

City Colleges of Chicago  
Community College District No. 508  
Chicago, Illinois

Comprehensive Annual Financial Report  
For the fiscal year ended June 30, 2004







# Introductory Section



City Colleges of Chicago  
Community College District No. 508

Comprehensive Annual Financial Report  
Fiscal year ended June 30, 2004

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May 16, 2005

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 the City Colleges of Chicago, Community College District No. 508 (City Colleges), County of Cook, State of Illinois, for the fiscal year ended June 30, 2004. 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.

## **FINANCIAL STATEMENTS**

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.

The CAFR is presented in four sections: introductory, financial, statistical, and special reports. The introductory section includes this transmittal letter, a list of City Colleges' principal officials, and an organization chart. The financial section includes the independent auditors' report, the management's discussion and analysis, the basic financial statements, the notes to the financial statements, and supplemental financial information. The statistical section includes selected unaudited financial and demographic information presented across multiple years. The special reports section includes uniform financial statements, the certificate of chargeback reimbursement, grant financial statements, and enrollment schedules required by the Illinois Community College Board (ICCB), together with the related independent auditors' reports.

District Office 226 West Jackson Boulevard Chicago, Illinois 60606-6998 312-553-2500

## **VISION, MISSION, AND GOALS**

City Colleges' strategic plan, strategic goals, and tactical plans were developed in 2002 by a team from the campuses and district office, and are reviewed and updated annually.

### City Colleges' Vision Statement

Our Vision is to be the leader among educational institutions in the delivery of quality academic and workforce development programs that enhance the quality of life for Chicago's diverse communities.

### City Colleges' Mission Statement

The City Colleges of Chicago, a district of seven separately accredited colleges, provides learning opportunities for Chicago's diverse populations to enhance knowledge and skills through quality, comprehensive, and affordable education programs and services. As a learning-centered district, we are committed to improving student learning in all programs and services through an ongoing assessment process.

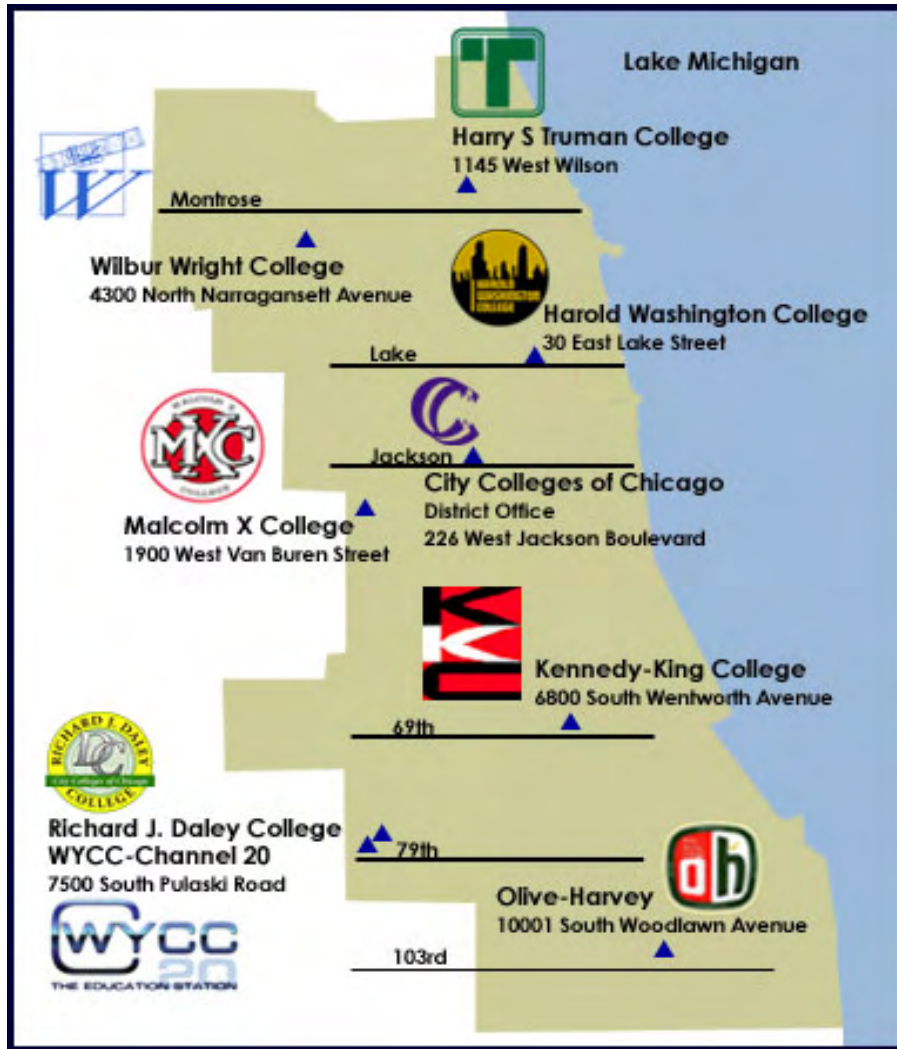
City Colleges strives to maximize the proportion of spending on instruction, direct support of instruction, and student services while minimizing the spending on other activities.

The following four strategic goals define the framework within the City Colleges' annual operating and capital budgets and are formulated and considered for fiscal years 2004-2007.

1. Improve the quality of all programs and services;
2. Expand services to meet the needs of all students and workforce partners;
3. Increase enrollment and retention; and
4. Effectively use resources and maximize revenue opportunities.

**Profile Of The District.** The District is coterminous with the City of Chicago, which currently occupies a land area of approximately 288 square miles, and serves a population of approximately 2,896,000.

The District office and the seven separately accredited colleges are strategically located throughout the City of Chicago as noted in the following map.



**GENERAL**

City Colleges prepares its financial statements in accordance with generally accepted accounting principles (GAAP) in the United States of America, as set forth by the Governmental and Financial Accounting Standards Boards (GASB, FASB). City Colleges maintains its accounts in accordance with guidelines set forth by the National Association of College and University Business Officers (NACUBO) and ICCB. The ICCB requires accounting by funds in order that limitations and restrictions on resources can be easily accounted for. 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 they have been incurred. The independent auditors' report of Deloitte and Touche LLP is included in the financial section of this CAFR.

## **ECONOMIC CONDITION AND OUTLOOK**

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

- State funding of Illinois community colleges declined 9% overall. City Colleges' State support funding has declined by 15% since 2001 due mainly to reductions in its Equalization funding. City Colleges received a one-time \$15 million state appropriation for fiscal year 2005 to offset the loss while the State Equalization funding formula is reviewed and modified.
- Salary, health care, and information technology costs are increasing at a faster rate than the primary sources for funding them. Property tax levies used to fund these costs, for example, are capped by statute. The law allows City Colleges to increase property tax levies at the lesser of the Consumer Price Index (CPI) or 5%.

## **PROSPECTS FOR THE FUTURE**

City Colleges has experienced declines in student credit hours and headcount in recent years, as shown in the following table: For fiscal year 2005, City Colleges has adopted the following initiatives to improve its enrollment outlook:

- Aggressive marketing campaign;
- Annual Programs and Services Analysis (APSA) to measure the efficiency and effectiveness of academic programs and services;
- Hiring of additional full-time faculty; and
- Investing in classroom technology.

Based on current conditions and assuming no changes in City Colleges' underlying financial structure, City Colleges' strategic financial model projects deficits in Fiscal Years 2006 to 2009 ranging from \$18 million to \$25 million. These deficits are driven by the following:

- Projected decline in grant funding. During fiscal years 2003 and 2004, City Colleges experienced a reduction of \$9 million in State grants used to fund operating costs;
- Backlog of \$120 million in capital replacement projects forcing higher operating expenses and requiring the use of operating funds to cover deferred maintenance costs; and
- Rising health benefit costs for active employees and retirees.

City Colleges continues to move forward with a \$365 million capital improvement plan. The plan calls for building renovations throughout the District, energy effi-

ciency upgrades, implementation of an Enterprise Management System, and construction of the new Kennedy King campus. During fiscal year 2004, approximately \$18.7 million and \$7.8 million was spent on the Kennedy King construction and Harold Washington building renovation, respectively.

## STUDENT ENROLLMENT HEADCOUNT (5 YEAR TREND)

	2004	2003	2002	2001	2000
<b>Type</b>					
Credit	49,908	49,484	47,240	46,035	48,463
Pre-Credit	4,010	4,207	4,031	3,287	3,654
Continuing Education	9,840	10,575	12,321	13,177	13,511
Special Interest	29,234	34,099	34,821	36,865	39,951
Adult Education	54,708	58,595	60,818	60,800	59,942
Other	3,995	3,947	4,206	5,544	4,449
Military	1,582	7,803	10,626	11,490	8,706
Total, Unduplicated No Military	138,709	146,030	147,120	148,881	151,493
Total, Unduplicated with Military	140,291	153,833	157,746	160,371	160,199
FTE Total, Unduplicated with Military	48,073	49,838	51,611	50,749	52,018

## FINANCIAL INFORMATION

*Internal Control:* City Colleges' management is responsible for establishing and maintaining internal controls designed to protect the City Colleges' assets, to prevent loss from theft or misuse of assets, and to allow for the preparation of financial information in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, 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 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. City Colleges also maintains an



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

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

<b>FUND GROUP</b>	<b>INDIVIDUAL FUND</b>
Current Unrestricted	Education Operations and Maintenance Auxiliary / Enterprise
Current Restricted	Restricted Purpose Audit Liability, Protection, and Settlement Public Building Commission of Chicago Rental Public Building Commission of Chicago Operations and Maintenance Working Cash Operations and Maintenance (Restricted)
Plant	Investment in Plant

Property Taxes: The following table illustrates City Colleges' property tax levy rates over the last five years.

<b>Tax Levy Rates (per \$100 of assessed valuation)</b>					
<b>Property Tax Year</b>		<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Assessed valuation (in millions)		<u>\$ 53,144</u>	<u>\$ 45,309</u>	<u>\$ 41,966</u>	<u>\$ 40,466</u>
<b>Fund</b>	<b>Legal Limit</b>				
Audit	\$ 0.005	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001
Tort Liability	N/A	0.009	0.013	0.011	0.014
Education	0.175	0.130	0.144	0.156	0.142
Operations & Maintenance	0.050	0.023	0.026	0.042	0.027
Life Safety	0.050	-	-	-	-
PBCC Operations & Maintenance	N/A	0.025	0.028	0.013	0.038
PBCC Rental	N/A	<u>0.058</u>	<u>0.068</u>	<u>0.085</u>	<u>0.090</u>
Total		<u>\$ 0.246</u>	<u>\$ 0.280</u>	<u>\$ 0.308</u>	<u>\$ 0.312</u>

Estimated assessed value of taxable property for tax year 2003 collectible in fiscal year 2004 is \$53,144,460,703. Estimated assessed value of taxable property

for tax year 2002 collectible in fiscal year 2003 was \$45,309,524,105. City Colleges' average collection rate over the past five years, including collection of back taxes, has been approximately 96.5%, as Cook County extends City Colleges' levies up to 103% depending on the tax cap limitation.

### **DEBT ADMINISTRATION**

City Colleges has two outstanding long-term debt issues. One is a building lease obligation for the construction and maintenance of City Colleges' buildings. As of June 30, 2004, \$99,375,000 was outstanding and during the fiscal year then ended, \$19,170,000 in principal was retired. As of June 30, 2003, \$118,545,000 was outstanding and during the fiscal year then ended, \$17,700,000 in principal was retired. The second is a 20-year revenue bond. Bond payments are funded by City Colleges' portion of State of Illinois Corporate Personal Property Replacement Tax. As of June 30, 2004, \$32,218,928 was outstanding and during the fiscal year then ended, \$1,400,000 was retired. As of June 30, 2003, \$32,739,132 was outstanding and during the fiscal year then ended, \$1,200,000 was retired.

### **CASH MANAGEMENT**

City Colleges is governed by the Illinois Public Community College Act (Illinois Compiled Statutes Chapter 110, Act 805) and the Illinois Public Funds Investment Act (Illinois Compiled Statutes Chapter 30, Act 235). Fiduciary responsibility for investments is entrusted to the City Colleges Board of Trustees, which has delegated the function to the Treasurer of City Colleges as permitted by the Illinois Public Community College Act.

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

City Colleges invests funds in various securities listed as permitted investments in the Board-approved Investment Policy. The securities include, but are not limited to, money market funds, U.S. Treasury bonds, bills, notes, certificates of deposit, and the Illinois Funds (a money market fund managed by the Illinois State Treasurers Office for investors of public funds).

**RISK MANAGEMENT**

City Colleges purchases commercial insurance to cover significant property, liability, and workers' compensation losses for amounts in excess of self-insured amounts. City Colleges is self-insured on the property general liability and workers' compensation for up to \$50,000 and \$300,000 per claim, respectively.

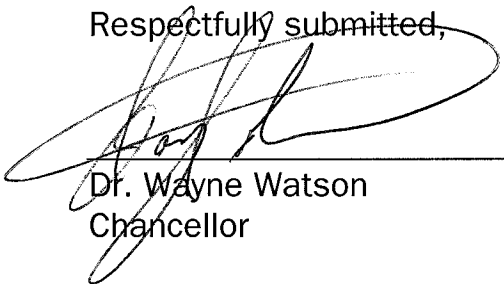
City Colleges maintains a comprehensive self-insurance plan through third-party administrators for some of its employees' health coverage. City Colleges maintains an adequate reserve to cover potential losses.

**OTHER INFORMATION**

Independent Audit: State statutes require an annual audit by independent certified public auditors. The City Colleges of Chicago Board of Trustees selected the audit firm of Deloitte & Touche LLP as its independent auditors. The independent auditors' report of Deloitte and Touche LLP on the basic financial statements and schedules is included in the financial section of the report.

Acknowledgements: The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Office of Finance. We wish to express our sincere appreciation for the contributions they have made in preparing this report.

Respectfully submitted,



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Dr. Wayne Watson  
Chancellor



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Abe Eshkenazi  
Vice Chancellor Finance

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
PRINCIPAL OFFICIALS  
Year Ended June 30, 2004**

**BOARD OF TRUSTEES**

James C. Tyree, Chairman  
James A. Dyson, Vice Chairman  
Terry E. Newman, Secretary  
Nancy J. Clawson, Trustee  
Rudy R. Mendes, Trustee  
Ralph G. Moore, Trustee  
Rev. Albert D. Tyson III, Trustee  
Tonya Cody Robison, Student Trustee  
Regina Hawkins, Assistant Secretary  
Dolores Javier, Treasurer

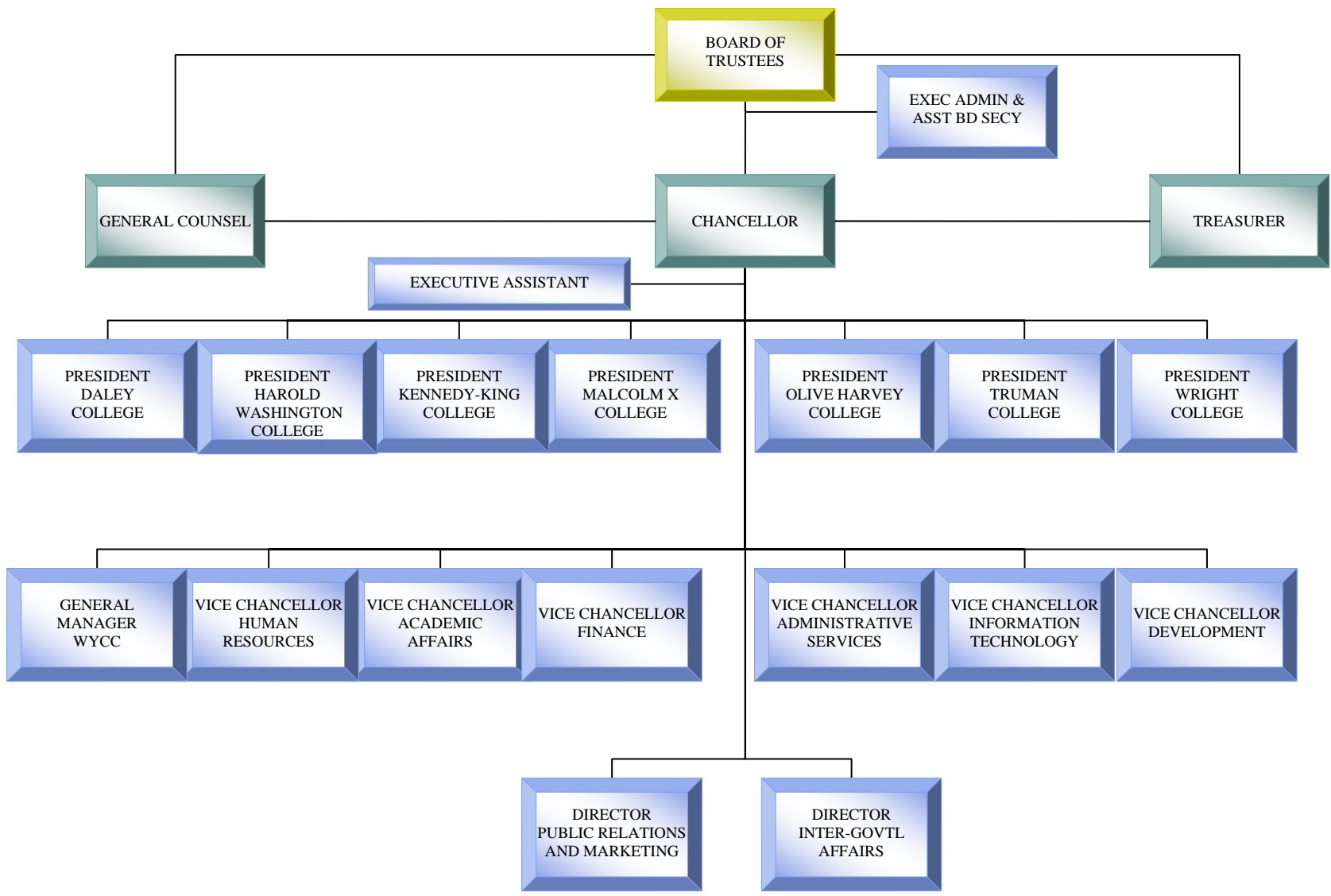
**Administrative Officers**

Wayne D. Watson, Chancellor  
Sylvia R. Ramos, President, Richard J. Daley College  
Clyde El-Amin, Interim-President, Kennedy-King College  
Zerrie D. Campbell, President, Malcolm X College  
Valerie Roberson, Interim-President, Olive-Harvey College  
Marguerite Boyd, President, Harry S. Truman College  
John Wozniak, Interim-President, Harold Washington College  
Charles Guengerich, President, Wilbur Wright College

Deidra Lewis, Vice Chancellor Academic Affairs  
Yolande Bourgeois, General Counsel  
Xiomara Cortes-Metcalf, Vice Chancellor Human Resources  
William Donahue, Vice Chancellor Administrative Services  
Abe Eshkenazi, Vice Chancellor Finance /CFO  
Claudine Jones, Vice Chancellor Information Technology /CIO  
Michael Mutz, Vice Chancellor Development

**REPORT ISSUED BY**

Office of Finance





# Financial Section



## 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 year ended June 30, 2004, as listed in the foregoing table of contents. These financial statements are the responsibility of City Colleges' management. Our responsibility is to express an opinion based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective 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 respective 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of City Colleges of Chicago, Community College District No. 508 as of June 30, 2004, and the changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, City Colleges adopted the provisions of Governmental Accounting Standards Board Statement No. 39, "*Determining Whether Certain Organizations are Component Units*," as of and for the year ended June 30, 2004.

The Management's Discussion and Analysis on pages 3-11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of City Colleges' management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on City Colleges' basic financial statements. The supplementary Uniform Financial Statements on pages 59-64, Certification of Chargeback Reimbursement on page 65, the introductory section and the statistical section as listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of City Colleges' management. The Uniform Financial Statements and the Certification of Chargeback Reimbursement have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Deloitte & Touche LLP*

May 16, 2005



City Colleges of Chicago  
Community College District No. 508

## **Management's Discussion and Analysis**

Fiscal year ended June 30, 2004

This section of the City Colleges of Chicago's (City Colleges) Comprehensive Annual Financial Report presents management's discussion and analysis of the City Colleges' financial activity during the fiscal years ended June 30, 2004 and June 30, 2003. This discussion and analysis focuses on current activities, currently known facts and related changes. It should be read in conjunction with the transmittal letter and the City Colleges' basic financial statements and accompanying notes. Responsibility for the completeness and fairness of the information presented here rests with City Colleges.

### **Using This Annual Report**

The financial statements focus on City Colleges as a whole. The accompanying 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 Statements of Net Assets combine and consolidate current financial resources (short-term expendable resources) with long-term capital assets. The Statements of Revenues, Expenses, and Changes in Net Assets describe operating results, comparing revenues derived from operations such as tuition and fees with operating expenses, and non-operating results. Non-operating revenues include funding received from State apportionment, grants, and property taxes. This approach is intended to facilitate analysis of financial results of various services to students and the public.

### **Financial Highlights:**

The following Schedule is prepared from City Colleges' Statements of Net Assets, which is presented on an accrual basis of accounting, whereby assets are capitalized and depreciated.

Total net assets at June 30, 2004 increased to \$391.8 million from \$320.9 million in fiscal year 2003. Current assets have increased \$39.9 million due to receipt of payments such as the settlement of a prior-year law suit in the amount of \$10.3 million, as well as timely receipt of State payments. Capital assets increased \$54.4 million, reflecting additional construction work in progress on the new Ken-



nedy King campus, the Harold Washington building, the PeopleSoft enterprise management system, and Public Building Commission of Chicago (PBCC) projects. Accumulated depreciation increased to reflect the increased capital assets and an additional year of service. Non-current liabilities decreased \$19.5 million with the payment of lease obligations and working cash bonds. Invested in capital assets, net of related debt increased due to additional capital assets and the payment of lease obligations. The \$7.5 million increase in unrestricted net assets is driven by the receipt of litigation settlement funds in the amount of \$10.3 million, which the Board has designated for capital projects.

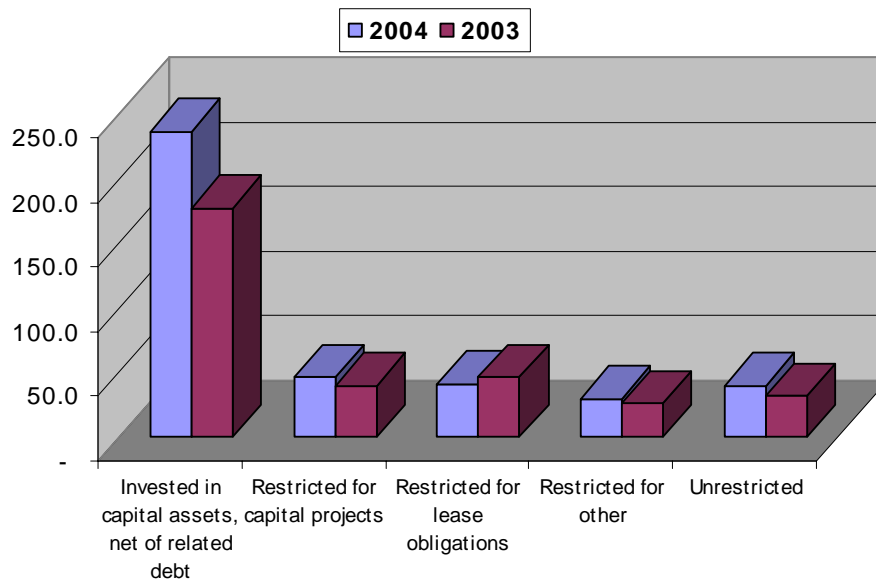
Key financial highlights for fiscal years 2004 and 2003 net assets (in millions) are shown in the following table, Financial Analysis of City Colleges.

## Financial Analysis of City Colleges

Net Assets  
June 30  
(\$ millions)

	2004	2003	Increase (Decrease)
Current assets	\$ 273.8	\$ 233.9	\$ 39.9
Non-current assets			
Capital assets	558.4	504.0	54.4
Less depreciation	(222.7)	(208.1)	(14.6)
Other	83.5	109.9	(26.4)
Total assets	<u>693.0</u>	<u>639.7</u>	<u>53.3</u>
Current liabilities	160.4	158.5	1.9
Non-current liabilities	140.8	160.3	(19.5)
Total liabilities	<u>301.2</u>	<u>318.8</u>	<u>(17.6)</u>
Net assets			
Invested in capital assets, net of related debt	236.3	177.3	59.0
Restricted for expendable:			
Capital projects	45.7	39.6	6.1
Lease obligation	40.9	46.4	(5.5)
Other	29.3	25.5	3.8
Unrestricted	39.6	32.1	7.5
Total net assets	<u>\$ 391.8</u>	<u>\$ 320.9</u>	<u>\$ 70.9</u>

### Comparative Summary of Net Assets (\$ millions)

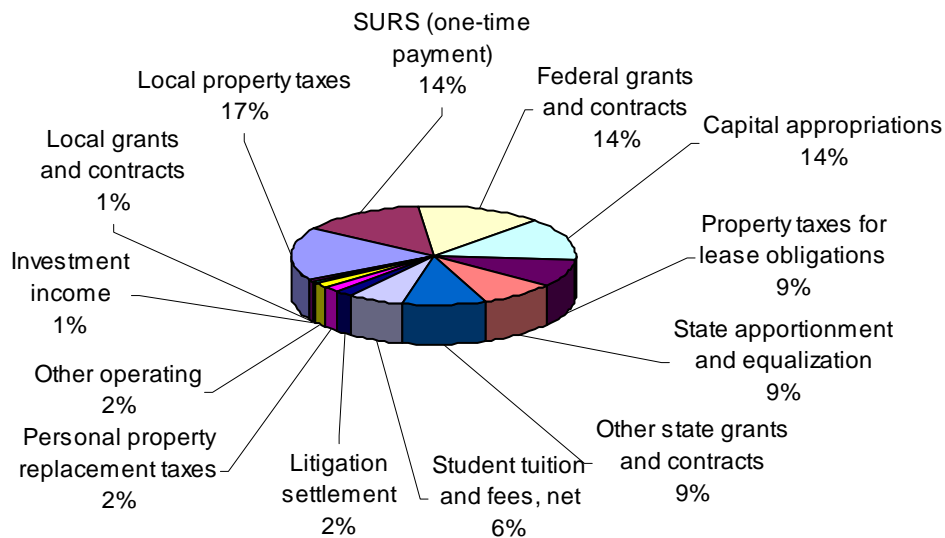


**Operating and Non-operating Revenues  
For the years ended June 30**

(\$ millions)	2004	2003	Increase (Decrease)
<b>Operating revenues:</b>			
Student Tuition and fees	\$ 55.8	\$ 55.8	\$ -
Less scholarships	(29.3)	(29.3)	-
Other operating	<u>7.0</u>	<u>11.5</u>	<u>(4.5)</u>
Total operating revenues	<b>33.5</b>	38.0	(4.5)
<b>Non-operating revenues:</b>			
State apportionment and equalization	38.7	45.8	(7.1)
Other state grants and contracts	42.2	53.8	(11.6)
State Contribution - SURS*	62.5	-	62.5
Local grants and contracts	2.4	2.5	(0.1)
Local property taxes	77.5	78.3	(0.8)
Property taxes for lease obligations	39.5	36.2	3.3
Personal property replacement tax	8.7	7.6	1.1
Federal grants and contracts	63.1	58.8	4.3
Litigation settlement	10.3	-	10.3
Investment income	<u>2.8</u>	<u>5.1</u>	<u>(2.3)</u>
Total non-operating revenues	<b>347.7</b>	288.1	59.6
Capital appropriations and grants	<u>61.6</u>	<u>36.6</u>	<u>25.0</u>
Total Revenues	<b><u>\$ 442.8</u></b>	<b><u>\$ 362.7</u></b>	<b><u>\$ 80.1</u></b>

\* Amount represents one-time payment

**Operating and Non-operating  
Revenue by Source  
For the Year Ending June 30, 2004**



**Revenues, Expenses, and Changes in Net Assets  
for the years ended June 30  
(\$ millions)**

	2004	2003	Increase (decrease) in net assets
<b>Operating</b>			
Revenues	\$ 33.5	\$ 38.0	\$ (4.5)
Expenses	<u>(357.7)</u>	<u>(300.3)</u>	<u>(57.4)</u>
Operating loss	<b>(324.2)</b>	(262.3)	(61.9)
<b>Non-operating</b>			
Revenues	<b>347.7</b>	288.1	\$ 59.6
Expenses	<u>(14.2)</u>	<u>(15.9)</u>	<u>1.7</u>
Net non-operating revenue	<b>333.5</b>	272.2	61.3
Income before capital contributions	<b>9.3</b>	9.9	(0.6)
Capital contributions	<u>61.6</u>	<u>36.6</u>	<u>25.0</u>
Change in net assets	<b>70.9</b>	46.5	24.4
Net assets, beginning of year	<u>320.9</u>	<u>274.4</u>	<u>46.5</u>
Net assets, end of year	<u><b>\$ 391.8</b></u>	<u>\$ 320.9</u>	<u>\$ 70.9</u>

Operating revenues in fiscal year 2004 decreased \$4.5 million, largely due to decreases in auxiliary revenue. The negligible decrease in tuition and fee revenues, from \$55,782,322 to \$55,756,960 masks an increase of approximately \$700,000 in resident revenue against a \$300,000 decrease in non-resident revenue. This shift is reflected in increased enrollment without a corresponding increase in revenue because residents pay lower rates than non-residents. Scholarship allowances were virtually unchanged as well, at \$29,276,112 in 2004 compared to \$29,295,886 in 2003.

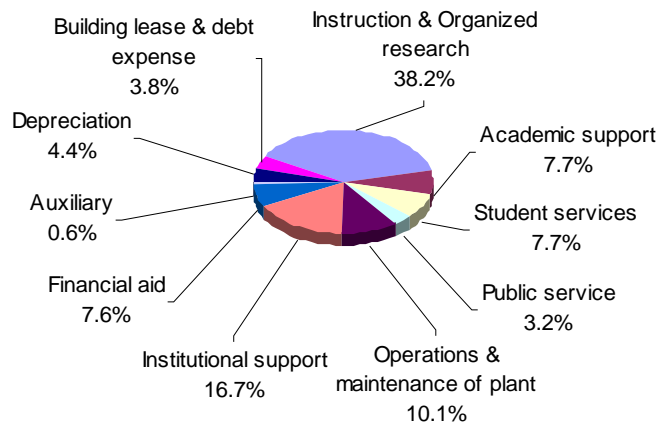
Net non-operating revenues were up \$61.3 million from one-time payments of \$62.5 million to the State University Retirement System (SURS) by the state (from pension bond proceeds) on behalf of City Colleges and \$10.3 million in a litigation settlement, offset by a decline of \$16.1 million in equalization and other state grants between 2003 and 2004. Investment income continues to decline as interest rates have dropped to the lowest level in years. The \$25.0 million increase in capital funding reflects construction work in progress on the new Kennedy-King campus, the Harold Washington renovation, and other related projects funded by the City of Chicago General Obligation Bonds (City Colleges of Chicago Capital Improvement Project), Series 1999.

**Operating and Non-operating Expenses**  
**For the years ended June 30**  
**(\$ millions)**

	2004		Adjusted Balance	2003	Increase (Decrease)
	Total	SURS*			
Operating expense					
Instruction	\$ 141.7	\$ 34.0	\$ 107.7	\$ 101.1	\$ 6.6
Academic support	28.8	5.9	22.9	21.8	1.1
Student services	28.8	6.3	22.5	19.3	3.2
Public service	12.0	2.3	9.7	15.7	(6.0)
Organized research	0.2	-	0.2	-	0.2
Operations and maintenance of plant	37.5	7.3	30.2	39.3	(9.1)
Institutional support	62.1	6.4	55.7	62.6	(6.9)
Financial aid	28.1	-	28.1	23.3	4.8
Auxiliary	2.1	0.3	1.8	1.5	0.3
Depreciation	16.4	-	16.4	15.7	0.7
Total operating expenses	<u>357.7</u>	<u>62.5</u>	<u>295.2</u>	<u>300.3</u>	<u>(5.1)</u>
Non-operating Expenses:					
Building lease and debt expense	14.2	-	14.2	15.9	(1.7)
Total expenses	<u>\$ 371.9</u>	<u>\$ 62.5</u>	<u>\$ 309.4</u>	<u>\$ 316.2</u>	<u>\$ (6.8)</u>

\* One-time payment

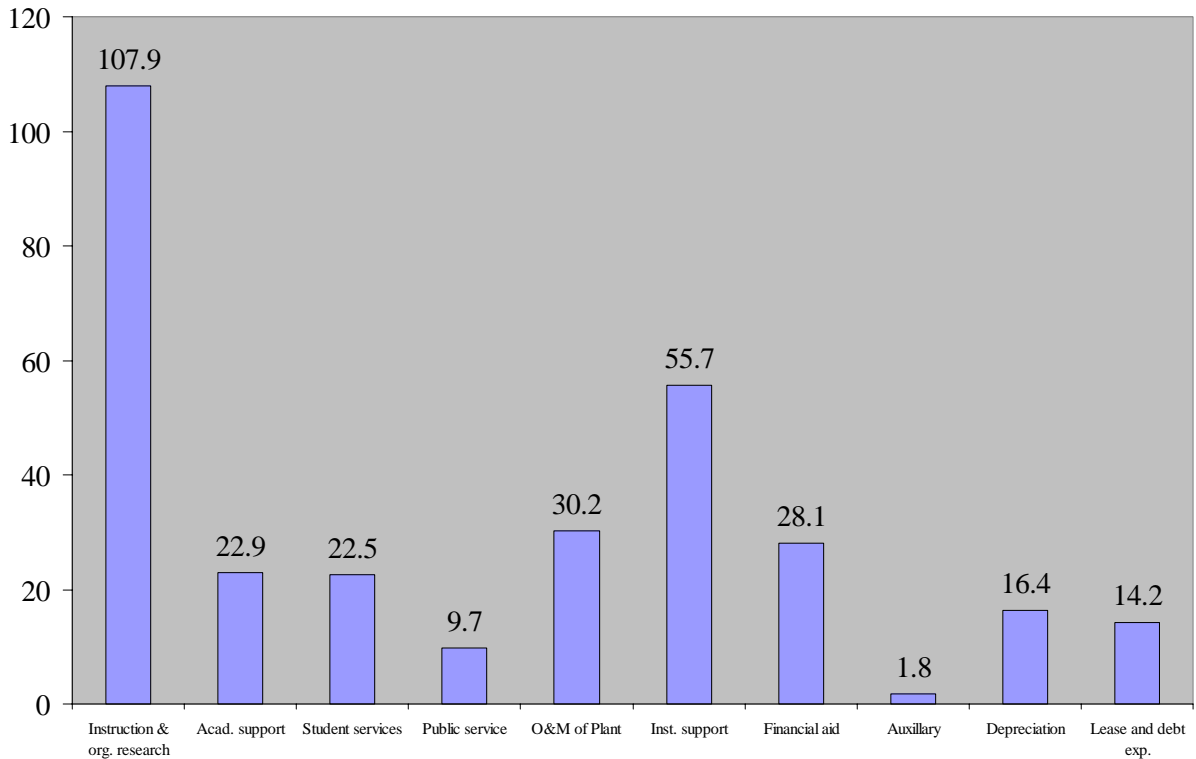
**Operating and Non-operating Expenses**  
**For the year ended June 30, 2004**



Operating expenses for fiscal year 2004 increased \$57.4 million, mainly due to a one-time payment of \$62.5 million made by the state to SURS on behalf of the City Colleges. Adjusting for that, net operating expenses actually declined \$5.1 million in 2004. Financial aid grew \$4.8 million, as more students were eligible for financial aid.



**Comparison of Operating and Non-operating Expenses  
(\$ millions)**



Note: Total excludes one-time SURS payment of \$62.5 million

## Capital Assets and Debt Administration

### Capital Assets

As of June 30, 2004, City Colleges had \$558.4 million in capital assets, \$222.7 million in accumulated depreciation, and \$335.7 million in net capital assets. This investment in capital assets includes land, buildings, and improvements; construction in progress; equipment; and software. The total increase in City Colleges' investment in net capital assets for the current fiscal year was \$39.8 million or 13.5%. City Colleges has a five-year capital renewal plan of over \$365 million, primarily funded by City of Chicago General Obligation Bonds, Series 1999.

**Capital Assets, Net  
as of June 30**

	(\$ millions)	2004	2003	Increase (Decrease)
Capital assets				
Land		\$ 17.4	\$ 17.4	\$ -
Buildings and improvements		426.7	427.3	(0.6)
Construction in progress		72.6	20.9	51.7
Equipment		25.6	23.9	1.7
Software		16.1	14.5	1.6
Total		<u>558.4</u>	<u>504.0</u>	<u>54.4</u>
Less accumulated depreciation		<u>(222.7)</u>	<u>(208.1)</u>	<u>(14.6)</u>
Net capital assets		<u>\$ 335.7</u>	<u>\$ 295.9</u>	<u>\$ 39.8</u>

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

- Kennedy-King construction of new facilities continued; construction in progress as of the close of the fiscal year had reached \$34.2 million.
- PeopleSoft student administration and enterprise systems implementations and upgrades expenditures of \$14.4 million for the year.
- Harold Washington campus renovation cost to date, at the end of fiscal year 2004, is \$8.8 million.
- Campus energy improvement program cost at the end of fiscal year 2004 is \$12.8 million.

For additional information, see Note 5 (Capital Assets).

#### Debt Administration

As of June 30, 2004, City Colleges had total non-current liabilities of \$168.0 million. This amount includes \$1.7 million for compensated absences, \$34.7 million of termination benefit reserves for current and retired employees, and \$32.2 million for bonds. The remaining debt of \$99.4 million represents capital lease obligations with the PBCC. The reduction in debt of \$19.1 million is due to normal maturities.

For further information, See Note 12 (Changes in Non-Current Liabilities).

**Non-current Liabilities  
as of June 30**

(\$ millions)	2004	2003	Increase (Decrease)
Accrued compensated absences	\$ 1.7	\$ 1.5	\$ 0.2
Termination benefits			
- Current Employees	24.9	24.5	0.4
- Retired Employees	9.8	8.1	1.7
Bonds payable	32.2	32.8	(0.6)
Lease obligations	99.4	118.5	(19.1)
less current portion	<u>(27.2)</u>	<u>(25.1)</u>	<u>(2.1)</u>
Total non-current liabilities	<u>\$ 140.8</u>	<u>\$ 160.3</u>	<u>\$ (19.5)</u>

**Reclassifications**

Certain amounts presented in the 2003 financial statements have been reclassified in Management's Discussion and Analysis in order to be consistent with the 2004 financial statements.

**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, 11<sup>th</sup> Floor, 226 W. Jackson Boulevard, Chicago, IL 60606.

**City Colleges of Chicago  
Community College District No. 508  
Statement of Net Assets  
For the fiscal year ended June 30, 2004**

**Assets**

Current assets:	
Cash and cash equivalents	\$ 15,120,092
Short-term investments	152,899,209
Property tax receivable, net	69,426,376
Personal property replacement tax receivable	1,386,376
Other accounts receivable, net	32,041,897
Prepaid items and other assets	<u>2,941,203</u>
Total current assets	273,815,153
Non-current assets:	
Restricted cash	8,098,194
Funds held by Public Building Commission	13,140,066
Long-term investments	13,954,810
Restricted investments	48,337,404
Capital assets	558,439,604
Less: Accumulated depreciation	<u>(222,717,534)</u>
Total non-current assets	<u>419,252,544</u>
Total assets	<u><u>693,067,697</u></u>

**Liabilities**

Current Liabilities:	
Accounts payable	8,519,450
Accrued payroll	2,410,282
Other accruals	4,514,484
Deferred salaries	2,368,809
Deposits held in custody for others	1,764,506
Deferred tuition and fees revenue	7,436,515
Deferred property tax revenue	63,307,681
Accrued property tax refund	16,769,256
Deferred grant revenue	19,820,512
Other liabilities	6,241,774
Current portion of noncurrent liabilities	<u>27,220,686</u>
Total current liabilities	160,373,955
Non-current liabilities:	
Accrued compensated absences	1,719,889
Termination benefits payable	34,743,156
Bonds payable	32,218,928
Lease obligations	99,375,000
Less: Current portion	<u>(27,220,686)</u>
Total non-current liabilities	<u>140,836,287</u>
Total liabilities	301,210,242

**Net assets**

Invested in capital assets, net of related debt	236,347,069
Restricted for expendable:	
Capital projects	45,714,202
Lease obligation	40,948,750
Other	29,270,135
Unrestricted	29,274,365
Unrestricted - Board Designated	<u>10,302,934</u>
Total net assets	<u><u>\$ 391,857,455</u></u>

*The accompanying notes are an integral part of the financial statements.*

**City Colleges of Chicago  
Community College District No. 508  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the year ended June 30, 2004**

**Revenues**

Operating revenues:

Student tuition and fees:

Resident	\$ 40,882,909
Nonresident	3,832,663
Other	11,041,388
Less: Scholarship allowances	<u>(29,276,112)</u>

Net student tuition and fees	26,480,848
Other operating revenues	<u>7,017,222</u>

Total operating revenues 33,498,070

**Expenses**

Operating expenses:

Instructional staff	70,152,391
Noninstructional staff	76,221,015
Fringe benefits*	108,456,188
Supplies	13,482,689
Equipment not capitalized	2,846,325
Utilities	9,269,574
Contractual services	29,040,151
Depreciation	16,378,082
Financial aid, net of scholarship allowance	25,828,395
Other expenses	<u>6,021,302</u>

Total operating expenses 357,696,112

Operating loss (324,198,042)

Nonoperating revenues (expenses):

State apportionment and equalization	38,700,335
Other state grants and contracts*	104,710,804
Local grants and contracts	2,361,570
Local property taxes	77,538,041
Property taxes for lease obligations	39,537,136
Personal property replacement tax	8,676,779
Federal grants and contracts	63,091,461
Building lease and interest payments on debt	<u>(14,226,778)</u>
Litigation settlement	10,302,934
Investment income	<u>2,778,234</u>

Nonoperating revenues, net 333,470,516

Income before capital appropriations and grants 9,272,474

Capital appropriations and grants 61,635,925

Change in net assets 70,908,399

Net assets, beginning of year 320,949,056

**Net assets, end of year** \$ 391,857,455

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

*The accompanying notes are an integral part of the financial statements.*

**City Colleges of Chicago  
Community College District No. 508  
Statement of Cash Flows  
For the year ended June 30, 2004**

<b>Cash flows from operating activities</b>	
Tuition and fees	\$ 26,965,269
Payments to suppliers	(88,565,660)
Payments to employees	(143,317,819)
Payments to students	(25,828,395)
Other	9,479,202
	<hr/>
Net cash used by operating activities	(221,267,403)
<b>Cash flows from noncapital financing activities</b>	
Local property taxes except for capital lease payments	80,553,630
State appropriations	67,363,634
Personal property replacement tax	8,545,962
Grants and contracts	75,897,102
Principal and interest on debt, net	(2,638,387)
	<hr/>
Net cash provided by noncapital financing activities	229,721,941
<b>Cash flows from capital and related financing activities</b>	
Local property taxes for capital lease payment	39,537,136
Capital lease principal, interest and other	(34,267,873)
Capital appropriations and grants	60,304,711
Purchases of capital assets	(56,211,977)
	<hr/>
Net cash provided by capital and related financing activities	9,361,997
<b>Cash flows from investing activities</b>	
Proceeds from sales and maturities of investments	274,797,753
Purchase of investments	(299,019,272)
Interest received on investments	2,778,234
Litigation settlement	10,302,934
	<hr/>
Net cash (used) by investing activities	(11,140,351)
Net increase in cash	6,676,184
Cash, beginning of year (as restated - see Note 1)	16,542,102
	<hr/>
Cash, end of the year	23,218,286
	<hr/>
Cash and cash equivalents	15,120,092
Restricted cash	8,098,194
	<hr/>
	\$ 23,218,286
	<hr/>

*The accompanying notes are an integral part of the financial statements.*

**City Colleges of Chicago  
Community College District No. 508  
Statement of Cash Flows  
For the year ended June 30, 2004**

<b>Reconciliation of operating loss to net cash used by operating activities</b>	
Operating loss	\$ (324,198,042)
Reconciling adjustments	
Depreciation	16,378,082
State payment for retirement obligation	76,049,884
Changes in net assets:	
Receivables, net	3,698,661
Prepaid expenses	(1,630,091)
Accounts payable	9,377,504
Accrued payroll	357,805
Other accruals	(3,742,481)
Deferred salaries	(32,353)
Deposit held in custody for others	(51,770)
Deferred tuition and fees	1,066,141
Other liabilities	(889,574)
Accrued compensated absences	177,042
Termination benefits payable	2,171,789
Net cash used by operating activities	<u>\$ (221,267,403)</u>

The State of Illinois provided \$497,744 of in-kind capital assets during the year ended June 30, 2004.

*The accompanying notes are an integral part of the financial statements.*

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City Colleges of Chicago  
Community College District No. 508

Notes to Financial Statements  
June 30, 2004

## 1. Organization and 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.

### Reporting Entity

The accompanying 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. In May 2002, Government Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The Statement amends Statement No. 14, *The Financial Reporting Entity*, to provide guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based upon the nature and significance of the relationship with the College. Generally, it requires reporting an organization as a component unit that raises and holds significant economic resources for the direct benefit of a government unit.

The Public Building Commission of Chicago (PBCC) and the City Colleges of Chicago Foundation are organizations affiliated with City Colleges. These entities were reviewed under GASB 39 and determined not to be 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 Foundation’s resources are equivalent to less than 0.5% of City Colleges’ net assets and, therefore, deemed not significant.

### Basis of Accounting

For financial reporting purposes, City Colleges is considered a special-purpose government engaged only in business-type activities. Accordingly,

City Colleges of Chicago  
Community College District No. 508

Notes to Financial Statements

**1. Organization and Summary of Significant Accounting Policies (cont'd)**

City Colleges' 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 an obligation has been 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 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, applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Cash and Cash Equivalents**

Cash includes petty cash on hand, demand deposits, and short-term investment with original maturities of three months or less from the date of acquisition, except for Illinois funds and money market mutual funds, which are treated as investments.

**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.

Notes to Financial Statements

**1. Organization and Summary of Significant Accounting Policies (cont'd)**

**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 county 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 2/100 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).

**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.

**Prepaid Items**

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 service agreements. Other assets consist primarily of unamortized bond costs and small amounts of paper supply inventory.

Notes to Financial Statements

**1. Organization and Summary of Significant Accounting Policies (cont'd)**

**Restricted Cash and Investments**

Cash and investments externally restricted for lease or debt service payments, or to purchase or construct capital or other non-current assets, are classified as non-current assets in the Statement of Net Assets.

**Capital Assets**

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the institution's capitalization policy includes all items with a unit cost greater than \$5,000 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 and are over \$200,000 are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Capital assets are depreciated using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings, 4 years for computer equipment, and 8 years for all other equipment.

**Deferred Revenues**

Deferred revenues include: (1) tax levies passed that are legally restricted for future 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 accounting period; and (3) amounts received from grant and contract sponsors that have not yet been earned.

**Non-Current Liabilities**

Non-current liabilities include: (1) principal amounts of bonds and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences, termination benefits (payments to retirees for accumulated unused sick days) and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are

City Colleges of Chicago  
Community College District No. 508

Notes to Financial Statements

**1. Organization and Summary of Significant Accounting Policies (cont'd)**

reported net of the applicable bond premiums or discount. Bond issuance costs are reported as other assets (deferred charges).

**Compensated Absences**

City Colleges records a liability for employees' vacation leave earned, but not taken. Employees are allowed to carry over a limited number of vacation days from year to year.

**Net Assets**

City Colleges' net assets are classified as follows:

*Invested In Capital Assets, Net of Related Debt*

Invested in capital assets, net of related debt 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. When both restricted and unrestricted resources are available for use, it is City Colleges' policy to use restricted resources first and then unrestricted resources when they are needed.

*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. The Board of Trustees of City Colleges has designated unrestricted net assets to be used for capital projects of \$10.3 million at June 30, 2004.

Notes to Financial Statements

**1. Organization and Summary of Significant Accounting Policies (cont'd)**

**Classification of Revenues**

The institution has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating Revenue*

Operating revenue includes activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances.

*Non-Operating Revenue*

Non-operating revenue 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; and (4) gifts and contributions.

**Tuition and Fees**

Tuition and fees include all such items charged to students for educational and service purposes. Tuition revenue is reported after deducting applicable refunds and adjustments. Tuition waivers and scholarships are reported as a discount to tuition income. Scholarship grants that are paid to students are recorded as an expense. Tuition and fees revenue is recognized when the educational services are performed.

In accordance with requirements published in the Fiscal Management Manual of the Illinois Community College Board, City Colleges reports summer school revenue and expense in the subsequent fiscal year.

**Income Taxes**

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

Notes to Financial Statements

**1. Organization and Summary of Significant Accounting Policies (cont'd)**

**Use of Estimates**

The preparation of the 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.

**Restatement**

“Cash, beginning of year” amount shown on page 14 of the Statement of Cash Flows has been restated from \$12,351,990 to \$16,542,102 to reclassify a cash account as “Cash and cash equivalents” that was classified as “Investments” in the 2003 financial statements.

**New Accounting Standards**

GASB Statement No. 40, Deposit and Investment Risk Disclosures, which updates the custodial credit and disclosure requirements of GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements and establishes more comprehensive disclosure requirements, is effective for financial statements for periods beginning after June 15, 2004.

GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries is effective for financial statements for periods beginning after December 15, 2004. City Colleges has not yet determined the impact of the adoption of this standard.

GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, which establishes and modifies requirements related to the supplementary information presented in a statistical section, is effective for financial statements for periods beginning after June 15, 2005.

GASB Statement no. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which establishes standards of accounting and financial reporting for other post employment benefits expenses and assets, note disclosures and required supplementary information, is effective for financial statements for periods beginning after

City Colleges of Chicago  
Community College District No. 508

Notes to Financial Statements

**1. Organization and Summary of Significant Accounting Policies (cont'd)**

December 15, 2006. City Colleges has not yet determined the impact of the adoption of this standard.

**2. Cash and Investments**

**Cash, cash equivalents and restricted cash**

City Colleges is authorized to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certificates of deposit, and other direct obligations of any bank as defined by the Illinois Banking Act and The Illinois Funds (formerly the Illinois Public Treasurers' Investment Pool).

The carrying amount of City Colleges' cash at June 30, 2004, was \$23,204,974, which excludes petty cash of \$13,312. The actual bank statement balance at June 30, 2004, was \$28,749,849. The difference between the reported cash amount and the bank balance primarily represents outstanding checks that have not cleared the bank. Certificates of deposit are stated at cost, which approximates fair value.

City Colleges' cash deposits are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes deposits that are covered by the Federal Deposit Insurance Corporation. Category 2 includes collateralized deposits with securities held by the pledging institution's trust department or agent in City Colleges' name. Category 3 includes uninsured and unregistered and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in City Colleges' name.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Balance Per Bank</u>
2004	\$1,611,585	\$26,579,751	\$ 558,513	\$28,749,849



City Colleges of Chicago  
Community College District No. 508

Notes to Financial Statements

**2. Cash and Investments (cont'd)**

**Investments**

City Colleges is authorized to invest in securities that are guaranteed by the full faith and credit of the United States of America as to the principal and interest, the Illinois Funds, and certain other investments as permitted by State of Illinois Statutes, as amended. The carrying amount of its investments at June 30, 2004, which approximates fair value, is \$215,191,423.

City Colleges' investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by City Colleges or its agent in City Colleges' name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in City Colleges' name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker-dealer or the dealer bank.

City Colleges' investments are shown in the following table.

<b>June 30 2004</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>	<b>Reported Amount</b>
U.S. Government Securities	\$ 9,602,872	\$ -	\$ -	\$ 9,602,872
Federal National Mortgage Association	72,486,029	-	-	\$ 72,486,029
Tennessee Valley Authority	12,764,036	-	-	12,764,036
Total categorized investments	94,852,937	-	-	94,852,937
Investments not subject to categorization:				
Illinois Funds				96,921,667
Money Market Mutual Funds				23,416,819
Total investments				<u>\$ 215,191,423</u>

The Illinois Funds and Money Market Mutual Funds are not categorized because they do not represent securities in physical or book entry form. All funds deposited in the Illinois Funds and Money Market Mutual Funds are classified as investments even though they could be withdrawn within one day. 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.

City Colleges of Chicago  
Community College District No. 508

Notes to Financial Statements

**2. Cash and Investments (cont'd)**

	<b>June 30 2004</b>
Per Statements of Net Assets:	
Cash and cash equivalents	\$ 15,120,092
Restricted cash	8,098,194
Total cash	<u>\$ 23,218,286</u>
Short-term investments	\$ 152,899,209
Long-term investments	13,954,810
Restricted investments	48,337,404
Total investments	<u>\$ 215,191,423</u>
Per Notes:	
Cash	\$ 23,204,974
Petty cash	13,312
Total cash	<u>\$ 23,218,286</u>
Total investments	<u>\$ 215,191,423</u>

**3. Other Accounts Receivable**

City Colleges' other accounts receivable consist of the following:

	<b>June 30 2004</b>
Student	\$ 6,809,357
Grants	3,596,516
Capital improvement	24,300,424
Other	427,281
Gross other accounts receivable	<u>35,133,578</u>
Less: Allowance for uncollectibles	<u>(3,091,681)</u>
Net other accounts receivable	<u>\$ 32,041,897</u>

City Colleges of Chicago  
Community College District No. 508

Notes to Financial Statements

**4. Restricted Assets**

City Colleges' restricted assets consist of the following:

	<b>June 30</b>
	<b>2004</b>
(A) Cash	\$ 8,098,194
(B) Funds held by PBCC	13,140,066
(C) Restricted investment	48,337,404
Total restricted assets	<u>\$ 69,575,664</u>

Reserved for:

- (A) Financial aid and funds held in trust
- (B) Capital construction
- (C) Capital lease payment

**5. Capital Assets**

On August 8, 2000, the City of Chicago agreed to provide the funds for a capital improvement program, which includes the construction of Kennedy King Campus and other capital renovations for City Colleges. As of June 30, 2004, the City of Chicago had a balance available of \$245,786,610 for City Colleges' projects. These funds are provided from proceeds of City of Chicago general obligation bonds. In connection therewith, City Colleges agreed to abate a portion of its direct annual tax levy on its debt service for lease obligations for the years 2001 through 2006 in amounts equal to the City of Chicago's debt service requirements for the bonds for those years. City Colleges agreed to provide and restrict funds from its own resources (see note 4) for payments to be made under its PBCC agreements through 2006.

City Colleges of Chicago  
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Notes to Financial Statements

**5. Capital Assets (cont'd)**

Capital asset activity for the year ended June 30, 2004 is as follows:

	July 1 2003	Additions	Retirements and Transfers	June 30 2004
Capital assets not being depreciated:				
Land	\$ 17,388,173	\$ -	\$ -	\$ 17,388,173
Construction work in progress	20,923,300	52,831,488	(1,101,180)	72,653,608
Subtotal	<u>38,311,473</u>	<u>52,831,488</u>	<u>(1,101,180)</u>	<u>90,041,781</u>
Capital assets being depreciated:				
Equipment	23,851,739	1,807,944	(28,676)	25,631,007
Software	14,508,609	1,572,545	-	16,081,154
Buildings and improvements	427,289,258	1,101,180	(1,704,776)	426,685,662
Subtotal	<u>465,649,606</u>	<u>4,481,669</u>	<u>(1,733,452)</u>	<u>468,397,823</u>
Total capital assets	503,961,079	57,313,157	(2,834,632)	558,439,604
Accumulated depreciation:				
Equipment	19,814,081	1,202,695	(28,676)	20,988,100
Software	5,318,706	3,759,722	-	9,078,428
Buildings and improvements	182,940,117	11,415,665	(1,704,776)	192,651,006
Total accumulated depreciation	<u>208,072,904</u>	<u>16,378,082</u>	<u>(1,733,452)</u>	<u>222,717,534</u>
Capital assets, net	<u>295,888,175</u>	<u>40,935,075</u>	<u>(1,101,180)</u>	<u>335,722,070</u>
Cost of buildings and improvements acquired under capital leases (included in total capital assets above)	<u>381,442,518</u>	<u>10,382,674</u>	<u>-</u>	<u>391,825,192</u>

**6. Leases**

**Capital Leases**

City Colleges has capital lease agreements with the PBCC covering various facilities. For each lease, the amounts necessary to meet the lease payments are accumulated for the Colleges. These amounts include principal and interest for PBCC debt service requirements and other payments required by the leases. Upon payment of all obligations under each lease, all rights and title pertaining to the facilities will be transferred to City Colleges.

City Colleges of Chicago  
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Notes to Financial Statements

**6. Leases (cont'd)**

Obligations under these lease agreements as of June 30, 2004, including principal and interest, are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Other</b>	<b>Total</b>
2005	\$ 20,765,000	\$ 7,277,726	\$ 7,125,000	\$ <b>35,167,726</b>
2006	22,505,000	5,464,856	7,200,000	<b>35,169,856</b>
2007	24,410,000	3,481,310	7,275,000	<b>35,166,310</b>
2008	<u>31,695,000</u>	<u>1,220,258</u>	<u>2,250,000</u>	<u><b>35,165,258</b></u>
June 30, 2004	<u>\$ 99,375,000</u>	<u>\$ 17,444,150</u>	<u>\$ 23,850,000</u>	<u><b>\$ 140,669,150</b></u>

Other estimated payments consist principally of administrative charges assessed by the PBCC and amounts to be used for future repair and maintenance related to the leased facilities. Administrative charges by the PBCC are recognized in the period assessed, while repair and maintenance expenses are recognized in the period in which they are incurred.

Required annual rentals paid by City Colleges may be in excess of the PBCC's requirements for debt service and other expenditures. As provided in the lease agreement, rent surpluses can be used either to reduce the next annual rental payment, or at City Colleges' request, the PBCC may finance future improvements to certain City Colleges facilities.

The annual payments made under the agreements are financed from a specific property tax levy and from the other restricted funds described in Note 4. Amounts collected from this annual property tax levy that have not yet been paid under the agreements are reflected as restricted assets (see Note 4).

Funds held by the PBCC at June 30, 2004, primarily represent unused construction proceeds from lease transactions, amounts for renewal and replacement of current leased facilities, amounts held for financed construction, and other estimated administrative expenses. These funds are recorded as restricted accounts by City Colleges.

City Colleges of Chicago  
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Notes to Financial Statements

**6. Leases (cont'd)**

**Operating Leases**

City Colleges leases equipment and office space under various operating lease agreements that expire at various dates over the next 14 years. Certain of the leases for office space contain renewal provisions. Operating lease expenses was \$650,501 for the year ended June 30, 2004.

Obligations under non-cancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2004 are as follows:

**June 30, 2004**

2005	\$ 655,977
2006	495,106
2007	509,723
2008	524,781
2009	540,289
2010 – 2013	<u>2,336,862</u>
June 30, 2004	<u>\$ 5,062,738</u>

**Lessor**

City Colleges leases parts of Wright South for \$620,000 per year and West Side Tech for \$118,710 per year to the Chicago Public Schools.

City Colleges of Chicago  
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Notes to Financial Statements

**7. Other Accruals and Other Liabilities**

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

	<b>2004</b>
<b>Other accruals</b>	
Accrued interest payable	\$ 2,761,716
Accrued for services	1,355,712
Accrued for goods	<u>397,056</u>
Total other accruals	<u>\$ 4,514,484</u>
<b>Other liabilities</b>	
Self insurance reserves	\$ 3,503,115
Unclaimed property	1,773,905
Other	<u>964,754</u>
Total other liabilities	<u>\$ 6,241,774</u>

**8. Accrued Property Taxes**

The taxes levied for liability protection and settlement, retirement of bonded indebtedness, and lease payments to the PBCC are based on the estimated requirements for such purposes. The EAV for the December 2002 tax levy was \$45,302,653,075 for Cook County and \$6,871,030 for DuPage County. The EAV for the December 2003 tax levy was \$53,137,668,356 for Cook County and \$6,792,347 for DuPage County.

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2003 tax year and collected in 2004 are recorded as revenue in fiscal year 2004. The remaining revenue related to the 2003 tax year extension has been deferred and will be recorded as revenue in fiscal year 2005. Based upon collection histories, City Colleges records real property taxes at 96.5% of the 2003 extended levy. Accordingly, in fiscal year 2004 City Colleges' reserve for loss and cost has been increased to \$2,624,055. Accrued property tax refunds in 2004 was increased to \$16,769,256.

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Notes to Financial Statements

**9. Accrued Compensated Absences**

At June 30, 2004, City Colleges had recorded a liability of \$1,719,889. City Colleges considers 25% of these liabilities current and due within one year.

**10. Termination Benefits**

Upon the retirement, permanent disability, or death of a full-time eligible employee, it is the policy of City Colleges to pay over a 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. City Colleges has recorded a liability for the estimated present value of such benefits earned to date based upon an actuarial study. 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%, (2) future payments discounted by a 3.5% interest factor in 2003 and 2004 due to the low interest rates available, and (3) estimated rates of retention as adopted from the *Actuary's Pension Handbook* adjusted for mortality in accordance with published mortality tables. City Colleges accrued \$24,880,426 at June 30, 2004 for the estimated present value of these future retiree benefits for current employees. In addition, \$9,862,730 in benefits payable to retired employees was recorded at June 30, 2004.

**11. Bonds Payable**

In December 1995, City Colleges issued \$36,245,000 in 20-year revenue bonds at a discount of \$329,388 to retire a prior note payable of \$33,785,000. The Community College District Number 508 Refunding Revenue Bonds, Series 1995 (Taxable) are special, limited obligations of the City Colleges. The bonds are due in annual installments, including interest at 5.9% to 6.9%, beginning May 1, 1996, and ending May 1, 2015. City Colleges has pledged its share of collections of the State of Illinois Personal Property Replacement Tax in amounts sufficient to pay the principal and interest on the bonds.

Collections of the replacement tax are deposited by the Illinois Department of Revenue in a separate and segregated escrow account maintained with Seaway National Bank of Chicago, as trustee, to secure payment of the



City Colleges of Chicago  
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Notes to Financial Statements

**11. Bonds Payable (cont'd)**

bonds. City Colleges has also pledged certain tuition and fees which it receives from students attending classes, should the replacement tax collected be insufficient to cover the debt when due. The bonds will mature as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2005	\$ 1,700,000	\$ 2,163,720	\$ 3,863,720
2006	2,200,000	2,054,070	4,254,070
2007	2,370,000	1,909,970	4,279,970
2008	2,500,000	1,753,550	4,253,550
2009	2,675,000	1,586,050	4,261,050
2010-2014	16,200,000	4,914,650	21,114,650
2015	3,900,000	273,000	4,173,000
	<u>\$ 31,545,000</u>	<u>\$ 14,655,010</u>	<u>\$ 46,200,010</u>
Unamortized premium (net)	673,928	-	673,928
June 30, 2004	<u><u>\$ 32,218,928</u></u>	<u><u>\$ 14,655,010</u></u>	<u><u>\$ 46,873,938</u></u>

City Colleges' legal debt margin based on 2.875% of the equalized assessed value is as follows:

	<b>2004</b>
Assessed Valuation	\$ 53,144,460,703
Debt Margin Ratio	<u>0.02875</u>
Maximum Debt	\$ 1,527,903,245
Debt balance as of June 30	<u>131,593,928</u>
Remaining Debt Capacity	<u><u>\$ 1,396,309,317</u></u>

In July 2003 City Colleges executed a Bond Warrant Agreement pertaining to bonds with aggregate principal of \$27,645,000 maturing on or after 2007. These bonds are subject to redemption prior to maturity in 2006. The Bond Warrant Agreement enabled City Colleges to sell to a financial institution an option to purchase refunding bonds issued for the purpose of refunding the outstanding Bonds on the call date. This transaction resulted in \$980,000 net

City Colleges of Chicago  
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Notes to Financial Statements

**11. Bonds Payable (cont'd)**

proceeds to City Colleges in fiscal year 2004, which changes the unamortized discount to unamortized bond premium. As of June 30, 2004, the option has not been exercised by the financial institution.

**12. Changes in Non-Current Liabilities**

Changes in non-current liabilities for the year ended June 30, 2004 are summarized in the table below:

	July 1, 2003	Increases	Decreases	June 30, 2004	Current Portion
Accrued compensated absences	\$ 1,542,847	\$ 177,042	\$ -	\$ 1,719,889	\$ 429,972
Termination benefit -					
Active employees	24,500,000	380,426	-	24,880,426	695,644
Retired employees	8,071,367	5,191,432	(3,400,069)	9,862,730	3,630,070
Bonds payable	32,739,132	1,016,470	(1,536,674)	32,218,928	1,700,000
Lease obligations	118,545,000	-	(19,170,000)	99,375,000	20,765,000
	<u>\$ 185,398,346</u>	<u>\$ 6,765,370</u>	<u>\$ (24,106,743)</u>	<u>\$ 168,056,973</u>	<u>\$ 27,220,686</u>

**13. Employee Retirement Pension Plan**

City Colleges contributes to the State Universities Retirement System of Illinois (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 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.

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 10.95% and 11.00% of annual covered payroll for fiscal year 2004 and

Notes to Financial Statements

**13. Employee Retirement Pension Plan (cont'd)**

2003 respectively. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

On July 2, 2003, the State Universities Retirement System received a proportionate share of the proceeds from House Bill 3759 (PA93-002), allocating an additional \$1.432 billion to be applied against the unfunded liability. This payment was in addition to the regular state appropriation received each year. Because of this additional payment the amount of on-behalf payments received for each employer is substantially larger than in past years. City Colleges' share of this one-time payment amounted to \$62,453,896 for fiscal year 2004 and is included in the table below. Employer contributions to SURS directly appropriated by the state for the years ended June 30 are as follows:

<b>2004</b>	<b>\$76,049,885</b>
2003	11,877,545
2002	10,846,702

City Colleges recognized 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 the following for the years then ended June 30:

<b>Year</b>	<b>Amount</b>
<b>2004</b>	<b>\$ 508,757</b>
2003	260,111
2002	320,901

**14. Post-retirement Health Care Cost**

City Colleges provides access to certain post-retirement health care benefits for retired employees who meet eligibility requirements. Eligibility varies by employee group, and is based on years of service, age, and, in some cases, being eligible to receive a State Universities Retirement System pension.

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Notes to Financial Statements

**14. Post-retirement Health Care Cost (cont'd)**

Post-retirement health care benefits are subsidized by City Colleges for a limited time period, which is generally 10 years after normal retirement or early retirement through age 70. Approximately 1,089 retirees and 623 dependents of retirees were enrolled in the health care program as of June 30, 2004. City Colleges incurred approximately \$3.9 million of expenses in fiscal year 2004, which is offset by retiree contributions and ICCB grant funds. City Colleges finances the Plan on a pay-as-you-go-basis.

**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. City Colleges self-insures some of the risk and purchases commercial insurance for others. City Colleges purchased property insurance for leases exceeding \$50,000. There have been no significant reductions in insurance coverage from the prior year and claims have not exceeded coverage in any of the past three fiscal years.

**16. General Liability – Self-Insurance**

City Colleges self-insures for a portion of general liability exposure and has coverage by an independent insurer for claims exceeding \$50,000 up to a ceiling of \$1,000,000. City Colleges has supplemental coverage by an independent insurer for claims exceeding \$1,000,000 up to a ceiling of \$10,000,000. Claims based on occurrences prior to June 15, 1977, remain insured under previous insurance policies. The “Local Government and Governmental Employees Tort Immunity Act” limits the amount of liability of City Colleges. This Act gives City Colleges the authority to levy a special judgment tax or to issue bonds to pay any tort liability judgment.

City Colleges follows the practice of recognizing the expenditures for general liability claims in the year such settlements become probable and estimable. At June 30, 2004, City Colleges has accrued for estimated future claims of \$1,187,417. This amount is reported with “Other liabilities – Self-Insurance reserves” (see Note 7).

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.

City Colleges of Chicago  
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Notes to Financial Statements

**17. Workers' Compensation – Self-Insurance**

City Colleges self-insures for a portion of workers' compensation claims and has coverage by an independent insurer for individual claims exceeding \$300,000 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. At June 30, 2004, City Colleges has accrued for estimated future claims of \$959,215. This amount is reported with "Other liabilities – Self-Insurance reserves" (see Note 7). 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 accrued.

**18. 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. At June 30, 2004, the City Colleges has accrued estimated medical expenses of \$1,356,483 that have been incurred, but not claimed. This amount is reported with "Other liabilities – Self insurance reserves" (see Note 7).

**Summary of Changes in Self-Insurance Reserves**

	June 30, 2003	Incurred Claims	Payment on Claims	June 30, 2004
General Liability	\$ 1,625,694	\$ 879,928	\$ (1,318,205)	\$ 1,187,417
Workers' Compensation	1,195,000	355,291	(591,076)	959,215
Health Insurance	990,000	14,947,707	(14,581,224)	1,356,483
	<u>\$ 3,810,694</u>	<u>\$ 16,182,926</u>	<u>\$ (16,490,505)</u>	<u>\$ 3,503,115</u>

**19. Commitments and Contingencies**

City Colleges is a defendant in litigation under various matters (sexual harassment, discrimination, personal injury, loss of wages, unfair labor

Notes to Financial Statements

**19. Commitments and Contingencies (cont'd)**

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.

City Colleges has a master plan of construction projects to be completed over the next five years in amounts totaling over \$365 million. Funding for these projects will be from the City of Chicago General Obligation Bonds, Series 1999, the State of Illinois through Illinois Community College Board Capital Renewal Grants, the Capital Development Board, and City Colleges' funds designated for capital projects.

**20. Investments in Collateralized Mortgage Obligations (CMOs)**

During the fall of 1993 and previous years, a former treasurer of City Colleges invested a significant amount of funds in certain types of CMOs. His actions were not authorized by or accurately reported to the Board. Such investments are not permitted investments under Illinois statutes or the Board's investment policy. When market prices of these investments declined significantly in February 1994, he reported these transactions to the Board. The treasurer was removed from his duties and no longer works for City Colleges.

On June 13, 1995, the Board of Trustees of City Colleges filed a complaint in the Circuit Court of Cook County against two of its previous auditors. The Board complaint alleged breach of contract, negligence, and negligent misrepresentation arising out of the previous auditors' work for City Colleges in connection with their audits for the years 1991 through 1993. The Board's complaint alleged in excess of \$50,000,000 in damages.

On November 1, 2000, the Board and one of the previous auditors entered into a settlement agreement that resolved all claims between them. City Colleges agreed to dismiss all claims with prejudice, with each side bearing its own costs, and the auditor agreed to pay City Colleges \$5,000,000, of which \$450,000 was used to pay legal fees. The net amount was recorded in fiscal year 2001.

The claim against the remaining previous auditor was tried before a jury and on December 7, 2000, the jury returned a verdict in favor of City Colleges on its breach of contract claim and awarded damages of \$378,000. The jury also

Notes to Financial Statements

**20. Investments in Collateralized Mortgage Obligations (CMOs) (cont'd)**

returned a verdict in favor of City Colleges on its professional negligence claim and found that City Colleges' total damages were \$23,000,000, which the jury then reduced by 45% for City Colleges' contributory negligence resulting in a verdict of \$12,650,000.

The remaining previous auditor appealed to the appellate court of Illinois, which affirmed the trial court's opinion. The case was further appealed to the Supreme Court of Illinois, which held on December 18, 2003 in part for City Colleges and in part for the auditors. The parties not wishing to incur further expenses settled for \$10.3 million in January 2004. City Colleges recorded this settlement in fiscal year 2004.

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# Statistical Section



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

**Table A**

**Assessed and Estimated Actual Value of Taxable Property (Unaudited)  
Ten years ended June 30**

<u>Year of Levy</u>	<u>Assessed Valuation</u>	<u>Estimated Actual Value</u>
2003	\$ 53,144,460,703	\$ 159,433,382,109
2002	45,309,524,105	135,928,572,315
2001	41,965,618,372	125,896,855,116
2000	40,466,440,217	121,399,320,651
1999	35,342,435,328	106,027,305,984
1998	33,931,502,340	101,794,507,020
1997	33,342,629,121	100,027,887,363
1996	30,759,382,280	92,278,146,840
1995	30,374,515,576	91,123,546,728
1994	30,076,594,457	90,229,783,371

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  
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**Table B**

**Property Tax Levies and Collections (Unaudited)  
Ten years ended June 30**

<b>Year of Levy</b>	<b>Total Extended Tax Levy</b>	<b>Current Year Collections</b>	<b>Percent of Levy</b>	<b>Delinquent Taxes Collected (refunded)*</b>	<b>Total Taxes Collected</b>	<b>Percent of Levy</b>
2003	\$ 130,718,812	\$ 59,452,691	45.48%	\$ -	\$ 59,452,691	45.48%
2002	126,847,428	124,135,537	97.86%	-	124,135,537	97.86%
2001	128,803,666	128,725,402	99.94%	(458,096)	128,267,306	99.58%
2000	125,854,226	125,102,599	99.40%	(907,994)	124,194,605	98.68%
1999	122,625,882	120,476,072	98.25%	577,211	121,053,283	98.72%
1998	120,139,800	115,470,420	96.11%	2,097,713	117,568,133	97.86%
1997	118,694,814	113,695,859	95.79%	1,292,261	114,988,120	96.88%
1996	115,966,200	114,088,713	98.38%	(2,757,499)	111,331,214	96.00%
1995	114,194,121	112,623,165	98.62%	(3,475,499)	109,147,666	95.58%
1994	111,871,932	109,385,066	97.78%	(2,971,004)	106,414,062	95.12%

\*Data on delinquent taxes collected (refunded) is available only from fiscal year 1999 and after.

Source: College Tax Records

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

**Table C**

**Schedule of Assessed Valuations, Rates, Extensions, and Collections (Unaudited)**

**Ten years ended June 30**

	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>	
<b>Assessed valuation (\$ millions)</b>	\$ 53,144	\$ 45,309	\$ 41,966	\$ 40,466	\$ 35,342	\$ 33,932	\$ 33,343	\$ 30,759	\$ 30,374	\$ 30,076	
<b>Tax Rates</b>											
Legal Limit											
Audit Fund	\$ 0.005	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.002	\$ -	\$ 0.002	\$ 0.003	\$ 0.002	\$ 0.001
Tort Liability	N/A	0.009	0.013	0.011	0.014	0.010	0.007	0.009	0.006	0.009	0.009
Education Fund	0.175	0.130	0.144	0.156	0.142	0.165	0.159	0.159	0.173	0.173	0.167
Operations and Maintenance Fund	0.050	0.023	0.026	0.042	0.027	0.047	0.045	0.046	0.049	0.050	0.048
Life Safety Fund	0.050	-	-	-	-	-	-	-	-	-	-
PBCC Operations & Maintenance	N/A	0.025	0.028	0.013	0.038	0.019	0.034	0.030	0.027	0.021	0.026
PBCC Rental	N/A	0.058	0.068	0.085	0.090	0.103	0.107	0.109	0.119	0.121	0.121
Total (Rounded by County to 3 decimals)	\$ 0.246	\$ 0.280	\$ 0.308	\$ 0.312	\$ 0.346	\$ 0.352	\$ 0.355	\$ 0.377	\$ 0.376	\$ 0.372	
<b>Tax Extensions (\$ thousands)</b>											
Audit Fund	\$ 384	\$ 548	\$ 330	\$ 355	\$ 788	\$ 113	\$ 735	\$ 920	\$ 534	\$ 311	
Tort Liability	4,973	6,042	4,408	5,613	3,481	2,431	2,980	1,877	2,770	2,709	
Education Fund	69,200	65,147	65,573	57,382	58,350	53,829	53,156	53,155	52,634	50,130	
Operations and Maintenance Fund	12,233	11,770	17,437	10,836	16,671	15,380	15,187	15,187	15,038	14,322	
Life Safety Fund											
PBCC Operations & Maintenance	13,078	12,584	5,549	15,179	6,589	11,625	9,926	8,225	6,411	7,871	
PBCC Rental	30,800	30,801	35,507	36,490	36,444	36,450	36,450	36,451	36,746	36,358	
Total	\$ 130,668	\$ 126,892	\$ 128,804	\$ 125,855	\$ 122,323	\$ 119,828	\$ 118,434	\$ 115,815	\$ 114,133	\$ 111,701	
<b>Fiscal year levied</b>											
<b>Fiscal year collected</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	
FY 2003	\$ 59,453										
FY 2002	64,334	\$ 59,802									
FY 2001	(458)	69,785	\$ 58,940								
FY 2000	(313)	(595)	67,419	\$ 57,683							
FY 1999	232	(543)	889	64,504	\$ 55,973						
FY 1998	(366)	(562)	112	2,914	61,570	\$ 53,900					
FY 1997	(1,045)	(619)	(218)	(268)	2,398	60,835					
FY 1996	(357)	(1,367)	(791)	(516)	(370)	287					
FY 1995	(369)	(838)	(1,551)	(686)	(335)	559					
FY 1994	(432)	(713)	(1,016)	(1,367)	(354)	(24)					
FY 1993 & Prior Years	(528)	(1,104)	(792)	(1,068)	(1,700)	(186)					
	\$ 120,151	\$ 123,246	\$ 122,992	\$ 121,196	\$ 117,182	\$ 115,371					

Sources: Cook and DuPage County Clerks' Offices

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

**Table D**

**Property Tax Rates - Direct and Overlapping Governments (Unaudited)  
Ten years ended June 30**

<b>Taxing Bodies</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>
<i>(per \$100 of assessed valuation)</i>										
Chicago Public Schools	\$ 3.142	\$ 3.562	\$ 3.744	\$ 3.714	\$ 4.104	\$ 4.172	\$ 4.084	\$ 4.327	\$ 4.251	\$ 4.167
School Finance Authority	0.151	0.177	0.223	0.223	0.255	0.268	0.270	0.291	0.296	0.265
City of Chicago	1.380	1.591	1.637	1.660	1.860	1.998	2.024	2.182	2.131	2.158
Park District	0.464	0.545	0.567	0.572	0.627	0.653	0.665	0.721	0.730	0.741
Metropolitan Water Reclamation District	0.361	0.371	0.401	0.415	0.419	0.444	0.451	0.492	0.495	0.495
Cook County	0.630	0.690	0.746	0.824	0.854	0.911	0.919	0.989	0.994	0.993
Cook County Forest Preserve	<u>0.059</u>	<u>0.061</u>	<u>0.067</u>	<u>0.069</u>	<u>0.070</u>	<u>0.072</u>	<u>0.074</u>	<u>0.074</u>	<u>0.072</u>	<u>0.073</u>
Total Overlapping Rate	\$ 6.187	\$ 6.997	\$ 7.385	\$ 7.477	\$ 8.189	\$ 8.518	\$ 8.487	\$ 9.076	\$ 8.969	\$ 8.892
City Colleges of Chicago	<u>0.246</u>	<u>0.280</u>	<u>0.307</u>	<u>0.311</u>	<u>0.347</u>	<u>0.354</u>	<u>0.356</u>	<u>0.377</u>	<u>0.376</u>	<u>0.372</u>
Total Rate	<u>\$ 6.433</u>	<u>\$ 7.277</u>	<u>\$ 7.692</u>	<u>\$ 7.788</u>	<u>\$ 8.536</u>	<u>\$ 8.872</u>	<u>\$ 8.843</u>	<u>\$ 9.453</u>	<u>\$ 9.345</u>	<u>\$ 9.264</u>

Source: Cook County Clerk's Office – Year is year of extension

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

**Table E**

**Principal Taxpayers (Unaudited)**

<b>Taxpayer</b>	<b>2003 Top Ten Principal Taxpayers (1)</b>	<b>% of Total Equalized Assessed Valuation (2)</b>
Sears Tower	\$ 530.0	1.00%
Chicago Merchantile Exchange	363.4	0.68%
AON Building	343.6	0.65%
Prudential Plaza	304.0	0.57%
AT&T Corporate Center 1	298.1	0.56%
Bank One Corporate Center	285.6	0.54%
UBS	262.2	0.49%
Bank One Building	259.5	0.44%
Citicorp Plaza	233.2	0.39%
311 W. Wacker	209.1	5.81%
	\$ 3,088.7	11.13%

(1) Source: Cook County Assessor's Office – 2003 is latest data available.

(2) Source: Cook County Clerk's Office – Year is year of extension

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

**Table F**

**Operating and Non-operating Revenues by Source (Unaudited)**

	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Revenues</b>			
Operating revenues			
Student tuition and fees:			
Resident	\$ 40,882,909	\$ 40,171,838	\$ 35,570,518
Nonresident	3,832,663	4,141,778	8,201,796
Other	11,041,388	11,468,706	11,186,354
Less: Scholarship allowances	<u>(29,276,112)</u>	<u>(29,295,886)</u>	<u>(32,136,021)</u>
Net student tuition and fees	26,480,848	26,486,436	22,822,647
Other operating revenues	<u>7,017,222</u>	<u>11,510,307</u>	<u>5,345,493</u>
Total operating revenues	\$ 33,498,070	\$ 37,996,743	\$ 28,168,140
Nonoperating revenues			
State apportionment and equalization	\$ 38,700,335	\$ 45,831,544	\$ 45,980,914
Other state grants and contracts	104,710,804	53,774,572	60,063,502
Local grants and contracts	2,361,570	2,470,598	-
Local property taxes	77,538,041	78,370,096	88,989,439
Property taxes for lease operations	39,537,136	36,169,927	34,982,532
Personal property replacement tax	8,676,779	7,634,382	8,236,280
Federal grants and contracts	63,091,461	58,775,669	50,646,126
Litigation settlement	10,302,934	-	-
Investment income	<u>2,778,234</u>	<u>5,136,446</u>	<u>8,255,840</u>
Nonoperating revenues, net	\$ 347,697,294	\$ 288,163,234	\$ 297,154,633
Capital appropriations and grants	<u>61,635,925</u>	<u>36,615,542</u>	<u>10,340,593</u>
Total revenues	<u>\$ 442,831,289</u>	<u>\$ 362,775,519</u>	<u>\$ 335,663,366</u>



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

**Table G**

**Operating and Non-operating Expenses by Object (Unaudited)**

	<b>2004</b>	<b>2003</b>	<b>2002</b>
Operating expenses			
Instructional staff	\$ 70,152,391	\$ 66,380,975	\$ 68,151,899
Non-instructional staff	76,221,015	77,440,914	78,527,624
Fringe benefits	108,456,188	43,420,676	35,021,557
Supplies and services	13,482,689	16,492,688	13,824,452
Equipment not capitalized	2,846,325	833,329	3,496,927
Utilities	9,269,574	9,948,583	8,749,080
Contractual services	29,040,151	45,535,076	38,952,530
Depreciation	16,378,082	15,726,785	13,709,510
Financial aid	25,828,395	22,395,492	19,219,247
Other expenses	<u>6,021,302</u>	<u>2,133,498</u>	<u>1,981,149</u>
Total operating expenses	\$ 357,696,112	\$ 300,308,016	\$ 281,633,975
Nonoperating expenses			
Building lease and interest payments on debt	<u>14,226,778</u>	<u>15,912,665</u>	<u>17,306,464</u>
Total expenses	<u>\$ 371,922,890</u>	<u>\$ 316,220,681</u>	<u>\$ 298,940,439</u>

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

**Table H**

**Current Funds Revenues by Source (Unaudited)  
Ten years ended June 30**

(\$ thousands)

<b>Year</b>	<b>Total</b>	<b>Taxes</b>	<b>Inter-Governmental*</b>	<b>Student Tuition &amp; Fees</b>	<b>Investment Income</b>	<b>Other</b>
2004	\$ 298,131	\$ 86,215	\$ 146,364	\$ 55,757	\$ 2,778	\$ 7,017
2003	\$ 319,286	\$ 86,004	\$ 160,854	\$ 55,782	\$ 5,136	\$ 11,510
2002	\$ 322,476	\$ 97,226	\$ 156,690	\$ 54,959	\$ 8,256	\$ 5,345
2001	\$ 291,665	\$ 94,487	\$ 134,520	\$ 47,752	\$ 2,430	\$ 12,476
2000	\$ 263,517	\$ 90,865	\$ 115,091	\$ 43,040	\$ 4,143	\$ 10,378
1999	\$ 267,005	\$ 92,432	\$ 109,106	\$ 42,786	\$ 4,875	\$ 17,806
1998	\$ 245,216	\$ 87,546	\$ 107,456	\$ 40,475	\$ 933	\$ 8,806
1997	\$ 232,191	\$ 86,415	\$ 99,195	\$ 38,952	\$ 770	\$ 6,859
1996	\$ 229,216	\$ 82,182	\$ 100,738	\$ 37,945	\$ 1,207	\$ 7,144
1995	\$ 223,862	\$ 78,999	\$ 100,708	\$ 35,564	\$ 1,224	\$ 7,367

\* 2004 amount excludes one-time payment of \$63 million to the State University Retirement System by the State of Illinois

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

**Table I**

**Current Funds Expenditures by Function (Unaudited)  
Ten years ended June 30  
(\$ thousands)**

<b>Fiscal Year</b>	<b>Total</b>	<b>Instruction</b>	<b>Academic Support</b>	<b>Student Services</b>	<b>Institutional Support</b>	<b>Operations and Maintenance of Plant</b>	<b>Scholarships and Fellowships</b>	<b>Organized Research</b>	<b>Public Support</b>	<b>Auxiliary Service</b>
2004	\$ 340,020	\$ 140,667	\$ 28,912	\$ 28,862	\$ 58,902	\$ 39,253	\$ 28,101	\$ 220	\$ 13,007	\$ 2,096
2003	281,327	101,827	24,175	19,357	63,137	32,331	23,250	-	15,838	1,412
2002	265,954	92,209	17,944	17,184	75,055	31,114	16,795	-	14,656	997
2001	265,269	97,409	17,872	16,851	60,422	28,496	30,518	-	13,701	-
2000	265,086	99,939	17,835	17,761	60,441	33,496	29,483	-	6,131	-
1999	270,379	99,307	16,931	18,874	66,291	32,862	31,193	-	4,921	-
1998	250,359	105,352	17,367	16,362	48,523	30,291	27,379	-	5,085	-
1997	242,632	87,618	16,935	16,198	57,832	32,471	25,939	-	5,639	-
1996	235,154	89,803	19,868	15,665	52,859	28,498	22,325	-	6,136	-
1995	228,129	104,122	17,046	17,432	32,513	27,191	21,188	-	8,637	-

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

**Table J**

**Ratio of Net General Bonded Debt to Assessed Value  
and Net General Bonded Debt Per Capita (Unaudited)  
Ten years ended June 30**

<b>Year</b>	<b>Net General Bonded Debt</b>	<b>Assessed Value</b>	<b>Estimated Population</b>	<b>Ratio</b>	<b>Ratio</b>
	<b>(A)</b>	<b>(B)</b>	<b>(D)</b>	<b>(A/B)</b>	<b>(A/D)</b>
2004	\$ 130,920,000	\$ 53,144,460,703	2,896,016	0.25%	\$ 45.21
2003	151,490,000	45,309,524,105	2,896,016	0.33%	52.31
2002	170,167,633	41,965,618,372	2,896,016	0.41%	58.76
2001	187,421,194	40,466,440,217	2,896,016	0.46%	64.72
2000	203,169,724	35,342,435,328	2,802,079	0.57%	72.51
1999	217,628,255	33,931,502,340	2,802,079	0.64%	77.67
1998	230,850,612	33,342,629,121	2,802,079	0.69%	82.39
1997	243,030,612	30,759,382,280	2,783,726	0.79%	87.30
1996	254,390,612	30,374,515,576	2,783,726	0.84%	91.38
1995	263,850,000	30,076,594,457	2,783,726	0.88%	94.78

**Ratio of Annual Debt Service for General Bonded  
Debt to Current Funds Expenditures (Unaudited):  
Ten years ended June 30**

<b>Year</b>	<b>Total Current Funds Expenditures</b>	<b>Retirement of Indebtedness Expenditures</b>	<b>Ratio</b>
	<b>(A)</b>	<b>(B)</b>	<b>(B/A)</b>
2004	\$ 339,361,000	\$ 38,285,048	11.28%
2003	281,327,000	38,751,161	13.77%
2002	265,954,000	38,461,777	14.46%
2001	265,269,000	38,195,782	14.40%
2000	265,086,000	38,019,630	14.34%
1999	270,379,000	37,887,146	14.01%
1998	250,359,000	36,631,067	14.63%
1997	242,632,000	37,624,915	15.51%
1996	235,154,000	37,545,230	15.97%
1995	228,129,000	37,337,028	16.37%

**Computation of Legal Debt Margin (Unaudited)**

	2004	2003
Equalized assessed value	\$ 53,144,460,703	\$ 45,309,524,105
Debt limit 2.875% of assessed value	1,527,903,245	1,302,648,818
Bonded indebtedness	<u>130,920,000</u>	<u>151,490,000</u>
Legal debt margin	<u>\$ 1,396,983,245</u>	<u>\$ 1,151,158,818</u>

Sources: (1) Cook County Assessor's Office - year is year of extension  
(2) College records  
(3) Census

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

**Table K**

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

**(\$ thousands)**

	<b>Outstanding Bonds</b>	<b>% Applicable to District</b>	<b>Amount Applicable to District</b>
<b>Overlapping Debt<sup>(1)</sup></b>			
City of Chicago	\$ 4,954,432	100.00%	\$ 4,954,432
Chicago Board of Education <sup>(2)</sup>	3,882,287	100.00%	3,882,287
Chicago School Finance Authority	391,410	100.00%	391,410
Chicago Park District <sup>(3)</sup>	948,155	100.00%	948,155
Metropolitan Water Reclamation District of Greater Chicago	1,344,529	45.15%	607,055
Cook County	2,552,390	44.19%	1,127,900
Cook County Forest Preserve District	37,640	44.19%	<u>16,633</u>
Subtotal			<u>\$ 11,927,872</u>
 <b>Direct Debt (as of April 6, 2004)</b>			
City Colleges of Chicago			<u>130,920</u>
Net Direct and Overlapping Debt			<u><u>\$ 12,058,792</u></u>

(1) Excludes outstanding tax anticipation notes and warrants

(2) Net of \$58,505,000 Series 1996, \$317,020,000 Series 1997 and \$90,435,000 Series 2000A Refunded Bonds.

(3) Includes principal amount of \$26,250,000 of PBC bonds secured by leases; includes \$379,405,000 of outstanding general obligation bonds issued as "alternate bonds" under the Debt Reform Act for which the alternate revenue source is personal property replacement tax revenues and parking revenues.

Does not include any DuPage County debt as DuPage represents only .02% of the College assessed valuation.

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

**Table L**

**Revenue Bond Coverage - Working Cash Revenue Bonds (Unaudited)  
Ten years ended June 30**

Fiscal Year	Gross Revenues <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>(3)</sup>			Coverage
				Principal	Interest	Total	
2004	\$ 381,195,364	\$ 341,318,030	39,877,334	\$1,400,000	\$2,253,320	\$3,653,320	10.92
2003	326,188,415	284,581,231	41,607,184	1,200,000	2,328,920	3,528,920	11.79
2002	325,322,773	267,924,465	57,398,308	900,000	2,384,270	3,284,270	17.48
2001	343,749,067	279,840,268	63,908,799	600,000	2,426,989	3,026,989	21.11
2000	338,939,080	307,975,010	30,964,070	400,000	2,444,570	2,844,570	10.89
1999	306,567,333	266,974,039	39,593,294	200,000	2,512,046	2,712,046	14.60
1998	320,429,652	252,541,723	67,887,929	-	2,456,370	2,456,370	27.64
1997	284,413,679	233,011,077	51,402,602	-	2,456,370	2,456,370	20.93
1996	272,378,555	235,821,483	36,557,072	-	1,023,488	1,023,488	35.72
1995	279,509,272	220,314,077	59,195,195	-	-	-	N/A

(1) Total revenues including operating and non-operating revenue

(2) Total operating expenses exclusive of depreciation

(3) Includes principal and interest of working cash revenue bonds only. It does not include debt defeasance

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

**Table M**

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

<b>Year</b>	<b>Headcount</b>			<b>Total</b>
	<b>Credit</b>	<b>Adult Ed</b>	<b>Other</b>	
2004	49,908	54,708	35,675	140,291
2003	49,484	58,595	45,754	153,833
2002	47,240	60,818	49,688	157,746
2001	46,035	60,800	53,536	160,371
2000	48,463	59,942	51,794	160,199
1999	48,684	62,847	54,307	165,838
1998	47,852	68,865	55,982	172,699
1997	49,012	83,875	46,001	178,888
1996	50,114	83,578	44,459	178,151
1995	49,431	87,280	47,645	184,356

<b>Year</b>	<b>Full-time Equivalent</b>			<b>Total</b>
	<b>Credit</b>	<b>Adult Ed</b>	<b>Other</b>	
2004	22,007	22,258	3,808	48,073
2003	21,403	23,558	4,877	49,838
2002	19,649	24,513	7,449	51,611
2001	18,551	24,564	7,634	50,749
2000	19,094	25,138	7,786	52,018
1999	19,460	28,457	8,421	56,338
1998	19,200	29,406	6,217	54,823
1997	19,667	30,435	7,407	57,509
1996	20,056	29,843	7,075	56,974
1995	19,856	29,898	8,988	58,742

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

**Table N**

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

Year	Total	Baccalaureate	Occupational			Remedial Development	Adult Basic Secondary Education
			Business	Technical	Health		
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
2002	1,233,097	315,891	47,947	80,373	51,833	100,284	636,769
2001	1,206,253	295,807	49,233	76,974	55,751	95,510	632,978
2000	1,223,659	314,540	39,271	78,263	53,414	99,726	638,445
1999	1,322,612	321,403	44,087	79,965	59,433	101,023	716,701
1998	1,355,397	335,691	53,736	74,293	63,182	95,049	733,446
1997	1,372,437	347,990	57,496	76,762	66,926	98,949	724,314
1996	1,376,619	361,215	57,451	66,928	59,292	107,331	724,402
1995	1,431,239	355,331	65,517	79,876	55,696	104,630	770,189



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

**Table O**

**Property Value, Construction, and Bank Deposits (Unaudited)  
Ten years ended June 30**

<b>Year of Levy</b>	<b>Property Value<sup>(1)</sup></b>	<b>Construction<sup>(2)</sup></b>	<b>Bank Deposits<sup>(3)</sup></b>
	<i>(\$ millions)</i>	<i>(\$ thousands)</i>	
2003	\$ 159,433	\$ 3,027,185	\$ 97,383,359
2002	135,929	1,925,440	90,605,911
2001	125,897	1,826,076	84,393,497
2000	121,399	1,663,062	81,158,588
1999	106,027	1,483,672	73,692,139
1998	101,795	1,378,364	72,490,833
1997	100,028	749,268	76,227,193
1996	92,278	880,854	67,033,030
1995	91,124	624,926	62,719,551
1994	90,230	749,162	64,911,826

Source:

(1) Cook County Clerk's Office

(2) City of Chicago 2003 CAFR

(3) FDIC Summary of Deposits

Table P

**City Colleges of Chicago  
Community College District No. 508  
Revenues and Expenditures by College (Unaudited)  
For the fiscal year ended 6/30/2004**

	Daley	Harold Washington	Kennedy King	Malcolm X	Olive Harvey	Truman	Wright	District	Total
<b>Revenues:</b>									
Local Tax Revenue	8,596,196	6,595,350	13,563,014	8,842,352	8,863,474	9,956,647	9,373,272	51,253,120	117,043,425
All Other Local Revenue	84,276	164,330	194,640	281,922	738,633	632,316	9,326	59,902,527	62,007,970
ICCB Grants	7,142,531	4,655,729	5,589,751	8,849,935	4,543,566	11,419,626	7,379,135	6,996,076	56,576,349
All Other State Revenue	113,817	610,073	84,313	59,572	681,068	599,514	152,960	95,312,630	97,613,947
Federal Revenue	8,069,452	10,387,036	10,965,378	10,828,142	7,723,852	8,199,569	5,418,564	1,499,497	63,091,490
Student Tuition and Fees	7,363,110	12,778,653	7,252,077	5,812,728	4,407,866	7,781,039	10,361,487	0	55,756,960
All Other Revenue	1,051,739	1,494,069	424,172	915,659	345,300	605,296	736,723	90,104,213	95,677,171
<b>Total Revenue</b>	<b>32,421,121</b>	<b>36,685,240</b>	<b>38,073,345</b>	<b>35,590,310</b>	<b>27,303,759</b>	<b>39,194,007</b>	<b>33,431,467</b>	<b>305,068,063</b>	<b>547,767,312</b>
<b>Expenditures by program</b>									
Instruction	12,746,832	15,271,029	14,391,378	12,046,115	10,784,226	17,834,879	16,334,581	42,265,862	141,674,902
Academic Support	1,794,088	1,647,894	2,964,799	2,476,065	1,943,580	2,359,389	2,060,845	13,667,269	28,913,929
Student Services	3,076,523	3,150,032	2,275,967	2,165,448	3,046,773	3,950,759	2,740,484	8,456,308	28,862,294
Public Service/Continuing Education	518,987	2,852,966	1,491,804	1,135,743	772,132	1,163,720	198,405	3,859,517	11,993,274
Organized Research	0	155,475	0	1,530	0	0	0	63,280	220,285
Auxiliary Services	391,734	5,147	393,923	130,881	5,347	20,460	500,757	647,087	2,095,336
Operations and Maintenance	4,397,797	2,740,996	4,909,818	4,492,558	3,472,850	3,644,290	4,042,437	54,807,369	82,508,115
Institutional Support	2,584,283	3,311,064	3,304,271	3,576,843	1,969,462	3,320,088	2,550,967	102,595,734	123,212,712
Scholarships, Grants, Waivers	6,220,071	9,095,057	8,426,116	8,030,988	6,559,782	5,244,428	4,507,621	9,294,003	57,378,066
<b>Total Expenditures</b>	<b>31,730,315</b>	<b>38,229,660</b>	<b>38,158,076</b>	<b>34,056,171</b>	<b>28,554,152</b>	<b>37,538,013</b>	<b>32,936,097</b>	<b>235,656,429</b>	<b>476,858,913</b>
<b>Expenditures by object</b>									
Salaries	18,199,567	20,330,960	19,863,225	18,327,755	15,866,075	23,422,282	20,443,968	9,919,097	146,372,929
Employee Benefits	3,605,586	4,439,179	4,139,654	3,610,401	3,525,278	4,757,192	4,310,877	80,068,021	108,456,188
Contractual Services	888,478	637,301	2,023,422	838,953	505,051	787,712	459,710	26,876,719	33,017,346
General Materials and Supplies	1,152,227	2,117,506	1,414,132	1,392,802	658,860	1,879,227	2,142,848	6,304,857	17,062,459
Travel and Conference/Meeting Expense	171,052	550,194	466,845	542,112	313,827	227,227	86,932	366,302	2,724,491
Fixed Charges	126,388	12,705	5,000	63,416	0	2,000	0	50,905,078	51,114,587
Utilities	977,009	613,158	1,352,237	1,174,365	979,531	1,048,418	901,623	2,223,233	9,269,574
Capital Outlay	33,140	0	75,746	51,087	29,827	19,225	34,236	46,927,661	47,170,922
Other Expenditure	6,576,868	9,528,657	8,817,815	8,055,280	6,675,703	5,394,730	4,555,903	12,065,461	61,670,417
<b>Total Expenditures</b>	<b>31,730,315</b>	<b>38,229,660</b>	<b>38,158,076</b>	<b>34,056,171</b>	<b>28,554,152</b>	<b>37,538,013</b>	<b>32,936,097</b>	<b>235,656,429</b>	<b>476,858,913</b>

Statement of Purpose: The City Colleges of Chicago Revenues and Expenditures by College for the year ended June 30, 2004, 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 Q**

**Miscellaneous Statistics (Unaudited)**

***Founded***

***1911***

Accreditation by North Central Association of Colleges and Schools

	<b>Most Recent Accreditation</b>	<b>Next Review</b>
Daley	2000-01	2010-11
Harold Washington	1998-99	2008-09
Kennedy-King	1995-96	2005-06
Malcolm X	1998-99	2008-09
Olive-Harvey	1999-00	2009-10
Truman	1999-00	2009-10
Wright	2001-02	2011-12

Current gross square footage	4,328,604
Size of district	228.5 square miles
Counties served	Cook and DuPage
Population of district	2,896,016
Number of full-time faculty	506
Number of part-time faculty	1,172
Number of administrative staff	100
Number of classified staff	645
Number of professional / technical staff	372
Degrees and certificates awarded (fiscal year 2004)	8,453

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# 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, 2004

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Auxiliary Enterprises Fund	Restricted Purposes Fund **	Working Cash Fund	Investment in Plant Fund	Audit Fund	Liability, Protection Settlement Fund	PBC * Rental Fund	PBC * Operations and Maintenance Fund	Total
Fund Balance July 1, 2003	29,318,874	2,195,653	39,582,014	1,140,630	(552,126)	21,311,549	0	199,526	2,266,107	46,428,742	1,714,912	143,605,881
<b>Revenues:</b>												
Local Tax Revenue	58,474,062	13,999,389	0	0	0	0	0	402,329	4,630,509	29,548,457	9,988,679	117,043,425
All Other Local Revenue	115,422	0	59,501,605	31,752	2,359,191	0	0	0	0	0	0	62,007,970
ICCB Grants	41,076,444	0	0	0	15,499,905	0	0	0	0	0	0	56,576,349
All Other State Revenue	8,676,779	0	0	0	12,887,285	0	0	0	0	0	0	21,564,064
Federal Revenue	346,313	0	0	0	62,745,177	0	0	0	0	0	0	63,091,490
Student Tuition and Fees	55,756,960	0	0	0	0	0	0	0	0	0	0	55,756,960
All Other Revenue	1,789,189	0	10,665,805	5,376,789	1,424,261	939,352	75,381,977	0	0	99,798	0	95,677,171
Total Revenue	166,235,169	13,999,389	70,167,410	5,408,541	94,915,819	939,352	75,381,977	402,329	4,630,509	29,648,255	9,988,679	471,717,429
<b>Expenditures</b>												
Instruction	89,418,826	0	0	40,072	9,589,800	0	0	0	0	0	0	99,048,698
Academic Support	12,434,255	0	0	190	9,178,682	0	0	0	0	0	0	21,613,127
Student Services	14,180,160	0	0	0	6,869,460	0	0	0	0	0	0	21,049,620
Public Service/Continuing Education	2,059,694	0	0	2,517,488	5,684,340	0	0	0	0	0	0	10,261,522
Organized Research	0	0	0	0	173,579	0	0	0	0	0	0	173,579
Auxiliary Services	800,791	0	0	817,269	120,075	0	0	0	0	0	0	1,738,135
Operations and Maintenance	6,318,920	14,347,557	14,430,903	0	1,771,361	0	0	0	0	31,278,247	7,972,445	76,119,433
Institutional Support	44,491,780	17,191	43,151,385	60,085	5,137,008	2,322,278	16,378,083	292,024	1,571,737	0	5,280	113,426,851
Scholarships, Grants, Waivers	1,526,325	0	0	16,908	55,834,832	0	0	0	0	0	0	57,378,065
Total Expenditures	171,230,751	14,364,748	57,582,288	3,452,012	94,359,137	2,322,278	16,378,083	292,024	1,571,737	31,278,247	7,977,725	400,809,030
Net Transfers	23,620	0	3,850,000	0	0	(23,620)	0	0	0	(3,850,000)	0	0
Fund Balance June 30, 2004	24,346,912	1,830,294	56,017,136	3,097,159	4,556	19,905,003	59,003,894	309,831	5,324,879	40,948,750	3,725,866	214,514,280

\* Public Building Commission

\*\* excludes SURS contribution \$ 76,049,885

**City Colleges of Chicago  
Community College District No. 508  
Summary Of Fixed Assets And Debt  
Uniform Financial Statement #2**

**Fiscal year ended June 30, 2004**

	<b>Fixed Asset/Debt Account Groups July 1, 2003</b>	<b>Additions</b>	<b>Deletions and Transfers</b>	<b>Fixed Asset/Debt Account Groups June 30, 2004</b>
<b>Fixed Assets</b>				
Land	17,388,173			17,388,173
Construction work in progress	20,923,300	52,831,488	1,101,180	72,653,608
Buildings and Improvements	427,289,258	1,101,180	1,704,776	426,685,662
Equipment	23,851,739	1,807,944	28,676	25,631,007
Software	14,508,609	1,572,545		16,081,154
Other Fixed Assets				
Accumulated Depreciation	208,072,904	16,378,082	1,733,452	222,717,534
Net Fixed Assets	<u>295,888,175</u>	<u>40,935,075</u>	<u>1,101,180</u>	<u>335,722,070</u>
<b>Long-term Debt</b>				
Bonds Payable	32,739,132	1,016,470	1,536,674	32,218,928
Leases obligation	118,545,000		19,170,000	99,375,000
Total Fixed Liabilities	<u>151,284,132</u>	<u>1,016,470</u>	<u>20,706,674</u>	<u>131,593,928</u>

City Colleges of Chicago  
Community College District No. 508  
Operating Funds Revenues And Expenditures  
Uniform Financial Statement #3

Fiscal year ended June 30, 2004

	Education Fund ****	Operations and Maintenance Fund	PBC Operations and Maintenance Fund	Total Operating Funds
<b>OPERATING REVENUES BY SOURCE</b>				
Local Government Revenue:				
Local Taxes	58,474,062	13,999,389	9,988,679	82,462,130
Chargeback Revenue	115,422	0	0	115,422
Other	0	0	0	0
<b>TOTAL LOCAL GOVERNMENT</b>	<b>58,589,484</b>	<b>13,999,389</b>	<b>9,988,679</b>	<b>82,577,552</b>
State Government:				
ICCB Base Operating Grant	37,186,433	0	0	37,186,433
ICCB Equalization Grant	1,513,902	0	0	1,513,902
CPPRT	8,676,779	0	0	8,676,779
Other (Include other ICCB grants not listed above)	2,376,109	0	0	2,376,109
<b>TOTAL STATE GOVERNMENT</b>	<b>49,753,223</b>	<b>0</b>	<b>0</b>	<b>49,753,223</b>
Federal Government:				
Dept. of Education	346,313	0	0	346,313
<b>TOTAL FEDERAL GOVERNMENT</b>	<b>346,313</b>	<b>0</b>	<b>0</b>	<b>346,313</b>
Student Tuition and Fees				
Tuition	44,715,572	0	0	44,715,572
Fees	11,041,388	0	0	11,041,388
<b>TOTAL TUITION AND FEES</b>	<b>55,756,960</b>	<b>0</b>	<b>0</b>	<b>55,756,960</b>
Other Sources				
Sales and Service Fees	15,561	0	0	15,561
Facilities Revenue	624,965	0	0	624,965
Investment Revenue	848,685	0	0	848,685
Other	299,978	0	0	299,978
<b>TOTAL OTHER REVENUE</b>	<b>1,789,189</b>	<b>0</b>	<b>0</b>	<b>1,789,189</b>
<b>TOTAL REVENUE</b>	<b>166,235,169</b>	<b>13,999,389</b>	<b>9,988,679</b>	<b>190,223,237</b>
Less: Non-Operating Items *				
Tuition Chargeback Revenue	(115,422)	0	0	(115,422)
<b>ADJUSTED REVENUE</b>	<b>166,119,747</b>	<b>13,999,389</b>	<b>9,988,679</b>	<b>190,107,815</b>
<b>OPERATING EXPENDITURES</b>				
<b>BY PROGRAM</b>				
Instruction	89,418,826	0	0	89,418,826
Academic Support	12,434,255	0	0	12,434,255
Student Services	14,180,160	0	0	14,180,160
Public Service/Continuing Education	2,059,694	0	0	2,059,694
Auxiliary Services	800,791	0	0	800,791
Operations and Maintenance	6,318,920	14,347,557	7,972,445	28,638,922
Institutional Support	44,491,780	17,191	5,280	44,514,251
Scholarships, Grants, Waivers	1,526,325	0	0	1,526,325
<b>TOTAL EXPENDITURES ****</b>	<b>171,230,751</b>	<b>14,364,748</b>	<b>7,977,725</b>	<b>193,573,224</b>
Less Non-Operating Items*				
Tuition Chargeback	(442,740)			(442,740)
<b>ADJUSTED EXPENDITURES</b>	<b>170,788,011</b>	<b>14,364,748</b>	<b>7,977,725</b>	<b>193,130,484</b>
<b>BY OBJECT</b>				
Salaries	108,210,142	10,613,697	922,098	119,745,937
Employee Benefits	26,895,048	1,204,733	0	28,099,781
Contractual Services	14,882,476	682,504	622,673	16,187,653
General Materials and Supplies **	8,188,642	568,857	506,424	9,263,923
Conference and Meeting Expenses	1,872,573	6,245	0	1,878,818
Fixed Charges	812,116	1,651	5,685	819,452
Utilities	2,122,989	1,209,684	5,898,972	9,231,645
Capital Outlay	303,020	60,603	16,593	380,216
Other ***	7,943,745	16,774	5,280	7,965,799
<b>TOTAL EXPENDITURES ****</b>	<b>171,230,751</b>	<b>14,364,748</b>	<b>7,977,725</b>	<b>193,573,224</b>
Less Non-Operating Items*				
Tuition Chargeback	(442,740)	0	0	(442,740)
<b>ADJUSTED EXPENDITURES</b>	<b>170,788,011</b>	<b>14,364,748</b>	<b>7,977,725</b>	<b>193,130,484</b>

\* Enter as negative.

\*\* Includes Library Materials for \$255,681 in education Fund.

\*\*\* Includes Student Grant \* Scholarships for \$ 1,526,325 in Education Fund.

\*\*\*\* Excludes Transfer of \$23,620 from non-operating fund.

City Colleges of Chicago  
Community College District No. 508  
Restricted Purposes Fund Revenues And Expenditures  
Uniform Financial Statement #4

Fiscal year ended June 30, 2004

**REVENUE BY SOURCE:**

TOTAL LOCAL GOVERNMENT	2,359,191
State Government ***	
ICCB - Workforce Development Grants	707,535
ICCB - Educational Technology Grants	250,338
ICCB - Retirees Health Insurance Grant	626,600
ICCB - P-16 Initiative Grants	102,022
ICCB - Special Initiatives Grants	1,251,484
ICCB - Vocational Education	2,165,246
ICCB - Adult Education	9,258,306
ICCB - Deferred maintenance grants	2,984,527
Illinois Student Assistance Commission	8,966,575
IDHS grants	518,345
DCCA grants	230,849
Other	1,325,363
TOTAL STATE GOVERNMENT	<u>28,387,190</u>
Federal Government	
Dept. of Education	46,204,545
Other	16,540,632
TOTAL FEDERAL GOVERNMENT	<u>62,745,177</u>
Other Sources	
Other	1,424,261
TOTAL OTHER SOURCES	<u>1,424,261</u>
TOTAL RESTRICTED PURPOSES FUND REVENUES	<u><u>94,915,819</u></u>

**EXPENDITURES BY PROGRAM \*\*\***

Instruction	9,589,800
Academic Support	9,178,682
Student Services	6,869,460
Public Service/Continuing Education	5,684,340
Organized Research	173,579
Auxiliary Services	120,075
Operations and Maintenance	1,771,361
Institutional Support	5,137,008
Scholarships, Grants and Waivers	55,834,832
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>94,359,137</u></u>

**EXPENDITURES BY OBJECT \*\*\***

Salaries	24,898,750
Employee Benefits	3,969,167
Contractual Services	4,964,189
Student Financial Aid	24,733,340
General Materials and Supplies	5,175,030
Travel & Conference/Meeting Expenses	692,150
Fixed Charges	24,134
Utilities	21,773
Capital Outlay	1,372,401
Other	28,508,203
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>94,359,137</u></u>

\* Includes Library Materials for \$ 77,780

\*\* Includes Scholarship, grants and waivers for \$ 4,040,113

\*\*\* Excludes SURS contribution \$ 76,049,885

**City Colleges of Chicago  
Community College District No. 508  
Current Funds \* Expenditures\*\* by Activity  
Uniform Financial Statement #5**

**Fiscal year ended June 30, 2004**

**INSTRUCTION**

Instructional Programs	99,040,878
Other	7,820
Total Instruction	<u>99,048,698</u>

**ACADEMIC SUPPORT**

Library Center	2,789,452
Instructional Materials Center	566,680
Educational Media Services	17,538
Academic Computing Support	31,600
Academic Administration and Planning	12,611,563
Other	5,596,294
Total Academic Support	<u>21,613,127</u>

**STUDENT SERVICES SUPPORT**

Admissions and Records	4,279,048
Counseling and Career Services	5,043,655
Financial Aid Administration	2,236,759
Other	9,490,158
Total Student Services Support	<u>21,049,620</u>

**PUBLIC SERVICE/CONTINUING EDUCATION**

Community Education	1,387,074
Customized Training (Instructional)	1,151,080
Community Services	5,945,621
Other	1,777,747
Total Public Service/Continuing Education	<u>10,261,522</u>

**ORGANIZED RESEARCH** 173,579

**AUXILIARY SERVICES** 1,738,135

**OPERATIONS AND MAINTENANCE OF PLANT**

Maintenance	2,714,010
Custodial Services	2,451,463
Grounds	2,112
Campus Security	6,415,097
Transportation	1,724
Utilities	6,429,956
Administration	15,660
Other	12,380,261
Total Operations and Maintenance of Plant	<u>30,410,283</u>

INSTITUTIONAL SUPPORT

Executive Management	4,735,650
Fiscal Operations	4,395,759
Community Relations	779,834
Administrative Support Services	17,592,682
Board of Trustees	57,679
General Institutiona	1,967,278
Institutional Research	61,862
Administrative Data Processing	6,185,851
Other	15,798,510
Total Institutional Support	<u>51,575,105</u>

SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS 57,378,065

TOTAL CURRENT FUNDS EXPENDITURES 293,248,134

\* 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 \$ 76,049,885

## Certification of Chargeback Reimbursement for Fiscal Year 2005

All fiscal year 2004 non-capital operating expenses from the following funds:

Education Fund	\$ 170,927,936
Operations and Maintenance Fund	14,304,146
Public Building Commission Operations and Maintenance Fund	7,961,132
Public Building Commission Rental Fund	31,278,247
Bond and Interest Fund	-
Restricted Purposes Fund	92,986,737
Audit Fund	292,024
Liability, Protection and Settlement Fund	1,571,738
Auxiliary Enterprises Fund (subsidy only)	-
TOTAL NON-CAPITAL EXPENDITURES	319,321,960
 PLUS DEPRECIATION FOR EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES	 5,082,761
 PLUS DEPRECIATION ON BUILDINGS AND FIXED EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES	 8,166,985
EQUALS TOTAL QUALIFIED EXPENDITURES	332,571,706
 LESS ALL FISCAL YEAR 2004 STATE AND FEDERAL OPERATING GRANTS FOR NON-CAPITAL EXPENDITURES, EXCEPT ICCB GRANTS	 84,655,553
EQUALS ADJUSTED QUALIFIED EXPENDITURES	247,916,153
 DIVIDED BY TOTAL CREDIT HOURS FOR FISCAL YEAR 2004	 1,244,588
EQUALS COST PER SEMESTER CREDIT HOUR	\$ 199.20
  LESS DISTRICT'S AVERAGE GRANT RATE FOR FISCAL YEAR 2005	  \$ 41.55
 LESS STUDENT TUITION PER SEMESTER CREDIT HOUR FOR FISCAL YEAR 2005	 62.00
EQUALS CHARGEBACK REIMBURSEMENT RATE PER SEMESTER CREDIT HOUR	\$ 95.65

Approved: \_\_\_\_\_

Chief Financial Officer

Approved: \_\_\_\_\_

Chief Executive Officer

## 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 Upon Which Claims are Filed (the "Schedule") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") for the year ended June 30, 2004. The 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, the Schedule referred to above 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*

May 16, 2005



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

Schedule 7

**Schedule of Enrollment Data and  
Other Bases On Which Claims are Filed**

**For the year ended June 30, 2004**

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

Categories	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate Transfer	42,730	-	170,766	-	166,319	-	379,815	-
Business Occupational	4,695	-	19,544	-	22,637	-	46,876	-
Technical Occupational	8,677	-	31,069	-	28,939	-	68,685	-
Health Occupational	7,671	-	23,333	-	25,023	-	56,027	-
Remedial/Developmental	9,224	-	59,679	-	45,519	-	114,422	-
Adult Basic/Secondary Education	101,284	59,357	129,329	78,160	174,184	36,449	404,797	173,966
<b>Total</b>	<b>174,281</b>	<b>59,357</b>	<b>433,720</b>	<b>78,160</b>	<b>462,621</b>	<b>36,449</b>	<b>1,070,622</b>	<b>173,966</b>

**Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2004**

Categories	Unrestricted			Restricted		
	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference
Baccalaureate Transfer	379,815	379,815	-	-	-	-
Business Occupational	46,876	46,876	-	-	-	-
Technical Occupational	68,685	68,685	-	-	-	-
Health Occupational	56,027	56,027	-	-	-	-
Remedial/Developmental	114,422	114,422	-	-	-	-
Adult Basic/Secondary Education	404,797	404,797	-	173,966	173,966	-
<b>Total</b>	<b>1,070,622</b>	<b>1,070,622</b>	<b>-</b>	<b>173,966</b>	<b>173,966</b>	<b>-</b>

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

Schedule 7

**Schedule of Enrollment Data and  
Other Bases On Which Claims are Filed  
(continued)**

**For the year ended June 30, 2004**

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

	<b>Attending In-District</b>	<b>Attending Out-of-District on Chargeback or Cooperative/ Contractual Agreement</b>	<b>Total</b>
Semester credit hours (all terms)	1,196,299	3,807	1,200,106
District prior year equalized assessed evaluation		\$53,144,460,703	
		<b>Total Credit Hours</b>	<b>Total Credit Hours Certified by ICCB</b>
In-district residents		1,196,299	1,240,781
Out-of-district (chargeback/contractual agreement)		3,807	3,807
Total		<u>1,200,106</u>	<u>1,244,588</u>
			<b>Difference</b>
			(44,482)
			-
			<u>(44,482)</u>

Summary of Assessed Valuation (Unaudited)

(most recent three years)

<b>Years of Levy</b>	<b>Assessed Valuation</b>
2003	53,144,460,703
2002	45,309,524,105
2001	41,965,618,372

Source: Cook and DuPage County Clerk's Office

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*State Grant Compliance Section*



## 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, P-16 Initiative Grant, State Adult Education and Family Literacy Restricted Funds Grant, Deferred Maintenance Grant, Illinois Cooperative Work Study Grant, Early School Leavers Grant, and Illinois Community College System Education Technology Grant ("Grant Programs") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") as of June 30, 2004, and the related statements of revenues, expenditures and changes in fund balances for the year then ended as listed in the foregoing table of contents. These 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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective 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 respective 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 financial statements referred to above present only the Workforce Development Component, Retirees Health Insurance, P-16 Initiative, State Adult Education and Family Literacy Restricted Funds, Deferred Maintenance, Illinois Cooperative Work Study, Early School Leavers, and Illinois Community College System Education Technology grants and do not purport to, and do not, present fairly the financial position of City Colleges of Chicago, Community College District No. 508 and the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Workforce Development Component, Retirees Health Insurance, P-16 Initiative, State Adult Education and Family Literacy Restricted Funds, Deferred Maintenance, Illinois Cooperative Work Study, Early School Leavers, and Illinois Community College System Education Technology grants of City Colleges of Chicago, Community College District No. 508, as of June 30,

2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements referred to above taken as a whole. The supplemental information included at the bottom of page 75, and on pages 76 and 80 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Workforce Development Component and State Adult Education and Family Literacy Restricted Funds grant programs, respectively. The supplemental information is the responsibility of City Colleges' management. Such supplemental information has been subjected to the auditing procedures applied in our audit of the financial statements referred to above and, in our opinion, such supplemental information is fairly stated, in all material respects, when considered in relation to the financial statements of the Workforce Development Component Grant Program and the State Adult Education and Family Literacy Restricted Funds Grant Programs taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 16, 2005, on our consideration of City Colleges' internal control over financial reporting of the Grant Programs and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 the 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.

*Deloitte & Touche LLP*

May 16, 2005



## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF GRANT PROGRAM FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the Workforce Development Component Grant, Retirees Health Insurance Grant, P-16 Initiative Grant, State Adult Education and Family Literacy Restricted Funds Grant, Deferred Maintenance Grant, Illinois Cooperative Work Study Grant, Early School Leavers Grant, and Illinois Community College System Education Technology Grant ("Grant Programs") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") as of June 30, 2004, and have issued our report thereon dated May 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered City Colleges' internal control over financial reporting of the Grant Programs in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation for Grant Programs that we consider to be material weaknesses.

### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the financial statements of the Grant Programs 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 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*

May 16, 2005

**City Colleges of Chicago  
Community College District No. 508  
Workforce Development Component Grant Program  
(business/industry services, education-to-careers, and  
welfare/low income support service)**

**Balance Sheet  
Assets**

<b>Assets</b>	
Cash	\$ <u>5,267</u>
 <b>Liabilities and fund balance</b>	
Accounts payable	\$ 142
Accrued payroll	<u>5,125</u>
Total liabilities	5,267
Fund balance - reserved for encumbrances	-
Fund balance - unreserved	<u>-</u>
Total fund balance	-
Total liabilities and fund balance	<u>\$ 5,267</u>

**Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended June 30, 2004**

	Business & Industry	Education to Careers	Welfare / Low Income	Total
<b>Revenue</b>				
State sources	<u>\$ 272,886</u>	<u>\$ 67,721</u>	<u>\$ 365,946</u>	<u>\$ 706,553</u>
<b>Expenditures</b>				
Current Year's Grant:				
Salaries	\$ 187,426	\$ 40,704	\$ 146,818	\$ 374,948
Employee benefits	48,195	7,061	17,224	72,480
Contractual services	10,167	15,000	15,100	40,267
Materials & supplies	20,238	330	4,125	24,693
Conference and meeting expense	6,860	4,626	500	11,986
Other expenditures, including tuition waivers	-	-	182,179	182,179
Total expenditures	<u>\$ 272,886</u>	<u>\$ 67,721</u>	<u>\$ 365,946</u>	<u>\$ 706,553</u>
<b>Excess of revenue over expenditures</b>	\$ -	\$ -	\$ -	\$ -
Fund balance July 1, 2003	-	-	-	-
Fund balance June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Expenditure Test:</i>				
Grant Year 2004 original allocation	\$ 269,166	\$ 71,440	\$ 365,947	\$ 706,553
Minimum expenditure required				
50% of original allocation	134,583	35,720	182,974	353,277

**City Colleges of Chicago  
Community College District No. 508  
Workforce Development Component Grant Program  
(business/industry services, education-to-careers, and  
welfare/low income support service)**

**ICCB Compliance Statement for Workforce Development  
Assets**

**Total Expenditures for ICCB Grant Funds Only  
For the year ended June 30, 2004**

<b>EXPENDITURES</b>	<b>GENERAL</b>	<b>OPERATION OF WORKFORCE DEVEL. OFFICE</b>	<b>TOTAL</b>
Personnel (Salaries & Benefits)	\$ -	\$ 235,621	\$ 235,621
Contractual Service	6,300	3,867	10,167
Instructional Materials	-	957	957
Promotional Material	1,951	-	1,951
Staff Development	6,860	-	6,860
Cost of Operating a Business Assistance Center/Economic Development/Workforce Development Offices			
a. Office Equipment	-	-	-
b. Utilities and Telephone	-	-	-
c. Consumable Supplies	6,063	10,267	16,330
d. Duplicating	-	1,000	1,000
e. Facility Rental	-	-	-
<b>TOTALS</b>	<b>\$ 21,174</b>	<b>\$ 251,712</b>	<b>\$ 272,886</b>

**City Colleges of Chicago  
Community College District No. 508  
Retirees Health Insurance Grant Program**

**Balance Sheet  
As of June 30, 2004**

<b>Assets</b>	
Cash	\$ <u>                    </u> -
 <b>Liabilities and Fund Balance</b>	
Accounts Payable	\$ <u>                    </u> -
Total liabilities	-
Fund balance - reserved for encumbrances	-
Fund balance - unreserved	<u>                    </u> -
Total fund balance	<u>                    </u> -
Total Liabilities and fund balance	\$ <u>                    </u> -

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the year ended June 30, 2004**

<b>Revenue</b>	
State Sources	\$ <u>          626,600</u>
 <b>Expenditures</b>	
Current Year's Grant:	
Retiree Benefits	\$       626,600
Payment of Prior Year's Encumbrances ( <i>Notes 2</i> ):	
Retiree Benefits	<u>                    </u> -
Total expenditures	\$ <u>          626,600</u>
 <b>Excess of revenue over expenditures</b>	 \$ -
Fund Balance July 1, 2003	<u>                    </u> -
Fund Balance June 30, 2004	\$ <u>                    </u> -

**City Colleges of Chicago  
Community College District No. 508  
P-16 Initiative Grant Program**

**Balance Sheet  
As of June 30, 2004**

<b>Assets</b>	
Cash	\$ <u>          -</u>
 <b>Liabilities and fund balance</b>	
Accrued Payroll	\$ <u>          -</u>
Total liabilities	-
 Fund balance - reserved for encumbrances	 -
Fund balance - unreserved	<u>          -</u>
Total fund balance	<u>          -</u>
 Total liabilities and fund balance	 \$ <u>          -</u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended June 30, 2004**

<b>Revenue</b>	
State Sources	\$ <u>102,022</u>
 <b>Expenditures</b>	
Current Year's Grant	
Tuition and fees	\$ 102,022
 Payment of Prior Year's Encumbrances (Note 2)	
Tuition and fees	-
Teacher Preparation & Professional Development	<u>          -</u>
Total expenditures	<u>\$ 102,022</u>
 <b>Excess of revenue over expenditures</b>	 \$ -
Fund Balance July 1, 2003	<u>          -</u>
Fund Balance June 30, 2004	<u>\$ <u>          -</u></u>

City Colleges of Chicago  
Community College District No. 508  
Illinois Community College Board  
State Adult Education and Family Literacy Grant Programs

**Combined Balance Sheet**  
As of June 30, 2004

Assets	State Basic	Public Aid	Performance	Total (Memorandum Only)
<b>Assets</b>				
Cash	\$ 45,366	\$ 50,520	\$ 74,517	\$ 170,403
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 27,530	\$ 11,914	\$ 42,379	\$ 81,823
Accrued payroll	17,836	38,606	32,138	88,580
Total liabilities	45,366	50,520	74,517	170,403
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 45,366	\$ 50,520	\$ 74,517	\$ 170,403

**Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance**  
For the Year Ended June 30, 2004

	State Basic	Public Aid	Performance	Total (Memorandum Only)
<b>Revenue</b>				
State Sources	\$ 3,527,423	\$ 3,233,055	\$ 2,317,863	\$ 9,078,341
<b>Expenditures by Program</b>				
Instruction	\$ 2,084,293	\$ 1,700,547	\$ 994,217	\$ 4,779,057
Social Work Services	481,985	699,799	562,850	1,744,634
Guidance Services	-	111,254	24,414	135,668
Assistive and Adaptive Equipment	-	-	-	-
Assessment and Testing	17,939	103,448	75,357	196,744
Student Transportation Services	3,894	54,000	1,300	59,194
Literacy Services	122,800	-	-	122,800
Child Care Services	-	-	-	-
Subtotal Instructional and Student Service	2,710,911	2,669,048	1,658,138	7,038,097
<b>Program Support</b>				
Improvement of Instructional Services	94,156	42,646	113,718	250,520
General Administration	252,951	280,288	151,194	684,433
Operation & Maintenance of Plant Services	76,226	169,668	234,629	480,523
Workforce Coordination	-	15,527	13,646	29,173
Data and Information Services	393,179	55,878	146,538	595,595
Subtotal Program Support	816,512	564,007	659,725	2,040,244
<b>Total Expenditures</b>	\$ 3,527,423	\$ 3,233,055	\$ 2,317,863	\$ 9,078,341
<b>Excess of Revenue over Expenditures</b>	\$ -	\$ -	\$ -	\$ -
Fund Balance July 1, 2003	-	-	-	-
Fund Balance June 30, 2004	\$ -	\$ -	\$ -	\$ -

**City Colleges of Chicago  
Community College District No. 508  
ICCB Compliance Statement for the  
Adult Education and Family Literacy Grant Programs**

**Expenditure Amounts and Percentages for ICCB Grant Funds Only  
For the year ended June 30, 2004**

Assets

	<b>Expenditure Amount</b>	<b>Allowed Expenditure Percentage</b>	<b>Actual Expenditure Percentage</b>
<b>State Basic</b>			
Instruction	\$ 2,084,293	Minimum 45%	59.09%
General Administration	\$ 252,951	Maximum 9%	7.17%
<b>State Public Assistance</b>			
Instruction	\$ 1,700,547	Minimum 45%	52.60%
General Administration	\$ 280,288	Maximum 9%	8.67%
<b>State Performance</b>			
General Administration	\$ 151,194	Maximum 9%	6.52%



**City Colleges of Chicago  
Community College District No. 508  
Deferred Maintenance Grant Program**

**Balance Sheet  
As of June 30, 2004**

<b>Assets</b>	
Cash	<u>\$ 952,468</u>
 <b>Liabilities and fund balance</b>	
Accounts Payable	\$ 952,395
Deferred Revenue	<u>73</u>
Total liabilities	952,468
 Fund Balance - reserved for encumbrances	 -
Fund Balance - unreserved	 -
Total Fund balance	 <u>-</u>
Total liabilities and fund balance	 <u>952,468</u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the year ended June 30, 2004**

<b>Revenue</b>	
State Sources	<u>\$ 2,984,527</u>
 <b>Expenditures</b>	
Salaries	\$ 16,775
Contractual Services	1,193,965
General Materials	770,302
Capital Outlay	<u>1,003,485</u>
Total expenditures	<u>\$ 2,984,527</u>
 <b>Excess of revenues over expenditures</b>	 \$ -
Fund Balance July 1, 2003	 <u>-</u>
Fund Balance June 30, 2004	 <u>\$ -</u>

**City Colleges of Chicago  
Community College District No. 508  
Illinois Cooperative Work Study Grant Program**

**Balance Sheet  
As of June 30, 2004**

<b>Assets</b>	
Cash	<u>\$ 9,832</u>
 <b>Liabilities and Fund Balance</b>	
Accounts Payable - Due to ICCB	<u>\$ 9,832</u>
Total liabilities	9,832
 Fund balance - reserved	 -
Fund balance - unreserved	<u>-</u>
Total fund balance	-
Total liabilities and fund balance	<u>\$ 9,832</u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the 15 months ending June 30, 2004**

<b>Revenue</b>	
State Sources	<u>\$ 120,368</u>
 <b>Expenditures</b>	
Contractual Services	\$ 110,368
Other	<u>10,000</u>
Total Expenditures	<u>\$ 120,368</u>
 <b>Excess of revenue over expenditures</b>	 \$ -
Fund Balance July 1, 2003	<u>-</u>
Fund Balance June 30, 2004	<u>\$ -</u>

**City Colleges of Chicago  
Community College District No. 508  
Early School Leavers Grant Program  
Balance Sheet  
As of June 30, 2004**

**Assets**

Assets	\$ <u>2,374</u>
--------	-----------------

**Liabilities and fund balance**

Accounts Payable	\$ 905
Accrued Payroll	<u>1,469</u>
Total liabilities	2,374

Fund Balance - reserved for encumbrances	-
--	---

Fund Balance - unreserved	-
---------------------------	---

Total Fund balance	<u>-</u>
--------------------	----------

Total liabilities and fund balance	\$ <u>2,374</u>
------------------------------------	-----------------

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the year ended June 30, 2004**

**Revenue**

State Sources	\$ <u>287,686</u>
---------------	-------------------

**Expenditures**

Salaries	\$ 211,381
----------	------------

Benefits	67,000
----------	--------

Conferences and meetings	3,656
--------------------------	-------

General Material	5,649
------------------	-------

Contractual Services	-
----------------------	---

Total Expenditures	<u>\$ 287,686</u>
--------------------	-------------------

<b>Excess of revenue over expenditures</b>	\$ -
--	------

Fund Balance July 1, 2003	-
---------------------------	---

Fund Balance June 30, 2004	<u>\$ -</u>
----------------------------	-------------

**City Colleges of Chicago  
Community College District No. 508  
Illinois Community Colleges System  
Education Technology Grant Program  
Balance Sheet  
As of June 30, 2004**

**Assets**

Cash	<u>\$ 26,352</u>
------	------------------

**Liabilities and Fund Balance**

Accounts Payable	\$ 12,757
Accrued Payroll	<u>13,595</u>
Total Liabilities	26,352

Fund balance - reserved for encumbrances	-
Fund balance - unreserved	<u>-</u>
Total fund balance	-
Total liabilities and fund balance	<u>\$ 26,352</u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the year ended June 30, 2004**

**Revenue**

State Sources ( <i>Note 2a</i> )	<u>\$ 250,338</u>
----------------------------------	-------------------

**Expenditures**

Salaries	\$ 166,822
Benefits	15,433
Conferences and meetings	11,757
Materials and Supplies	7,665
Contractual Services	<u>48,661</u>
Total expenditures	<u>\$ 250,338</u>

<b>Excess of revenue over expenditures</b>	\$ -
Fund Balance July 1, 2003	<u>-</u>
Fund Balance June 30, 2004	<u>\$ -</u>

## 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 the ICCB in its Fiscal Management Manual. Program monies are accounted for in the City Colleges’ current restricted fund.

### **Workforce Development (*Business and Industry Services, Education-to-Careers, and Welfare/Low-Income Support Services Components*) Grants:**

#### *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.

#### *Education-to-Careers (ETC)*

The program recognizes that the community college system needs to develop a fully integrated education/employment system to assure that students can move easily from education to work and from work to continuing education. The funds are dedicated to sustaining local ETC partnerships and institutionalizing ETC experiences and support services. The purpose of this funding is to support the community colleges in their efforts to affect systematic change.

#### *Welfare/Low-Income Support Services Components*

The program is designed to fund the infrastructure for working with welfare recipients and the working poor at each community college. These funds help provide support for welfare clients and/or low-income students at the college and or in cooperation with local Department of Human Services office (DHS) and to support education activities allowed under the Illinois Welfare to Work law. The grant funds specifically support a welfare/low-income liaison at each college to work with all existing entities that interact with welfare recipients, such as business and industry, job training, local DHS offices, and other education and training entities. The liaison provides and identifies linkages to educational services such as career assessment, financial aid, instruction, job coaching, mentoring, and counseling for welfare recipients who are presently working or need skills to enter the

## 1. Program Descriptions (cont'd)

workforce and the working poor. They also work with business and industry to identify skill upgrading and career opportunities where jobs are available.

### **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.

### **P-16 Initiative Grant**

P-16 Initiative Grant funding is intended to allow community colleges to address the need to strengthen student preparation within the P-16 education spectrum in two ways:

- i. Expand their service to high school students desiring to take college-level classes prior to receiving their high school diploma to accelerate their college coursework (formerly known as the Accelerated College Enrollment Grant). Funds are to be used primarily to support in-district high school students. In instances where students from outside the college district are being served, a written agreement must be in place between the community college providing the instruction and the student's home community college; and
- ii. Implement and/or expand programs and services that relate to teacher preparation (certification) and professional development (recertification). The intent is to allow colleges to enhance or expand current activities. Funds used for this purpose must supplement, not supplant, funds currently being directed to teacher preparation and/or professional development programs and services for K-12 teachers and for college faculty involved in delivering instruction directly related to teacher preparation or recertification.

### **Adult Education and Family Literacy Grants**

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

Notes to Grant Financial Statements

**1. Program Descriptions (cont'd)**

- 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.

**Deferred Maintenance Grant**

The Deferred Maintenance Grant is intended to help reduce the backlog of previously neglected or accumulated maintenance projects needed in existing buildings and structures. These funds are further intended to supplement, not supplant, a district's current budgeted spending for deferred or regular maintenance needs.

**Illinois Cooperative Work Study Grant**

City Colleges has contracted with the Illinois Board of Higher Education (IBHE) for the purpose of funding work with community-based organizations. These organizations serve representative minority groups to increase the number of minority, disadvantaged, and other "at risk" students who complete high school, enroll at City Colleges and transfer to and graduate from baccalaureate institutions.

If fewer students meet the eligibility criteria than anticipated or withdraw from employment or their academic program, surplus funds may remain at the end of the fiscal year. As required by the terms of the grant, \$9,832 of unspent funds remaining at the end of fiscal year 2004 were returned to the ICCB.

**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.

## **2. Summary of Significant Accounting Policies (cont'd)**

### **2. Summary of Significant Accounting Policies**

#### **a. Basis of Reporting**

These financial statements are prepared on the modified accrual basis and in conformity with accounting principles generally accepted in the United States of America. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2004. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to ICCB by October 15.

Grant revenues are reported in these 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 totaling \$100 or more shall be returned to the ICCB by October 15 following the end of the fiscal year. Unexpended funds totaling less than \$100 need not be returned to the ICCB provided the funds are spent in the next fiscal year and for the restricted grant purpose. Grant monies not used in accordance with these criteria regardless of the amount shall be returned to the ICCB by October 15 following the end of the fiscal year. The Workforce Development Component, Retirees Health Insurance, the P-16 Initiative and the State Adult Education and Family Literacy programs were fully expended within the grant period.

These financial statements cover only the Workforce Development, Retirees Health Insurance, P-16 Initiative, State Adult Education and Family Literacy, Deferred Maintenance, Illinois Cooperative Work Study, and Early School Leavers grants. They are not intended to, and do not, present the financial position or results of operations of City Colleges in its entirety. The financial statements presented for the



City Colleges of Chicago  
Community College District No. 508

Notes to Grant Financial Statements

**2. Summary of Significant Accounting Policies (cont'd)**

Illinois Cooperative Work Study Grant Program are as of June 30, 2004, and the 15-month period April 1, 2004, through June 30, 2004.

b. Cash held by City Colleges

To facilitate sound management, substantially all City Colleges cash for the Workforce Development Component, Retirees Health Insurance, the P-16 Initiative and the State Adult Education and Family Literacy programs grant programs cash is pooled.

c. Capital outlay

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

d. Uses of Estimates

The preparation of the 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.