the institution. This reform effort is groundbreaking because it brings together administrators, faculty, staff and students around the common goal of boosting access to deliver degrees of economic value to students, whether they seek a certificate, an Associate's Degree, advancement in their career or to go on to a four-year degree. Reinvention is grounded in the goals of our students and their families and the overwhelming commitment of those of us who serve them and teach them to equip them for academic and financial success. It is in this spirit that, one year ago, as City Colleges of Chicago readied to mark its centennial, faculty and staff rallied to break the cycle of underachievement.

ECONOMIC CONDITION AND OUTLOOK

According to World Business Chicago, in September 2012, an estimated 417,067 people in the Chicago area were unemployed out of a labor force of approximately 4.878 million, resulting in a preliminary unemployment rate of 8.5%. The September rate was down from the August rate of 8.8%, and from the September 2011 rate of 10.2%. In addition to the lower unemployment rate, the Chicago metropolitan statistical area added an estimated 29,253 employed residents between August 2012 and September 2012, bringing total regional employment to approximately 4.461 million.

According to the Federal Reserve Bank, Chicago Fed Letter, the economy is forecasted to grow at a solid pace in 2012 and 2013. The growth rate of real gross domestic product (GDP) is predicted to be 2.3% in 2012 and 2.6% in 2013. The unemployment rate is predicted to edge lower through the end of 2013 and inflation, as measured by the Consumer Price Index (CPI) is expected to remain contained at 2.1% in both 2012 and 2013. Real personal consumption expenditures are forecasted to expand at a solid rate of 2.5% this year and in 2013. Light vehicle sales are expected to rise to 14.5 million units this year and then improve to 15.0 million units next year. Real business fixed investment is predicted to record solid growth rates of 4.0% in 2012 and 5.3% in 2013. The housing sector is predicted to improve over the forecast horizon and real residential investment is anticipated to surge at a rate of 12.2% in 2012 and 13.0% in 2013. The long term interest rate (ten-year Treasury rate) is forecasted to increase 16 basis points in 2012, to 2.21% and 31 basis points in 2013, to 2.52%. The short term interest rate (one year Treasury rate) is expected to rise 9 basis points this year, to 0.20% and 5 basis points next year, to 0.25%.

The Chicago Business Activity Index (CBAI) declined to 80.1 in August from 87.3 in July 2012. The fall is attributed mainly to the decrease in employment of manufacturing and construction in the Chicago region and weak national economic activities in major sectors such as manufacturing. In August, the national and regional economy presented several negative factors. The Federal Reserve Board announced that the growth rate of total industrial production recorded -1.2% in August after having shown a +0.5% in July. Capacity utilization in total industry decreased to 78.2% in August from 79.2% in July. In the Chicago region, manufacturing output, measured by the Chicago Fed Midwest Manufacturing Index (CFMMI), decreased 1.2% in August and was mainly attributed by a fall in auto and steel production. Employment in manufacturing and construction decreased 0.55% and 0.54%, respectively, while employment in nonmanufacturing rose 0.16% and retail sales are estimated to have risen 0.65% in July. In the coming months, the national economy is like to continue to show mixed signals about the economic recovery.

Chicago remains a thriving center of tourism and conventions. The City hosts various festivals which attract millions of visitors – Taste of Chicago, Chicago Blues Festival, Air and Water Show, etc. In addition, it is home to some of the world's best museums, renowned architecture, vibrant theatre district, restaurants and shopping destinations which contribute to the local economy.

The change in enrollment levels at City Colleges is partly dependent on the current economic conditions in the Chicago metropolitan region.

City Colleges continues to face significant challenges while it strives to achieve its mission:

- Many students entering the City Colleges system require additional assistance, such as remedial math and English courses as well as counseling and tutoring.
- State funding for community colleges has not kept pace with inflation and remains well below fiscal year 2003 levels. See the table below.

Community College State Funding

Fiscal Year	Amount
2003	$315,173,838
2004	$289,136,198
2005	$295,486,740
2006	$296,555,599
2007	$302,035,040
2008	$297,698,600
2009	$287,664,558
2010	$308,471,029
2011	$295,401,900
2012	$295,521,900

- Basic infrastructure and equipment are old and inadequate, requiring high maintenance and repair costs. Due to aging building infrastructure at City Colleges, it is becoming increasingly difficult to attract students. During fiscal year 2012, a five-year capital improvement plan was approved by the Board of Trustees. Building improvements were launched to replace aging infrastructure and to update security and safety technology. To improve student outcomes, we are expanding our capacity to address students' educational, social and emotional needs by increasing computer equipment, upgrading educational software and computer technologies as well as adding wellness centers to reinvent City Colleges.

PROSPECTS FOR THE FUTURE

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

STUDENT ENROLLMENT HEADCOUNT & FULL-TIME EQUIVALENT
(5-YEAR TREND)

Fiscal Year	2012	2011	2010	2009	2008
Total Headcount	116,765	119,449	127,517	120,938	113,277
Total Full-Time Equivalent	46,143	47,254	47,774	43.366	39,788

Source: College Records

Enrollment decreased in the last two fiscal years. As the recession slowly recovers, more people may be finding employment or transferring to four-year universities. In efforts to attract more students, City Colleges is offering new programs and has enhanced its methods of delivering educational services.

COST CONTAINMENT STRATEGIES

City Colleges has spent a significant amount of time and effort to maximize its share of state funding over the past several years. As a result, City Colleges has focused on reducing expenses through cost containment initiatives, as follows:

- Negotiated with bookstore vendors to provide tiered commission pricing on sales up to 9% of gross revenue with an increase of up to 4%. In addition, the agreement affords each campus library two copies of the required textbooks for each semester. A textbook rental program was continued through fiscal year 2012. This program helps save students money they could use to help pay for their education.
- Currently reviewing the opportunity to partner with the City of Chicago to use their on-line auction service to sell excess equipment, furniture and other goods.
- Increased use of cooperative purchasing agreements and District-wide contracts of goods and services.
- Continuous evaluation of expenditures. Management continues to look for innovative ways to contain costs through contract negotiations, audits, energy savings programs and avoidance initiatives, as noted in the following examples:

    - **Energy Rebate:** District-wide participation in the "voluntary curtail program" through Commonwealth Edison for the fourth consecutive year. Anticipated savings for fiscal year 2012 are $300,000.

    - **Energy Savings Program:** performance contracts implemented in 2002 utilizing an external vendor have continued to provide City Colleges with annual savings and cost avoidance opportunities. Total costs avoided through fiscal year 2012 equate to $5,000,000.

- **Utility Purchase Reductions:** City Colleges' electricity purchases were reduced by $0.01 per kilowatt-hour resulting in cost savings of $150,000 and $600,000, respectively. A three year agreement lasting through 2012 has been agreed to with the electricity service provider to not exceed the fiscal year 2010 electric rate.

- **Locking In Gas Rates:** The district has been closely tracking the decrease in gas prices and in an effort to contain costs it has locked in a gas price of $0.483 per therm which is $0.016 less than last year's lock in rate.

- **Fuel Purchase:** The district has purchased fuel for its fleet of vehicles from City of Chicago fuel depots saving approximately two thirds of the retail price.

PERFORMANCE MEASUREMENT

In an effort to support the Chancellor's performance measure initiative that was implemented during the annual budget process, the budget office updated the financial performance measures at the campuses and district offices. Each campus was asked to develop eight performance measures that were unit specific and that would support a system-wide output measure. The key performance indicators were developed using the guidelines of being specific, measureable, attainable, relevant and time-bound. This is an ongoing process with continuing input from various district stakeholders as we develop appropriate measures for district departments and colleges.

FINANCIAL INFORMATION

City Colleges ended fiscal year 2012 in solid financial condition, as revenues in excess of expenditures produced net income available to support the capital program. This year began with uncertainty over State funding, so the City Colleges budgeted prudently and controlled costs. At the end of fiscal year 2012, the City Colleges maintained a consistently strong financial position. City Colleges total net assets of $861 million increased by $36.8 million over fiscal year 2011.

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 GAAP under GASB. Although internal controls cannot guarantee absolute assurance that these objectives are met, strong controls provide reasonable assurance that these objectives are met. 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, rather than being recorded as a reservation of fund balance.

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. Although City Colleges does not currently maintain debt service funds as it has no outstanding debt, debt service funds would be established in accordance with requirements of the bondholders.

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

FUND GROUP	**INDIVIDUAL FUND**
Current Unrestricted	Education Operations and Maintenance Auxiliary / Enterprise
Current Restricted	Restricted Purpose Audit Liability, Protection and Settlement Working Cash Operations and Maintenance (Restricted)
Plant	Investment in Plant

Estimated assessed value of taxable property for tax year 2011 collectible in fiscal year 2012 is \$75,082,805,968. Estimated assessed value of taxable property for tax year 2010 collectible in fiscal year 2011 was \$82,046,916,439. City Colleges' average collection rate over the past five years has been approximately 97%.

DEBT ADMINISTRATION

At the beginning of the fiscal year, there was no outstanding long-term debt, and no new long-term debt was incurred during the fiscal year.

***Cash Management*:** Cash and investments are controlled by the City Colleges' Treasurer or 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 College's 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 both fiscal years 2012 and 2011 totaled \$1.6 million.

***Risk Management*:** City Colleges' risk managers actively assess and review the types of risk and exposures the District may encounter and strives to mitigate the potential impact on the organization. Risk Management purchases commercial insurance to cover significant property and non-property losses for amounts in excess of self-insured amounts. Based upon this review and assessment, risk management will elect a comprehensive commercial insurance program with significant retention levels on the property, general liability, workers' compensation and educators legal liability with deductibles of $10,000, $250,000, $500,000 and $200,000 per claim, respectively.

City Colleges maintains a comprehensive insurance plan through third-party administrators for some of its employees' health coverage and maintains an adequate reserve to cover potential losses.

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 Deloitte & Touche LLP as its independent certified public accountants for fiscal year 2012. The independent auditors' report of Deloitte & Touche LLP on the basic financial statements and supplementary schedules is included in the financial section of this report.

***Awards*:** The 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, 2011. 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, 2011. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device.

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

Respectfully submitted,

Melanie A.J. Shaker	J. Randall Dempsey, CPA
Vice Chancellor Finance/CFO	Associate Vice Chancellor, Finance

CITY COLLEGES OF CHICAGO
COMMUNITY COLLEGE DISTRICT NO. 508
PRINCIPAL OFFICIALS
Year Ended June 30, 2012

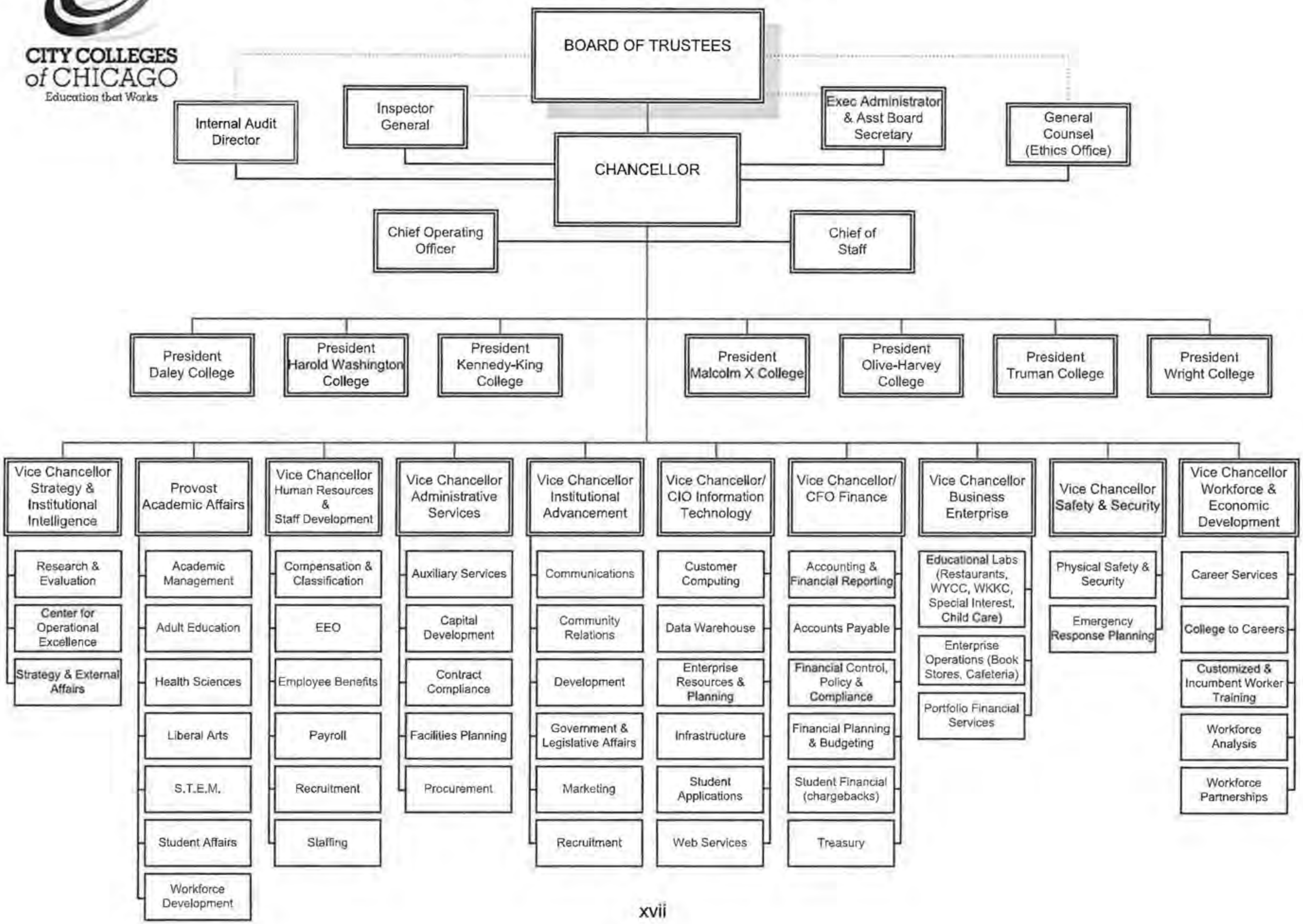
ADMINISTRATIVE OFFICERS

Cheryl L. Hyman, Chancellor
James Frankenbach, Chief Operating Officer
Craig Lynch, Chief of Staff and Enterprise Services
Kojo A. Quartey, Provost & Chief Academic Officer
Diane Minor, Vice Chancellor, Administrative Services & Procurement
Joyce Carson, Vice Chancellor, Business Enterprises
Laurent Pernot, Vice Chancellor, Institutional Advancement
Melanie A.J. Shaker, Vice Chancellor, Finance / CFO
Eugene Nichols, Jr., Interim Vice Chancellor, Human Resources
Arshele Stevens, Vice Chancellor, Information Technology / CIO
Joseph De Lopez, Vice Chancellor, Safety and Security
J. Randall Dempsey, Associate Vice Chancellor, Finance
Willa Iglitzen Lang, Vice Chancellor, Workforce and Economic Development
James Reilly, General Counsel
John Gasiorowski, Inspector General
Jose Aybar, President, Richard J. Daley College
Donald J. Laackman, President, Harold Washington College
Joyce Ester, President, Kennedy-King College
Anthony E. Munroe, President, Malcolm X College
Craig T. Follins, President, Olive-Harvey College
Reagan Romali, President, Harry S. Truman College
Jim Palos, President, Wilbur Wright College

REPORT ISSUED BY

Office of Finance

District-wide Organizational Chart



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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Financial Section

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of City Colleges of Chicago, Community College District No. 508 ("City Colleges") as of and for the years ended June 30, 2012 and 2011, as listed in the foregoing table of contents. These basic financial statements are the responsibility of City Colleges' management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of City Colleges of Chicago, Community College of District No. 508 as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, 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, which 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Uniform Financial Statements and Certification of Chargeback Reimbursement, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such supplementary information, although not a part of the basic financial statements, is required by the Illinois Community College Board. Such information is the responsibility of City Colleges' management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Uniform Financial Statements and Certification of Chargeback Reimbursement are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City Colleges' basic financial statements. The introductory section and the statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 it.

Deloitte & Touche LLP

October 31, 2012

Management Discussion and Analysis (MD&A)

The discussion and analysis of City Colleges of Chicago (City Colleges) financial performance provides an overall review of City Colleges' financial activities for the fiscal years ended June 30, 2012 and 2011. 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 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 Assets combines and consolidates current financial resources (short-term expendable resources) with long-term capital assets. The Statement of Revenues, Expenses, and Changes in Net Assets describes operating results, comparing revenues derived from operations such as tuition and fees with operating expenses, and non-operating results. Non-operating revenues include funding received from State apportionment, grants, and property taxes. This approach is intended to facilitate analysis of financial results of various services to students and the public.

Financial Highlights

The following analysis is prepared from City Colleges' Condensed Statement of Net Assets which is presented on page 7.

Fiscal year 2012 - Total net assets as of June 30, 2012 increased by $36.8 to $861 million.

Current assets increased by $33.3 million due to an increase in receivables of $4.7 million and a $28.6 million increase in cash and short term investments. Of the $4.7 million increase in receivables, $3.4 million resulted from the State of Illinois' continuing fiscal difficulties and consequent increase in delinquent payments. Property taxes receivable increased by $0.9 million. These increases plus a $45.7 million increase in short-term investments are offset by a $17.1 million decrease in cash as the City Colleges invested available cash to take advantage of short-term interest rates.

Other assets decreased by $8.4 million due to a decrease in long term investments of $4.9 million and a decrease in restricted cash and funds held by the Public Building Commission of $3.5 million.

Capital assets increased by $7.3 million due to a $27.1 million increase in investment in facilities and equipment offset by annual accumulated depreciation of $19.8 million.

Total current liabilities decreased by $6.8 million due in part to a decrease of $5.0 million in accrued payroll and a $6.7 million decrease in deferred salaries and deferred revenues for tuition and grants, which were offset by a $3.4 million increase in accrued property tax refunds and a $1.8 million increase in other accruals and liabilities. Total non-current liabilities increased by $2.2 million due to an increase of $4.1 in other post-employment benefits, offset by a decrease of $1.9 million in accrued compensated absences and sick leave benefits.

Fiscal year 2011 - Total net assets as of June 30, 2011 increased by $30.3 to $824.2 million.

Current assets increased by $20 million driven by a $7.8 million increase in accounts receivable and a $15.3 million net increase in cash and short-term investments. The $76.5 million increase in cash includes $61.3 million in transfers from investment accounts to cash accounts. A $3.1 million decrease in property taxes receivable offsets these increases. The $7.8 million increase in accounts receivable is due to a $3.6 million increase in the State of Illinois receivable, a $2.5 million increase in Government claims, and a $2.4 million increase in grants receivable offset by a $0.7 decrease in student receivables.

Other assets increased by $28.3 million due in part to an increase in long term investments of $28.6 million which was offset by a decrease in restricted cash of $300,000.

Total current liabilities increased by $14.2 million due to an increase of $6.4 million in accounts payable; a $2.4 million increase in deferred salaries, deferred revenues for tuition, property taxes, and grants, and other accruals; and a $7.7 million increase in other liabilities which were offset by a $2.4 million decrease in deposits held for others and accrued property tax refunds. Total non-current liabilities increased by $3.7 million due to an increase of $4.4 in other post-employment benefits.

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

	2012	2011	Change	2010	Change
Current assets	$ 338.0	$ 304.7	$ 33.3	$ 284.7	$ 20.0
Non-current assets					
Capital assets	866.9	839.8	27.1	818.5	21.2
Less accumulated depreciation	(266.6)	(246.7)	(19.9)	(225.3)	(21.4)
Other assets	100.7	109.1	(8.4)	80.8	28.3
Total assets	$ 1,039.0	$ 1,006.9	$ 32.1	$ 958.7	$ 48.2
Current liabilities	$ 129.7	$ 136.5	$ (6.8)	$ 122.3	$ 14.2
Non-current liabilities	48.3	46.2	2.1	42.5	3.7
Total liabilities	$ 178.0	$ 182.7	$ (4.7)	$ 164.8	$ 17.9
Net assets					
Invested in capital assets, net of related debt	$ 600.3	$ 593.0	$ 7.3	$ 593.2	$ (0.2)
Restricted for expendable:					
Capital projects	97.7	93.0	4.7	44.5	48.5
Other	70.2	71.8	(1.6)	69.4	2.4
Unrestricted	92.8	66.4	26.4	86.8	(20.4)
Total net assets	$ 861.0	$ 824.2	$ 36.8	$ 793.9	$ 30.3

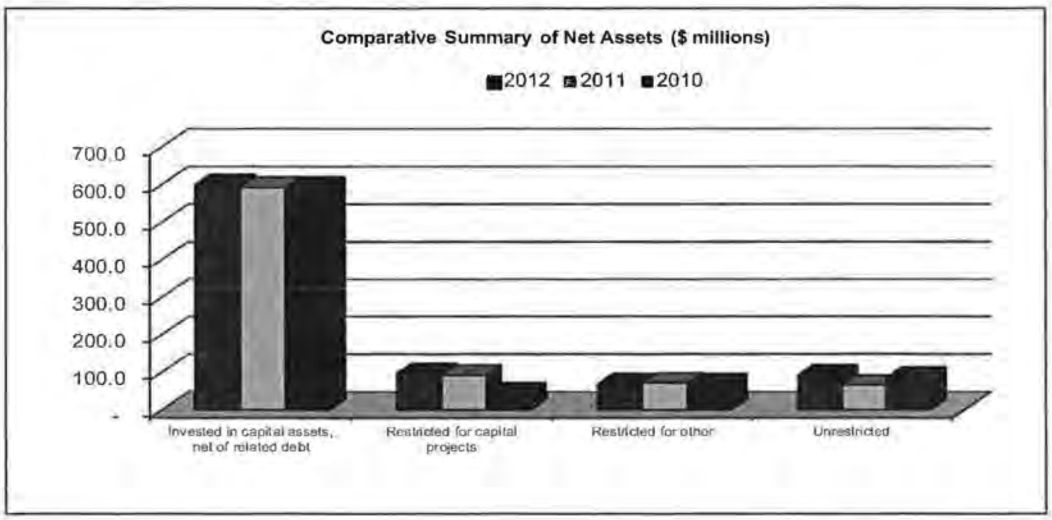

Table 2
Revenues, Expenses and Changes in Net Assets
(in millions of dollars)

Operating	2012	2011	Change	2010	Change
Revenues	$ 51.8	$ 54.5	$ (2.7)	$ 55.5	$ (1.0)
Expenses	(449.6)	(435.3)	(14.3)	(404.4)	(30.9)
Operating loss	(397.8)	(380.8)	(17.0)	(348.9)	(31.8)
Non-operating					
Revenues	433.2	408.6	24.7	368.5	40.1
Expenses	-	-	-	-	-
Net non-operating revenue	433.2	408.6	24.7	368.5	40.1
Income before capital contributions	35.4	27.7	7.7	19.6	8.1
Capital contributions	1.4	2.6	(1.2)	7.3	(4.7)
Change in net assets	36.8	30.3	6.5	26.9	3.4
Net assets, beginning of year	824.2	793.9	30.3	767.0	26.9
Net assets, end of year	$ 861.0	$ 824.2	$ 36.8	$ 793.9	$ 30.3

Fiscal year 2012 - In fiscal year 2012, income before capital contributions increased by $7.7 million. Although operating revenues decreased by $2.7 million due to an increase in scholarship allowances (deducted from tuition revenue), non-operating revenues increased $24.7 million. Increased state ($12.0 million) and federal ($11.5 million for direct student loans, $4.1 million for Pell Grants, and $0.4 million for other federal grants) support more than offset the decreases in local property tax revenue of $1.7 and personal property replacement taxes of $1.6 million. The overall increase in revenue for FY 2012 was $22.0 million.

In fiscal year 2012, the District received $112 million in Pell Grant disbursements, which provided approximately $56 million in tuition and fee revenue. Changes in Pell Grant eligibility will challenge the City Colleges' ability to maintain this level of revenue in the next several years as the number of students benefitting from Pell Grants is likely to decline. Elimination of the "ability to benefit" criterion and additional limitations on the number of years students can receive Pell Grants are estimated to reduce the number of students receiving such awards in fiscal year 2013 and beyond.

Increases in operating expenses of $15.1 million for financial aid; $18.8 million for salaries and fringe benefit costs; and $3.1 million for equipment not capitalized, supplies and professional development were offset by decreases of $2.4 million for depreciation; $8.8 million for contractual services; and $11.5 million for other expenses, yielding an overall increase of $14.3 million in expenses. See Table 3.

Fiscal year 2011 - In fiscal year 2011, the income before capital contributions increased by \$8.1 million. Operating revenues decreased by \$1 million while non-operating revenues increased by \$40.1 million, producing a net increase of \$39.1 million in revenues. Operating expenses increased by \$31.0 million due to a \$15.8 million increase in financial aid; a \$3.5 million increase in fringe benefits; a \$4.8 million increase in equipment not capitalized and contractual services; and a \$12.9 million increase in depreciation and other expenses. This was offset by a \$4.4 million decrease in staffing costs and a \$1.7 million decrease in supplies, travel and utility expenses.

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

Operating revenues	2012	2011	Change	2010	Change
Student tuition and fees	$ 115.5	$ 114.6	$ 0.9	$ 104.8	$ 9.8
Less scholarships	(71.3)	(68.5)	(2.8)	(56.7)	(11.8)
Other operating	7.5	8.4	(0.9)	7.4	1.0
Total operating revenues	51.7	54.5	(2.8)	55.5	(1.0)
Non-operating revenues					
State apportionment and equalization	48.7	48.7	-	38.7	10.0
Other state grants and contracts	87.3	75.4	11.9	72.6	2.8
Local grants and contracts	5.2	5.3	(0.1)	5.6	(0.3)
Local property taxes	121.8	123.5	(1.7)	127.3	(3.8)
Personal property replacement tax	12.3	13.9	(1.6)	11.4	2.5
Federal grants and contracts	156.3	140.2	16.1	110.2	30.0
Litigation settlement	-	-	-	0.7	(0.7)
Investment income	1.6	1.6	-	2.0	(0.4)
Total non-operating revenues	433.2	408.6	24.6	368.5	40.1
Capital appropriations and grants	1.4	2.6	(1.2)	7.3	(4.7)
Total revenues	$ 486.3	$ 465.7	$ 20.6	$ 431.3	$ 34.4

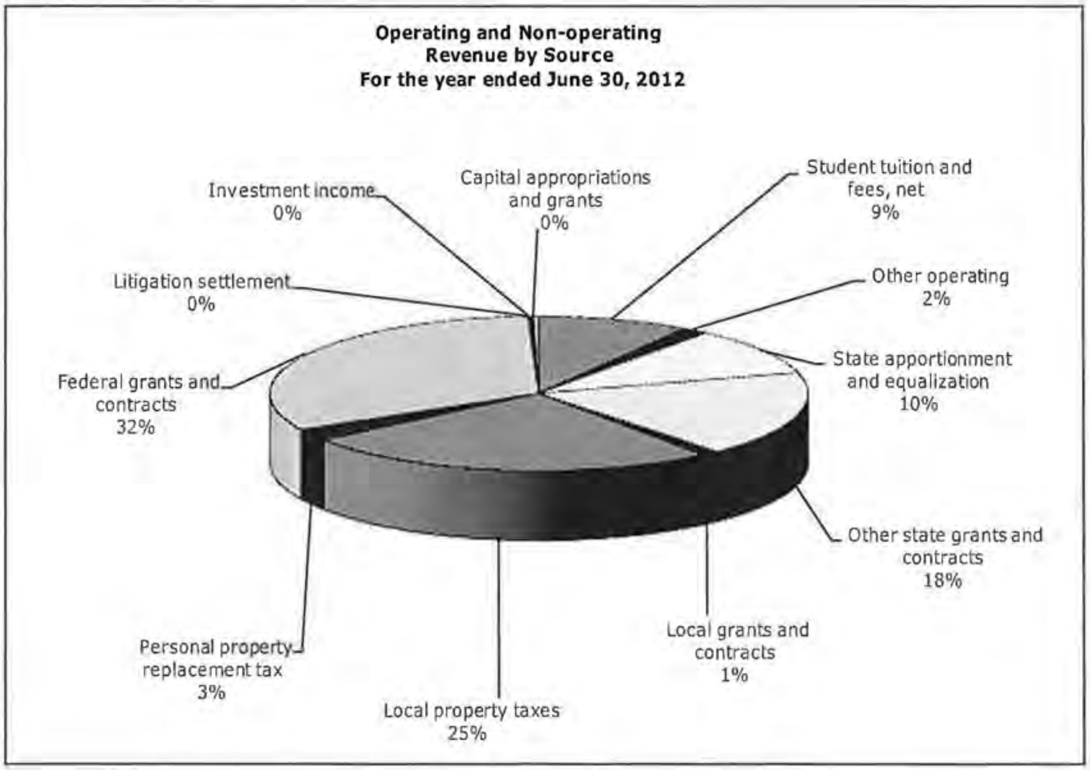
Operating and Non-operating
Revenue by Source
For the year ended June 30, 2012
Investment income 0%
Capital appropriations and grants 0%
Student tuition and fees, net 9%
Litigation settlement 0%
Other operating 2%
Federal grants and contracts 32%
State apportionment and equalization 10%
Other state grants and contracts 18%
Personal property replacement tax 3%
Local grants and contracts 1%
Local property taxes 25%

Table 4
Operating and Non-operating Functional Expenses
(in millions of dollars)

	2012	2011	Change	2010	Change
Operating expenses					
Instruction	$ 133.8	$ 132.3	$ 1.5	$ 127.8	$ 4.5
Academic support	34.3	31.0	3.3	33.8	(2.8)
Student services	36.9	31.5	5.4	30.3	1.2
Public service	7.7	8.3	(0.6)	10.0	(1.7)
Organized research	0.4	0.6	(0.2)	0.9	(0.3)
Operations and maintenance of plant	51.9	55.5	(3.6)	48.1	7.4
Institutional support	67.9	78.8	(10.9)	76.3	2.5
Financial aid	88.1	73.0	15.1	57.2	15.8
Auxiliary	8.8	2.1	6.7	1.7	0.4
Depreciation	19.8	22.2	(2.4)	18.3	3.9
Total operating expenses	449.6	435.3	14.3	404.4	30.9
Non-operating expenses					
Building lease and debt expense	-	-	-	-	-
Total expenses	$ 449.6	$ 435.3	$ 14.3	$ 404.4	$ 30.9

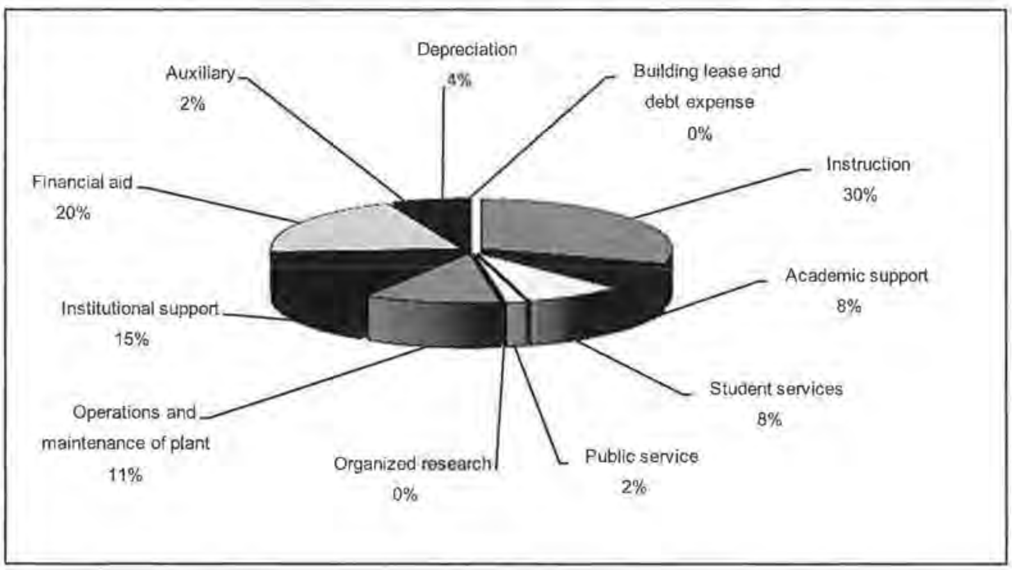

Table 5
Capital Assets (Net of accumulated depreciation)
As of June 30
(in millions of dollars)

	2012	2011	Change	2010	Change
Capital Assets					
Land	$ 50.0	$ 50.0	$ (0.0)	$ 49.1	$ 0.9
Buildings and improvements	711.3	692.7	18.6	680.5	12.2
Construction in progress	58.7	51.8	6.9	43.0	8.8
Equipment	16.9	15.9	1.0	15.7	0.2
Software	30.0	29.4	0.6	29.4	-
Vehicles	-	-	-	0.8	(0.8)
Total	866.9	839.8	27.1	818.5	21.3
Less accumulated depreciation	(266.6)	(246.7)	(19.9)	(225.3)	(21.4)
Net capital assets	$ 600.3	$ 593.1	$ 7.2	$ 593.2	$ (0.1)

Capital Assets

Fiscal year 2012 - As of June 30, 2012, City Colleges had $866.9 million in capital assets, $266.6 million in accumulated depreciation, and $600.3 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 increase in City Colleges' net capital assets for the current fiscal year is $7.2 million. **(See Note 5)**

Major capital asset events during fiscal year 2012 included the following:

- A net increase of $18.6 million in buildings and improvements was due to site upgrades at the District Office and at each of the campuses for upgrades to the public announcement system, improved technology to enhance customer focus on learning across districts via upgrades in computers, software, audio visual equipment and technology in various rooms and spaces at Harold Washington, Malcolm X, Olive-Harvey, Daley and Truman. These building improvements were also to replace and upgrade outdated infrastructure and improve wireless connectivity coverage, as well as renovate biology, physics and chemistry labs, and locker rooms.

- Construction in progress costs of $6.9 million was attributable to the renovation of the District Office fire sprinkler and alarm system, electrical services and elevator modernization; Kennedy King's new dental hygiene clinic; Truman's Student Services Center and parking garage; Olive-Harvey's exterior facade and parking lot; and Wright's demolition and renovation of teaching labs.

Capital Assets *(Continued)*

Fiscal year 2011 - As of June 30, 2011, City Colleges had $839.8 million in capital assets, $246.7 million in accumulated depreciation, and $593.1 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 $0.2 million. **(See Note 5)**

Major capital asset events during fiscal year 2011 included the following:

- A net increase of $12.2 million in buildings and improvements was due to site upgrades at the District Office and at each of the campuses parking lots and sidewalks and renovations of various rooms at Harold Washington, Malcolm X, Olive-Harvey and Truman.
- Construction in progress costs of $8.8 million for the renovation of the Olive-Harvey exterior facade and parking lot and the Truman student services center and parking garage.

Non-current Liabilities

Fiscal year 2012 - As of June 30, 2012, City Colleges had total non-current liabilities of $51.0 million before reduction of current maturities. This amount includes $2.7 million for compensated absences, $17.5 million of accumulated sick leave benefit liability for current employees and $30.8 million of other post-employment benefits for retired employees.

Fiscal year 2011 - As of June 30, 2011, City Colleges had total non-current liabilities of $48.7 million before reduction of current maturities. This amount includes $2.7 million for compensated absences, $19.3 million of accumulated sick leave benefit liability for current employees and $26.7 million of other post-employment benefits for retired employees.

Table 6
Non-current Liabilities
As of June 30
(in millions of dollars)

	2012	2011	Change	2010	Change
Accrued compensated absences	$ 2.7	$ 2.7	$ (0.0)	$ 2.9	$ (0.2)
Sick leave benefits	17.5	19.3	(1.8)	19.5	(0.2)
Other post retirement benefits	30.8	26.7	4.1	22.3	4.4
Sub-total	51.0	48.7	2.3	44.7	4.0
Less current portion	(2.6)	(2.5)	(0.1)	(2.3)	(0.2)
Total non-current liabilities	$ 48.4	$ 46.2	$ 2.2	$ 42.4	$ 3.8

Requests for Information

This financial report is designed to provide a general overview of City Colleges' finances. Questions concerning the report or requests for additional information should be addressed to the Chief Financial Officer, City Colleges of Chicago, 11th Floor, 226 West Jackson Boulevard, Chicago, IL 60606.

Basic Financial Statements

City Colleges of Chicago
Community College District No. 508
Statements of Net Assets
June 30, 2012 and 2011

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$ 102,797,818	$ 119,912,936
Short-term investments	137,167,278	91,408,206
Property tax receivable, net	57,546,691	56,673,602
Personal property replacement tax receivable	1,707,271	1,858,390
Other accounts receivable, net	38,605,102	34,759,446
Prepaid items and other assets	189,163	46,868
Total current assets	338,013,323	304,659,448
Non-current assets:		
Restricted cash	824,389	1,778,722
Funds held by Public Building Commission	108,303	2,762,337
Long-term investments	99,753,689	104,664,276
Capital assets	866,923,276	839,764,390
Less: Accumulated depreciation	(266,588,199)	(246,743,974)
Total non-current assets	701,021,458	702,225,751
Total assets	1,039,034,781	1,006,885,199
Liabilities		
Current liabilities:		
Accounts payable	21,635,811	21,185,009
Accrued payroll	2,500,605	7,542,753
Other accruals	1,245,012	973,972
Deferred salaries	1,484,513	3,726,330
Deposits held in custody for others	1,402,552	1,610,311
Deferred tuition and fees revenue	6,411,658	7,471,623
Deferred property tax revenue	59,161,623	59,161,623
Accrued property tax refunds	9,671,585	6,292,190
Deferred grant revenue	1,341,414	4,810,007
Other liabilities	22,206,095	21,196,468
Current portion of non-current liabilities	2,609,757	2,530,122
Total current liabilities	129,670,625	136,500,408
Non-current liabilities:		
Accrued compensated absences	2,656,394	2,735,949
Sick leave benefits	17,504,584	19,270,303
Other post-employment benefits	30,820,071	26,712,237
Less current portion of non-current liabilities	(2,609,757)	(2,530,122)
Total non-current liabilities	48,371,292	46,188,367
Total liabilities	178,041,917	182,688,775
Net assets		
Net assets invested in capital assets	600,335,077	593,020,416
Restricted for expendable:		
Capital projects	97,683,367	92,978,002
Working capital	70,154,208	71,830,566
Unrestricted	92,820,212	66,367,440
Total net assets	$ 860,992,864	$ 824,196,424

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

City Colleges of Chicago
Community College District No. 508
Statements of Revenues, Expenses and Changes in Net Assets
For the fiscal years ended June 30, 2012 and 2011

Revenues	**2012**	**2011**
Operating revenues:		
Student tuition and fees:		
Resident tuition	$ 85,176,314	$ 83,336,784
Nonresident tuition	6,769,948	7,248,471
Fees	23,531,418	24,002,076
Less: Scholarship allowances	(71,260,880)	(68,487,277)
Net student tuition and fees	44,216,800	46,100,054
Other operating revenues	7,530,445	8,370,707
Total operating revenues	51,747,245	54,470,761
Expenses		
Operating expenses:		
Instructional salaries	88,192,744	88,565,180
Non-instructional salaries	101,665,123	93,023,672
Fringe benefits	78,556,221	67,970,166
Supplies	15,409,438	13,885,552
Professional development	1,484,245	1,325,058
Equipment not capitalized	7,169,078	5,765,922
Utilities	9,833,894	9,834,789
Contractual services	37,456,245	46,303,596
Depreciation	19,844,225	22,245,912
Financial aid, exclusive of scholarship allowances	88,128,031	73,006,767
Other expenses	1,873,076	13,379,760
Total operating expenses	449,612,320	435,306,374
Operating loss	(397,865,075)	(380,835,613)
Non-operating revenues (expenses):		
State apportionment and equalization	48,683,543	48,683,543
Other state grants and contracts	87,343,845	75,378,306
Local grants and contracts	5,241,086	5,273,784
Local property taxes	121,811,625	123,516,103
Personal property replacement tax	12,319,744	13,924,035
Federal grants and contracts	156,278,485	140,186,492
Investment income	1,557,008	1,589,648
Non-operating revenues, net	433,235,336	408,551,911
Income before capital appropriations and grants	35,370,261	27,716,298
Capital appropriations and grants	1,426,179	2,561,433
Change in net assets	36,796,440	30,277,731
Net assets, beginning of year	824,196,424	793,918,693
Net assets, end of year	$ 860,992,864	$ 824,196,424

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

City Colleges of Chicago
Community College District No. 508
Statements of Cash Flows
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Tuition and fees	$ 37,496,697	$ 41,067,316
Payments to suppliers	(104,539,300)	(108,446,739)
Payments to employees	(200,287,592)	(183,360,875)
Payments to students	(88,128,031)	(73,006,767)
Other	7,530,445	8,370,707
Net cash used for operating activities	(347,927,781)	(315,376,358)
Cash flows from noncapital financing activities		
Local property taxes	124,317,931	124,784,160
State appropriations	92,231,147	91,026,421
Personal property replacement tax	12,470,863	14,139,734
Grants and contracts	162,033,008	143,570,606
Net cash provided by noncapital financing activities	391,052,949	373,520,921
Cash flows from capital and related financing activities		
Capital appropriations and grants	1,912,665	2,440,392
Purchases of capital assets	(23,459,489)	(18,637,037)
Net cash used for capital and related financing activities	(21,546,824)	(16,196,645)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	572,673,550	630,406,707
Purchases of investments	(613,522,035)	(597,762,583)
Interest received on investments	1,200,690	1,662,143
Net cash (used for) provided by investing activities	(39,647,795)	34,306,267
Net (decrease) increase in cash	(18,069,451)	76,254,185
Cash and cash equivalents at beginning of year	121,691,658	45,437,473
Cash and cash equivalents at end of year	$ 103,622,207	$ 121,691,658
Cash and cash equivalents	$ 102,797,818	$ 119,912,936
Restricted cash	824,389	1,778,722
	$ 103,622,207	$ 121,691,658
Noncash Transactions		
State payments on behalf of fringe benefits	43,796,241	33,035,428
Increase in fair market value of investments	258,181	191,365

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

City Colleges of Chicago
Community College District No. 508
Statements of Cash Flows *(Continued)*
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (397,865,075)	$ (380,835,613)
Depreciation	19,844,225	22,245,912
State payment for retirement obligation	43,796,241	33,035,428
Changes in net assets:		
Receivables, net	(5,303,820)	(5,471,819)
Prepaid items and other assets	(142,295)	(2,844)
Accounts payable	(2,761,395)	2,778,503
Accrued payroll	(5,042,148)	302,618
Other accruals	(216,160)	524,010
Deferred salaries	(2,241,817)	440,525
Deposits held in custody for others	(207,759)	(381,012)
Deferred tuition and fees revenue	(1,059,965)	366,586
Other liabilities	1,009,627	7,650,383
Accrued compensated absences	(79,555)	(168,511)
Sick leave benefits	(1,765,719)	(264,455)
Other post employment benefits	4,107,834	4,403,931
Net cash used for operating activities	$ (347,927,781)	$ (315,376,358)

The State of Illinois provided no in-kind capital assets during the years ended June 30, 2012 and June 30, 2011.

Notes to Basic Financial Statements

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 basic financial statements include all entities for which the Board of Trustees of City Colleges has financial accountability. In defining the financial reporting entity, City Colleges has considered whether there are any potential component units, and has concluded that there are none.

The Public Building Commission of Chicago (PBCC) and the City Colleges of Chicago Foundation are organizations affiliated with City Colleges. These entities are not reflected in these basic financial statements as component units of City Colleges. The resources of PBCC are not received or held entirely or almost entirely for City Colleges, nor can City Colleges access a majority of PBCC's resources. The City Colleges of Chicago Foundation's resources are equivalent to less than 1% of City Colleges' net assets and, therefore, deemed not significant.

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.

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

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

B. Basis of Accounting *(Continued)*

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 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, as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

C. Cash and Cash Equivalents

Cash includes 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 due to their maturity dates.

D. Investments

Investments are reported at fair value based upon quoted market prices. 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 Assets.

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 statements of financial position and in the statements of activities.

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

E. Receivables

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

F. Allowance for Uncollectible

City Colleges provides allowances for uncollectible student accounts and student loans for any outstanding receivable balances greater than 150 days.

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 (March 1 and September 1) of the following year. The first installment is an estimated bill and is one half 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, 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, liability protection and settlement, the retirement of bonded indebtedness, and lease payments to the PBCC. The tax levies for the educational, operations and maintenance, and financial auditing purposes are limited by Illinois statute to .175%, .05%, and .005%, respectively, of the equalized assessed valuation (EAV).

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2011 tax year and collected in 2012 are recorded as revenue in fiscal year 2012. The remaining revenue related to the 2011 tax year extension is deferred and will be recorded as revenue in fiscal year 2013. Based upon collection histories, City Colleges recorded property taxes at 97% of the 2011 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 deposited by the State of Illinois in its Replacement Tax Fund 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, or to purchase or construct capital or other non-current assets, are classified as non-current assets in the Statement of Net Assets.

K. Capital Assets

Capital assets of City Colleges consist of land, buildings, improvements, computer equipment and other equipment. Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation.

Major outlays for assets or improvements to assets over $200,000 are capitalized as projects are constructed. These are categorized as construction work in process 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 greater than $25,000 and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Renovations that increase the value of the structure and do not extend its life are depreciated over the remaining balance of the building's estimated useful life. When renovations are capitalized, a portion of the original asset renovated is retired from

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

K. Capital Assets *(Continued)*

capital assets and accumulated depreciation, using a deflated replacement cost methodology. Capital assets are depreciated using the straight-line method over the following useful lives:

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

L. Deferred Salaries

Deferred salaries include instructor salaries paid out at a date after which that income is actually earned.

M. Deferred Revenues

Deferred revenues include: (1) tax revenues restricted for the subsequent fiscal year; (2) amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that are related to the subsequent fiscal year; and (3) amounts received from grant and contract sponsors that have not yet been earned.

N. Accrued Property Tax Refunds

Accrued property tax refunds are estimates of property taxes that may be refunded to taxpayers in the future.

O. Other Liabilities

Other liabilities include amounts due in the current fiscal year for health care, dental, vision and workers compensation insurance, unclaimed property and other third party vendors but not paid until the next fiscal year.

P. 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 and other liabilities that will not be paid within the next fiscal year.

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

Q. Net Assets

City Colleges' net assets are classified as follows:

Net Assets Invested In Capital Assets
Net assets invested in capital assets represent 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.

Restricted Net Assets – Expendable
Restricted expendable net assets include resources that the City Colleges is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Other restricted net assets are imposed by the Board of Trustees of City Colleges. This authorizes the Chancellor to establish a contingency reserve which requires three months of spending be restricted and reserved in a separate working capital fund to provide liquidity for day-to-day working capital purposes. 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. It also includes resources that the City Colleges is restricted from spending by statute.

Unrestricted Net Assets
Unrestricted net assets represent 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.

R. 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 auxiliary enterprises, (3) salaries and benefits, and (4) materials and supplies.

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

R. Classification of Revenues and Expenses *(Continued)*

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, and (5) principal and interest on debt.

S. Tuition and Fees

Tuition and fees include all such items charged to students for educational and service purposes. Tuition waivers and scholarships 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.

T. Income Taxes

City Colleges is a governmental body that is not subject to state or federal income taxes.

U. Use of Estimates

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

V. Subsequent Events

Management has evaluated all subsequent events through October 31, 2012, which is the date the basic financial statements were available to be issued.

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 Chief Financial Officer 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 while providing for yields consistent with the market and meeting the cash flow demands of City Colleges and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio.

The primary objective of the policy is legality, safety, and preservation of capital and protection of investment principal, liquidity and yield. 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.

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 "by 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

2. DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly 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. To limit its exposure, 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. A written agreement shall be executed stipulating the investment's purchase structure and sell obligations of the Board, the bank and the seller.

Concentration of credit risk – At June 30, 2012, City Colleges had one percent of its overall portfolio invested in the Illinois Funds. At June 30, 2011, City Colleges had none of its overall portfolio invested in the Illinois Funds. This is in accordance with City Colleges' investment policy.

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.

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

The State Treasurer maintains the Illinois Funds at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 20 days. Pool funds are deposits received from participating local governments within the State of Illinois. The fair 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. The pool maintains a Standard and Poor's AAAm rating. City Colleges' investments in the Illinois Funds are not required to be categorized because they are not securities. The relationship between City Colleges and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship. All funds deposited in the Illinois Funds (Money Market) and Money Market

2. DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Mutual Funds are classified as investments even though they could be withdrawn within one day. The Prime Fund requires deposits for a minimum of 30 days and a 7 day notice for withdrawals. Although not subject to direct regulatory oversight, the Illinois Fund is administered in accordance with provisions of the Illinois Public Investment Act, 30ILCS 235. The reported value of the funds is the same as the fair value.

The carrying amount of its investments at June 30, 2012, which approximates fair value, is \$236,920,967. The amount at June 30, 2011 was \$196,072,482.

City Colleges' investments are shown in the following tables:

		June 30, 2012	Investment Maturities (in years)	
Investment Type	S&P Rating	Fair Value	Less Than 1	Greater Than 1
US Treasury Obligations	AAA	$ 33,045,120	$ 14,566,182	$ 18,478,938
Federal National Mortgage Assoc.	AAA	108,938,394	27,663,643	81,274,751
IL Institutional Investor Trust	AAA	25,653,583	25,653,583	-
Illinois Funds (Money Market)	AAAm	4,111,130	4,111,130	-
Commercial Paper	A-1+	61,075,666	61,075,666	-
Corporate Note	AA+	3,959,654	3,959,654	-
Money Market Fund	AAAm	137,420	137,420	-
Total investments		$ 236,920,967	$ 137,167,278	$ 99,753,689

		June 30, 2011	Investment Maturities (in years)	
Investment Type	S&P Rating	Fair Value	Less Than 1	Greater Than 1
US Treasury Obligations	AAA	$ 44,769,553	$ 28,840,218	$ 15,929,335
Federal National Mortgage Assoc.	AAA	72,939,010	27,373,961	45,565,049
IL Institutional Investor Trust	AAA	28,856,344	28,856,344	-
Commercial Paper	A-1+	49,507,575	49,507,575	-
Total investments		$ 196,072,482	$ 134,578,098	$ 61,494,384

Per Statement of Net Assets:

	June 30, 2012	June 30, 2011
Investments:		
Short-term investments	$ 137,167,278	$ 91,408,206
Long-term investments	99,753,689	104,664,276
Total Investments	$ 236,920,967	$ 196,072,482

3. OTHER ACCOUNTS RECEIVABLE

City Colleges' other accounts receivable consists of the following:

	June 30	
	2012	2011
Student	$ 13,108,395	$ 11,338,226
Grants	9,133,225	10,947,707
State of Illinois	15,894,677	12,461,551
Other	3,830,768	3,261,947
Gross other accounts receivable	41,967,065	38,009,431
Less: Allowance for uncollectibles	(3,361,963)	(3,249,985)
Other accounts receivable, net	$ 38,605,102	$ 34,759,446

4. RESTRICTED ASSETS

City Colleges' restricted assets consist of the following:

	June 30	
	2012	2011
(A) Cash	$ 824,389	$ 1,778,722
(B) Funds held by PBCC	108,303	2,762,337
Total restricted assets	$ 932,692	$ 4,541,059

Restricted for:

(A) Funds held in trust
(B) Capital construction

5. CAPITAL ASSETS

In fiscal year 2012, $18.6 million in buildings and improvements were completed and the costs were transferred into capital assets being depreciated from construction work in progress. In fiscal year 2011, $12.2 million in buildings and improvements were completed. See the following table.

5. CAPITAL ASSETS *(Continued)*

	July 1, 2011	Additions and Transfers In	Retirements and Transfers Out	June 30, 2012
Capital assets not being depreciated:				
Land	$ 49,959,334	$ -	$ -	$ 49,959,334
Construction work in progress	51,832,430	27,295,849	(20,450,285)	58,677,994
Subtotal	101,791,764	27,295,849	(20,450,285)	108,637,328
Capital assets being depreciated:				
Equipment	15,901,476	1,029,054	-	16,930,530
Software	29,342,571	692,440	-	30,035,011
Buildings and improvements	692,728,579	18,591,828	-	711,320,407
Subtotal	737,972,626	20,313,322	-	758,285,948
Total capital assets	839,764,390	47,609,171	(20,450,285)	866,923,276
Accumulated depreciation:				
Equipment	11,016,067	1,174,817	-	12,190,884
Software	28,988,810	161,237	-	29,150,047
Buildings and improvements	206,739,097	18,508,171	-	225,247,268
Total accumulated depreciation	246,743,974	19,844,225	-	266,588,199
Capital assets, net	$ 593,020,416	$ 27,764,946	$ (20,450,285)	$ 600,335,077
Cost of buildings and improvements acquired under capital leases (included in total capital assets above)	$ 391,825,192	$ -	$ -	$ 391,825,192

	July 1, 2010	Additions and Transfers In	Retirements and Transfers Out	June 30, 2011
Capital assets not being depreciated:				
Land	$ 49,094,047	$ 865,287	$ -	$ 49,959,334
Construction work in progress	43,035,306	31,530,393	(22,733,269)	51,832,430
Subtotal	92,129,353	32,395,680	(22,733,269)	101,791,764
Capital assets being depreciated:				
Vehicles	825,036	-	(825,036)	-
Equipment	15,722,974	278,303	(99,801)	15,901,476
Software	29,342,571	-	-	29,342,571
Buildings and improvements	680,481,594	12,246,985	-	692,728,579
Subtotal	726,372,175	12,525,288	(924,837)	737,972,626
Total capital assets	818,501,528	44,920,968	(23,658,106)	839,764,390
Accumulated depreciation:				
Vehicles	510,598	-	(510,598)	-
Equipment	9,810,547	1,523,423	(317,903)	11,016,067
Software	28,826,737	162,073	-	28,988,810
Buildings and improvements	186,178,681	20,560,416	-	206,739,097
Total accumulated depreciation	225,326,563	22,245,912	(828,501)	246,743,974
Capital assets, net	$ 593,174,965	$ 22,675,056	$ (22,829,605)	$ 593,020,416

6. NET ASSETS

Net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources may be used at the discretion of the governing board to meet current expenses for any purpose. The Board of Trustees of City Colleges has designated certain unrestricted net assets for capital projects. In fiscal year 2012, $12.3 million was designated from personal property replacement taxes. In fiscal year 2011, $13.9 million was designated from current personal property taxes.

7. LEASES

Operating Leases

City Colleges leases equipment and office space under various operating lease agreements that will expire at various dates in the future. Certain leases for office space contain renewal provisions.

Operating lease expense was $1,884,288 for the year ended June 30, 2012 compared to $2,296,499 for the year ended June 30, 2011.

Obligations under non-cancelable operating leases with initial or remaining terms in excess of one year as of June 30 are as follows:

	June 30, 2012	
2013	$	623,069
2014		641,761
2015		161,979
	$	1,426,809

	June 30, 2011	
2012	$	604,922
2013		623,069
2014		641,761
2015		161,979
	$	2,031,731

8. OTHER ACCRUALS AND OTHER LIABILITIES

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

	2012	2011
Other accruals		
Accrued for services	$ 1,245,012	$ 973,972
Total other accruals	$ 1,245,012	$ 973,972
Other liabilities		
Self insurance	$ 5,820,178	$ 5,154,274
Unclaimed property	3,779,261	3,611,391
Federal Government	10,546,300	10,787,316
Other	2,060,356	1,643,487
Total other liabilities	$ 22,206,095	$21,196,468

Referring to the amounts shown under "Federal Government" in the above table, the U. S. Department of Education conducted an audit of compliance with Title IV federal financial aid regulations at Kennedy-King College in fiscal year 2011. The final report of the investigation is pending, but City Colleges has been notified of the Department of Education's estimated liability. City Colleges has appealed the initial findings. While the appeal is pending, the full estimated amount has been recorded as a liability.

9. PROPERTY TAXES

The taxes levied for education, operations and maintenance liability protection and settlement, audit, retirement of bonded indebtedness, and lease payments to the PBCC are based on the district's estimated requirements for such purposes. Recent EAV's for tax levies are as follows:

December	Cook County	DuPage County
2011	$75,082,805,968	$4,998,771
2010	82,046,916,439	5,306,256
2009	84,545,026,609	5,478,653
2008	80,923,884,233	5,696,291
2007	73,605,314,512	5,841,665
2006	69,473,229,020	6,071,637
2005	59,268,296,045	6,296,295
2004	55,302,579,309	6,543,343
2003	53,137,728,356	6,732,347

9. PROPERTY TAXES *(Continued)*

Accrued property tax refunds represent City Colleges' estimate of taxes which may be refunded in the future. Accrued property tax refunds in 2012 are $9,671,585 and $6,292,190 in 2011.

10. ACCRUED COMPENSATED ABSENCES

At June 30, 2012, City Colleges had recorded a liability of $2,656,394 for compensated absences, and estimated that $186,744 of these liabilities is current and due within one year. At June 30, 2011, the liability was $2,735,949 for which City Colleges estimated that $191,571 of these liabilities were current and due within one year. **(See Note 12)**

11. SICK LEAVE BENEFITS

Unused Sick Pay

Upon the retirement, permanent disability, or death of a full-time eligible employee, it is the policy of City Colleges to pay over a 3 to 5 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 employees and certain union-represented employees who have served continuously for 10 years or more and are eligible for an annuity under the State University Retirement System (SURS), generally at age 55. The method of calculating the estimated present value of an eligible employee's termination benefit liability uses the following assumptions: (1) estimated average annual salary increments of 4.0%, (2) future payments discounted by a 4.5% interest factor in 2011, and (3) estimated rates of retention as adopted from the *Actuary's Pension Handbook* adjusted for mortality in accordance with published mortality tables.

During fiscal year 2012, the Board amended the unused and accrued sick time policy. Effective July 1, 2012, upon retirement, administrative employees hired before January 1, 2012, are eligible to receive payment for his or her accumulated sick days pursuant to the Board's early retirement program but that payment shall be limited to either the amount of sick leave accumulated through July 1, 2012, or the amount of sick leave the employee has at the time of retirement, whichever is less. Employees hired after January 1, 2012, may accrue a maximum of 200 days but will not be eligible for payment of any unused accrued sick time. Any sick days remaining in their bank may be used for service credit in accordance with the rules of the SURS. Union represented employees hired before June 7, 2012, may accrue unlimited sick leave, but the payout is capped at the amount accrued as of July 1, 2014. For those hired after June 7, 2012, they can accrue up to 200 sick days, but no payments will be made upon retirement.

11. SICK LEAVE BENEFITS *(Continued)*

At June 30, 2012, City Colleges accrued $11,854,056 for the estimated present value of these future retiree benefits for current employees and $5,650,528 in benefits payable to retired employees for a total of $17,504,584.

At June 30, 2011, City Colleges accrued $15,873,355 for the estimated present value of these future retiree benefits for current employees and $3,396,948 in benefits payable to retired employees for a total of $19,270,303. **(See Note 12)**

12. CHANGES IN NON-CURRENT LIABILITIES

Changes in non-current liabilities for the years ended June 30, 2012 and 2011 are summarized in the table below:

	July 1, 2011	Additions	Reductions/ Adjustments	June 30, 2012	Amounts due within one year
Accrued compensated absences	$ 2,735,949	$ 3,053,719	$ (3,133,274)	$ 2,656,394	$ 186,744
Sick leave benefits	19,270,303	6,868	(1,772,587)	17,504,584	2,423,013
Other post-retirement benefits	26,712,237	11,593,396	(7,485,562)	30,820,071	-
	$ 48,718,489	$ 14,653,983	$ (12,391,423)	$ 50,981,049	$ 2,609,757

	July 1, 2010	Additions	Reductions/ Adjustments	June 30, 2011	Amounts due within one year
Accrued compensated absences	$ 2,904,460	$ 3,115,000	$ (3,283,511)	$ 2,735,949	$ 191,571
Sick leave benefits	19,534,758	1,471,857	(1,736,312)	19,270,303	2,338,551
Other post-retirement benefits	22,308,306	11,029,375	(6,625,444)	26,712,237	-
	$ 44,747,524	$ 15,616,232	$ (11,645,267)	$ 48,718,489	$ 2,530,122

13. EMPLOYEE RETIREMENT PENSION PLAN

Plan Description: City Colleges contributes to the SURS defined benefit and defined contribution plans. SURS is a cost-sharing, multiple-employer defined pension plan with a special funding situation, whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was

13. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, certain other state educational and scientific agencies, and for survivors, dependents, and other beneficiaries of such employees. SURS 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 Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

Funding Policy: Plan members are required to contribute 8.0% of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The rate is 24.21% 21.27% and 18.61% of annual covered payroll for fiscal year 2012, 2011 and 2010, respectively. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Employer contributions to SURS directly appropriated by the state for the years ended June 30 are as follows:

Fiscal Year	Amount
2012	$ 43,796,241
2011	33,035,428
2010	30,288,298

City Colleges recognizes the amount appropriated by the State as additional state appropriations (non-operating) revenue and recognizes corresponding expense as operating. While the majority of the employer contributions are made by the State, employer contributions for some positions that are federal grant funded are the responsibility of the employer. City Colleges contributed 100% of the annual required contributions as shown for the years ended June 30:

Fiscal Year	Amount
2012	$ 4,035
2011	25,165
2010	69,266

14. OTHER POST-EMPLOYMENT BENEFITS

Plan Description: In addition to providing the pension benefits described in Note 13, City Colleges provides 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.

Benefits Provided: City Colleges pays approximately 90% 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 the State University Retirement System. 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, 2012, 2011 and 2010, membership consisted of:

	2012	2011	2010
Retirees and beneficiaries currently receiving benefits	668	654	614
Active employees – vested	1,726	1,594	1,668
TOTAL	2,394	2,248	2,282
Participating Employers	1	1	1

Funding Policy: The contribution percentages are negotiated between City Colleges and the retirees. Currently, City Colleges contributes approximately 90% of the premium. For the fiscal years ended June 30, 2012 and 2011, City Colleges contributed $7,485,562 and $6,625,444, respectively.

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

Annual OPEB Costs and Net OPEB Obligation

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Increase in Net OPEB Obligation
June 30, 2012	$ 11,593,396	$ 7,485,562	64.6%	$ 4,107,834
June 30, 2011	11,029,375	6,625,444	60.1%	4,403,931
June 30, 2010	11,294,194	6,290,403	55.7%	5,003,791
June 30, 2009	10,361,000	6,175,497	59.6%	4,185,503
June 30, 2008	9,958,539	6,498,620	65.3%	3,459,919
June 30, 2007	12,792,179	7,562,710	59.1%	5,229,469
June 30, 2006	12,851,308	8,421,684	65.5%	4,429,624
		Total Net OPEB Obligation		$ 30,820,071

Annual OPEB Costs and Net OPEB Obligation – City Colleges' annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012, 2011 and 2010 were as follows:

	2012	2011	2010
Annual Required Contribution	$ 11,992,485	$ 11,362,668	$ 11,552,729
Interest on Net OPEB Obligation	1,202,051	1,003,874	778,703
Adjustment to Annual Required Contribution	(1,601,140)	(1,337,167)	(1,037,238)
Annual OPEB Cost	11,593,396	11,029,375	11,294,194
Contributions Made	(7,485,562)	(6,625,444)	(6,290,403)
Increase in Net OPEB Obligation	4,107,834	4,403,931	5,003,791
Net OPEB Obligation Beginning of Year	26,712,237	22,308,306	17,304,515
Net OPEB Obligation End of Year	$ 30,820,071	$ 26,712,237	$ 22,308,306

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

The funded status of the plan as of June 30, 2012, 2011 and 2010 was as follows:

	2012	2011	2010
Actuarial Value of Assets	$ -	$ -	$ -
Actuarial Accrued Liability (AAL)	119,275,116,	124,498,937	117,079,887
Unfunded Actuarial Accrued Liability (UAAL)	$119,275,116	$124,498,937	$117,079,887
Funded Ratio (actuarial value of assets/AAL)	-%	-%	-%
Covered Payroll (active plan members)	$110,092,137	$ 99,595,638	$102,896,841
UAAL as a Percentage of Covered Payroll (AAL less Actuarial Value of Assets / UAAL)	108.3%	125.0%	113.8%

For the fiscal years ending June 30, 2012 and 2011, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions for both fiscal years 2011 and 2012 included an annual healthcare cost trend rate of 9.0% , which gradually declines to 5.0% by the year 2020. The assumptions for both fiscal years include an inflation rate of 3.0% per year and an investment return rate of 4.5% per year. Using an open amortization period, the annual required contribution is calculated to include the normal cost plus a 30-year amortization of the unfunded actuarial liability using a level-dollar amount. The actuarial value of assets was not determined as City Colleges has not fully advance-funded its obligation. However, City Colleges has $27.9 million in investments designated for this obligation in 2012, and had $18.3 million designated in 2011.

15. 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 and administered by the District's insurance broker and the insurance carrier.

A. General Liability – Self-Insurance

General Liability includes claims of property and non-property matters. Property insurance is designed to provide coverage for the District's real estate assets, boiler and machinery and contents as well as its vehicles. City Colleges maintains excess commercial insurance with policy limits equal to $500,000,000 with various sub-limits dependent upon the nature of the loss. The retention stands at $10,000 with $2,500 for damage to passenger vehicles and $5,000 for trucks.

15. RISK MANAGEMENT *(Continued)*

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. 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 $944,000 and $764,100 as of June 30, 2012 and 2011, respectively.

Management of City Colleges 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 – Self-Insurance

City Colleges retains a portion of workers' compensation risk and maintains an excess commercial policy for individual claims exceeding $500,000 up to the statutory limit. 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 any workers' compensation awards.

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 $3,629,864 and $3,510,705 as of June 30, 2012 and 2011, respectively. This amount is reported with "Other liabilities – Self-insurance reserves". Management of City Colleges believes that there are no material lawsuits or claims covered by the workers' compensation self-insurance program that have not been adequately covered.

C. Health Insurance – Self-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 $1,246,313 and $879,469, as of June 30, 2012 and 2011, respectively that have been incurred, but not claimed.

15. RISK MANAGEMENT *(Continued)*

Summary of Changes in Self-Insurance

	June 30, 2011	Incurred Claims	Payment on Claims	June 30, 2012	Amounts due within one year
General liability	$ 764,100	$ 288,436	$ (108,536)	$ 944,000	$ 944,000
Workers' compensation	3,510,705	1,137,804	(1,018,645)	3,629,864	3,629,864
Health insurance	879,469	25,003,607	(24,636,762)	1,246,314	1,246,314
	$ 5,154,274	$ 26,429,847	$ (25,763,943)	$ 5,820,178	$ 5,820,178

	June 30, 2010	Incurred Claims	Payment on Claims	June 30, 2011	Amounts due within one year
General liability	$ 2,396,000	$ (1,482,500)	$ (149,400)	$ 764,100	$ 764,100
Workers' compensation	3,941,205	168,834	(599,334)	3,510,705	3,510,705
Health insurance	1,179,834	22,779,740	(23,080,105)	879,469	879,469
	$ 7,517,039	$ 21,466,074	$ (23,828,839)	$ 5,154,274	$ 5,154,274

These amounts are recorded on the Statement of Net Assets in Current Liabilities – Other liabilities. **(See Note 8)**

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, 2012, City Colleges had $22.2 million in purchase commitments for its capital plan, all of which are being funded by City Colleges.

Statistical Section

This part of City Colleges of Chicago's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and notes disclosures says about the college's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City Colleges' financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the 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 the City Colleges' financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City Colleges' financial report 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
Net Assets by Component *(Unaudited)*
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Net Assets:										
Invested in Capital Assets-										
Net of Related Debt	$177,343,175	$236,347,069	$294,687,579	$352,604,264	$492,006,098	569,734,877	570,962,411	593,174,965	593,020,416	600,335,077
Restricted for expendable:										
Capital Projects	39,582,014	42,869,202	40,141,921	44,140,970	53,039,227	28,768,926	56,156,946	44,507,719	92,978,002	97,683,367
Lease Obligations	46,428,742	40,948,750	35,519,213	31,071,292	23,795,853	-	-	-	-	-
Other	25,492,094	29,270,135	29,343,965	64,113,553	69,032,703	72,738,397	72,753,668	69,361,867	71,830,566	70,154,208
Unrestricted	32,103,031	40,530,686	73,393,636	63,823,389	77,358,746	71,794,664	67,104,370	86,874,142	66,367,440	92,620,212
Total Net Assets	$320,949,056	$389,965,842	$473,086,314	$555,753,468	$715,232,627	$743,036,864	$766,977,395	$793,918,693	$824,196,424	$860,992,864

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

City Colleges of Chicago
Community College District No. 508

Table B

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

	Fiscal Year Ended June 30									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Operating revenues:										
Student tuition and fees (net of scholarship allowances)	$ 26,486,436	$ 35,409,540	$ 37,807,639	$ 39,919,583	$ 35,352,547	$ 37,779,085	$ 46,719,262	$ 48,044,246	$ 46,100,054	$ 44,216,800
Other operating revenues	11,385,809	5,276,250	6,245,354	8,277,517	7,130,296	6,997,724	7,773,577	7,442,333	8,370,707	7,530,445
Total operating revenues	37,872,245	40,685,790	44,052,993	48,197,100	42,482,843	44,776,809	54,492,639	55,486,579	54,470,761	51,747,245
Operating expenses:										
Instructional staff	66,589,968	70,192,004	74,456,743	77,081,414	79,978,494	81,587,686	88,799,795	90,477,097	88,565,180	88,192,744
Non-instructional staff	77,245,757	76,221,015	71,228,064	79,361,358	85,211,555	94,272,264	92,884,417	95,556,737	93,023,672	101,665,123
Fringe benefits*	43,406,839	108,456,188	37,128,733	35,479,612	38,573,600	48,646,332	52,008,207	64,479,515	67,970,166	78,556,221
Supplies	14,499,572	10,733,666	13,422,448	14,115,136	18,458,080	17,756,862	13,262,646	14,646,462	13,885,552	15,409,438
Professional development	2,069,087	2,749,023	1,562,422	2,018,035	2,285,888	2,294,480	2,053,242	1,826,668	1,325,058	1,484,245
Equipment not capitalized	833,329	2,846,325	5,176,669	2,291,005	2,775,642	25,457,028	3,846,842	4,838,391	5,765,922	7,169,078
Utilities	9,948,583	9,269,574	9,291,553	10,373,592	10,558,453	12,565,805	11,405,723	10,299,268	9,834,789	9,833,894
Contractual services	45,409,468	29,040,151	35,254,654	37,894,971	36,639,498	45,368,250	37,549,206	42,380,663	46,303,596	37,456,245
Depreciation	15,726,785	16,378,082	16,800,331	21,810,983	20,667,118	27,231,445	21,336,035	18,367,180	22,245,912	19,844,225
Financial aid (net of scholarship allowances)	22,395,492	34,270,087	34,141,440	31,470,269	26,031,017	32,612,287	46,833,746	57,192,354	73,006,767	88,128,031
Other expenses	2,087,540	6,021,302	3,841,210	4,377,241	4,255,320	2,203,370	2,222,996	4,301,200	13,379,760	1,873,076
Total operating expenses	300,212,420	366,177,417	302,304,267	316,273,616	325,434,665	389,995,809	372,202,855	404,365,535	435,306,374	449,612,320
Operating loss	(262,340,175)	(325,491,627)	(258,251,274)	(268,076,516)	(282,951,822)	(345,219,000)	(317,710,016)	(348,878,956)	(380,835,613)	(397,865,075)
Non-operating revenues (expenses):										
State apportionment and equalization	45,831,544	38,700,335	36,692,418	38,580,616	41,498,443	39,808,436	37,759,550	38,637,438	48,683,543	48,683,543
Other state grants and contracts*	53,927,508	104,710,804	52,507,309	48,190,000	54,901,471	59,444,571	64,191,417	72,578,870	75,378,306	87,343,845
Local grants and contracts	2,470,598	4,102,542	4,304,120	3,616,535	4,900,467	4,073,193	4,706,664	5,646,914	5,273,784	5,241,086
Local property taxes	78,370,096	77,538,041	90,808,565	101,823,185	107,099,097	113,234,703	121,020,792	127,316,069	123,516,103	121,811,625
Property taxes for lease obligations	36,169,927	39,537,136	35,165,454	29,592,741	30,099,651	13,912,993	-	-	-	-
Personal property replacement tax	7,634,382	8,676,779	10,499,413	13,307,576	14,518,747	15,525,950	13,581,642	11,416,700	13,924,035	12,319,744
Federal grants and contracts	58,775,669	63,091,461	65,190,569	62,483,048	57,549,889	64,170,398	78,525,778	110,203,448	140,186,492	156,278,485
Litigation settlement	-	10,302,934	-	-	-	-	-	656,745	-	-
Investment income	5,136,446	2,778,234	4,893,017	8,264,368	13,311,136	11,293,733	5,829,685	2,028,369	1,589,648	1,557,008
Building lease and interest payments on debt	(15,962,262)	(14,226,778)	(12,531,839)	(12,687,374)	(6,873,136)	(2,016,881)	-	-	-	-
Non-operating revenues, net	272,353,908	335,211,488	287,529,046	293,170,695	317,005,765	319,447,096	325,615,528	368,484,553	408,551,911	433,235,336
Income before capital appropriations and grants	10,013,733	9,719,861	29,277,772	25,094,179	34,053,943	(25,771,904)	7,905,512	19,605,597	27,716,298	35,370,261
Capital appropriations and grants	36,541,105	58,790,925	53,842,700	57,572,975	125,425,216	53,576,141	16,035,019	7,335,701	2,561,433	1,426,179
Change in net assets	$ 46,554,838	$ 68,510,786	$ 83,120,472	$ 82,667,154	$159,479,159	$ 27,804,237	$ 23,940,531	$ 26,941,298	$ 30,277,731	$ 36,796,440

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

Note: The College implemented GASB Statements No. 34 and 35 for the year ended June 30, 2002

*2004 total includes $62.5 million one-time payment for SURS

City Colleges of Chicago
Community College District No. 508

Table C

Revenue Capacity
Assessed and Estimated Actual Value of Taxable Property *(Unaudited)*

Year of Levy	Residential Property	Commercial Property	Industrial Property	Railroad Property	DuPage County Unallocated	Assessed Valuation	Total Direct Rate	Estimated Actual Value
2011	-Not Available-				$ 4,998,771	$ 75,087,804,739	0.165	$ 225,263,414,217
2010	$ 51,831,630,468	$ 22,565,050,951	$ 7,530,442,082	$ 119,792,938	5,306,256	82,052,222,695	0.151	246,156,668,085
2009	52,169,503,706	24,491,319,005	7,785,890,009	98,313,889	5,478,653	84,550,505,262	0.150	253,651,515,786
2008	48,377,972,238	24,468,644,597	7,993,155,293	84,112,105	5,696,291	80,929,580,524	0.156	242,788,741,572
2007	43,685,644,783	22,387,633,179	7,454,940,830	77,095,720	5,841,665	73,611,156,177	0.159	220,833,468,531
2006	39,513,066,849	22,593,682,265	7,297,814,078	68,665,828	6,071,637	69,479,300,657	0.205	208,437,901,971
2005	31,195,901,972	21,662,642,248	6,345,138,874	64,612,951	6,296,295	59,274,592,340	0.234	177,823,777,020
2004	28,155,943,958	20,900,364,460	6,125,973,343	63,041,595	6,543,343	55,309,122,652	0.243	165,927,367,956
2003	26,150,073,225	20,928,519,965	5,997,262,932	61,877,234	6,732,347	53,144,460,703	0.246	159,433,382,109
2002	20,880,556,309	18,485,102,889	5,581,902,610	355,091,267	6,871,030	45,309,524,105	0.280	135,928,572,315

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

Sources: Cook and DuPage County Clerks' Offices

City Colleges of Chicago
Community College District No. 508

Table D

Revenue Capacity
Property Tax Rates - Direct and Overlapping Governments *(Unaudited)*

Taxing Bodies	Legal	Ten years for tax levy year									
(per $100 of assessed valuation)	Limit	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City Colleges of Chicago											
Audit Fund	$ 0.005	$ 0.001	$ 0.001	$ 0.001	$ 0.001	$ 0.002	$ -	$ 0.002	$ -	$ 0.001	$ 0.001
Tort Liability	N/A	0.013	0.009	0.009	0.005	0.005	0.009	0.007	0.004	0.007	0.010
Education Fund	0.175	0.144	0.130	0.136	0.133	0.116	0.109	0.104	0.104	0.100	0.109
Operations and Maintenance Fund	0.050	0.026	0.023	0.041	0.043	0.039	0.041	0.043	0.042	0.043	0.045
PBCC Operations & Maintenance	N/A	0.028	0.025	-	-	-	-	-	-	-	-
PBCC Rental	N/A	0.068	0.058	0.056	0.052	0.043	-	-	-	-	-
Total City Colleges of Chicago Rate		$ 0.280	$ 0.246	$ 0.243	$ 0.234	$ 0.205	$ 0.159	$ 0.156	0.150	0.151	0.165
Overlapping Rates											
Chicago Board of Education		$ 3.562	$ 3.142	$ 3.104	$ 3.026	$ 2.697	$ 2.583	$ 2.472	2.366	2.581	2.875
School Finance Authority		0.177	0.151	0.177	0.127	0.118	0.091	-	-	-	
City of Chicago		1.591	1.380	1.302	1.243	1.062	1.044	1.147	1.098	1.132	1.229
Chicago Park District		0.545	0.464	0.455	0.443	0.379	0.355	0.323	0.309	0.319	0.346
Metropolitan Water Reclamation District		0.371	0.361	0.347	0.315	0.284	0.263	0.252	0.261	0.274	0.320
Cook County		0.690	0.630	0.593	0.533	0.500	0.446	0.415	0.394	0.423	0.462
Cook County Forest Preserve		0.061	0.059	0.060	0.060	0.057	0.053	0.051	0.049	0.051	0.058
South Cook County Mosquito Abatement		-	-	-	0.010	0.007	0.006	0.009	0.009	0.010	0.012
Total Overlapping Rate		$ 6.997	$ 6.187	$ 6.038	$ 5.757	$ 5.104	$ 4.841	$ 4.669	$ 4.486	$ 4.790	$ 5.302
Total Rate		$ 7.277	$ 6.433	$ 6.281	$ 5.991	$ 5.309	$ 5.000	$ 4.825	$ 4.636	$ 4.941	$ 5.467
Tax Extensions *($ thousands)*											
Audit Fund		$ 548	$ 384	$ 396	$ 600	$ 1,567	$ -	$ 1,600	$ -	$ 650	$ 650
Tort Liability		6,042	4,973	4,753	3,000	3,092	6,574	5,399	2,865	5,736	7,736
Education Fund		65,098	69,169	75,386	79,131	81,466	80,486	84,245	87,682	81,669	81,669
Operations and Maintenance Fund		11,770	12,233	22,427	25,160	26,799	29,972	34,997	35,694	35,186	33,186
PBCC Operations & Maintenance		12,584	13,078	8,227	-	-	-	-	-	-	-
PBCC Rental		30,801	30,800	22,643	30,796	29,496	-	-	-	-	-
		$ 126,843	$ 130,637	$ 133,832	$ 138,687	$ 142,420	$ 117,032	$ 126,241	$ 126,241	$ 123,241	$ 123,241

City Colleges of Chicago
Community College District No. 508

Table E

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

	2011			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Willis Tower (formerly Sears Tower)	$ 445,590	1	0.59%	$ 530,000	1	1.00%
AON Building	302,124	2	0.40%	343,600	3	0.65%
Prudential Plaza	272,345	3	0.36%	304,000	4	0.57%
Water Tower Place	207,942	4	0.28%	-	-	-
HCSC Blue Cross A Pini	206,343	5	0.27%	-	-	-
Chase Tower	204,229	6	0.27%	285,600	6	0.54%
AT&T Corporate Center 1	197,944	7	0.26%	298,100	5	0.56%
Three First National Plaza	197,183	8	0.26%	259,500	8	0.49%
300 Lasalle LLC	190,005	9	0.25%	-	-	-
131 S. Dearborn	189,490	10	0.25%	-	-	-
Hines - One North Wacker	-	-	-	262,200	7	0.49%
Northwestern Atrium (formerly Citicorp)	-	-	-	233,200	9	0.44%
Chicago Merchandise Exchange	-	-	-	363,400	2	0.68%
311 W. Wacker	-	-	-	209,100	10	0.39%
	$ 2,413,195		3.21%	$ 3,088,700		5.81%

Source: Cook County Assessor's Office – 2011 is latest data available.
Cook County Clerk's Office – Year is year of extension
Taxable assessed value in thousands of dollars

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

City Colleges of Chicago
Community College District No. 508

Table F

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

Levy Year	Tax Levied	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2002	126,843,090	59,801,580	64,333,957	590,991	(73,577)	(251,166)	(230,596)	(137,703)	(20,352)	(10,038)	(929,371)	123,073,725	97.03%
2003	130,637,356	-	59,482,691	69,313,832	604,954	(987,368)	(747,650)	(434,675)	(142,523)	(60,863)	(153,579)	126,874,819	97.12%
2004	133,832,242	-	-	60,247,374	71,345,425	868,392	(869,747)	(741,595)	(238,414)	(129,410)	(126,201)	130,355,824	97.40%
2005	138,687,813	-	-	-	63,708,323	72,945,995	604,348	(957,405)	(587,441)	(182,150)	(60,520)	135,471,150	97.68%
2006	142,420,119	-	-	-	-	64,542,937	73,327,832	1,824,713	(1,169,788)	(863,437)	(482,260)	137,179,997	96.32%
2007	117,032,450	-	-	-	-	-	65,674,332	48,119,233	1,544,269	(895,898)	(659,843)	113,782,093	97.22%
2008	126,241,259							56,373,682	66,097,096	1,780,735	(901,491)	123,350,022	97.71%
2009	126,817,540							-	64,591,707	58,496,204	1,366,871	124,454,782	98.14%
2010	123,890,844									64,730,979	56,179,541	120,910,520	97.59%
2011	123,886,630										63,562,811	63,562,811	51.31%
	$ 1,290,289,343											$ 1,199,015,744	92.93%

Source: College and Cook County Treasurer's Tax Records

City Colleges of Chicago
Community College District No. 508

Table G

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

	Fall Term 8th Day Enrollment									
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	Total Semester Credit Hrs Generated	Tuition & Fees Revenue	Less: Scholarships and Allowances	Tuition & Fees Revenue (Net)
2003	21,403	49,484	104,349	52.00	174.50	254.29	1,266,802	55,782,322	(29,295,886)	26,486,436
2004	22,007	49,908	90,383	52.00	174.50	254.29	1,070,621	56,243,960	(20,834,420)	35,409,540
2005	22,135	50,217	79,355	62.00	229.21	314.95	1,164,887	63,734,062	(25,926,423)	37,807,639
2006	20,950	47,181	68,279	67.00	162.65	266.20	1,085,936	67,578,330	(27,658,747)	39,919,583
2007	20,647	47,031	63,675	72.00	180.83	291.61	1,064,630	69,513,402	(34,160,855)	35,352,547
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	1,190,894	115,477,680	(71,260,880)	44,216,800

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

City Colleges of Chicago
Community College District No. 508

Table H

Debt Capacity
Ratios of Net General Bonded 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
2003	32,739,132	118,545,000	151,284,132	0.09%	52.36
2004	32,218,928	99,375,000	131,593,928	0.08%	45.76
2005	30,399,472	78,610,000	109,009,472	0.06%	38.11
2006	-	56,105,000	56,105,000	0.03%	19.80
2007	-	31,695,000	31,695,000	0.01%	11.17
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-

City Colleges of Chicago
Community College District No. 508

Table I

Debt Capacity
Computation of Direct and Overlapping Debt *(Unaudited)*

	As of June 30, 2012		
(Thousands $)	**Net Direct Long-term Debt (1)**	**% Applicable to District**	**Amount Applicable to District**
Overlapping Debt			
City of Chicago	$ 7,628,222	100.00%	$ 7,628,222
Chicago Board of Education	5,907,450	100.00%	5,907,450
Chicago Park District	924,170	100.00%	924,170
Metropolitan Water Reclamation District of Greater Chicago	2,466,464	49.18%	1,213,007
Cook County	3,709,260	48.17%	1,786,751
Cook County Forest Preserve District	94,885	48.17%	45,706
	$20,730,451		$ 17,505,306
Direct Debt			
City Colleges of Chicago	-		-
Net Direct and Overlapping Long-Term Debt			$ 17,505,306

(1) Source: Amount of Net Direct Debt was obtained from the City of Chicago

City Colleges of Chicago
Community College District No. 508

Table J

Debt Capacity
Legal Debt Margin Information *(Unaudited)*
Last Ten Fiscal Years

Fiscal year ended June 30,	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Legal debt limit	$ 1,302,648,818	$ 1,527,903,245	$ 1,590,137,276	$ 1,704,144,530	$ 1,997,529,894	$ 2,116,320,740	$ 2,326,725,440	$ 2,430,827,026	$ 2,359,001,402	$ 2,158,774,386
Total net debt applicable to limit	(32,739,132)	(32,218,928)	(30,399,472)	-	-	-	-	-	-	-
Legal debt margin	$ 1,269,909,686	$ 1,495,684,317	$ 1,559,737,804	$ 1,704,144,530	$ 1,997,529,894	$ 2,116,320,740	$ 2,326,725,440	$ 2,430,827,026	$ 2,359,001,402	$ 2,158,774,386
Total net debt applicable to the limit as a percentage of debt limit	3%	2%	2%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal 2012

Assessed Value	$ 75,087,804,739
Legal debt margin	2.875%
Debt limit	$ 2,158,774,386
Debt applicable to limit General obligation bonds	-
Legal debt margin	$ 2,158,774,386

City Colleges of Chicago
Community College District No. 508

Table K

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

Fiscal Year	(A) Population	Personal Income *(in thousands)*	Per Capita Personal Income (B) *(in thousands)*	Unemployment Rate (C)
2012	-----Not Available-----			
2011	2,707,120 *	$ 136,141,065	$ 50,290 *	10.40%
2010	2,695,598	123,881,697	45,311	10.50%
2009	2,851,268	131,617,382	46,161	10.90%
2008	2,853,114	132,598,473	46,475	7.00%
2007	2,836,658	128,302,041	45,230	5.60%
2006	2,833,321	118,979,649	41,993	5.30%
2005	2,860,646	113,799,359	39,781	7.00%
2004	2,875,842	108,442,250	37,708	7.50%
2003	2,889,446	103,364,152	35,773	8.10%

Sources: **(A)** US Census Bureau. The census is conducted decennially at the start of each decade. *Estimated.
(B) Bureau of Economic Analysis. These rates are for Cook County.
*2011 Advance estimates of per capital income by metropolitan area.
(C) Illinois Workforce Info Center Website, prior information has been updated to reflect the most current data available.

City Colleges of Chicago
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Table L

Demographic and Economic Information
Principal Employers *(Unaudited)*

Employer	Fiscal Year 2012 Rank	Fiscal Year 2012 City of Chicago Number of Employees	Fiscal Year 2012 % of City of Chicago Area Employment	Fiscal Year 2011 Rank	Fiscal Year 2011 City of Chicago Number of Employees	Fiscal Year 2011 % of City of Chicago Area Employment	Fiscal Year 2010 Rank	Fiscal Year 2010 City of Chicago Number of Employees	Fiscal Year 2010 % of City of Chicago Area Employment	Fiscal Year 2009 Rank	Fiscal Year 2009 City of Chicago Number of Employees	Fiscal Year 2009 % of City of Chicago Area Employment
U.S. Government	1	55,183	2.04%	1	49,573	1.83%	1	77,000	2.86%	1	78,000	2.73%
Chicago Public Schools	2	39,667	1.47%	2	40,883	1.51%	2	43,740	1.62%	2	43,910	1.54%
City of Chicago	3	31,307	1.16%	3	35,237	1.30%	3	36,242	1.34%	3	35,570	1.25%
Cook County	4	21,785	0.80%	5	23,083	0.85%	5	23,416	0.87%	5	22,142	0.78%
Advocate Health Care	5	18,485	0.68%	7	14,873	0.55%	7	14,784	0.55%	7	15,660	0.55%
State of Illinois	6	15,800	0.58%	4	25,700	0.95%	4	26,000	0.96%	6	18,124	0.64%
AT&T Inc.	7	15,000	0.55%	-	-	-	10	13,000	0.48%	10	14,000	0.49%
Provena Health/Resurrection Health	8	14,806	0.55%	-	-	-	-	-	-	-	-	-
Walgreen Co.	9	14,688	0.54%	9	13,122	0.48%	8	13,281	0.49%	9	14,254	0.50%
University of Chicago	10	14,584	0.54%	-	-	-	-	-	-	8	14,287	0.50%
Walmart Stores, Inc.	-	-	0.00%	6	21,329	0.79%	6	19,990	0.74%	4	23,453	0.82%
JP Morgan Chase	-	-	0.00%	8	13,639	0.50%	9	13,142	0.49%	-	-	-
Abbott Laboratories	-	-	0.00%	10	13,000	0.48%	-	-	-	-	-	-
		241,305	8.92%		237,439	8.78%		280,595	10.40%		279,400	9.80%

Source: Crain's Chicago's Business, Largest Employers, published January 16, 2012
Note: Beginning with the fiscal year 2009, City Colleges of Chicago will begin to accumulate data to arrive at data for the current year and the nine years prior.

City Colleges of Chicago
Community College District No. 508

Table M

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

	2009	2010	2011	2012
Administrative Staff	307	302	285	365
Institutional Support	1,846	1,786	1,752	1,771
Professional Staff	858	893	918	1,292
Teaching Faculty	2,835	3,011	2,957	2,961
Student Employees/Work Study	882	1,032	1,104	1,132
TOTAL	**6,728**	**7,024**	**7,016**	**7,521**

Data Source: College records
Note: FY09 - FY12 figures represent filled positions.

City Colleges of Chicago
Community College District No. 508

Table N

Demographic and Economic Information
Student Enrollment Demographic Statistics
Student Enrollment Credit Hours by Category *(Unaudited)*
Ten years ended June 30

Fiscal Year	Total	Baccalaureate	Occupational Business	Occupational Technical	Occupational Health	Remedial Development	Adult Basic Secondary Education
2012	1,190,902	518,328	55,799	69,998	51,460	139,422	355,895
2011	1,207,136	505,897	54,590	72,682	51,648	136,247	386,072
2010	1,260,579	476,794	47,756	82,551	54,920	144,347	454,211
2009	1,136,523	408,681	41,510	77,907	48,517	122,788	437,120
2008	1,050,801	375,014	42,368	75,633	43,777	105,781	408,228
2007	1,064,630	364,616	42,264	68,539	49,603	107,499	432,109
2006	1,085,936	364,953	46,687	63,597	50,544	105,785	454,370
2005	1,164,887	380,301	46,941	60,499	49,154	113,057	514,935
2004	1,070,621	379,815	46,876	68,684	56,028	114,422	404,796
2003	1,266,802	357,083	50,989	71,154	54,785	110,798	621,993

Data Source: College records

City Colleges of Chicago
Community College District No. 508

Table O

Demographic and Economic Information
Student Enrollment Demographic Statistics
Student Enrollment by Fiscal Year *(Unaudited)*
Ten years ended June 30

	Headcount			
Fiscal Year	**Credit**	**Adult Ed**	**Other**	**Total**
2012	61,756	34,836	20,173	116,765
2011	60,514	35,978	22,957	119,449
2010	57,423	43,332	26,762	127,517
2009	50,500	42,294	28,144	120,938
2008	47,609	38,701	26,967	113,277
2007	47,031	39,643	24,032	110,706
2006	47,181	43,308	24,971	115,460
2005	50,217	50,390	28,965	129,572
2004	49,908	54,708	35,675	140,291
2003	49,484	58,595	45,754	153,833

	Full-time Equivalent			
Fiscal Year	**Credit**	**Adult Ed**	**Other**	**Total**
2012	29,602	13,689	2,852	46,143
2011	29,194	15,048	3,012	47,254
2010	27,347	16,919	3,508	47,774
2009	23,218	16,615	3,533	43,366
2008	21,165	15,068	3,555	39,788
2007	20,647	15,659	3,682	39,988
2006	20,950	17,286	3,314	41,550
2005	22,135	19,857	3,051	45,043
2004	22,007	22,258	3,808	48,073
2003	21,403	23,558	4,877	49,838

Data Source: College records

City Colleges of Chicago
Community College District No. 508

Table P

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

Capital Asset Type	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Land	$ 17,388,173	$ 17,388,173	$ 17,388,173	$ 17,388,173	$ 19,574,040	$ 48,988,547	$ 49,094,047	$ 49,094,047	$ 49,959,334	$ 49,959,334
Construction in process	20,923,300	72,653,608	87,031,126	70,201,658	182,702,679	18,421,821	28,955,476	43,035,306	51,832,430	58,677,994
Vehicles	-	-	-	-	586,630	741,182	795,093	825,036	-	-
Equipment	23,851,739	25,631,007	13,830,775	8,756,202	9,323,074	16,833,429	17,124,537	15,722,974	15,901,476	16,930,530
Buildings and improvements	427,289,258	426,685,662	439,645,567	478,350,538	488,896,308	642,987,012	654,292,589	680,481,594	692,728,579	711,320,407
Software	14,508,609	16,081,154	28,639,679	28,639,679	28,694,279	28,734,268	29,008,086	29,342,571	29,342,571	30,035,011
Total Capital Assets	503,961,079	558,439,604	586,535,320	603,336,250	729,777,010	756,706,259	779,269,828	818,501,528	839,764,390	866,923,276
Less: Accumulated Depreciation	(208,072,904)	(222,717,534)	(213,237,741)	(194,626,987)	(206,074,196)	(186,971,382)	(208,307,417)	(225,326,563)	(246,743,974)	(266,588,199)
Net Capital Assets	$ 295,888,175	$335,722,070	$ 373,297,579	$408,709,263	$523,702,814	$569,734,877	$ 570,962,411	$593,174,965	$ 593,020,416	$ 600,335,077
Capital Lease Obligations	$ 118,545,000	$ 99,375,000	$ 78,610,000	$ 56,105,000	$ 31,695,000	$ -	$ -	$ -	$ -	$ -

Data Sources: Summary of Capital Assets Schedule, See Note 5, and prior year comprehensive annual financial reports

Note: Prior to fiscal year 2007 and after fiscal year 2010, Vehicles were included in Equipment.

City Colleges of Chicago
Community College District No. 508

Table Q
Operating Information *(Unaudited)*
Miscellaneous Statistics

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	2005-06	2015-16
Malcolm X	2007-08	2017-18
Olive-Harvey	2010-11	2020-21
Truman	2009-10	2019-20
Wright	2001-02	2015-16

Current gross square footage	4,397,099
Size of district	228.5 square miles
Counties served	Cook and DuPage
Population of district	2,707,120
Number of administrative staff	365
Number of civil service staff	1,771
Number of professional / technical staff	1,292
Number of teaching staff	2,961
Number of student/workstudy staff	1,132
Degrees and certificates awarded (Fiscal year 2011)	8,557

City Colleges of Chicago
Community College District No. 508

Table R

Operating Information
Revenues and Expenditures by Campus *(Unaudited)*
For the fiscal year ended 6/30/2012

	Daley	Harold Washington	Kennedy-King	Malcolm X	Olive-Harvey	Truman	Wright	District Office	Total
Revenues:									
Local Tax Revenue	$ 3,410,370	$ 6,468,897	$ 11,140,320	$ 5,412,909	$ 8,848,156	$ 4,012,883	$ 4,508,251	$ 90,329,583	$ 134,131,369
All Other Local Revenue	-	-	-	-	1,475,933	1,412,308	-	1,027,659	3,915,900
ICCB Grants	14,621,404	5,373,984	7,234,501	11,463,576	4,804,656	16,442,929	10,441,844	854,864	71,237,758
All Other State Revenue	1,997,561	4,035,137	2,454,944	2,481,362	2,265,988	2,427,814	2,500,580	2,830,003	20,993,389
Federal Revenue	14,974,292	30,010,386	28,620,457	21,852,586	18,170,930	21,221,847	19,371,879	2,056,108	156,278,485
Student Tuition and Fees	12,041,051	23,120,942	16,267,084	11,957,693	7,996,537	16,002,681	21,356,882	6,734,810	115,477,680
All Other Revenue	465,749	875,378	2,045,471	1,324,092	287,205	356,332	741,496	4,682,557	10,778,280
Total Revenue before Capital Appropriations	47,510,427	69,884,724	67,762,777	54,492,218	43,849,405	61,876,794	58,920,932	108,515,584	512,812,861
Capital Appropriations	-	-	-	-	-	-	-	1,426,179	1,426,179
Total Revenue	$ 47,510,427	69,884,724	67,762,777	54,492,218	43,849,405	61,876,794	58,920,932	109,941,763	$ 514,239,040
Expenditures by program									
Instruction	$ 13,580,957	$ 16,404,602	$ 15,594,764	$ 13,641,053	$ 11,133,508	$ 19,588,963	$ 20,015,340	$ 3,231,027	$ 113,190,214
Academic Support	2,250,658	4,019,530	4,507,494	3,302,509	1,506,974	4,470,160	2,671,862	7,164,547	29,893,734
Student Services	3,290,921	3,964,395	2,489,616	4,683,982	3,696,895	5,655,661	4,894,046	3,147,128	31,822,644
Public Service/Continuing Education	77,044	1,111,278	1,998,972	317,252	366,163	519,885	12,936	2,532,937	6,936,467
Organized Research	-	350,391	-	-	-	25,231	2,083	-	377,705
Auxiliary Services	157,606	10,171	245,356	791,035	241,164	99,127	300,017	-	1,844,476
Operations and Maintenance	7,936,596	5,809,215	14,358,267	7,878,479	5,750,722	6,225,418	9,412,723	8,729,069	66,100,489
Institutional Support	2,110,936	3,191,104	3,298,658	2,518,749	2,890,859	2,960,180	2,393,856	45,736,614	65,100,956
Scholarships, Grants, Waivers	16,925,391	32,892,014	29,014,292	21,038,798	19,004,415	21,432,045	20,977,637	891,323	162,175,915
Total Expenditures	$ 46,330,109	$ 67,752,700	$ 71,507,419	$ 54,171,857	$ 44,590,700	$ 60,976,670	$ 60,680,500	$ 71,432,645	$ 477,442,600

Excludes SURS contribution of $43,796,241

Statement of Purpose: The City Colleges of Chicago Revenues and Expenditures by College for the year ended June 30, 2012, 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.

City Colleges of Chicago
Community College District No. 508

Table S

Statement of Revenues, Expenses and Changes in Net Assets by Campus *(Unaudited)*
For the fiscal year ended June 30, 2012

Revenues	Daley	Harold Washington	Kennedy-King	Malcolm X	Olive-Harvey	Truman	Wright	District	Total
Operating revenues:									
Student tuition and fees:									
Resident	$ 9,096,323	$ 16,442,690	$ 10,336,122	$ 9,143,102	$ 6,176,488	$ 11,906,724	$ 16,444,375	$ 5,630,490	$ 85,176,314
Nonresident	679,331	2,289,083	876,657	504,548	232,326	961,083	1,226,920	-	6,769,948
Other	2,265,397	4,389,169	5,054,305	2,310,043	1,587,722	3,134,874	3,685,588	1,104,320	23,531,418
Less: Scholarship allowances	(6,847,262)	(14,002,504)	(14,243,559)	(8,247,936)	(9,739,738)	(10,133,072)	(8,032,722)	(14,087)	(71,260,880)
Net student tuition and fees	5,193,789	9,118,438	2,023,525	3,709,757	(1,743,202)	5,869,609	13,324,161	6,720,723	44,216,800
Other operating revenues	461,356	833,219	1,954,264	1,156,593	257,186	330,297	676,935	1,860,595	7,530,445
Total operating revenues	5,655,145	9,951,657	3,977,789	4,866,350	(1,486,016)	6,199,906	14,001,096	8,581,318	51,747,245
Expenses									
Operating expenses:									
Instructional salaries	11,392,959	13,507,438	9,946,413	10,842,693	8,653,242	15,744,723	16,556,882	1,548,394	88,192,744
Non-instructional salaries	9,287,481	10,712,975	12,770,871	10,974,680	8,957,981	13,164,330	10,221,039	25,575,766	101,665,123
Fringe benefits	7,913,283	9,652,580	8,883,045	8,635,514	7,126,519	11,599,316	10,498,741	14,247,223	78,556,221
Supplies	841,939	1,101,353	2,513,686	1,554,567	978,244	1,519,310	1,549,243	5,351,096	15,409,438
Professional Development	158,600	109,180	260,821	193,521	276,186	117,391	146,184	222,362	1,484,245
Equipment not capitalized	212,744	259,592	966,360	541,009	556,618	413,851	106,715	4,112,189	7,169,078
Utilities	1,055,225	747,095	2,030,195	1,411,156	752,026	1,185,636	1,339,603	1,312,958	9,833,894
Contractual services	1,107,193	2,390,923	4,654,803	2,248,110	1,375,879	1,754,284	1,866,473	22,058,580	37,456,245
Depreciation	2,256,909	1,797,820	5,626,571	1,790,927	1,042,271	799,800	3,590,141	2,939,786	19,844,225
Financial aid, exclusive of scholarship allowances	9,735,950	18,644,940	14,234,138	12,365,977	8,957,932	10,872,549	12,693,734	622,811	88,128,031
Other expenses	265,148	404,921	523,549	207,773	201,285	294,279	235,993	(259,872)	1,873,076
Total operating expenses	44,227,431	59,328,817	62,410,452	50,765,927	38,878,183	57,465,469	58,804,748	77,731,293	449,612,320
Operating loss	(38,572,286)	(49,377,160)	(58,432,663)	(45,899,577)	(40,364,199)	(51,265,563)	(44,803,652)	(69,149,975)	(397,865,075)
Non-operating revenues (expenses):									
State apportionment and equalization	10,415,347	4,014,920	4,866,970	7,756,153	3,080,641	11,306,401	7,243,111	-	48,683,543
Other state grants and contracts	10,952,594	11,006,636	10,021,054	11,198,288	8,044,244	14,210,249	11,891,514	10,019,266	87,343,845
Local grants and contracts	-	8,347	39,220	-	1,478,933	1,414,306	29,331	2,270,949	5,241,086
Local property taxes	3,410,370	6,468,897	11,140,320	5,412,909	8,848,156	4,012,883	4,508,251	78,009,839	121,811,625
Personal property replacement tax	-	-	-	-	-	-	-	12,319,744	12,319,744
Federal grants and contracts	14,974,292	30,010,386	28,620,457	21,852,586	18,170,930	21,221,847	19,371,879	2,056,108	156,278,485
Investment income	-	-	-	-	-	-	-	1,557,008	1,557,008
Building lease and interest payments on debt	-	-	-	-	-	-	-	-	-
Non-operating revenues, net	39,752,603	51,509,186	54,688,021	46,219,936	39,622,904	52,165,686	43,044,086	106,232,914	433,235,336
Income (loss) before capital appropriations and grants	1,180,317	2,132,026	(3,744,642)	320,359	(741,295)	900,123	(1,759,566)	37,082,939	35,370,261
Capital appropriations and grants	-	-	-	-	-	-	-	1,426,179	1,426,179
Change in net assets	$ 1,180,317	$ 2,132,026	$ (3,744,642)	$ 320,359	$ (741,295)	$ 900,123	$ (1,759,566)	$ 38,509,118	$ 36,796,440

Special Reports Section

State Required Report Section

City Colleges of Chicago
Community College District No. 508
All Funds Summary
Uniform Financial Statement #1
Fiscal year ended June 30, 2012

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Auxiliary Enterprises Fund	Restricted Purposes Fund **	Working Cash Fund	Investment in Plant Fund	Trust & Agency Fund	Audit Fund	Liability, Protection Settlement Fund	PBC * Operations and Maintenance Fund	Total
Fund Balance: July 1, 2011	$ 12,854,730	$ -	$ 144,654,889	$ 1,837,540	$ (1,485,540)	$ 69,692,976	$ 593,018,699	$ (1,060)	$ 49,594	$ 2,967,551	$ 607,045	$ 824,196,424
Revenues:												
Local Tax Revenue	77,476,666	30,534,550	19,179,954	-	-	-	-	-	615,028	6,325,171	-	134,131,369
All Other Local Revenue	-	-	1,426,179	-	3,915,900	-	-	-	-	-	-	5,342,079
ICCB Grants	65,240,169	-	-	-	6,066,292	-	-	-	-	-	-	71,306,461
All Other State Revenue	-	-	-	-	20,924,686	-	-	-	-	-	-	20,924,686
Federal Revenue	288,076	-	-	-	155,990,409	-	-	-	-	-	-	156,278,485
Student Tuition and Fees	115,477,679	-	-	-	-	-	-	-	-	-	-	115,477,679
All Other Revenue	2,142,595	2,450,428	468,251	4,142,136	1,113,115	461,232	-	-	-	525	-	10,778,281
Total Revenues	260,625,185	32,984,978	21,074,384	4,142,135	188,010,402	461,232	-	-	615,028	6,325,696	-	514,239,040
Expenses												
Instruction	103,240,219	-	-	835,135	9,114,860	-	-	-	-	-	-	113,190,214
Academic Support	19,185,670	-	-	974,467	9,733,597	-	-	-	-	-	-	29,893,734
Student Services	26,893,047	-	-	-	4,929,597	-	-	-	-	-	-	31,822,644
Public Service/Continuing Education	1,173,631	-	-	1,683,529	4,079,307	-	-	-	-	-	-	6,936,467
Organized Research	-	-	-	-	377,705	-	-	-	-	-	-	377,705
Auxiliary Services	882,038	-	-	790,817	171,621	-	-	-	-	-	-	1,844,476
Operations and Maintenance	12,906,854	27,833,357	4,541,861	-	153,912	-	19,844,225	-	-	820,280	-	66,100,489
Institutional Support	50,572,821	674,003	7,654,411	520,211	1,615,264	-	-	-	579,002	3,485,244	-	65,100,956
Scholarships, Grants, Waivers	3,026,289	-	-	-	159,149,626	-	-	-	-	-	-	162,175,915
Total Expenses	217,880,569	28,507,360	12,196,272	4,804,159	189,325,489	-	19,844,225	-	579,002	4,305,524	-	477,442,600
Net Transfers	(42,282,824)	(4,477,618)	22,478,540	-	-	(2,878,701)	27,160,603	-	-	-	-	-
Fund Balance: June 30, 2012	$ 13,316,522	$ -	$ 176,011,541	$ 1,175,516	$ (2,800,627)	$ 67,275,507	$ 600,335,077	$ (1,060)	$ 85,620	$ 4,987,723	$ 607,045	$ 860,992,864

* Public Building Commission
** excludes SURS contribution $ 43,796,241

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, 2012

	Fixed Asset/Debt Account Groups July 1, 2011	Additions	Deletions and Transfers	Fixed Asset/Debt Account Groups June 30, 2012
Fixed Assets				
Land	$ 49,959,334	$ -	$ -	$ 49,959,334
Construction work-in-progress	51,832,430	27,295,849	20,450,285	58,677,994
Buildings and Improvements	692,728,579	18,591,828	-	711,320,407
Equipment	15,901,476	1,029,054	-	16,930,530
Software	29,342,571	692,440	-	30,035,011
Accumulated Depreciation	(246,743,974)	(19,844,225)	-	(266,588,199)
Net Fixed Assets	$ 593,020,416	$ 27,764,946	$ 20,450,285	$ 600,335,077
Long-term Debt				
Lease obligations	$ -	$ -	$ -	$ -
Total Fixed Liabilities	$ -	$ -	$ -	$ -

City Colleges of Chicago
Community College District No. 508
Operating Funds Revenues And Expenditures**
Uniform Financial Statement #3
Fiscal year ended June 30, 2012

OPERATING REVENUES BY SOURCE	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Local Government Revenue:			
Local Taxes	$ 77,476,666	$ 30,534,550	$ 108,011,216
Other	-	-	-
TOTAL LOCAL GOVERNMENT	77,476,666	30,534,550	108,011,216
State Government:			
ICCB Base Operating Grant	48,683,543	-	48,683,543
ICCB Equalization Grant	16,556,626	-	16,556,626
TOTAL STATE GOVERNMENT	65,240,169	-	65,240,169
Federal Government:			
Dept. of Education	288,076	-	288,076
TOTAL FEDERAL GOVERNMENT	288,076	-	288,076
Student Tuition and Fees			
Tuition	91,946,261	-	91,946,261
Fees	23,531,418	-	23,531,418
TOTAL TUITION AND FEES	115,477,679	-	115,477,679
Other Sources			
Sales and Service Fees	166,918	-	166,918
Facilities Revenue	98,098	2,450,428	2,548,526
Investment Revenue	758,600		758,600
Other	1,118,979	-	1,118,979
TOTAL OTHER REVENUE	2,142,595	2,450,428	4,593,023
TOTAL REVENUE	260,625,185	32,984,978	293,610,163
Instructional Service Contracts			-
ADJUSTED REVENUE	$ 260,625,185	$ 32,984,978	$ 293,610,163
OPERATING EXPENDITURES			
BY PROGRAM			
Instruction	$ 103,240,219	$ -	$ 103,240,219
Academic Support	19,185,670	-	19,185,670
Student Services	26,893,047	-	26,893,047
Public Service/Continuing Education	1,173,631	-	1,173,631
Auxiliary Services	882,038	-	882,038
Operations and Maintenance	12,906,854	27,833,357	40,740,211
Institutional Support	50,572,821	674,003	51,246,824
Scholarships, Grants, Waivers	3,026,289	-	3,026,289
TOTAL EXPENDITURES	217,880,569	28,507,360	246,387,929
Less Non-Operating Items*			
Transfers to Non-Operating Funds	42,282,824	4,477,618	46,760,442
ADJUSTED EXPENDITURES	$ 260,163,393	$ 32,984,978	$ 293,148,371
BY OBJECT			
Salaries	$ 154,398,094	$ 13,755,796	$ 168,153,890
Employee Benefits	26,799,777	1,012,623	27,812,400
Contractual Services	18,310,515	2,434,463	20,744,978
General Materials and Supplies	11,604,501	1,607,399	13,211,900
Professional Development	1,014,688	4,543	1,019,231
Fixed Charges	548,594	778,064	1,326,658
Utilities	893,705	8,914,472	9,808,177
Other	1,806,658	-	1,806,658
Student Grants & Scholarships**	2,504,037	-	2,504,037
TOTAL EXPENDITURES	217,880,569	28,507,360	246,387,929
Less Non-Operating Items*			
Transfers from Non-Operating Funds	42,282,824	4,477,618	46,760,442
ADJUSTED EXPENDITURES	$ 260,163,393	$ 32,984,978	$ 293,148,371

* Enter as negative.
** Non-add line.
** 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, 2012

REVENUE BY SOURCE:		
TOTAL LOCAL GOVERNMENT	$	3,915,900
State Government *		
ICCB - Adult Education		5,439,692
ICCB - Retirees Health Insurance Grant		626,600
Other		20,924,686
TOTAL STATE GOVERNMENT		26,990,978
Federal Government		
Dept. of Education		118,617,895
Other		37,372,514
TOTAL FEDERAL GOVERNMENT		155,990,409
Other Sources		
Other		1,113,115
TOTAL OTHER SOURCES		1,113,115
TOTAL RESTRICTED PURPOSES FUND REVENUES	$	188,010,402
EXPENDITURES BY PROGRAM *		
Instruction	$	9,114,860
Academic Support		9,733,597
Student Services		4,929,597
Public Service/Continuing Education		4,079,307
Organized Research		377,705
Auxiliary Services		171,621
Operations and Maintenance		153,912
Institutional Support		1,615,264
Scholarships, Grants and Waivers		159,149,626
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	$	189,325,489
EXPENDITURES BY OBJECT *		
Salaries	$	18,516,388
Employee Benefits		4,867,312
Contractual Services		2,919,363
General Materials and Supplies		5,094,562
Professional Development		398,162
Fixed Charges		1,374
Utilities		3,405
Capital Outlay		255,725
Other		384,325
Scholarships, Grants, Waivers*		156,884,873
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	$	189,325,489

* Excludes SURS contribution of $43,796,241.

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, 2012

INSTRUCTION	
Instructional Programs	$ 113,190,214
Total Instruction	113,190,214
ACADEMIC SUPPORT	
Library Center	3,628,706
Instructional Materials Center	362,645
Educational Media Services	77,334
Academic Computing Support	1,174,169
Academic Administration and Planning	14,824,333
Other	9,826,547
Total Academic Support	29,893,734
STUDENT SERVICES SUPPORT	
Admissions and Records	4,134,993
Counseling and Career Services	8,010,536
Financial Aid Administration	5,256,362
Other	14,420,753
Total Student Services Support	31,822,644
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	902,536
Customized Training (Instructional)	739,897
Community Services	2,910,337
Other	2,383,697
Total Public Service/Continuing Education	6,936,467
ORGANIZED RESEARCH	377,705
AUXILIARY SERVICES	1,844,476
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	11,886,175
Custodial Services	6,615,346
Grounds	16,048
Campus Security	10,221,192
Transportation	3,686
Utilities	7,901,365
Administration	997,422
Other	4,073,169
Total Operations and Maintenance of Plant	41,714,403
INSTITUTIONAL SUPPORT	
Executive Management	6,340,736
Fiscal Operations	5,056,617
Community Relations	3,687,460
Administrative Support Services	15,934,476
Board of Trustees	354,933
General Institutional	11,676,149
Institutional Research	1,293,554
Administrative Data Processing	5,852,514
Other	7,250,106
Total Institutional Support	57,446,545
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	162,175,915
TOTAL CURRENT FUNDS EXPENDITURES	$ 445,402,103

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

** Excludes SURS Contribution of $43,796,241

CITY COLLEGES of CHICAGO
Education that Works

Schedule 6

City Colleges of Chicago
Community College District No. 508

Certification of Chargeback Reimbursement for Fiscal Year 2013

All fiscal year 2012 non-capital operating expenses from the following funds:

Education Fund	$	216,851,517
Operations and Maintenance Fund		28,507,360
Restricted Purposes Fund		189,325,489
Audit Fund		579,002
Liability, Protection and Settlement Fund		4,305,524
TOTAL NON-CAPITAL EXPENDITURES	$	439,568,892
PLUS DEPRECIATION FOR EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES		2,052,770
PLUS DEPRECIATION ON BUILDINGS AND FIXED EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES		13,841,448
EQUALS TOTAL QUALIFIED EXPENDITURES	$	455,463,110
LESS ALL FISCAL YEAR 2012 STATE AND FEDERAL OPERATING GRANTS FOR NON-CAPITAL EXPENDITURES, EXCEPT ICCB GRANTS		176,983,798
EQUALS ADJUSTED QUALIFIED EXPENDITURES	$	278,479,312
DIVIDED BY TOTAL CREDIT HOURS FOR FISCAL YEAR 2012		1,190,901.5
EQUALS COST PER SEMESTER CREDIT HOUR	$	233.84
LESS DISTRICT'S AVERAGE GRANT RATE FOR FISCAL YEAR 2013	$	48.32
LESS STUDENT TUITION PER SEMESTER CREDIT HOUR FOR FISCAL YEAR 2013		89.00
EQUALS CHARGEBACK REIMBURSEMENT RATE PER SEMESTER CREDIT HOUR	$	96.52

Approved: Melanie Shaker
Melanie A.J. Shaker, Vice Chancellor of Finance/Chief Financial Officer

Approved: Cheryl L. Hyman
Cheryl L. Hyman, Chief Executive Officer

Deloitte.

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INDEPENDENT ACCOUNTANTS' REPORT ON SCHEDULE OF ENROLLMENT DATA AND OTHER BASES ON WHICH CLAIMS ARE FILED

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases On Which Claims are Filed (the "Schedule") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") for the year ended June 30, 2012. This Schedule is the responsibility of City Colleges' management. 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 and the guidelines of the Illinois Community College Board's Fiscal Management Manual, and accordingly, included examining, on a test basis, evidence supporting the Schedule and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, such Schedule presents, in all material respects, the enrollment data and other bases upon which claims are filed in conformity with the provisions of the aforementioned guidelines.

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

Deloitte & Touche LLP

October 15, 2012

Schedule of Enrollment Data and Other Bases On Which Claims are Filed For the year ended June 30, 2012

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

Categories	Summer Unrestricted	Summer Restricted	Fall Unrestricted	Fall Restricted	Spring Unrestricted	Spring Restricted	Total Unrestricted	Total Restricted
Baccalaureate Transfer	58,693.0	-	226,083.0	-	233,552.0	-	518,328.0	-
Business Occupational	4,589.0	-	25,578.0	-	25,632.0	-	55,799.0	-
Technical Occupational	7,915.5	-	30,607.5	-	31,467.0	8.0	69,990.0	8.0
Health Occupational	6,285.0	-	22,588.0	-	22,587.0	-	51,460.0	-
Remedial/Developmental	10,980.0	-	68,352.0	-	60,090.0	-	139,422.0	-
Adult Basic/Secondary Education	59,243.0	34,056.0	111,280.0	15,220.0	130,566.5	5,529.0	301,089.5	54,805.0
Total	147,705.5	34,056.0	484,488.5	15,220.0	503,894.5	5,537.0	1,136,088.5	54,813.0

Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2012

Categories	Unrestricted Total Credit Hours	Unrestricted Total Credit Hours Certified by ICCB	Unrestricted Difference	Restricted Total Credit Hours	Restricted Total Credit Hours Certified by ICCB	Restricted Difference
Baccalaureate Transfer	518,328.0	518,328.0	-	-	-	-
Business Occupational	55,799.0	55,799.0	-	-	-	-
Technical Occupational	69,990.0	69,990.0	-	8.0	8.0	-
Health Occupational	51,460.0	51,460.0	-	-	-	-
Remedial/Developmental	139,422.0	139,422.0	-	-	-	-
Adult Basic/Secondary Education	301,089.5	301,089.5	-	54,805.0	54,805.0	-
Total	1,136,088.5	1,136,088.5	-	54,813.0	54,813.0	-

Summary of Certified Dual Credit and Dual Enrollment Hours

	Dual Credit	Dual Enrollment
Reimbursable Semester Credit Hours (All Terms)	1,002.0	1,104.0

Schedule of Enrollment Data and Other Bases On Which Claims are Filed *(Continued)*
For the year ended June 30, 2012

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	1,096,170.0		
Restricted in-district residents hours	52,315.0		
Semester credit hours (all terms)	1,148,485.0	1,433.5	1,149,918.5

District prior year equalized assessed evaluation (Preliminary) $75,087,804,739

	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference
In-district residents	1,148,485.0	1,148,485.0	-
Out-of-district (chargeback/contractual agreement)	1,433.5	1,433.5	-
Total	1,149,918.5	1,149,918.5	-

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)

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
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
2006	69,479,300,657
2005	59,274,592,340
2004	55,309,122,652

State Grant Compliance Section

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of the Workforce Development Component Grant, Retirees Health Insurance Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education Program Improvement Grant, (collectively, the "Grant Programs") of City Colleges of Chicago, Community District No. 508 (the "City Colleges") as of June 30, 2012, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended, as listed in the foregoing table of contents. We have also audited the accompanying balance sheet of the Accelerating Opportunities Grant (AO508) (included in the "Grant Programs") as of February 29, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period July 1, 2011 through February 29, 2012, as listed in the foregoing table of contents. We have also audited the accompanying balance sheet of the Accelerating Opportunities Grant (12AO508) (included in the "Grant Programs") as of June 30, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period December 1, 2011 through June 30, 2012, as listed in the foregoing table of contents. We have also audited the accompanying balance sheet of the Student Success Grant (included in the "Grant Programs") as of June 27, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period June 28, 2010 through June 27, 2012, as listed in the foregoing table of contents. These respective financial statements are the responsibility of City Colleges' management. Our responsibility is to express an opinion on the respective 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the respective financial statements referred to above present only the financial position of the Workforce Development Component Grant, Retirees Health Insurance Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, Career and Technical Education Program Improvement Grant, the Accelerating Opportunities Grants, and the Student Success Grant (collectively above the "Grant Programs") and do not purport to, and do not, present fairly the respective financial position of City Colleges of Chicago, Community College District No. 508 as of June 30, 2012, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the respective financial position of the Workforce Development Component Grant, Retirees Health Insurance Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education Program Improvement Grant as of June 30, 2012 and the respective changes in financial position thereof for the year then ended; the respective financial position of the Accelerating Opportunities Grant (AO508) as of February 29, 2012 and the respective changes in financial position thereof for the period July 1, 2011 through February 29, 2012; the respective financial position of the Accelerating Opportunities Grant (12AO508) as of June 30, 2012 and the respective changes in financial position thereof for the period December 1, 2011 through June 30, 2012; and the respective financial position of the Student Success Grant as of June 27, 2012 and the respective changes in financial position thereof for the period June 28, 2010 through June 27, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of the City Colleges' Grant Programs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the respective financial statements referred to above as a whole. The supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the respective financial statements of the Workforce Development Component Grant and State Adult Education and Family Literacy Grant. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the respective financial statements. The information has been subjected to the auditing procedures applied in the audit of the respective financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the respective financial statements or to the respective financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the respective financial statements of the Workforce Development Component Grant and the State Adult Education and Family Literacy Grant taken as a whole.

This report is intended solely for the information and use of the Board of Trustees and management of City Colleges of Chicago, Community College District No. 508, and the Illinois Community College Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

October 31, 2012

Deloitte.

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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

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

We have audited the accompanying balance sheets of the Workforce Development Component Grant, Retirees Health Insurance Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education Program Improvement Grant (collectively, the "Grant Programs") of City Colleges of Chicago Community District No. 508 ("City Colleges") as of June 30, 2012, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. We have also audited the accompanying balance sheet of the Accelerating Opportunities Grant (AO508) (included in the "Grant Programs") as of February 29, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period July 1, 2011 through February 29, 2012. We have also audited the accompanying balance sheet of the Accelerating Opportunities Grant (12AO508) (included in the "Grant Programs") as of June 30, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period December 1, 2011 through June 30, 2012. We have also audited the accompanying balance sheet of the Student Success Grant (included in the "Grant Programs") as of June 27, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period June 28, 2010 through June 27, 2012. We have issued our report on the Grant Programs thereon dated October 31, 2012. 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.

Internal Control over Financial Reporting

Management of City Colleges is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City Colleges' Grant Programs' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the respective financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Colleges' Grant Programs' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City Colleges' Grant Programs' internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City Colleges' Grant Programs' respective financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees and management of City Colleges of Chicago Community College District No. 508 and the Illinois Community College Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

October 31, 2012

Grant Program Financial Statements

City Colleges of Chicago
Community College District No. 508
Workforce Development Component Grant Program *(Business/Industry Services)*
Balance Sheet
As of June 30, 2012

Assets		
Cash	$	51,002
Liabilities and Fund balance		
Accounts payable	$	22,864
Agency payable		28,138
Total liabilities		51,002
Total Fund Balance		-
Total Liabilities and Fund Balance	$	51,002

Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the year ended June 30, 2012

Revenue		
State sources	$	210,742
Expenditures		
Salaries	$	117,118
Employee benefits		45,299
Office operating costs		22,013
Instructional equipment		15,864
Contractual services		5,000
Promotional materials		4,028
Travel		1,420
Total expenditures	$	210,742
Excess of Revenue over Expenditures	$	-
Fund balance - July 1, 2011		-
Fund balance - June 30, 2012	$	-

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
Workforce Development Component Grant Program *(Business/Industry Services)*
ICCB Compliance Statement For Workforce
Development - Business / Industry Grant
Total Expenditures for ICCB Grant Funds Only
For the year ended June 30, 2012

Expenditures	General	Operation of Workforce Development Office	Total
Personnel (Salaries & Benefits)	$ -	$ 162,417	$ 162,417
Instructional Equipment		$ 15,864	15,864
Contractual Services	-	5,000	5,000
Promotional materials	-	4,028	4,028
Travel	-	1,420	1,420
Cost of Operating a Business Assistance Center/Economic Development/Workforce Office Operating Costs	-	22,013	22,013
Totals	$ -	$ 210,742	$ 210,742

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
Retirees Health Insurance Grant Program
Balance Sheet
As of June 30, 2012

Assets	$ -
Liabilities and Fund balance	$ -

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2012

Revenue	
State sources	$ 626,600
Expenditures	
Retiree benefits	626,600
Total Expenditures	$ 626,600
Excess of Revenues over Expenditures	$ -
Fund Balance - July 1, 2011	-
Fund Balance - June 30, 2012	$ -

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
State Adult Education and Family Literacy Grant Program
Combined Balance Sheet
As of June 30, 2012

	State Basic	Public Aid	State Performance	Total
Assets				
Accounts Receivable	$ 1,334,284	$ 909,871	$ 237,845	$ 2,482,000
Total assets	$ 1,334,284	$ 909,871	$ 237,845	$ 2,482,000
Liabilities and Fund balance				
Accounts payable	$ 26,194	$ 14,007	$ 60,893	$ 101,094
Due to City Colleges of Chicago	1,308,090	895,864	176,952	2,380,906
Total Liabilities	1,334,284	909,871	237,845	2,482,000
Fund balance	-	-	-	-
Total Liabilities and Fund Balance	$ 1,334,284	$ 909,871	$ 237,845	$ 2,482,000

Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
For the year ended June 30, 2012

	State Basic	Public Aid	State Performance	Total
Revenue				
State sources	$ 2,668,568	$ 1,819,742	$ 951,382	$ 5,439,692
Expenditures by program				
Instruction	$ 1,584,543	$ 996,204	$ 227,745	$ 2,808,492
Social Work Services	640,905	441,624	105,243	1,187,772
Guidance Services	62,768	31,845	33,533	128,146
Assessment and Testing	198,276	197,524	33,099	428,899
Student Transportation Services	-	-	52,781	52,781
Subtotal Instructional and Student Services	2,486,492	1,667,197	452,401	4,606,090
Program support				
Improvement of Instructional Services	5,394	24,953	235,775	266,122
General Administration	49,458	59,074	146,565	255,097
Operation & Maintenance of Plant Services	-	-	10,321	10,321
Workforce Coordination	7,114	7,114	7,114	21,342
Data and Information Services	120,110	61,404	99,206	280,720
Subtotal Program Support	182,076	152,545	498,981	833,602
Total Expenditures	$ 2,668,568	$ 1,819,742	$ 951,382	$ 5,439,692
Excess of Revenue over Expenditures	$ -	$ -	$ -	$ -
Fund Balance - July 1, 2011	-	-	-	-
Fund Balance - June 30, 2012	$ -	$ -	$ -	$ -

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
ICCB Compliance Statement for the
Adult Education and Family Literacy Grant Program
Expenditure Amounts and Percentages for ICCB Grant Funds Only
For the year ended June 30, 2012

	Expenditure Amount	Allowed Expenditure Percentage	Actual Expenditure Percentage
State Basic			
Instruction	$ 1,584,543	Minimum 45%	59%
General Administration	$ 49,458	Maximum 9%	2%
State Public Assistance			
Instruction	$ 996,204	Minimum 45%	55%
General Administration	$ 59,074	Maximum 9%	3%
State Performance			
General Administration	$ 146,565	N/A	15%

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
Early School Leavers Grant Program
Balance Sheet
As of June 30, 2012

Assets	
Cash	$ 3,187
Liabilities and fund balance	
Accounts payable	$ 3,187
Total liabilities	3,187
Total fund balance	-
Total liabilities and fund balance	$ 3,187

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2012

Revenue	
State sources	$ 75,000
Expenditures	
Salaries	$ 41,184
Employee Benefits	7,891
Materials and supplies	22,174
Student Support Services	1,795
Travel and professional development	1,411
Purchased services	545
Total expenditures	$ 75,000
Excess of Revenue over Expenditures	$ -
Fund Balance - July 1, 2011	-
Fund Balance - June 30, 2012	$ -

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, 2012

Assets	
Cash	$ 41,175
Liabilities and Fund Balance	
Accounts payable	39,175
Accrued Payroll	2,000
Total liabilities	41,175
Total Fund Balance	-
Total Liabilities and Fund Balance	$ 41,175

Statement of Revenues, Expenditures
and Changes in Fund Balance
For the year ended June 30, 2012

Revenue	
State sources	$120,818
Expenditures	
Salaries	21,058
Instructional equipment	47,802
Materials and supplies	40,545
Staff development	11,413
Total Expenditures	$ 120,818
Excess of Revenue Over (Under) Expenditures	-
Fund Balance - July 1, 2011	-
Fund Balance - June 30, 2012	$ -

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
Accelerating Opportunities Implementation Grant Program (AO508)
Balance Sheet
As of February 29, 2012

Assets	
Cash	$ -
Liabilities and Fund Balance	
Accounts payable	-
Total liabilities	-
Total Fund Balance	-
Total Liabilities and Fund Balance	$ -

Statement of Revenues, Expenditures and Changes in Fund Balance
For the period ended February 29, 2012

Revenue	
State sources	$20,000
Expenditures	
Salaries	9,009
Materials and supplies	4,755
Travel and meeting	3,480
Marketing and Printing	1,500
Indirect Cost	1,256
Total Expenditures	$ 20,000
Excess of Revenue Over (Under) Expenditures	-
Fund Balance - July 1, 2011	-
Fund Balance - February 29, 2012	$ -

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
Accelerating Opportunities Implementation Grant Program (12AO508)
Balance Sheet
As of June 30, 2012

Assets	
Cash	$ 1,177
Liabilities and Fund Balance	
Accounts payable	1,177
Total liabilities	1,177
Total Fund Balance	-
Total Liabilities and Fund Balance	$ 1,177

Statement of Revenues, Expenditures and Changes in Fund Balance
For the period ended June 30, 2012

Revenue	
State sources	$31,250
Expenditures	
Student Support	22,465
Materials and supplies	3,931
Travel and meeting	2,222
Marketing and Printing	1,069
Indirect Cost	1,563
Total Expenditures	$ 31,250
Excess of Revenue Over (Under) Expenditures	-
Fund Balance - December 1, 2011	-
Fund Balance - June 30, 2012	$ -

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
Student Success Grant Program
Balance Sheet
As of June 27, 2012

Assets	
Cash	$ 371,481
Liabilities and Fund Balance	
Accounts payable	184,320
Accrued payroll	2,550
Agency payable	184,611
Total liabilities	371,481
Total Fund Balance	-
Total Liabilities and Fund Balance	$ 371,481

Statement of Revenues, Expenditures and Changes in Fund Balance
For the period ended June 27, 2012

Revenue	
State sources	$2,639,410
Expenditures	
Salaries	1,620,971
Employee Benefits	200,867
Auxiliary Aids and Services	661,125
Supplemental Instructional Materials	136,374
Instructional Equipment	20,073
Total Expenditures	$ 2,639,410
Excess of Revenue Over (Under) Expenditures	-
Fund Balance - June 28, 2010	-
Fund Balance - June 27, 2012	$ -

See accompanying notes to grant program financial statements.

Notes to Grant Program Financial Statements

1. PROGRAM DESCRIPTIONS

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

A. Workforce Development Component Grant *(Business and Industry Services)*

The program recognizes the importance of the community college system in assisting local businesses, associations, labor, government, and others to develop and enhance a qualified, well trained labor force. The grant funds are dedicated to the operation of a business assistance center and/or involvement with state and local economic development efforts.

B. Retirees Health Insurance Grant

The program is intended to provide health insurance for the district's annuitants. Eligible districts shall be defined as those community college districts not eligible for participation in the retirees health insurance plan administered through the Department of Central Management Services.

C. Adult Education and Family Literacy Grant

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

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

The ICCB provides funding for Adult Education and Family Literacy from State and Federal sources. State funds include three categories: (1) State Basic, (2) State Public Assistance, and (3) State Performance. Federal funds include two categories: (1) Federal Basic and (2) Federal EL/Civics. Funding is allocated through a competitive process. The funding source determines the applicable statutory regulations, policies, and guidelines, including allowable costs.

1. PROGRAM DESCRIPTIONS *(Continued)*

D. 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.

E. 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.

F. Accelerating Opportunities Grant (AO508)

The Accelerating Opportunities Grant program primary focus is to increase the number of students earning college credentials of economic value and improve the outcomes for students requiring remediation. The program will also emphasize increasing the number and share of ABE/GED/ESL students who advance to and succeed in college level courses.

G. Accelerating Opportunities Grant (12AO508)

The Accelerating Opportunities Grant program primary focus is to increase the number and share of ABE/GED/ESL students who advance to and succeed in college level courses in the Manufacturing and Health Sciences pathways with a District goal of achieving a minimum of 316 credentials by September 30, 2014.

H. Student Success Grant

The Student Success grant focuses on student services that are critical to student success. The Student Success program emphasized tutoring to increase student performance in Adult Education, remedial and college level courses. The program also focused on increasing academic advising and educational planning so students can achieve academic career goals as well as increasing services for veteran students and students with disabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Reporting

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

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

The grant funds shall be expended or obligated prior to June 30 each year, the last day of the fiscal year. Grant funds should be accounted for in the same period as in the credit hour claiming process. Unexpended funds shall be returned to ICCB by October 15 following the end of the fiscal year. The Retirees Health Insurance, the State Adult Education and Family Literacy programs, the Early School Leavers program the Career and Technical Education program, and both Accelerating Opportunities grant programs were fully expended within the grant period. City Colleges of Chicago was unable to fully utilize the entire Workforce Development Component and Student Success grant awards and subsequently returned the unspent portion to ICCB.

These grant program financial statements cover only the Workforce Development Component Grant, Retirees Health Insurance Grant, the State Adult Education and Family Literacy Grant, Early School Leavers Grant, Career and Technical Education Grant, the Accelerated Opportunities Grants, and Student Success Grant programs. 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 Workforce Development Component Grant, Retirees Health Insurance Grant, the State Adult Education and Family Literacy Grant, Early School Leavers Grant, the Career and Educational Grant, Accelerating Opportunities Grants, and the Student Success Grant programs are pooled with City Colleges.

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

C. Capital outlay

Acquisitions of fixed assets with grant funds are reported as capital outlay expenditures in these grant program financial statements. Fixed assets acquired with grant funds are not reported on grant balance sheets.

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.

E. Subsequent Events

Management has evaluated all subsequent events through October 31, 2012, which is the date the grant program statements were available to be issued.

Please contact us if you would like additional copies of the Comprehensive Annual Financial Report for the year ended June 30, 2012: http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports/CAFR.

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

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CITY COLLEGES of CHICAGO
Education that Works

APPENDIX B

UNAUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2013*

*Audited financial statements of the District for Fiscal Year 2013 are expected to be posted to EMMA by October 18, 2013.

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UNAUDITED
City Colleges of Chicago
Community College District No. 508
Statement of Net Position
June 30, 2013

		Unaudited 2013
Assets		
Current assets:		
Cash and cash equivalents	$	88,029,995
Short-term investments		178,811,936
Property tax receivable, net		58,522,085
Personal property replacement tax receivable		2,584,455
Other accounts receivable, net		37,204,114
Prepaid items and other assets		90,691
Total current assets		365,243,276
Non-current assets:		
Restricted cash		894,142
Funds held by Public Building Commission		79,652
Long-term investments		83,992,237
Capital assets		903,122,114
Less: Accumulated depreciation		(281,982,383)
Total non-current assets		706,105,762
Total assets		1,071,349,038
Liabilities		
Current liabilities:		
Accounts payable		31,427,735
Accrued payroll		2,730,265
Other accruals		896,173
Deferred salaries		708,388
Deposits held in custody for others		1,414,048
Deferred tuition and fees revenue		6,388,429
Deferred property tax revenue		59,542,677
Accrued property tax refunds		10,737,144
Deferred grant revenue		1,037,895
Other liabilities		15,622,088
Current portion of non-current liabilities		2,933,228
Total current liabilities		133,438,070
Non-current liabilities:		
Accrued compensated absences		3,165,710
Sick leave benefits		17,833,993
Other post-employment benefits		37,477,472
Less current portion of non-current liabilities		(2,933,228)
Total non-current liabilities		55,543,947
Total liabilities		188,982,017
Net position		
Net investment in capital assets		621,139,731
Restricted specific purposes		6,678,701
Unrestricted		254,548,589
Total net position	$	882,367,021

UNAUDITED
City Colleges of Chicago
Community College District No. 508
Statement of Revenues, Expenses and Changes in Net Position
For the fiscal year ended June 30, 2013

	Unaudited 2013
Revenues	
Operating revenues:	
Student tuition and fees:	
Resident tuition	$ 82,619,402
Nonresident tuition	7,826,201
Fees	21,461,781
Less: Scholarship allowances	(70,751,740)
Net student tuition and fees	41,155,644
Other operating revenues	10,407,332
Total operating revenues	51,562,976
Expenses	
Operating expenses:	
Instructional salaries	97,927,822
Non-instructional salaries	103,702,031
Fringe benefits	116,384,988
Supplies	14,673,596
Professional development	1,272,691
Equipment not capitalized	8,030,169
Utilities	9,041,755
Contractual services	39,843,034
Depreciation	19,027,327
Financial aid, exclusive of scholarship allowances	87,712,137
Other expenses	(847,763)
Total operating expenses	496,767,787
Operating loss	(445,204,811)
Non-operating revenues (expenses):	
State apportionment and equalization	44,243,857
Other state grants and contracts	101,432,160
Local grants and contracts	5,573,604
Local property taxes	120,202,490
Property taxes for lease obligations	-
Personal property replacement tax	14,076,439
Federal grants and contracts	154,838,487
Litigation settlement	-
Investment income	579,765
Building lease and interest payments on debt	-
Non-operating revenues, net	440,946,802
Income before capital appropriations and grants	(4,258,009)
Capital appropriations and grants	25,632,166
Change in net position	21,374,157
Net position, beginning of year	860,992,864
Net position, end of year	$ 882,367,021

APPENDIX C

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, as described in this APPENDIX C 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.

"*Authorized Officer*" means (i) any Designated Official, (ii) the Controller and Chief Operating Officer of the District acting together or (iii) any other officer or employee of the District authorized to perform specific acts or duties hereunder by resolution duly adopted by the Board.

"*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. 32028, adopted by the Board on October 2, 2013, 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 $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, 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.

"*DTC Participant*" means any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Bonds with DTC pursuant to the book-entry only system described under the heading "THE BONDS – Book-Entry Only System" in the Official Statement

"*Event of Default*" means any event so designated and specified as described in this APPENDIX C 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 October 1, 2013, 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, 2014.

"*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) 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;

(viii) Pre-refunded Municipal Obligations;

(ix) Any Forward Supply Contract; and

(x) Any other investment securities authorized by law as permitted investments of Issuer funds.

"*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.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations between the District and DTC, relating to the book-entry-only system for the Bonds described in the Indenture.

"*Opinion of Bond Counsel*" means a written opinion of Bond Counsel in form and substance acceptable to the District and the Trustee, 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, 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 C 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 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.

"*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.

"*Project Fund*" means the fund of that name established in the Indenture.

"*Rating Agencies*" means Kroll Bond Rating Agency, Fitch Ratings, Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services and each of their successors or assigns.

"*Rating Services*" means any Rating Agency that shall have assigned ratings to any Bonds Outstanding as requested by or on behalf of the Issuer, and which ratings are then currently in effect.

"*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.

"*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 C 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 South LaSalle Street, 10th Floor, Chicago, Illinois 60603 or such other address as is provided by the Trustee.

"*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.

"*2013 Authorization*" *or* "*2013 Authorizing Resolution*" means the authorization adopted by the Board pursuant to Board Report No. 31921 on July 11, 2013, authorizing the issuance of alternate bonds pursuant to the Debt Reform Act in an amount not to exceed $250,000,000.

"*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;

(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; 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 no later than 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. All such investments made under the Indenture must 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. 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 provision of not less than an additional .25 times annual debt service on the 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 provision of not less than an additional .25 times annual debt service on the 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 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 as described above.

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 an additional 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); 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.

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

(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.

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 to appoint a successor Trustee as described below.

The Trustee may be removed 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 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 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 Trustee of the Owners.

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 in form approved by the Trustee) 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, and (b) 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 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.

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 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, 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.

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APPENDIX D

FORM OF OPINIONS OF CO-BOND COUNSEL

[To be Dated the Closing Date]

Community College District
Number 508, County of Cook
and State of Illinois
226 West Jackson Boulevard
Chicago, Illinois 60606

Jefferies LLC,
as Representative of the Underwriters
155 N. Wacker Drive
Chicago, Illinois 60606

U.S. Bank National Association,
as Trustee
190 South LaSalle Street, 10th Floor
Chicago, Illinois 60603

Re: $250,000,000 Community College District Number 508, County of Cook and State of Illinois Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2013

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by Community College District Number 508, County of Cook and State of Illinois (the "Issuer") of its $250,000,000 aggregate principal amount Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2013 (the "Series 2013 Bonds"). As Co-Bond Counsel, we have examined a certified copy of the record of proceedings of the Issuer, together with various accompanying certificates, pertaining to the issuance by the Issuer of the Series 2013 Bonds. The Series 2013 Bonds are issued pursuant to the authority of the Public Community College Act of the State of Illinois, as amended (the "Act"), the Local Government Debt Reform Act of the State of Illinois, as amended (the "Debt Reform Act"), resolutions adopted by the Board of Trustees of the Issuer (the "Board") on July 11, 2013 (the "2013 Authorizing Resolution") and October 2, 2013 (the "Bond Resolution") and the Trust Indenture dated as of October 1, 2013 (the "Indenture"), by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Indenture, as applicable.

The Series 2013 Bonds are issued for the purpose of (i) constructing, acquiring and equipping community college campuses and administrative buildings, site improvements and other real and personal property in and for the district governed by the Issuer and (ii) paying certain costs of issuance of the Series 2013 Bonds.

The Series 2013 Bonds are dated the date hereof and mature on the dates, in the amounts and bear interest at the rates per annum as follows:

Maturity	Principal Amounts ($)	Interest Rate (%)
December 1, 2015	4,005,000	4.000
December 1, 2016	4,165,000	4.000
December 1, 2017	4,335,000	5.000
December 1, 2018	4,550,000	5.000
December 1, 2019	4,775,000	5.000
December 1, 2020	5,015,000	5.000
December 1, 2021	5,265,000	5.000
December 1, 2022	5,530,000	5.000
December 1, 2023	5,805,000	5.000
December 1, 2024	6,095,000	5.000
December 1, 2025	6,400,000	5.250
December 1, 2026	6,735,000	5.250
December 1, 2027	7,090,000	5.250
December 1, 2028	7,465,000	5.250
December 1, 2029	7,855,000	5.250
December 1, 2030	8,270,000	5.250
December 1, 2031	8,700,000	5.250
December 1, 2032	9,160,000	5.250
December 1, 2033	9,640,000	5.000
December 1, 2038	26,290,000	5.125
December 1, 2038	30,000,000	5.500
December 1, 2043	72,855,000	5.250

In our capacity as Co-Bond Counsel, we have examined, among other things, the following:

(a) certified copies of the proceedings of the Board adopting the 2013 Authorizing Resolution and the Bond Resolution, which authorized among other things, the execution and delivery of the Indenture and the issuance of the Series 2013 Bonds;

(b) a certified copy of the 2013 Authorizing Resolution;

(c) a certified copy of the Bond Resolution;

(d) the backdoor referendum proceedings required by Section 15 of the Debt Reform Act and the notice and hearing requirements of the Bond Issue Notification Act of the State of Illinois;

(e) a Series 2013 Bond specimen of each maturity;

(f) an executed counterpart of the Indenture;

(g) the Tax Agreement; and

(h) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The Issuer has full power and authority and has taken all necessary corporate action to authorize the execution and delivery of the Indenture.

2. The Indenture has been duly and lawfully executed and delivered by the Issuer and, assuming its due authorization, execution and delivery by, and its binding effect on, the Trustee, the Indenture is valid and binding upon the Issuer and enforceable in accordance with its terms.

3. The Indenture creates the valid pledge, which it purports to create of the Trust Estate held or set aside or pledged under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

4. The Series 2013 Bonds have been duly and validly authorized and issued in accordance with law and the Indenture, and the Series 2013 Bonds, to the amount named, are valid and legally binding general obligations of the Issuer, enforceable in accordance with their terms and the terms of the Indenture.

5. The form of the Series 2013 Bonds prescribed for said issue is in due form of law.

6. The Series 2013 Bonds are payable ratably and equally (i) together with other bonds issued on a parity therewith under the terms of the Indenture from the "*Pledged Revenues*," being that amount of the State Grant Revenues and Tuition and Fee Revenues in each year, as shall provide for the payment of 125% of debt service on the Series 2013 Bonds in such year and (ii) from the "*Pledged Taxes*," being the *ad valorem* taxes levied against all of the taxable property in the District without limitation as to rate or amount for the payment of the Series 2013 Bonds. The Series 2013 Bonds are further secured by the other moneys, securities and funds pledged under the Indenture.

7. The Issuer has taken all necessary action to cause the County Collectors of The Counties of Cook and DuPage, Illinois, to deposit the Pledged Taxes directly with the Trustee for application pursuant to the Indenture.

8. The Series 2013 Bonds will be and forever remain until paid or defeased the general obligation of the Issuer, for the payment of which its full faith and credit are pledged, and will be payable from the levy of *ad valorem* taxes upon all the taxable property within the Issuer without limitation as to rate or amount as provided in the Debt Reform Act.

9. Under existing law and assuming compliance with certain covenants made by the Issuer to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2013 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2013 Bonds is included in the "adjusted current earnings" for purposes of calculating the federal

alternative minimum tax liability of certain corporations. Failure to comply with certain of such Issuer covenants could cause interest on the Series 2013 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2013 Bonds. Ownership of the Series 2013 Bonds may result in other federal tax consequences to certain taxpayers. We express no opinion regarding any such collateral consequences arising with respect to the Series 2013 Bonds.

10. Interest on the Series 2013 Bonds is not exempt from State of Illinois income taxes.

The rights of the owners of the Series 2013 Bonds and the enforceability of provisions of the Series 2013 Bonds, the 2013 Authorizing Resolution, the Bond Resolution and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of provisions of the Series 2013 Bonds, the 2013 Authorizing Resolution, the Bond Resolution and the Indenture by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

In rendering this opinion, we have relied upon certifications of the Issuer and certain other parties with respect to certain matters solely within their knowledge relating to the facilities financed with the Series 2013 Bonds, the application of proceeds of the Series 2013 Bonds and certain other matters pertinent to the tax exempt status of the Series 2013 Bonds.

This opinion is based upon laws, regulations, rulings and decisions in effect on the date hereof. We assume no responsibility for updating this opinion to taken into account any event, action, interpretation or change of law occurring subsequent to the date hereof that may affect the validity of any of the opinions expressed herein.

Very truly yours,

COMMUNITY COLLEGE DISTRICT NUMBER 508, COUNTY OF COOK AND STATE OF ILLINOIS • (CITY COLLEGES OF CHICAGO) UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES), SERIES 2013

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