



Daley College

Harold Washington College

Kennedy-King College

Malcolm X College

Olive-Harvey College

Truman College

Wright College

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

Board of Trustees

Community College District No. 508

County of Cook, State of Illinois

226 West Jackson Boulevard

Chicago, Illinois 60606

www.ccc.edu



COMMUNITY COLLEGE DISTRICT NO. 508

Chicago, Illinois

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

For the fiscal year ended June 30, 2010

*Prepared by:
Office of Finance*

Martin Cabrera Jr., Board Chairman
Cheryl L. Hyman, Chancellor

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of
Community College
District No. 508
County of Cook and
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District Office
226 West Jackson Boulevard
Chicago, Illinois 60606
(312) 553-2500

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Introduction for Comprehensive Annual Financial Report:

December 15, 2010

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



It is my pleasure to present to you the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This report contains the results of the District's financial operation and its financial condition. This document is part of our fiduciary responsibility to taxpayers, and as important, is a record of our commitment to provide an education of value to our students and the citizens of Chicago.

Over the last one hundred years, the City Colleges of Chicago has provided more than 1 million alumni with access to a transformative educational experience. As a graduate of Olive-Harvey College, one of the seven City Colleges, I know first-hand how City Colleges can create a pathway to success. Today, we must dedicate ourselves to delivering both access to a quality education and success for our students.

While we are extremely proud of our track record, the world is rapidly changing, and we must change with it. Reinvention is the process I launched this year to evaluate our programs and operations to ensure we prepare our 120,000 students to meet their goals of further education or a 21st century career. Through Reinvention, we will review and redirect funds, where needed, to invest in areas that will dramatically improve student outcomes.

As you will see in the following report, at the end of fiscal year 2010, the City Colleges maintained a consistently strong financial position. We are fortunate to end the year with total net assets of \$793.9 million, an increase of \$26.9 million over fiscal year 2009. We are committed to using these resources wisely to provide an education of value to our students, taxpayers and the community.

In fact, we are already re-allocating resources to benefit students. In recent months, we have hired additional academic advisors, tutors, mentors, and veteran support personnel to reduce our high student to advisor ratio and improve student supports. We have reached out to 15,000 academically at-risk students to develop plans for them to successfully pass their courses. We are conducting degree audits to identify and notify current students who may be eligible to graduate, and are offering them transfer and job placement assistance. We have made a series of technology investments, including the roll-out of a new student productivity software suite. We have launched several initiatives to address our significant remediation needs, including partnering with the Chicago Public Schools to develop early intervention programs. We are also establishing articulation agreements with higher education institutions, including UIC and IIT, to secure admission for City Colleges students who meet certain criteria.

Some of the changes ahead may require new funds, others may come from the reallocation of existing resources, and still more may be cost-neutral. No matter the source – the City Colleges of Chicago is committed to using our resources judiciously, so that students leave our institution college-ready, career-ready and prepared to pursue their life's goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Cheryl L. Hyman". The signature is stylized and cursive.

Cheryl L. Hyman
Chancellor

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

**Comprehensive Annual Financial Report
Fiscal year ended June 30, 2010**

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Community College District No. 508
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Transmittal Letter

December 15, 2010

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of City Colleges of Chicago, Community College District No. 508 (City Colleges), for the fiscal year ended June 30, 2010. It has been prepared in accordance with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

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

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

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

PROFILE OF THE CITY COLLEGES OF CHICAGO

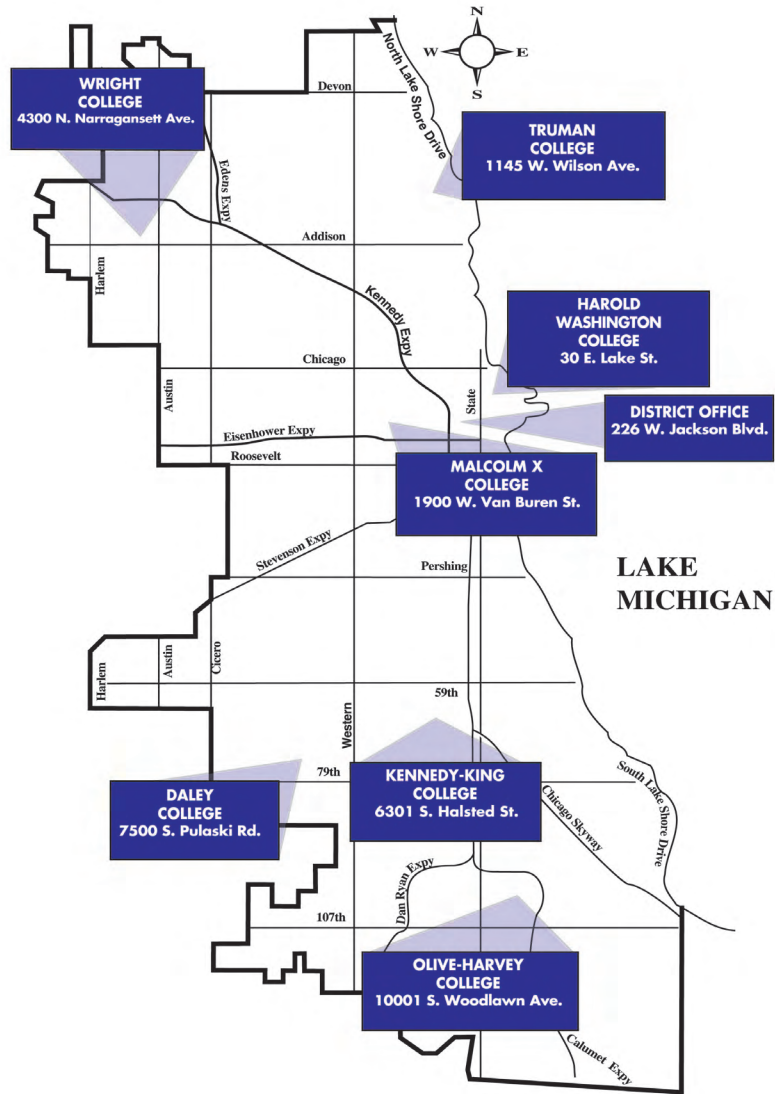
City Colleges is a body politic and corporate, and a community college district of the State of Illinois having boundaries coterminous with the City of Chicago. City Colleges is established under and governed by the Illinois Public Community College Act. City Colleges is not a home rule unit of government and operates seven colleges offering two-year Associates' Degrees, occupational certificates, continuing education, customized business-specific training and adult education programs equating to more than 250 programs. City Colleges has no component units, which are legally separate organizations for which the City Colleges would be financially accountable.

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

The District currently occupies a land area of approximately 228.5 square miles, and serves a population of approximately 2,851,268.

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

As City Colleges prepares for its 100th year in operation, we look back with a sense of accomplishment. Today, we have seven colleges and seven satellite centers throughout the City of Chicago serving diverse populations. Three building trade union apprenticeship programs: electrical, telecommunications and elevator contractor technologies are now housed at the City Colleges of Chicago. During the last five years alone, City Colleges awarded 10,277 associate degrees and 28,748 certificates and has seen 6,391 individuals complete the General Education Diploma (GED) program. As our mission states, City Colleges has provided and will always provide learning opportunities for Chicago's diverse populations to enhance their knowledge and skills through quality, comprehensive, and affordable educational programs and services.



City Colleges of Chicago* 226 W Jackson Boulevard (773) COLLEGE (265-5343), or(312) 553-2500 www.ccc.edu	Richard J. Daley College 7500 S Pulaski Road (773) 838-7600 http://daley.ccc.edu/	Harold Washington College 30 E Lake Street (312) 553-6010 http://hwashington.ccc.edu/	Kennedy-King College 6301 S Halsted Street (773) 602-5111 http://kennedyking.ccc.edu/
Malcolm X College 1900 W Van Buren Avenue (312) 850-7055 http://malcolmx.ccc.edu/	Olive-Harvey College 10001 S Woodlawn Avenue (773) 291-6349 http://oliveharvey.ccc.edu/	Harry S Truman College 1145 W Wilson Avenue (773) 907-4000 www.trumancollege.edu	Wilbur Wright College 4300 N Narragansett Avenue (773) 481-8233 http://wright.ccc.edu/

*District Office

VISION, MISSION, AND GOALS

City Colleges' current strategic plan, strategic goals, and tactical plans were developed by a cross functional team from the campuses and the District Office and are reviewed and updated annually. City Colleges' strategic planning initiative, Vision 2011, calls for an assessment of all aspects of its curricula, programs, student support services; as well as its delivery. City Colleges must ensure that each of its courses and programs are appropriately mapped and aligned with leading four-year colleges and universities to enable a smooth transition for its students. Since employers are increasingly competing in a highly diverse global economy, City Colleges must ensure that its students are not only able to compete but to thrive in the global marketplace.

City Colleges' Vision Statement: We aspire to be a premier, first choice educational destination highly accessible to diverse student populations in Chicago and around the world and widely recognized for excellence in leadership. Through the power of education, we inspire and transform the lives of our students and those connected to them, enhance the communities we serve, and catalyze positive socio-economic change.

City Colleges' Mission Statement: Through our seven colleges, we deliver exceptional learning opportunities and educational services for diverse student populations in Chicago. We enhance knowledge, understanding, skills, collaboration, community services and life-long learning by providing a broad range of quality, affordable courses, programs, and services to prepare students for success in a technologically advanced and increasingly interdependent global society. We work proactively to eliminate barriers to employment and to address and overcome causal factors underlying socio-economic disparities and inequities of access and graduation in higher education.

Strategic Direction: By 2011, City Colleges will increase its recognition as a leader in community college education as measured by:

- Our students learning outcomes and the readiness of our graduates to be successful in the global marketplace and productive, ethical global citizens;
- The excellence and innovation of our programs and curricula offerings which are designed to meet the needs of four-year higher education institutions and employers that are based upon measurable student learning outcomes;
- Our highly diverse, world-class workforce which creates effective learning environments and provides effective teaching, excellent and innovative student support service offerings; and
- Our effectiveness in eliminating barriers to employment; as well as socio-economic disparities impacting students.

Goals and Strategies: City Colleges' goals and strategies are integrated and interdependent and are designed to enable the accomplishment of our mission and statement of strategic direction while upholding our values.

Goal 1: Solidify commitment to student learning/effective teaching

Goal 2: Generate awareness and access

Goal 3: Strengthen relationships with external constituents

Goal 4: Develop and retain the highest quality CCC workforce

Goal 5: Enhance student support services

Goal 6: Declare commitment to the key markets CCC serves

Goal 7: Achieve enterprise operational excellence – recognize that the accomplishment of our mission, goals and strategies depends upon a very well run enterprise.

ECONOMIC CONDITION AND OUTLOOK

Unemployment rates in Chicago and the surrounding state and region continued to fall from a March 2010 peak. There were an estimated 416,700 Chicago area residents unemployed in a civilian labor force of 4.1 million for the month of June. The jobless rate in the 8-county Chicago Metro Division decreased to 10.2%, down from May's rate of 10.5% and slightly lower than the statewide seasonally adjusted rate of 10.4% in June. The unemployment rate in Chicago was 10.6 % in June, down from 10.9% a year earlier.

So far this year, inflation, as a measure of the Consumer Price Index, is expected to edge higher over the next two years, for an annual rate of 1.7% in 2010 and 1.9% in 2011. This pattern is being driven by economic growth that is somewhat above the long-term trend, as well as increases in oil prices, which are predicted to average \$82 a barrel in the final quarter of this year and about \$88 per barrel at the end of 2011.

The Chicago Business Activity Index (CBAI) was at 106.7 in July 2010, up from 96.5 in June 2010. Prior to that, the index had been as far down as 51.3 a year ago. The increase in June and July is attributed mainly to the improvement in construction activity and the manufacturing sector. In the coming months, the national economy is likely to maintain its modest recovery trend, but uncertainties remain. The Bureau of Labor Statistics reported total nonfarm payroll employment declined by 131,000 in July, reflecting the shedding of 143,000 temporary workers hired by Federal government for the decennial census. Private-sector payroll employment edged up by \$71,000. For the local economy, although the concerns of a double-dip recession have increased, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on an improving trend over the next several months.

Few other major metropolitan centers have the diverse economy, workforce, infrastructure, and distribution channels needed to compete with Chicago. The headquarters of 9 of the Fortune 500 companies are located in Chicago.

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

In July 2010, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production rose 1% after having edged down 0.1% in June. The capacity utilization rate for all industry moved up to 74.8% and national retail sales increased 0.3% in July. However, both the number of unemployed persons and the unemployment rate at 14.6 million and 9.6% respectively, remained unchanged in July. From May through August 2010, the jobless rate remained in the range of 9.5 to 9.7%.

As the unemployment rate increases in Chicago, enrollment is also expected to increase for the City Colleges of Chicago due to the current economic conditions.

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

- Many students entering the City Colleges system require additional assistance such as remedial math and English courses as well as counseling and tutoring.
- State funding for community colleges is still expected to be below fiscal year 2003 as outlined in the table below.

Community College State Funding

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$317,383,800
2004	\$287,637,300
2005	\$297,198,200
2006	\$298,268,200
2007	\$303,747,800
2008	\$297,698,000
2009	\$294,979,600
2010	\$295,521,900
2011	\$295,521,900

- Basic infrastructure and equipment are old and inadequate, requiring high maintenance and repair costs. Due to aging building infrastructure at City Colleges, it is becoming increasingly difficult to attract students. A five year, \$1.1 billion capital improvement plan was approved by the Board of Trustees. However, only \$177.9 million in funding is currently available.
- State funding for community college infrastructure has been requested in the Governor's fiscal year 2011 budget and has been approved by the Illinois legislature for the coming fiscal year.

PROSPECTS FOR THE FUTURE

City Colleges has experienced increases in student headcount in recent years, as shown in the following table:

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

<u>Fiscal Year</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Headcount	127,517	120,938	113,277	110,706	115,460
Total Full-Time Equivalent	47,774	43,366	39,788	39,988	41,550

Source: College Records

Overall enrollment across all mission pillars has increased over the two year period and City Colleges anticipates continued growth. Preliminary enrollment data for fiscal year 2011 indicates a positive increase of approximately 10% for the current academic year. This increase is primarily due to the economic down turn that sends the unemployed back to school to re-tool or acquire new skills. In addition, the City Colleges offers new programs and has enhanced its methods of delivering educational services.

For fiscal year 2011, City Colleges will continue the following initiatives to continue the positive enrollment and retention trend:

- Strengthen retention efforts;
- Continue the Annual Programs and Services Analysis to measure the efficiency and effectiveness of academic programs and services;
- Increase student success support services;
- Enhance and strengthen the skills of the faculty and staff;
- Increase recognition of City Colleges brand and the seven college sub-brands;
- Increase usage of tracking systems for ongoing student feedback and marketing efficiency metrics

COST CONTAINMENT STRATEGIES

City Colleges has spent a significant amount of time and effort to minimize the effects of the lack of any increase in state funding over the past several years. As a result, City Colleges has focused on reducing expenses through cost containment initiatives, as follows:

- Negotiated with bookstore vendors to provide tiered commission pricing on sales up to 9% of gross revenue with an increase of up to 4%. In addition, the agreement affords each campus library two copies of the required textbooks for each semester. A textbook rental program is being introduced for the fiscal year 2011 school year. This program could save students money they could use to help pay for their education.
- Looking at the opportunity to partner with the City Of Chicago to use their on-line auction service to sell excess equipment, furniture and other goods to recoup monies that would otherwise be a donation.
- City Colleges has participated in the City Agency Health Coalition to save over \$400,000 in administrative costs annually.
- City Colleges has increased its use of cooperative purchasing agreements and District-wide contracts of goods and services.

- The district continuously evaluates its expenditures and looks for innovative ways to contain costs through contract negotiations, audits, energy savings programs; as well as avoidance initiatives, as noted in the following examples:
 - **Energy Rebate:** District-wide participation in the “voluntary curtail program” through Commonwealth Edison for the third consecutive year. Anticipated savings for fiscal year 2010 are \$160,000.
 - **Energy Savings Program:** performance contracts implemented in 2002 utilizing an external vendor have continued to provide City Colleges with annual savings and cost avoidance opportunities. Total costs avoided through fiscal year 2010 equate to \$4,500,000.
 - **Utility Purchase Reductions:** City Colleges’ electricity purchases were reduced by \$0.01 per kilowatt-hour resulting in cost savings of \$180,000 and \$650,000, respectively. A three year agreement lasting until 2012 has been agreed to with the electricity service provider to not exceed the fiscal year 2010 electric rate.
 - **Locking Gas Rates:** The district has been closely tracking the decrease in gas prices and in an effort to contain costs it has locked in a gas price of \$0.639 per therm which is \$0.20 less than last year’s lock in rate.
 - **Fuel Purchase:** The district has purchased fuel for its fleet of vehicles from City of Chicago fuel depots saving approximately two thirds of the retail price.
 - **Bad Debts:** Significant reductions due to increased monitoring of accounts.

PERFORMANCE MEASUREMENT

Developing and implementing performance measures at City Colleges of Chicago is an important part of setting up the climate for the “Agenda for Change”. The Chancellor has discussed implementing a comprehensive performance management process. Committees are to be set up, performance measures developed and outcomes reviewed.

Current measures supported by traditional management reports managed by the colleges as part of the strategic plan have improved revenue and cost efficiency. Results to date have shown improvements in enrollment, the addition and deletion of academic programs, increases in average class size and increases in collection of student receivables.

In an effort to support the Chancellor’s performance measure initiative during the fiscal year 2011 budget process the budget office began to develop financial performance measures at the campuses and district offices. Each campus was asked to develop eight performance measures that were unit specific and that would support a system-wide output measure. The performance measures developed followed the guidelines of being specific, measureable, attainable, relevant and time-bound. At the time of writing this document the performance measures were not ready for publication.

FINANCIAL INFORMATION

In fiscal year 2010, City Colleges ended in a good financial condition, having revenues higher than expenditures. This year began with uncertainty over State funding, so the City Colleges budgeted prudently and controlled costs. At the end of the year, the City Colleges maintained a consistently strong financial position. City Colleges total net assets of \$793.9 million increased by \$26.9 million over fiscal year 2009.

Internal Control: City Colleges' management is responsible for establishing and maintaining internal control structure which is designed to protect its assets, to prevent loss from theft or misuse of assets, and to allow for the preparation of financial information in conformity with GAAP as set forth by GASB. 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: Annual budgets are prepared on a basis consistent with GAAP. The fiscal year begins on July 1 and ends on June 30 with annual appropriations lapsing at the fiscal year-end. Individual colleges submit budget requests based on the colleges' strategic and tactical plans as reviewed and approved by the Chancellor. Administrative units submit requests for the Chancellor's review. The Budget Office compiles requests and recommendations for submission to the Board of Trustees for appropriation. The appropriated budget is prepared by fund, department, and account.

City Colleges' budgetary control objectives are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Colleges' Board of Trustees. Budgetary control is implemented by individual fund within each college. Board approval is required for all funding transfers. In addition, an amended budget is required for increases in total appropriation in accordance with the state laws.

Board approval is required for all purchases or exchanges of goods and services over \$10,000 from a single vendor during the fiscal year. In addition, proper segregation of duties exist both operationally and technologically.

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, as opposed to being reported as a reservation of fund balance.

The Capital Project Funds are budgeted on a project-by-project basis and represent the entire project budget for projects expected to begin in that fiscal year. Debt Service Funds are established in accordance with requirements of the bondholders.

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

FUND GROUP
Current Unrestricted

INDIVIDUAL FUND
Education
Operations and Maintenance
Auxiliary / Enterprise

Current Restricted

Restricted Purpose
Audit
Liability, Protection and Settlement
Working Cash
Capital/Operations and Maintenance

Plant

Investment in Plant

Estimated assessed value of taxable property for tax year 2009 collectible in fiscal year 2010 is \$84,545,026,609. Estimated assessed value of taxable property for tax year 2008 collectible in fiscal year 2009 was \$80,923,884,233. City Colleges' average collection rate over the past five years has been approximately 98%.

DEBT ADMINISTRATION

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

Cash Management: Cash and investments are controlled by the City Colleges' Treasurer's Office using modern cash management techniques. Treasury is governed by provisions within the Illinois Public Community College Act (Illinois Compiled Statutes Chapter 110, Act 805) and the Illinois Public Funds Investment Act (Illinois Compiled Statutes Chapter 30, Act 235). Fiduciary responsibility for investments is entrusted to the City Colleges Board of Trustees, which has delegated the function to the Treasurer of City Colleges as permitted by the Illinois Public Community College Act.

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

City Colleges invests funds in various securities listed as permitted investments in the Board-approved Investment Policy. This policy is reviewed on an annual basis, any modifications require Board approval. The securities include, but are not limited to, money market funds, U.S. Treasury bonds, bills, notes, certificates of deposit, and the Illinois Funds (two money market funds managed by the Illinois State Treasurer's Office for investors of public funds). Investment income for fiscal year 2010 totaled \$2 million, compared to \$5.8 million in fiscal year 2009. This reduction was a direct result of the economic downturn and a redeployment of profits to upgrade and replace old equipment. The consensus outlook has been marked down substantially in 2010 and the growth outlook for 2011 is only expected to rise by an average of 2.6 percent.

Risk Management: City Colleges' Risk Manager actively assesses and reviews the types of risk and exposures the District may encounter and strives to mitigate the potential impacts on the

organization. The risk manager purchases commercial insurance to cover significant property, liability, and workers' compensation losses for amounts in excess of self-insured amounts. The City Colleges is self-insured on the property, general liability and workers' compensation for up to \$10,000, \$250,000 and \$425,000 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 accountants. The City Colleges of Chicago Board of Trustees selected the audit firm of Deloitte & Touche LLP as its independent certified public accountants. The independent auditors' report of Deloitte & Touche LLP on the basic financial statements and supplementary schedules is included in the financial section of this report.

Awards: The GFOA awarded a **Certificate of Achievement for Excellence in Financial Reporting** to City Colleges for its comprehensive annual financial report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

City Colleges has also earned GFOA's **Award for Distinguished Budget Presentation** for its annual budget for the fiscal year beginning July 1, 2009. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device.

Acknowledgements: The preparation of the CAFR was made possible by the dedicated service of the 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,

Kenneth Gotsch,
Vice Chancellor Finance/CFO

Dolores Javier, CPA
Associate Vice Chancellor Finance/Treasurer

J. Randall Dempsey, CPA
Controller

**CITY COLLEGES OF CHICAGO
COMMUNITY COLLEGE DISTRICT NO. 508
PRINCIPAL OFFICIALS
Year Ended June 30, 2010**

BOARD OF TRUSTEES

Martin Cabrera, Jr., Chairman
Terry E. Newman, Secretary
Everett Rand, Trustee
Nancy J. Clawson, Trustee
Gloria Castillo, Trustee
Ralph G. Moore, Trustee
Rev. Albert D. Tyson III, Trustee
Gwendolyn Fulgern, Student Member
Regina Hawkins, Assistant Secretary
Dolores Javier, Associate Vice Chancellor Finance / Treasurer

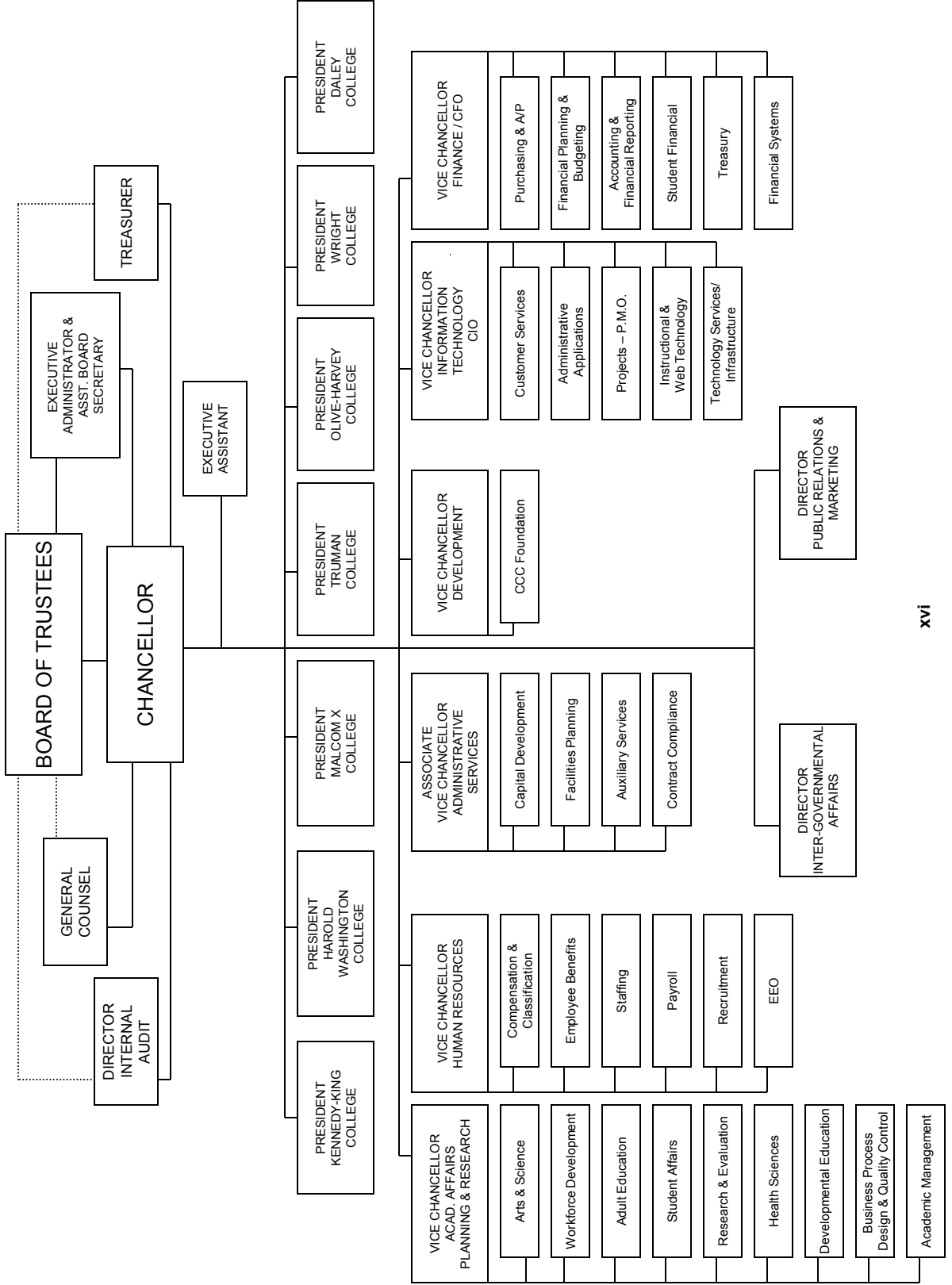
ADMINISTRATIVE OFFICERS

Cheryl, L. Hyman, Chancellor
Angela Henderson, Provost & Chief Academic Officer
Jose Aybar, President, Richard J. Daley College
John Dozier, Interim President, Kennedy-King College
Ghingo Brooks, President, Malcolm X College
Clyde El-Amin, President, Olive-Harvey College
Lynn Walker, Interim President, Harry S. Truman College
John Wozniak, President, Harold Washington College
Charles Guengerich, President, Wilbur Wright College
James Reilly, General Counsel
Derrick Harden, Interim Vice Chancellor Human Resources
Kenneth C. Gotsch, Vice Chancellor Finance / CFO
Craig E. Lynch, Vice Chancellor Information Technology / CIO
Michael J. Daigler, Vice Chancellor Development
Diane Minor, Vice Chancellor Administrative Services
Joyce Carson, Vice Chancellor Business Services
Michael Mutz, Vice Chancellor Client Services & Student Engagement
Alvin Bisayra, Vice Chancellor Strategy & Institutional Intelligence
J. Randall Dempsey, Controller

REPORT ISSUED BY

Office of Finance

City Colleges of Chicago Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City Colleges of Chicago
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

Financial Section

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of City Colleges of Chicago, Community College District No. 508 ("City Colleges") as of and for the years ended June 30, 2010 and 2009, as listed in the foregoing table of contents. These basic financial statements are the responsibility of City Colleges' management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of City Colleges of Chicago, Community College of District No. 508 as of June 30, 2010 and 2009, and the changes in its financial position and its cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 5–14 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on City Colleges' basic financial statements. The Uniform Financial Statements on pages 67–71, Certification of Chargeback Reimbursement on page 72, the introductory section, and the statistical sections 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 section 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

December 15, 2010

Management Discussion and Analysis (MD&A)



Community College District No. 508 Management's Discussion and Analysis

The discussion and analysis of City Colleges of Chicago (City Colleges) financial performance provides an overall review of City Colleges' financial activities for the fiscal years ended June 30, 2010 and 2009. This discussion and analysis focuses on current activities, currently known facts and related changes. The management of City Colleges encourages readers to consider the information being presented herein in conjunction with the transmittal letter, which precedes this section, the basic financial statements and accompanying notes, which immediately follow this section, to enhance their understanding of City Colleges' financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current and prior year is required to be presented in the Management Discussion and Analysis (the "MD&A"). Responsibility for the completeness and fairness of the information presented here rests with City Colleges.

Using This Annual Report

The 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 Statement of Net Assets combines and consolidates current financial resources (short-term expendable resources) with long-term capital assets. The Statement of Revenues, Expenses, and Changes in Net Assets describes operating results, comparing revenues derived from operations such as tuition and fees with operating expenses, and non-operating results. Non-operating revenues include funding received from State apportionment, grants, and property taxes. This approach is intended to facilitate analysis of financial results of various services to students and the public.

Financial Highlights

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

Fiscal year 2010 - Total net assets as of June 30, 2010 increased by \$26.9 to \$793.9 million.

Current assets decreased by \$2.8 million due in part to a \$9.1 million decrease in short-term investments, a \$8.0 million decrease in property tax receivable, and a \$27.6 million decrease in accounts receivable. This was offset by an increase in cash of \$42.0 million. The \$9.1 million decrease in short-term investments was primarily due to a change in the maturity dates of the instruments by our investment management firm. The \$8.0 million decrease in property tax receivable is due to the increase of collections from prior years. The \$27.6 million decrease in accounts receivable is due to the \$1.3 million increase in grants receivable, \$3.8 million increase in student receivables, offset by a \$.6 million decrease in accounts receivable and interest receivable, an \$18.7 million decrease in the State of Illinois receivable, and a \$13.4 million decrease in capital projects.



Community College District No. 508 Management's Discussion and Analysis

The investment in capital assets increased by \$22.2 million due to the \$14.1 million increase in construction work in progress, \$25.1 million increase in building improvements, equipment, software and vehicles, offset by an increase in accumulated depreciation of \$17.0 million.

The other non-current assets increased by \$12.1 million due in part to an increase in long term investments of \$14.9 million, a \$.3 million increase in restricted cash which was offset by a \$3.1 million decrease in the Funds Held by the Public Building Commission of Chicago.

Total current liabilities decreased slightly primarily due to an increase of \$3.2 million in accounts payable, a \$.6 million increase in deferred salaries, tuition, property tax, and grant revenues, a \$3.1 million increase in other liabilities, offset by a \$4.2 million decrease in accrued payroll, property tax refunds and other accruals. Total non-current liabilities increased by \$4.6 million due to \$.2 million increase in accrued compensated absences and a \$5.0 million increase in other post employment benefits, offset by a \$.6 million decrease in sick leave benefits.

Fiscal year 2009 - Total net assets as of June 30, 2009 increased by \$24.0 to \$767.0 million.

Current assets increased by \$33.8 million due in part to a \$25.0 million decrease in short-term investments, a \$18.4 million increase in property tax receivable, and a \$44.5 million increase in accounts receivable. The \$25.0 million decrease in short-term investments was primarily due to a change in the maturity dates of the instruments by our investment management firm. The \$18.4 million increase in property tax receivable is due to a property tax levy increase of \$9.2 million which was doubled due to a decrease in collections of \$9.2 million. The \$44.5 million increase in accounts receivable is due to the \$5.1 million increase in grants receivable, \$1.1 million increase in student receivables, a \$27.5 million increase in the State of Illinois receivable, and a \$13.4 million increase in capital projects.

The investment in capital assets increased by \$1.3 million, which was primarily due to the \$10.7 million increase in land and construction work in progress, \$11.9 million increase in building improvements, equipment and software, offset by an increase in accumulated depreciation of \$21.3 million.

The other non-current assets decreased \$9.0 million due in part to the transfer of \$6.6 million in investments from short-term to long-term, which was offset by a \$5.2 million decrease in restricted cash and investments as well as a \$10.4 million decrease in the Funds Held by the Public Building Commission of Chicago.

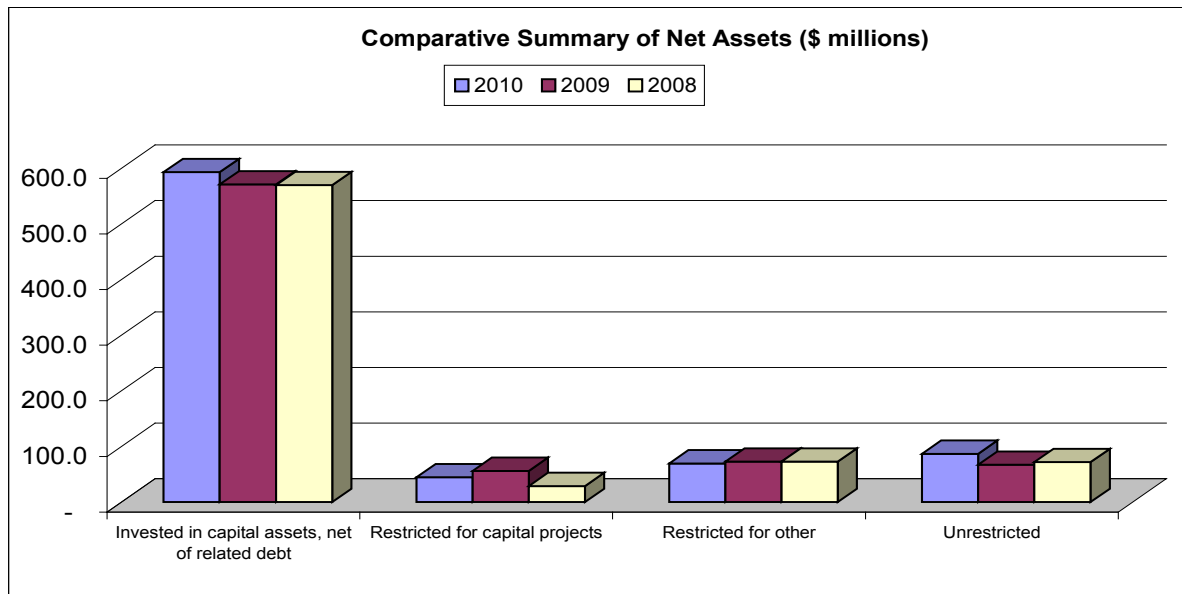
Total current liabilities decreased by \$2.1 million primarily due to a decrease of \$4.5 million in accounts payable, a \$2.7 million decrease in accrued property tax refunds offset by a \$3.2 million increase in deferred property tax revenue. Total non-current liabilities increased by \$4.2 million due to a \$4.2 million increase in other post-employment benefits.



**Community College District No. 508
Management's Discussion and Analysis**

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

	2010	2009	Increase (Decrease)	2008	Increase (Decrease)
Current assets	\$ 284.7	\$ 287.5	\$ (2.8)	\$ 253.7	\$ 33.8
Non-current assets					
Capital assets	818.5	779.3	39.2	756.7	22.6
Less accumulated depreciation	(225.3)	(208.3)	(17.0)	(187.0)	(21.3)
Other assets	80.8	68.8	12.0	77.8	(9.0)
Total assets	\$ 958.7	\$ 927.3	\$ 31.4	\$ 901.2	\$ 26.1
Current liabilities	\$ 122.3	\$ 122.4	\$ (0.1)	\$ 124.5	\$ (2.1)
Non-current liabilities	42.5	37.8	4.7	33.6	4.2
Total liabilities	\$ 164.8	\$ 160.2	\$ 4.6	\$ 158.1	\$ 2.1
Net assets					
Invested in capital assets, net of related debt	\$ 593.2	\$ 571.0	\$ 22.2	\$ 569.7	\$ 1.3
Restricted for expendable:					
Capital projects	44.5	56.1	(11.6)	28.8	27.3
Other	69.4	72.8	(3.4)	72.7	0.1
Unrestricted	86.8	67.1	19.7	71.8	(4.7)
Total net assets	\$ 793.9	\$ 767.0	\$ 26.9	\$ 743.0	\$ 24.0





**Community College District No. 508
Management's Discussion and Analysis**

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

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>2008</u>	<u>Increase (Decrease)</u>
Operating					
Revenues	\$ 55.5	\$ 54.5	\$ 1.0	\$ 44.8	\$ 9.7
Expenses	<u>(404.4)</u>	<u>(372.2)</u>	<u>(32.2)</u>	<u>(390.0)</u>	<u>17.8</u>
Operating loss	(348.9)	(317.7)	(31.2)	(345.2)	27.5
Non-operating					
Revenues	368.5	325.7	42.8	321.4	4.3
Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2.0)</u>	<u>(2.0)</u>
Net non-operating revenue	368.5	325.7	42.8	319.4	6.3
Income (Loss) before capital contributions	19.6	8.0	11.6	(25.8)	33.8
Capital contributions	<u>7.3</u>	<u>16.0</u>	<u>(8.7)</u>	<u>53.6</u>	<u>(37.6)</u>
Change in net assets	26.9	24.0	2.9	27.8	(3.8)
Net assets, beginning of year	<u>767.0</u>	<u>743.0</u>	<u>24.0</u>	<u>715.2</u>	<u>27.8</u>
Net assets, end of year	<u>\$ 793.9</u>	<u>\$ 767.0</u>	<u>\$ 26.9</u>	<u>\$ 743.0</u>	<u>\$ 24.0</u>

Fiscal year 2010 - In fiscal year 2010, income before capital contributions increased by \$11.6 million for the year. Operating revenues increased by \$1.0 million due to an increase in net tuition and fees. Operating expenses increased by \$32.2 million due to a \$4.3 million increase in staffing costs, a \$12.5 million increase in fringe benefits, a \$4.8 million increase in contractual services, \$4.5 million increase in supplies, equipment not capitalized and other expenses, and a \$10.4 million increase in financial aid, which were offset by \$1.1 million decrease in utilities, \$.2 million decrease in professional development, and a \$3.0 million decrease in depreciation. These changes caused an increase in the operating loss of \$31.2 million.

Net non-operating revenues increased by \$42.8 million due in part to a \$.9 million increase in state apportionment, a \$9.2 million increase in local and other state grants, a \$6.3 million increase in local property taxes, a \$31.7 million increase in federal grants, and a \$.7 increase in litigation settlements, which were offset by a \$2.2 million decrease in property replacement tax, and a \$3.8 million decrease in investment income.



**Community College District No. 508
Management's Discussion and Analysis**

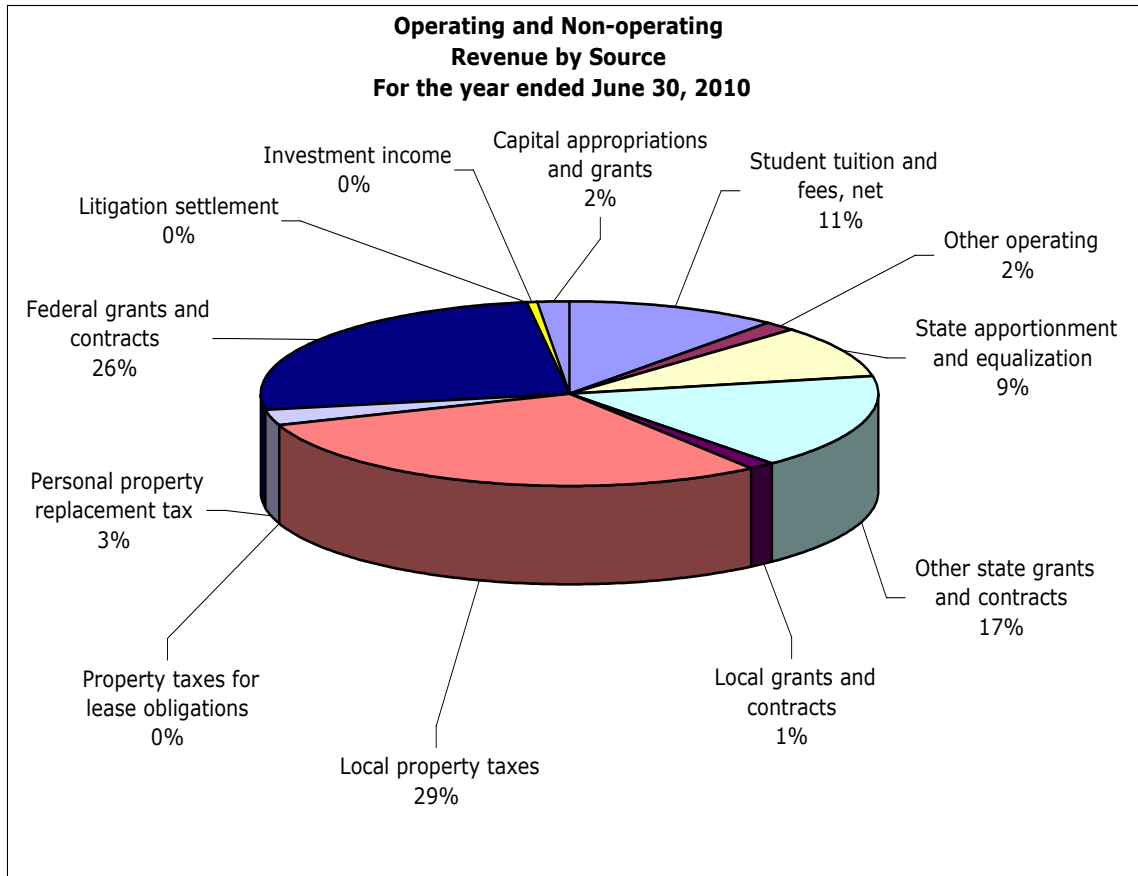
Fiscal year 2009 - In fiscal year 2009, income before capital contributions increased by \$33.8 million for the year. Operating revenues increased by \$9.7 million due mainly to an increase in net tuition and fees. Operating expenses decreased by \$17.8 million due to a \$5.8 million increase in staffing costs, a \$3.4 million increase in fringe benefits, a \$7.8 million increase in contractual services, and a \$14.2 million increase in financial aid, which were offset by a \$4.5 million decrease in supplies, and a \$21.6 million decrease in equipment not capitalized, a \$1.2 million decrease in utilities, and a \$5.9 decrease in depreciation. These changes caused a decrease in the operating loss of \$27.5 million.

Net non-operating revenues increased by \$6.3 million due in part to a \$4.7 million increase in other state grants, a \$7.8 million increase in local property taxes, a \$14.4 million increase in federal grants, and a \$2 million increase in lease and interest payments, which were offset by a \$1.9 million decrease in property replacement tax, a \$2 million decrease in state apportionment, a \$13.9 million decrease in property taxes for lease obligations, and a \$5.5 million decrease in investment income.

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

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>2008</u>	<u>Increase (Decrease)</u>
Operating revenues					
Student tuition and fees	\$ 104.8	\$ 85.8	\$ 19.0	\$ 75.3	\$ 10.5
Less scholarships	(56.7)	(39.1)	(17.6)	(37.5)	(1.6)
Other operating	<u>7.4</u>	<u>7.8</u>	<u>(0.4)</u>	<u>7.0</u>	<u>0.8</u>
Total operating revenues	55.5	54.5	1.0	44.8	9.7
Non-operating revenues					
State apportionment and equalization	38.7	37.8	0.9	39.8	(2.0)
Other state grants and contracts	72.6	64.2	8.4	59.4	4.8
Local grants and contracts	5.6	4.7	0.9	4.1	0.6
Local property taxes	127.3	121.0	6.3	113.2	7.8
Property taxes for lease obligations	-	-	-	13.9	(13.9)
Personal property replacement tax	11.4	13.6	(2.2)	15.5	(1.9)
Federal grants and contracts	110.2	78.6	31.6	64.2	14.4
Litigation settlement	0.7	-	0.7	-	-
Investment income	<u>2.0</u>	<u>5.8</u>	<u>(3.8)</u>	<u>11.3</u>	<u>(5.5)</u>
Total non-operating revenues	368.5	325.7	42.8	321.4	4.3
Capital appropriations and grants	<u>7.3</u>	<u>16.0</u>	<u>(8.7)</u>	<u>53.6</u>	<u>(37.6)</u>
Total revenues	<u>\$ 431.3</u>	<u>\$ 396.2</u>	<u>\$ 35.1</u>	<u>\$ 419.8</u>	<u>\$ (23.6)</u>

**Community College District No. 508
Management's Discussion and Analysis**



Fiscal year 2010 – Operating expenses for fiscal year 2010 increased by \$32.2 million, mainly due to a \$10.4 increase in Financial Aid expenses caused by more students applying for aid, a \$10.1 increase in Institutional Support salaries and contractual services expenses, and a \$6.4 increase in Instructional salaries and expenses.

Fiscal year 2009 – Operating expenses for fiscal year 2009 decreased by \$17.8 million, mainly due to a \$23.6 million decrease in Institutional Support expenses, and \$18.6 decrease in Operations and Maintenance of Plant expenses, a \$5.9 decrease in Depreciation expense, which was offset by a \$16.4 million increase in Instructional salaries and expenses, and a \$14.2 increase in Financial Aid expenses. Non-operating expenses decreased by \$2.0 million as building leases were paid off in fiscal year 2008.

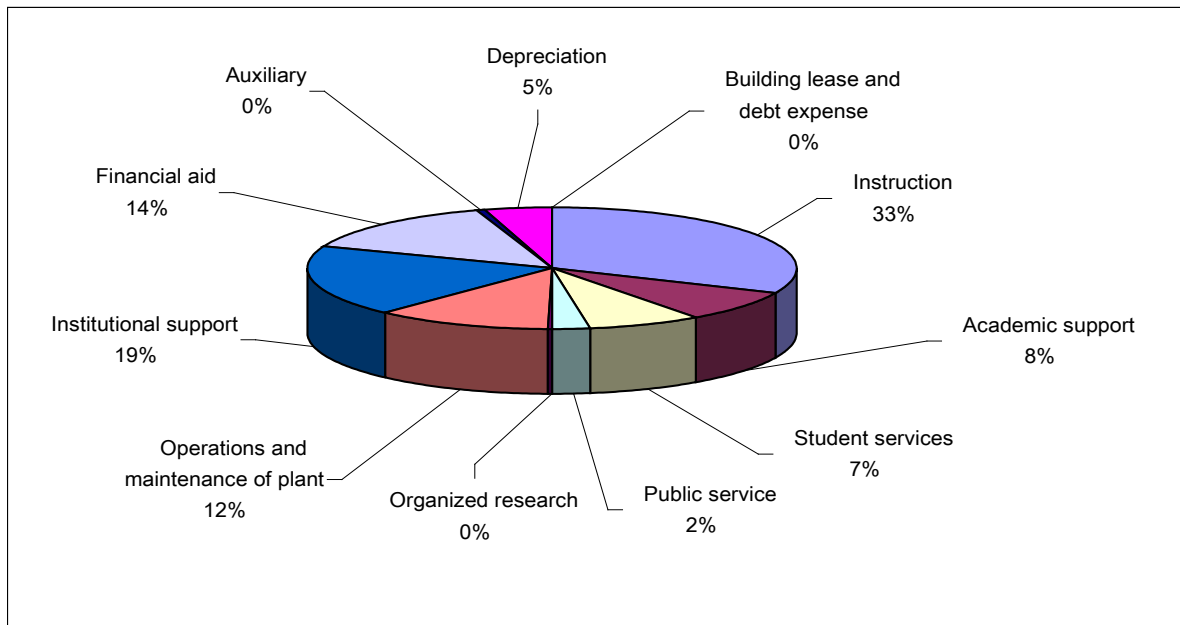
See Table 4 on page 11.



**Community College District No. 508
Management's Discussion and Analysis**

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

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>2008</u>	<u>Increase (Decrease)</u>
Operating Expenses					
Instruction	\$ 127.8	\$ 121.4	\$ 6.4	\$ 105.0	\$ 16.4
Academic support	33.8	33.5	0.3	31.7	1.8
Student services	30.3	28.1	2.2	29.6	(1.5)
Public service	10.0	9.6	0.4	9.9	(0.3)
Organized research	0.9	0.8	0.1	0.7	0.1
Operations and maintenance of plant	48.1	42.8	5.3	61.4	(18.6)
Institutional support	76.3	66.2	10.1	89.8	(23.6)
Financial aid	57.2	46.8	10.4	32.6	14.2
Auxiliary	1.7	1.7	-	2.1	(0.4)
Depreciation	18.3	21.3	(3.0)	27.2	(5.9)
Total Operating Expenses	404.4	372.2	32.2	390.0	(17.8)
Non-operating expenses					
Building lease and debt expense	-	-	-	2.0	(2.0)
Total Expenses	\$ 404.4	\$ 372.2	\$ 32.2	\$ 392.0	\$ (19.8)



**Community College District No. 508
Management's Discussion and Analysis**

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

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>2008</u>	<u>Increase (Decrease)</u>
Capital Assets					
Land	\$ 49.1	\$ 49.1	\$ -	\$ 49.0	\$ 0.1
Buildings and improvements	680.5	654.3	26.2	643.0	11.3
Construction in progress	43.0	29.0	14.0	18.4	10.6
Equipment	15.7	17.1	(1.4)	16.8	0.3
Software	29.4	29.0	0.4	28.8	0.2
Vehicles	<u>0.8</u>	<u>0.8</u>	<u>-</u>	<u>0.7</u>	<u>0.1</u>
Total	818.5	779.3	39.2	756.7	22.6
Less accumulated depreciation	<u>(225.3)</u>	<u>(208.3)</u>	<u>(17.0)</u>	<u>(187.0)</u>	<u>(21.3)</u>
Net capital assets	<u>\$ 593.2</u>	<u>\$ 571.0</u>	<u>\$ 22.2</u>	<u>\$ 569.7</u>	<u>\$ 1.3</u>

Capital Assets

Fiscal year 2010 - As of June 30, 2010, City Colleges had \$818.5 million in capital assets, \$225.3 million in accumulated depreciation, and \$593.2 million in net capital assets. This investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles and software. The total increase in City Colleges' net capital assets for the current fiscal year was \$22.2 million. **(See Note 5)**

Major capital asset events during fiscal year 2010 included the following:

- Construction in progress costs of \$14.0 million for the renovation of the Olive Harvey exterior facade and the Truman student services center and parking garage.
- A net increase of \$26.2 million in buildings and improvements was due to the site upgrades at each of the campuses, parking lots and sidewalks at Malcolm X, renovations of various rooms at Kennedy King.



Community College District No. 508 Management's Discussion and Analysis

Capital Assets (Continued)

Fiscal year 2009 - As of June 30, 2009, City Colleges had \$779.3 million in capital assets, \$208.3 million in accumulated depreciation, and \$571.0 million in net capital assets. This investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles and software. The total increase in City Colleges' net capital assets for the current fiscal year was \$1.3 million. (See Note 5)

Major capital asset events during fiscal year 2009 included the following:

- Construction in progress costs of \$10.6 million include site upgrades to the seven campuses and the district office such as the parking lot, sidewalks and first floor renovation at Malcolm X, Olive-Harvey building repairs and the Kennedy-King second floor expansion.
- A net increase of \$11.3 million in buildings and improvements was due to a \$7.5 million renovation at Dawson Tech for CCTV and bathroom upgrades, \$1.9 million in upgrades for the Kennedy-King restaurants and nursing labs, and a combined \$1.9 million in building renovations to various rooms at Truman, Harold Washington, Olive-Harvey and West Side Tech.

Non-current Liabilities

Fiscal year 2010 - As of June 30, 2010, City Colleges had total non-current liabilities of \$44.7 million before reduction of current maturities. This amount includes \$2.9 million for compensated absences, \$19.5 million of accumulated sick leave benefit liability for current employees and \$22.3 million of other post-employment benefits for retired employees.

Fiscal year 2009 - As of June 30, 2009, City Colleges had total non-current liabilities of \$40.1 million before reduction of current maturities. This amount includes \$2.7 million for compensated absences, \$20.1 million of accumulated sick leave benefit liability for current employees and \$17.3 million of other post-employment benefits for retired employees.



**Community College District No. 508
Management's Discussion and Analysis**

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

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>2008</u>	<u>Increase (Decrease)</u>
Accrued compensated absences	\$ 2.9	\$ 2.7	\$ 0.2	\$ 2.7	\$ 0.0
Sick leave benefits	19.5	20.1	(0.6)	20.5	(0.4)
Other post retirement benefits	<u>22.3</u>	<u>17.3</u>	<u>5.0</u>	<u>13.1</u>	<u>4.2</u>
Sub-total	44.7	40.1	4.6	36.3	3.8
Less current portion	<u>(2.3)</u>	<u>(2.3)</u>	<u>-</u>	<u>(2.7)</u>	<u>0.4</u>
Total non-current liabilities	<u>\$ 42.4</u>	<u>\$ 37.8</u>	<u>\$ 4.6</u>	<u>\$ 33.6</u>	<u>\$ 4.2</u>

Requests for Information

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

College-Wide Financial Statements

**City Colleges of Chicago
Community College District No. 508
Statements of Net Assets
June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 43,354,420	\$ 1,341,090
Short-term investments	152,669,337	161,735,928
Property tax receivable, net	59,574,942	67,584,701
Personal property replacement tax receivable	2,074,089	2,119,531
Other accounts receivable, net	26,946,708	54,546,915
Prepaid items and other assets	<u>44,024</u>	<u>155,678</u>
Total current assets	284,663,520	287,483,843
Non-current assets:		
Restricted cash	2,083,053	1,771,624
Funds held by Public Building Commission	2,734,557	5,879,547
Long-term investments	76,047,269	61,125,267
Capital assets	818,501,528	779,269,828
Less: Accumulated depreciation	<u>(225,326,563)</u>	<u>(208,307,417)</u>
Total non-current assets	<u>674,039,844</u>	<u>639,738,849</u>
Total assets	<u>958,703,364</u>	<u>927,222,692</u>
Liabilities		
Current liabilities:		
Accounts payable	14,952,180	11,748,806
Accrued payroll	7,240,135	6,646,148
Other accruals	449,962	1,259,828
Deferred salaries	3,285,805	2,953,779
Deposits held in custody for others	1,991,323	2,117,453
Deferred tuition and fees revenue	7,105,037	5,790,205
Deferred property tax revenue	58,781,511	59,528,579
Accrued property tax refunds	8,305,585	12,275,262
Deferred grant revenue	4,379,524	7,373,789
Other liabilities	13,546,085	10,456,197
Current portion of non-current liabilities	<u>2,308,346</u>	<u>2,261,530</u>
Total current liabilities	122,345,493	122,411,576
Non-current liabilities:		
Accrued compensated absences	2,904,460	2,682,430
Sick leave benefits	19,534,758	20,108,306
Other post-employment benefits	22,308,306	17,304,515
Less current portion of non-current liabilities	<u>(2,308,346)</u>	<u>(2,261,530)</u>
Total non-current liabilities	<u>42,439,178</u>	<u>37,833,721</u>
Total liabilities	164,784,671	160,245,297
Net assets		
Net assets invested in capital assets	593,174,965	570,962,411
Restricted for expendable:		
Capital projects	44,507,719	56,156,946
Working cash	69,361,867	72,753,667
Unrestricted	<u>86,874,142</u>	<u>67,104,370</u>
Total net assets	<u>\$ 793,918,693</u>	<u>\$ 766,977,395</u>

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

City Colleges of Chicago
Community College District No. 508
Statements of Revenues, Expenses and Changes in Net Assets
For the fiscal years ended June 30, 2010 and 2009

Revenues	<u>2010</u>	<u>2009</u>
Operating revenues:		
Student tuition and fees:		
Resident tuition	\$ 72,890,679	\$ 57,166,504
Nonresident tuition	8,961,053	9,945,284
Fees	22,910,250	18,725,390
Less: Scholarship allowances	<u>(56,717,736)</u>	<u>(39,117,916)</u>
Net student tuition and fees	48,044,246	46,719,262
Other operating revenues	<u>7,442,333</u>	<u>7,773,577</u>
Total operating revenues	55,486,579	54,492,839
Expenses		
Operating expenses:		
Instructional salaries	90,477,097	88,799,795
Non-instructional salaries	95,556,737	92,884,417
Fringe benefits	64,479,515	52,008,207
Supplies	14,646,462	13,262,646
Professional development	1,826,668	2,053,242
Equipment not capitalized	4,838,391	3,846,842
Utilities	10,299,268	11,405,723
Contractual services	42,380,663	37,549,206
Depreciation	18,367,180	21,336,035
Financial aid, exclusive of scholarship allowances	57,192,354	46,833,746
Other expenses	<u>4,301,200</u>	<u>2,222,996</u>
Total operating expenses	<u>404,365,535</u>	<u>372,202,855</u>
Operating loss	(348,878,956)	(317,710,016)
Non-operating revenues (expenses):		
State apportionment and equalization	38,637,438	37,759,550
Other state grants and contracts	72,578,870	64,191,417
Local grants and contracts	5,646,914	4,706,664
Local property taxes	127,316,069	121,020,792
Personal property replacement tax	11,416,700	13,581,642
Federal grants and contracts	110,203,448	78,525,778
Litigation settlement	656,745	-
Investment income	<u>2,028,369</u>	<u>5,829,685</u>
Non-operating revenues, net	<u>368,484,553</u>	<u>325,615,528</u>
Income (Loss) before capital appropriations and grants	19,605,597	7,905,512
Capital appropriations and grants	<u>7,335,701</u>	<u>16,035,019</u>
Change in net assets	26,941,298	23,940,531
Net assets, beginning of year	<u>766,977,395</u>	<u>743,036,864</u>
Net assets, end of year	<u>\$ 793,918,693</u>	<u>\$ 766,977,395</u>

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

City Colleges of Chicago
Community College District No. 508
Statements of Cash Flows
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Tuition and fees	\$ 64,702,986	\$ 18,010,393
Payments to suppliers	(101,242,759)	(102,220,878)
Payments to employees	(186,739,557)	(183,171,633)
Payments to students	(57,192,354)	(46,833,746)
Other	8,099,078	7,773,577
Net cash used for operating activities	(272,372,606)	(306,442,287)
Cash flows from noncapital financing activities		
Local property taxes	130,609,083	103,122,124
State appropriations	80,928,010	82,580,920
Personal property replacement tax	11,462,142	13,804,495
Grants and contracts	115,540,783	80,605,811
Net cash provided by noncapital financing activities	338,540,018	280,113,350
Cash flows from capital and related financing activities		
Capital appropriations and grants	20,052,304	15,141,674
Purchases of capital assets	(40,579,734)	(21,880,910)
Net cash used for capital and related financing activities	(20,527,430)	(6,739,236)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	603,994,975	684,247,272
Purchases of investments	(609,850,386)	(664,945,829)
Interest received on investments	2,540,188	5,554,323
Net cash (used by) provided by investing activities	(3,315,223)	24,855,766
Net increase (decrease) in cash	42,324,759	(8,212,407)
Cash and cash equivalents at beginning of year	3,112,714	11,325,121
Cash and cash equivalents at end of year	\$ 45,437,473	\$ 3,112,714
Cash and cash equivalents	\$ 43,354,420	\$ 1,341,090
Restricted cash	2,083,053	1,771,624
	\$ 45,437,473	\$ 3,112,714
Noncash Transactions		
State payments on behalf of fringe benefits	30,288,298	19,370,047
Increase in fair market value of investments	331,610	835,063

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

City Colleges of Chicago
Community College District No. 508
Statements of Cash Flows (Continued)
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (348,878,956)	\$ (317,710,016)
Depreciation	18,367,180	21,336,035
State payment for retirement obligation	30,288,298	19,370,047
Changes in net assets:		
Receivables, net	14,832,089	(29,170,709)
Prepaid items and other assets	111,654	(151,586)
Accounts payable	3,203,374	(4,758,220)
Accrued payroll	593,987	385,369
Other accruals	(809,866)	(120,719)
Deferred salaries	332,026	203,253
Deposits held in custody for others	(126,130)	170,474
Deferred tuition and fees revenue	1,314,832	737,202
Other liabilities	3,089,888	(515,425)
Accrued compensated absences	222,030	(11,865)
Sick leave benefits	(573,548)	(391,630)
Other post employment benefits	5,003,791	4,185,503
Litigation settlement	656,745	-
Net cash used for operating activities	\$ (272,372,606)	\$ (306,442,287)

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

Notes to Financial Statements

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

**Notes to Basic Financial Statements
June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The accompanying financial statements include 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.

The Public Building Commission of Chicago (PBCC) and the City Colleges of Chicago Foundation are organizations affiliated with City Colleges. These entities are not reflected in these financial statements as component units of City Colleges. The resources of PBCC are not received or held entirely or almost entirely for City Colleges, nor can City Colleges access a majority of PBCC's resources. The City Colleges of Chicago Foundation's resources are equivalent to less than 0.63% of City Colleges' net assets and, therefore, deemed not significant.

B. Basis of Accounting

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

City Colleges of Chicago
Community College District No. 508

Notes to Basic Financial Statements
June 30, 2010

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

B. Basis of Accounting *(Continued)*

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

The accounting policies of City Colleges conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities, as well as those prescribed by the Illinois Community College Board (ICCB). City Colleges' reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

C. Cash and Cash Equivalents

Cash includes petty cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of purchase, except for Illinois funds, Illinois Institutional Investor Trust and money market mutual funds, which are treated as investments due to their maturity dates.

D. Investments

Investments are reported at fair value based upon quoted market prices. Changes in the carrying value of investments, resulting in realized and unrealized gains or losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

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

City Colleges of Chicago
Community College District No. 508

Notes to Basic Financial Statements
June 30, 2010

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

E. Receivables

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

F. Allowance for Uncollectibles

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

G. Property Taxes

City Colleges' property taxes are levied each calendar year on all taxable real property located in City Colleges' district. Property taxes are collected by the Cook and DuPage County Collectors and are submitted to each county's respective 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 1/100 of one percent, follows a similar practice as Cook County. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

Taxes are levied on all taxable real property located in the district for educational purposes, operations and maintenance purposes, financial auditing purposes, liability protection and settlement, the retirement of bonded indebtedness, and lease payments to the PBCC. The tax levies for the educational, operations and maintenance, and financial auditing purposes are limited by Illinois statute to .175%, .05%, and .005%, respectively, of the equalized assessed valuation (EAV).

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2009 tax year and collected in 2010 are recorded as revenue in fiscal year 2010. The remaining revenue related to the 2009 tax year extension was deferred and will be recorded as revenue in fiscal year 2011. Based upon collection histories, City Colleges recorded real property taxes at 97% of the 2009 extended levy.

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

**Notes to Basic Financial Statements
June 30, 2010**

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

H. Personal Property Replacement Tax Revenue

Personal property replacement taxes are recognized as revenue when these amounts are deposited by the State of Illinois in its Replacement Tax Fund for distribution.

I. Prepaid Items and Other Assets

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

J. Restricted Cash 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.

K. Capital Assets

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

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

City Colleges implemented procedures related to impaired assets. Generally, a capital asset is considered impaired when its service utility has declined significantly and the events or changes in the circumstances are unexpected or outside the normal life cycle.

City Colleges' capitalization policy for movable property includes only items with a unit cost greater than \$25,000 and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure 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.

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

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

**Notes to Basic Financial Statements
June 30, 2010**

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

K. Capital Assets *(Continued)*

capital assets and accumulated depreciation, using a deflated replacement cost methodology.

Capital assets are depreciated using the straight-line method over the following useful lives:

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

L. Deferred Revenues

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

M. Non-Current Liabilities

Non-current liabilities include: (1) principal amounts of capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences, sick leave benefits (payments to retirees for accumulated unused sick days), other post-employment benefits and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

N. Compensated Absences

City Colleges records a liability for employees' vacation leave earned, but not taken up to a maximum number allowed to be carried forward from year to year.

City Colleges of Chicago
Community College District No. 508

Notes to Basic Financial Statements
June 30, 2010

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

O. Net Assets

City Colleges' net assets are classified as follows:

Net Assets Invested In Capital Assets

Invested in capital assets, net of related debt represents the City Colleges' total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

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 use unrestricted resources when they are needed. It also includes resources that the City Colleges is restricted from spending by statute.

Unrestricted Net Assets

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

P. Classification of Revenues and Expenses

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

Operating Revenue and Expenses

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

Non-Operating Revenue and Expenses

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

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

**Notes to Basic Financial Statements
June 30, 2010**

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

Q. Tuition and Fees

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

R. Income Taxes

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

S. 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.

T. New Accounting Standards

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, is effective for financial statements for periods beginning after June 15, 2009. The adoption of GASB 51 had no material impact on the financial statements or note disclosures.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, is effective for financial statements for periods beginning after June 15, 2009. The adoption of GASB 53 had no impact on the financial statements or note disclosures.

GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is effective upon issuance, for financial statements for periods beginning March 2009. In fiscal year 2009, City Colleges implemented this standard.

GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, is effective upon issuance, for financial statements for periods beginning March 2009. In fiscal year 2009, City Colleges implemented this standard.

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

**Notes to Basic Financial Statements
June 30, 2010**

2. DEPOSITS AND INVESTMENTS

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

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

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

Deposits

Custodial credit risk – with regards to deposits with financial institutions, this is the risk that in the event of bank failure, City Colleges' deposits may not be returned. City Colleges' investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance.

Investments

In accordance with its investment policy, City Colleges limits its exposure to **interest rate risk** by maintaining substantial balances in money market funds and limiting maturities to not more than two years at the time of purchase. City Colleges limits its exposure to the **credit risk**, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. However, City Colleges' investment policy does not specifically limit City Colleges to these types of investments, as noted above.

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

**Notes to Basic Financial Statements
June 30, 2010**

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial credit risk – relating to investments, this is the risk that, in the event of the failure of the counterparty to the investment, City Colleges will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, City Colleges' investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as City Colleges' agent separate from where the investment was purchased. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk – At June 30, 2010, City Colleges had less than one percent of its overall portfolio invested in the Illinois Funds. At June 30, 2009, City Colleges had greater than five percent of its overall portfolio invested in the Illinois Funds. This is in accordance with City Colleges' investment policy, which does not contain any specific guidelines on the diversification of the investment portfolio.

Derivatives – City Colleges' investment policy specifically prohibits the use of or investment in derivatives.

Investments are commingled in order to maximize earnings.

The State Treasurer maintains the Illinois Funds at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the Pool at less than 20 days. The Pool funds are deposits received from participating local governments within the State of Illinois. The fair value of City Colleges' investment in the funds is the same as the value of the Pool shares. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAAM rating. City Colleges' investments in the Illinois Funds are not required to be categorized because they are not securities. The relationship between City Colleges and the investment agent is direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship. All funds deposited in the Illinois Funds (Money Market) and Money Market Mutual Funds are classified as investments even though they could be withdrawn within one day. The Prime Fund requires deposits for a minimum of 30 days and a 7 day notice for withdrawals. Although not subject to direct regulatory oversight, the Illinois Fund is administered in accordance with provisions of the Illinois Public Investment Act, 30ILCS 235. The reported value of the funds is the same as the fair value.

The carrying amount of its investments at June 30, 2010, which approximates fair value, is \$228,716,606. The amount at June 30, 2009 was \$222,861,195.

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

**Notes to Basic Financial Statements
June 30, 2010**

2. DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

City Colleges' investments are shown in the following tables:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>June 30, 2010</u>	<u>Investment Maturities (in years)</u>	
		<u>Fair Value</u>	<u>Less Than 1</u>	<u>Greater Than 1</u>
US Treasury Obligations	AAA	\$ 35,776,907	\$ 22,082,131	\$ 13,694,776
Federal National Mortgage Assoc.	AAA	132,878,666	101,274,956	31,603,710
Illinois Funds (Money Market)	AAAm	119,083	119,083	-
IL Institutional Investor Trust	AAA	28,353,360	28,353,360	-
Commercial Paper	A-1+	31,588,590	31,588,590	-
Total investments		<u>\$ 228,716,606</u>	<u>\$ 183,418,120</u>	<u>\$ 45,298,486</u>

<u>Investment Type</u>	<u>S&P Rating</u>	<u>June 30, 2009</u>	<u>Investment Maturities (in years)</u>	
		<u>Fair Value</u>	<u>Less Than 1</u>	<u>Greater Than 1</u>
US Treasury Obligations	AAA	\$ 26,083,253	\$ 16,591,306	\$ 9,491,947
Federal Agency Securities	AAA	101,949,715	73,877,647	28,072,068
Federal National Mortgage Assoc.	AAA	31,082,730	24,488,863	6,593,867
Illinois Funds (Money Market)	AAAm	18,236,416	18,236,416	-
Illinois Funds (Prime)	AAAm	5,289,391	5,289,391	-
IL Institutional Investor Trust	AAA	40,219,690	40,219,690	-
Total investments		<u>\$ 222,861,195</u>	<u>\$ 178,703,313</u>	<u>\$ 44,157,882</u>

Per Statement of Net Assets:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Investments:		
Short-term investments	\$ 152,669,337	\$ 161,735,928
Long-term investments	<u>76,047,269</u>	<u>61,125,267</u>
Total Investments	<u>\$ 228,716,606</u>	<u>\$ 222,861,195</u>

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

**Notes to Basic Financial Statements
June 30, 2010**

3. OTHER ACCOUNTS RECEIVABLE

City Colleges' other accounts receivable consist of the following:

	June 30	
	2010	2009
Student	\$ 11,963,573	\$ 8,254,570
Grants	8,534,293	7,365,764
City of Chicago - Capital	-	13,424,828
State of Illinois	8,832,906	27,528,226
Other	817,994	1,419,027
Gross other accounts receivable	30,148,766	57,992,415
Less: Allowance for uncollectibles	(3,202,058)	(3,445,500)
Net other accounts receivable	\$ 26,946,708	\$ 54,546,915

4. RESTRICTED ASSETS

City Colleges' restricted assets consist of the following:

	June 30	
	2010	2009
(A) Cash	\$ 2,083,053	\$ 1,771,624
(B) Funds held by PBCC	2,734,557	5,879,547
Total restricted assets	\$ 4,817,610	\$ 7,651,171

Restricted for:

- (A) Funds held in trust, and grant funds
- (B) Capital construction

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

**Notes to Basic Financial Statements
June 30, 2010**

5. CAPITAL ASSETS

On August 8, 2000, the City of Chicago agreed to provide the funds for a capital improvement program, which included the construction of Kennedy-King Campus and other capital renovations. As of June 30, 2009, the City of Chicago had a balance of \$11,566,408 available for City Colleges' projects, and as of June 30, 2010 the balance was zero. These funds were 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 for payments to be made under its PBCC agreements through fiscal year 2008. (See Note 4)

In fiscal year 2010, the renovations district-wide were completed which had a life-to-date cost of \$26.9 million. In accordance with the policy explained in Note 1.K, retirements in the amount of \$32.2 million were recorded.

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

**Notes to Basic Financial Statements
June 30, 2010**

5. CAPITAL ASSETS (Continued)

	July 1, 2009	Additions and Transfers In	Retirements and Transfers Out	June 30, 2010
Capital assets not being depreciated:				
Land	\$ 49,094,047	\$ -	\$ -	\$ 49,094,047
Construction work in progress	28,955,476	44,502,124	(30,422,294)	43,035,306
Subtotal	78,049,523	44,502,124	(30,422,294)	92,129,353
Capital assets being depreciated:				
Vehicles	795,093	29,943	-	825,036
Equipment	17,124,537	380,371	(1,781,934)	15,722,974
Software	29,008,086	334,485	-	29,342,571
Buildings and improvements	654,292,589	26,189,005	-	680,481,594
Subtotal	701,220,305	26,933,804	(1,781,934)	726,372,175
Total capital assets	779,269,828	71,435,928	(32,204,228)	818,501,528
Accumulated depreciation:				
Vehicles	350,819	159,779	-	510,598
Equipment	9,656,564	1,502,020	(1,348,037)	9,810,547
Software	28,709,231	117,506	-	28,826,737
Buildings and improvements	169,590,803	16,587,878	-	186,178,681
Total accumulated depreciation	208,307,417	18,367,183	(1,348,037)	225,326,563
Capital assets, net	\$ 570,962,411	\$ 53,068,745	\$ (30,856,191)	\$ 593,174,965
Cost of buildings and improvements acquired under capital leases (included in total capital assets above)	\$ 391,825,192	\$ -	\$ -	\$ 391,825,192
	July 1, 2008	Additions and Transfers In	Retirements and Transfers Out	June 30, 2009
Capital assets not being depreciated:				
Land	\$ 48,988,547	\$ 105,500	\$ -	\$ 49,094,047
Construction work in progress	18,421,821	22,311,736	(11,778,081)	28,955,476
Subtotal	67,410,368	22,417,236	(11,778,081)	78,049,523
Capital assets being depreciated:				
Vehicles	741,182	53,911	-	795,093
Equipment	16,833,429	291,108	-	17,124,537
Software	28,734,268	273,818	-	29,008,086
Buildings and improvements	642,987,012	11,305,577	-	654,292,589
Subtotal	689,295,891	11,924,414	-	701,220,305
Total capital assets	756,706,259	34,341,650	(11,778,081)	779,269,828
Accumulated depreciation:				
Vehicles	198,640	152,179	-	350,819
Equipment	7,546,521	2,110,043	-	9,656,564
Software	25,796,338	2,912,893	-	28,709,231
Buildings and improvements	153,429,883	16,160,920	-	169,590,803
Total accumulated depreciation	186,971,382	21,336,035	-	208,307,417
Capital assets, net	\$ 569,734,877	\$ 13,005,615	\$ (11,778,081)	\$ 570,962,411
Cost of buildings and improvements acquired under capital leases (included in total capital assets above)	\$ 391,825,192	\$ -	\$ -	\$ 391,825,192

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

**Notes to Basic Financial Statements
June 30, 2010**

6. NET ASSETS

The Board of Trustees of City Colleges has designated certain unrestricted net assets for capital projects. In fiscal year 2010, \$11.4 million was designated from current personal property taxes, \$19.2 million from the bond fund, and \$.7 million for miscellaneous projects for an ending balance of \$67.4 million. In fiscal year 2009, \$13.6 million was designated from current personal property taxes for an ending balance of \$36.1 million.

7. LEASES

A. Capital Leases

City Colleges had capital lease agreements with the PBCC covering various facilities. For each lease, the amounts necessary to meet the lease payments were accumulated for the Colleges. These amounts included 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 have been transferred to City Colleges.

Total costs of buildings and improvements acquired under capital leases amounted to \$391,825,192 in fiscal years 2010 and 2009. (See Note 5)

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.

Funds held by the PBCC at June 30, 2010 and 2009 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.

As of June 30, 2010, there are no any outstanding capital leases.

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

**Notes to Basic Financial Statements
June 30, 2010**

7. LEASES (Continued)

B. Operating Leases

City Colleges leases equipment and office space under various operating lease agreements that expire at various dates over the next ten years. Certain leases for office space contain renewal provisions.

Operating lease expense was \$2,109,526 for the year ended June 30, 2010 compared to \$2,683,908 for the year ended June 30, 2009.

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

	<u>June 30, 2010</u>	
2011		587,303
2012		604,922
2013		623,069
2014		641,761
2015		161,979
June 30, 2010	<u>\$</u>	<u>2,619,034</u>

	<u>June 30, 2009</u>	
2010		570,197
2011		587,303
2012		604,922
2013		623,069
2014		641,761
2015		161,979
June 30, 2009	<u>\$</u>	<u>3,189,231</u>

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8. OTHER ACCRUALS AND OTHER LIABILITIES

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

	2010	2009
Other accruals		
Accrued for services	\$ 432,962	\$ 705,534
Accrued for goods	17,000	554,294
Total other accruals	\$ 449,962	\$ 1,259,828
Other liabilities		
Self insurance	\$ 7,517,039	\$ 5,541,875
Unclaimed property	3,981,179	3,768,708
Other	2,047,867	1,145,614
Total other liabilities	\$ 13,546,085	\$ 10,456,197

9. PROPERTY TAXES

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

December	Cook County	DuPage County
2009	\$84,545,026,609	\$5,478,653
2008	80,923,884,233	5,696,291
2007	73,605,314,512	5,841,665
2006	69,473,229,020	6,071,637
2005	59,268,296,045	6,296,295
2004	55,302,579,309	6,543,343
2003	53,137,668,356	6,792,347

In fiscal year 2010, City Colleges' reserve for loss and cost was \$2,086,733. Accrued property tax refunds in 2010 are \$8,305,585. In fiscal year 2009, City Colleges' reserve for loss and cost was \$2,241,618. Accrued property tax refunds in 2009 were \$12,275,262.

Accrued property tax refunds are based on a ten-year historical trend analysis of back taxes paid, and this is how City Colleges determines how much is needed in the future.

**City Colleges of Chicago
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**Notes to Basic Financial Statements
June 30, 2010**

10. ACCRUED COMPENSATED ABSENCES

At June 30, 2010, City Colleges had recorded a liability of \$2,904,460 for compensated absences, and estimated that \$161,948 of these liabilities are current and due within one year. At June 30, 2009, the liability was \$2,682,430 for which City Colleges estimated that \$193,671 of these liabilities were current and due within one year. (See Note 12)

11. SICK LEAVE BENEFITS

Unused Sick Pay

Upon the retirement, permanent disability, or death of a full-time eligible employee, it is the policy of City Colleges to pay over a 3 to 5 year period an amount equal to a percentage of the individual's accumulated unused sick days in the form of a termination benefit. Eligible employees include administrative employees and certain union-represented employees who have served continuously for 10 years or more and are eligible for an annuity under the State University Retirement System (SURS), generally at age 55. 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 4.0%, (2) future payments discounted by a 4.5% interest factor in 2010, and (3) estimated rates of retention as adopted from the *Actuary's Pension Handbook* adjusted for mortality in accordance with published mortality tables.

At June 30, 2010, City Colleges accrued \$16,537,672 for the estimated present value of these future retiree benefits for current employees and \$2,997,086 in benefits payable to retired employees for a total of \$19,534,758.

At June 30, 2009, City Colleges accrued \$17,135,834 for the estimated present value of these future retiree benefits for current employees and \$2,972,472 in benefits payable to retired employees for a total of \$20,108,306. (See Note 12)

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**Notes to Basic Financial Statements
June 30, 2010**

12. CHANGES IN NON-CURRENT LIABILITIES

Changes in non-current liabilities for the years ended June 30, 2010 and 2009 are summarized in the table below:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>June 30, 2010</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 2,682,430	\$ 3,778,659	\$ (3,556,629)	\$ 2,904,460	\$ 161,948
Sick leave benefits	20,108,306	1,058,188	(1,631,736)	19,534,758	2,146,398
Other post-retirement benefits	17,304,515	11,294,194	(6,290,403)	22,308,306	-
	<u>\$ 40,095,251</u>	<u>\$ 16,131,041</u>	<u>\$ (11,478,768)</u>	<u>\$ 44,747,524</u>	<u>\$ 2,308,346</u>

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>June 30, 2009</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 2,694,295	\$ 3,240,564	\$ (3,252,430)	\$ 2,682,430	\$ 193,671
Sick leave benefits	20,499,936	1,660,683	(2,052,313)	20,108,306	2,067,859
Other post-retirement benefits	13,119,012	10,361,000	(6,175,497)	17,304,515	-
	<u>\$ 36,313,243</u>	<u>\$ 15,262,247</u>	<u>\$ (11,480,240)</u>	<u>\$ 40,095,251</u>	<u>\$ 2,261,530</u>

13. EMPLOYEE RETIREMENT PENSION PLAN

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

**City Colleges of Chicago
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**Notes to Basic Financial Statements
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13. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Funding Policy: Plan members are required to contribute 8.0% of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The rate is 18.61%, 12.88%, and 10.61% of annual covered payroll for fiscal year 2010, 2009 and 2008, respectively. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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

Fiscal Year	Amount
2010	\$ 30,288,298
2009	19,370,047
2008	14,700,452

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

Fiscal Year	Amount
2010	\$ 69,266
2009	414,766
2008	848,018

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**Notes to Basic Financial Statements
June 30, 2010**

14. OTHER POST-EMPLOYMENT BENEFITS

Plan Description: In addition to providing the pension benefits described in Note 13, City Colleges provides post-employment health care benefits (OPEB) and life insurance to retirees and their spouses. The benefits, benefit levels, employee contributions and employer contributions are governed by City Colleges and can be amended by City Colleges through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

Benefits Provided: City Colleges pays approximately 90% of the medical and life insurance premiums for most retirees and spouses. For other retirees, City Colleges pays a portion of the medical premium. To be eligible for benefits, an employee must qualify for retirement under the State University Retirement System. It is expected that all full-time active employees who retire directly from City Colleges and meet the eligibility criteria will participate.

Membership: As of June 30, 2010 and 2009, membership consisted of:	<u>2010</u>	<u>2009</u>
Retirees and beneficiaries currently receiving benefits	614	703
Active employees – vested	<u>1,668</u>	<u>1,686</u>
TOTAL	<u>2,282</u>	<u>2,389</u>
 Participating Employers	 <u>1</u>	 <u>1</u>

Funding Policy: The contribution percentages are negotiated between City Colleges and the retirees. Currently, City Colleges contributes approximately 90% of the premium. For the fiscal years ended June 30, 2010 and 2009, City Colleges contributed \$6,290,403 and \$6,175,497, respectively.

**City Colleges of Chicago
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**Notes to Basic Financial Statements
June 30, 2010**

14. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Increase in Net OPEB Obligation</u>
June 30, 2010	\$ 11,294,194	\$ 6,290,403	55.7%	\$ 5,003,791
June 30, 2009	10,361,000	6,175,497	59.6%	4,185,503
June 30, 2008	9,958,539	6,498,620	65.3%	3,459,919
June 30, 2007	12,792,179	7,562,710	59.1%	5,229,469
June 30, 2006	12,851,308	8,421,684	65.5%	4,429,624
Total Net OPEB Obligation				<u><u>\$22,308,306</u></u>

Annual OPEB Costs and Net OPEB Obligation – City Colleges’ annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Annual Required Contribution	\$ 11,552,729	\$ 10,557,002
Interest on Net OPEB Obligation	778,703	590,356
Adjustment to Annual Required Contribution	<u>(1,037,238)</u>	<u>(786,358)</u>
Annual OPEB Cost	11,294,194	10,361,000
Contributions Made	<u>(6,290,403)</u>	<u>(6,175,497)</u>
Increase in Net OPEB Obligation	5,003,791	4,185,503
Net OPEB Obligation Beginning of Year	<u>17,304,515</u>	<u>13,119,012</u>
Net OPEB Obligation End of Year	<u><u>\$ 22,308,306</u></u>	<u><u>\$ 17,304,515</u></u>

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**Notes to Basic Financial Statements
June 30, 2010**

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

The funded status of the plan as of June 30, 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Actuarial Value of Assets	\$ -	\$ -
Actuarial Accrued Liability (AAL)	<u>117,079,887</u>	<u>121,654,154</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$117,079,887</u>	<u>\$121,654,154</u>
Funded Ratio (actuarial value of assets/AAL)	-%	-%
Covered Payroll (active plan members)	\$102,896,841	\$101,030,184
UAAL as a Percentage of Covered Payroll (AAL less Actuarial Value of Assets / UAAL)	113.8%	120.4%

For the fiscal years ending June 30, 2009 and 2010, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions for fiscal years 2009 and 2010 included an annual healthcare cost trend rate of 9.0% and 8.5%, respectively, which gradually declines to 5.0% by the year 2018. The assumptions for both fiscal years include an inflation rate of 3.0% per year, an investment return rate of 4.5% per year based on projected salary increases of 4.0% per year. The annual required contribution is calculated to include the normal cost plus a 30-year amortization of the unfunded actuarial liability using a level-dollar amount. The actuarial value of assets was not determined as City Colleges has not fully advance-funded its obligation. However, City Colleges has \$18.1 million in investments designated for this obligation in 2010, and had \$10.0 million designated in 2009.

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 losses of real and personal property, boilers, machinery, and motor vehicles with varying degrees of terms, coverage and limitations. 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.

A. 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 \$250,000 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 \$15,000,000. Claims based on occurrences prior to June 15, 1977, remain insured under previous insurance policies. The “Local

**City Colleges of Chicago
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**Notes to Basic Financial Statements
June 30, 2010**

15. RISK MANAGEMENT (Continued)

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 expenses for general liability claims in the year such settlements become probable and estimable. City Colleges has accrued for estimated future claims of \$2,396,000 and \$947,676 as of June 30, 2010 and 2009, respectively.

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

B. Workers’ Compensation – Self-Insurance

City Colleges self-insures for a portion of workers’ compensation claims and has coverage by an independent insurer for individual claims exceeding \$425,000 up to the statutory limit. The amount of liability of City Colleges is further limited by the “Local Government and Governmental Employees Tort Immunity Act.” This Act gives City Colleges the authority to levy a special judgment tax or to issue bonds to pay any workers’ compensation awards.

City Colleges estimates future claims based on a loss development factor and a specific claim reserve. City Colleges has accrued for estimated future claims of \$3,941,205 and \$3,300,573 as of June 30, 2010 and 2009, respectively. This amount is reported with “Other liabilities – Self-insurance reserves”. Management of City Colleges believes that there are no material lawsuits or claims covered by the workers’ compensation self-insurance program that have not been adequately covered.

C. Health Insurance – Self-Insurance

City Colleges self-insures for a portion of its health costs for eligible employees. Future claims are estimated based on historical charges and lag periods. City Colleges has accrued estimated medical expenses of \$1,179,834, and \$1,293,626 as of June 30, 2010 and 2009, respectively that have been incurred, but not claimed.

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**Notes to Basic Financial Statements
June 30, 2010**

15. RISK MANAGEMENT *(Continued)*

Summary of Changes in Self-Insurance

	<u>June 30, 2009</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2010</u>	<u>Amounts due within one year</u>
General liability	\$ 947,676	\$ 2,079,474	\$ (631,150)	\$ 2,396,000	\$ 2,396,000
Workers' compensation	3,300,573	1,414,722	(774,090)	3,941,205	3,941,205
Health insurance	<u>1,293,626</u>	<u>22,653,498</u>	<u>(22,767,290)</u>	<u>1,179,834</u>	<u>1,179,834</u>
	<u>\$ 5,541,875</u>	<u>\$ 26,147,694</u>	<u>\$ (24,172,530)</u>	<u>\$ 7,517,039</u>	<u>\$ 7,517,039</u>

	<u>June 30, 2008</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2009</u>	<u>Amounts due within one year</u>
General liability	\$ 424,400	\$ 611,805	\$ (88,529)	\$ 947,676	\$ 947,676
Workers' compensation	3,828,949	(47,367)	(481,009)	3,300,573	3,300,573
Health insurance	<u>1,388,479</u>	<u>22,396,492</u>	<u>(22,491,345)</u>	<u>1,293,626</u>	<u>1,293,626</u>
	<u>\$ 5,641,828</u>	<u>\$ 22,960,930</u>	<u>\$ (23,060,883)</u>	<u>\$ 5,541,875</u>	<u>\$ 5,541,875</u>

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

16. COMMITMENTS AND CONTINGENCIES

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

As of June 30, 2010, City Colleges had \$73.5 million in purchase commitments for its capital plan, of which \$14.8 million is being funded by the State of Illinois, \$10.0 million by the City of Chicago Tax Increment Funding, and \$48.7 million by the City Colleges.

As of June 30, 2009, City Colleges had \$60.5 million in purchase commitments for its capital plan, of which \$14.8 million is being funded by the State of Illinois, \$10.0 million by the City of Chicago Tax Increment Funding, and \$35.7 million by the City Colleges.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the college's financial activities take place.

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The college implemented GASB Statement No. 34 in 2002; schedules presenting college - wide information include information beginning in that year.

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Table A

Financial Trends
Net Assets by Component (Unaudited)
Last Eight Fiscal Years

	Fiscal Year Ended June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
Net Assets:								
Invested in Capital Assets-								
Net of Related Debt	\$ 177,343,175	\$ 236,347,069	\$ 294,687,579	\$ 352,604,264	\$ 492,006,098	569,734,877	570,962,411	593,174,965
Restricted for expendable:								
Capital Projects	39,582,014	42,869,202	40,141,921	44,140,970	53,039,227	28,768,926	56,156,946	44,507,719
Lease Obligations	46,428,742	40,948,750	35,519,213	31,071,292	23,795,853	-	-	-
Other	25,492,094	29,270,135	29,343,965	64,113,553	69,032,703	72,738,397	72,753,667	69,361,867
Unrestricted	32,103,031	40,530,686	73,393,636	63,823,389	77,358,746	71,794,664	67,104,370	86,874,142
Total Net Assets	\$ 320,949,056	\$ 389,965,842	\$ 473,086,314	\$ 555,753,468	\$ 715,232,627	\$ 743,036,864	\$ 766,977,395	\$ 793,918,693

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

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

Table B

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

	Fiscal Year Ended June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
Operating Revenues:								
Student tuition and fees (net of scholarship allowances)	\$ 26,486,436	\$ 35,409,540	\$ 37,807,639	\$ 39,919,583	\$ 35,352,547	\$ 37,779,085	\$ 46,719,262	\$ 48,044,246
Other operating revenues	11,385,809	5,276,250	6,245,354	8,277,517	7,130,296	6,997,724	7,773,577	7,442,353
Total operating revenues	37,872,245	40,685,790	44,052,993	48,197,100	42,482,843	44,776,809	54,492,839	55,486,579
Operating Expenses:								
Instructional staff	66,589,968	70,192,004	74,456,743	77,081,414	79,978,494	81,587,686	88,799,795	90,477,097
Non-instructional staff	77,245,757	76,221,015	71,228,064	79,361,358	85,211,555	94,272,264	92,884,417	95,556,737
Fringe benefits*	43,406,839	108,456,188	37,128,733	35,479,612	38,573,600	48,646,332	52,008,207	64,479,515
Supplies	14,499,572	10,733,666	13,422,448	14,115,136	18,458,080	17,756,862	13,262,646	14,646,462
Professional development	2,069,087	2,749,023	1,562,422	2,018,035	2,285,888	2,294,480	2,053,242	1,826,668
Equipment not capitalized	833,329	2,846,325	5,176,669	2,291,005	2,775,642	25,457,028	3,846,842	4,838,391
Utilities	9,948,583	9,269,574	9,291,553	10,373,592	10,558,453	12,565,805	11,405,723	10,299,268
Contractual services	45,409,468	29,040,151	35,254,654	37,894,971	36,639,498	45,368,250	37,549,206	42,380,663
Depreciation	15,726,785	16,378,082	16,800,331	21,810,983	20,667,117	27,231,445	21,336,035	18,367,180
Financial aid (net of scholarship allowances)	22,395,492	34,270,087	34,141,440	31,470,269	26,031,017	32,612,287	46,833,746	57,192,354
Other expenses	2,087,540	6,021,302	3,841,210	4,377,241	4,255,320	2,203,370	2,222,996	4,301,200
Total operating expenses	300,212,420	366,177,417	302,304,267	316,273,616	325,434,665	389,995,809	372,202,855	404,365,535
Operating loss	(262,340,175)	(325,491,627)	(258,251,274)	(268,076,516)	(282,951,822)	(345,219,000)	(317,710,016)	(348,878,956)
Non-operating revenues (expenses):								
State apportionment and equalization	45,831,544	38,700,335	36,692,418	38,580,616	41,498,443	39,808,436	37,759,550	38,637,438
Other state grants and contracts*	53,927,508	104,710,804	52,507,309	48,190,000	54,901,471	59,444,571	64,191,417	72,578,870
Local grants and contracts	2,470,598	4,102,542	4,304,120	3,616,535	4,900,467	4,073,193	4,706,664	5,646,914
Local property taxes	78,370,096	77,538,041	90,808,565	101,823,185	107,099,097	113,234,703	121,020,792	127,316,069
Property taxes for lease obligations	36,169,927	39,537,136	35,165,454	29,592,741	30,099,651	13,912,993	-	-
Personal property replacement tax	7,634,382	8,676,779	10,499,413	13,307,576	14,518,747	15,525,950	13,581,642	11,416,700
Federal grants and contracts	58,775,669	63,091,461	65,190,589	62,483,048	57,549,889	64,170,398	78,525,778	110,203,448
Litigation settlement	-	10,302,934	-	-	-	-	-	656,745
Investment income	5,136,446	2,778,234	4,893,017	8,264,368	13,311,136	11,293,733	5,829,685	2,028,369
Building lease and interest payments on debt	(15,962,262)	(14,226,778)	(12,531,839)	(12,687,374)	(6,873,136)	(2,016,881)	-	-
Non-operating revenues, net	272,353,908	335,211,488	287,529,046	293,170,695	317,005,765	319,447,096	325,615,528	368,484,553
Income before capital appropriations and grants	10,013,733	9,719,861	29,277,772	25,094,179	34,053,943	(25,771,904)	7,905,512	19,605,597
Capital appropriations and grants	36,541,105	58,790,925	53,842,700	57,572,975	125,425,216	53,576,141	16,035,019	7,335,701
Change in net assets	\$ 46,554,838	\$ 68,510,786	\$ 83,120,472	\$ 82,667,154	\$ 159,479,159	\$ 27,804,237	\$ 23,940,531	\$ 26,941,298

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

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

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

City Colleges of Chicago
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Table C

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

Year of Levy	Revenue Capacity				DuPage County Unallocated	Railroad Property	Industrial Property	Commercial Property	Industrial Property	Assessed Valuation	Total Direct Rate	Estimated Actual Value
	Residential Property	Commercial Property	Industrial Property	Railroad Property								
2009				-----Not Available-----	\$ 5,478,653					\$ 84,550,505,262	0.150	\$ 253,651,515,786
2008	\$ 48,377,972,238	\$ 24,468,644,597	\$ 7,993,155,293	\$ 84,112,105	5,696,291					80,929,580,524	0.156	242,788,741,572
2007	43,685,644,783	22,387,633,179	7,454,940,830	77,095,720	5,841,665					73,611,156,177	0.159	220,833,468,531
2006	39,513,066,849	22,593,682,265	7,297,814,078	68,665,828	6,071,637					69,479,300,657	0.205	208,437,901,971
2005	31,195,901,972	21,662,642,248	6,345,138,874	64,612,951	6,296,295					59,274,592,340	0.234	177,823,777,020
2004	28,155,943,958	20,900,364,460	6,125,973,343	63,041,595	63,799,296					55,309,122,652	0.243	165,927,367,956
2003	26,150,073,225	20,928,519,965	5,997,262,932	61,877,234	6,727,347					53,144,460,703	0.246	159,433,382,109
2002	20,880,556,309	18,485,102,889	5,581,902,610	355,091,267	6,871,030					45,309,524,105	0.280	135,928,572,315
2001	18,697,129,966	17,647,815,572	5,279,901,861	333,824,267	6,946,706					41,965,618,372	0.308	125,896,855,116
2000	17,587,437,246	17,474,872,995	5,097,166,824	300,016,446	6,946,706					40,466,440,217	0.312	121,399,320,651

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 D

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

Ten years for tax levy year

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Taxing Bodies (per \$100 of assessed valuation)										
City Colleges of Chicago										
Audit Fund	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.002	\$ -	\$ 0.002	\$ -
Tort Liability	0.014	0.011	0.013	0.009	0.009	0.005	0.005	0.009	0.007	0.004
Education Fund	0.142	0.156	0.144	0.130	0.136	0.133	0.116	0.109	0.104	0.104
Operations and Maintenance Fund	0.027	0.042	0.026	0.023	0.041	0.043	0.039	0.041	0.043	0.042
PBCC Operations & Maintenance	0.038	0.013	0.028	0.025	-	-	-	-	-	-
PBCC Rental	0.090	0.085	0.068	0.058	0.056	0.052	0.043	-	-	-
Total City Colleges of Chicago Rate	\$ 0.312	\$ 0.308	\$ 0.280	\$ 0.246	\$ 0.243	\$ 0.234	\$ 0.205	\$ 0.159	\$ 0.156	\$ 0.150
Overlapping Rates										
Chicago Board of Education	\$ 3.714	\$ 3.744	\$ 3.562	\$ 3.142	\$ 3.104	\$ 3.026	\$ 2.697	\$ 2.583	\$ 2.472	2.366
School Finance Authority	0.223	0.223	0.177	0.151	0.177	0.127	0.118	0.091	-	-
City of Chicago	1.660	1.637	1.591	1.380	1.302	1.243	1.062	1.044	1.147	1.098
Chicago Park District	0.572	0.567	0.545	0.464	0.455	0.443	0.379	0.355	0.323	0.309
Metropolitan Water Reclamation District	0.415	0.401	0.371	0.361	0.347	0.315	0.284	0.263	0.252	0.261
Cook County	0.824	0.746	0.690	0.630	0.593	0.533	0.500	0.446	0.415	0.394
Cook County Forest Preserve	0.069	0.067	0.061	0.059	0.060	0.060	0.057	0.053	0.051	0.049
South Cook County Mosquito Abatement						0.010	0.007	0.006	0.009	0.009
Total Overlapping Rate	\$ 7.477	\$ 7.385	\$ 6.997	\$ 6.187	\$ 6.038	\$ 5.757	\$ 5.104	\$ 4.841	\$ 4.669	\$ 4.486
Total Rate	\$ 7.789	\$ 7.693	\$ 7.277	\$ 6.433	\$ 6.281	\$ 5.991	\$ 5.309	\$ 5.000	\$ 4.825	\$ 4.636
Tax Extensions (\$ thousands)										
Audit Fund	\$ 355	\$ 330	\$ 548	\$ 384	\$ 396	\$ 600	\$ 1,567	\$ -	\$ 1,600	\$ -
Tort Liability	5,613	4,408	6,042	4,973	4,753	3,000	3,092	6,574	5,399	2,865
Education Fund	57,418	65,580	65,098	69,169	75,386	79,131	81,466	80,486	84,245	87,682
Operations and Maintenance Fund	10,836	17,437	11,770	12,233	22,427	25,160	26,799	29,972	34,997	35,694
PBCC Operations & Maintenance	15,179	5,549	12,584	13,078	8,227	-	-	-	-	-
PBCC Rental	36,490	35,507	30,801	30,800	22,643	30,796	29,496	-	-	-
Total	\$ 125,891	\$ 128,811	\$ 126,843	\$ 130,637	\$ 133,832	\$ 138,687	\$ 142,420	\$ 117,032	\$ 126,241	\$ 126,241

**City Colleges of Chicago
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Table E

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

Taxpayer	2009			2001		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Willis Tower (formerly Sears Tower)	\$ 505,515	1	0.60%	\$ 395,636	1	0.94%
AON Building	375,441	2	0.44%	255,702	2	0.61%
Chicago Mercantile Exchange	331,723	3	0.39%	234,430	3	0.56%
Prudential Plaza	318,635	4	0.38%	207,991	4	0.50%
AT&T Corporate Center 1	256,590	5	0.30%	202,096	6	0.48%
Water Tower Place	235,907	6	0.28%	-		-
900 N. Michigan	234,222	7	0.28%	-		-
Chase Tower	231,694	8	0.27%	207,203	5	0.49%
Three First National Plaza	231,028	9	-	135,485	10	0.32%
131 S. Dearborn	212,725	10	0.25%	-		-
Northwestern Atrium	-		0.00%	140,309	8	0.33%
Hyatt Regency Hotel	-		-	139,957	9	0.33%
Citicorp Plaza	-		-	145,476	7	0.35%
	<u>\$ 2,933,480</u>		<u>3.20%</u>	<u>\$ 2,064,285</u>		<u>4.92%</u>

Source: Cook County Assessor's Office – 2009 is latest data available.

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

Taxable assessed value in thousands of dollars

City Colleges of Chicago
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Table F

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

Levy Year	Tax Levied	Collections/(Refunds) within the fiscal year ended June 30,										Total Collections to Date	
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Amount	Percentage of Levy
2000	\$ 125,890,543	\$ 57,683,497	\$ 67,419,102	\$ (594,823)	\$ (313,171)	\$ (549,396)	\$ (252,131)	\$ (304,426)	\$ (214,545)	\$ (616,198)	\$ (32,645)	\$ 122,225,264	97.09%
2001	128,811,006	-	58,939,995	69,785,407	(458,092)	(528,865)	(262,454)	(245,214)	(129,015)	(84,808)	(44,324)	126,972,630	98.57%
2002	126,843,090	-	-	64,333,957	590,991	(73,577)	(251,166)	(230,596)	(137,703)	(137,703)	(20,352)	124,013,134	97.77%
2003	130,637,356	-	-	59,482,691	69,313,832	604,954	(987,368)	(747,650)	(434,675)	(434,675)	(142,523)	127,089,261	97.28%
2004	133,832,242	-	-	-	60,247,374	71,345,425	868,392	(869,747)	(741,595)	(741,595)	(238,414)	130,611,435	97.59%
2005	138,687,813	-	-	-	-	63,708,323	72,945,995	604,348	(957,405)	(957,405)	(587,441)	135,713,820	97.86%
2006	142,420,119	-	-	-	-	-	1,824,713	1,824,713	1,824,713	(1,169,788)	(1,169,788)	138,525,694	97.27%
2007	117,032,450	-	-	-	-	64,542,937	73,327,832	73,327,832	48,119,233	48,119,233	1,544,269	115,337,834	98.55%
2008	126,241,259	-	-	-	-	-	65,674,332	56,373,682	56,373,682	66,097,096	66,097,096	122,470,778	97.01%
2009	126,817,540	-	-	-	-	-	-	-	-	-	64,591,707	64,591,707	50.93%

Source: College and Cook County Treasurer's Tax Records

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

Table G

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

Fiscal Year	Fall Term 8th Day Enrollment				In District		Out of District		Out of State		Total Semester Credit Hrs Generated	Tuition & Fees Revenue	Less: Scholarships and Allowances (1)	Tuition & Fees Revenue (Net)
	FTE Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses	Headcount	Tuition & Fees per Semester Hr	Tuition & Fees per Semester Hr	Tuition & Fees per Semester Hr	Tuition & Fees per Semester Hr						
2001	18,551	46,035	114,336	114,336	\$ 47.50	\$ 153.61	\$ 224.73	1,206,253	\$ 47,752,546	\$ -	\$ 47,752,546	\$ 47,752,546		
2002	19,649	47,240	110,506	110,506	50.00	166.24	243.06	1,233,097	54,958,668	(32,136,031)	22,822,637	22,822,637		
2003	21,403	49,484	104,349	104,349	52.00	174.50	254.29	1,266,802	55,782,322	(29,295,886)	26,486,436	26,486,436		
2004	22,007	49,908	90,383	90,383	52.00	174.50	254.29	1,070,621	56,243,960	(20,834,420)	35,409,540	35,409,540		
2005	22,135	50,217	79,355	79,355	62.00	229.21	314.95	1,164,887	63,734,062	(25,926,423)	37,807,639	37,807,639		
2006	20,950	47,181	68,279	68,279	67.00	162.65	266.20	1,085,936	67,578,330	(27,658,747)	39,919,583	39,919,583		
2007	20,647	47,031	63,675	63,675	72.00	180.83	291.61	1,064,630	69,513,402	(34,160,855)	35,352,547	35,352,547		
2008	21,165	47,609	65,668	65,668	72.00	189.95	309.76	1,050,801	75,276,720	(37,497,635)	37,779,085	37,779,085		
2009	23,218	50,500	70,438	70,438	72.00	258.99	306.89	1,136,523	85,837,178	(39,117,916)	46,719,262	46,719,262		
2010	27,347	57,423	70,094	70,094	79.00	259.15	301.55	1,260,579	104,761,982	(56,717,736)	48,044,246	48,044,246		

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

(1) Prior to GASB 34 and 35, which City Colleges of Chicago implemented for the fiscal year ended June 30, 2002, tuition and fees revenues were reported net of scholarship and allowances.

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

Table H

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

Fiscal Year	General Obligation Bonds	Capital Leases	Total Outstanding Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2001	34,806,200	152,615,000	187,421,200	0.15%	64.71
2002	33,922,663	136,661,521	170,584,184	0.13%	58.86
2003	32,739,132	118,545,000	151,284,132	0.09%	52.36
2004	32,218,928	99,375,000	131,593,928	0.08%	45.76
2005	30,399,472	78,610,000	109,009,472	0.06%	38.11
2006	-	56,105,000	56,105,000	0.03%	19.80
2007	-	31,695,000	31,695,000	0.01%	11.17
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-

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

Table I

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

(Thousands \$)	As of June 30, 2010		Amount Applicable to District
	Net Direct Long-term Debt (1)	% Applicable to District	
Overlapping Debt			
City of Chicago ⁽²⁾	\$ 6,866,270	100.00%	\$ 6,866,270
Chicago Board of Education	5,295,249	100.00%	5,295,249
Chicago School Finance Authority	-	100.00%	-
Chicago Park District	814,290	100.00%	814,290
Metropolitan Water Reclamation District of Greater Chicago	1,979,203	47.61%	942,299
Cook County	3,080,770	46.63%	1,436,563
Cook County Forest Preserve District	<u>108,665</u>	46.63%	<u>50,670</u>
Subtotal	\$ 18,144,447		\$ 15,405,341
Direct Debt			
City Colleges of Chicago			-
Net Direct and Overlapping Debt			<u>\$ 15,405,341</u>

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

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

Table J

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fiscal year ended June 30,										
Legal debt limit	\$ 1,163,410,156	\$ 1,206,511,528	\$ 1,302,648,818	\$ 1,527,903,245	\$ 1,590,137,276	\$ 1,704,144,530	\$ 1,997,529,894	\$ 2,116,320,740	\$ 2,326,725,440	\$ 2,430,827,026
Total net debt applicable to limit	(34,806,200)	(33,922,663)	(32,739,132)	(32,218,928)	(30,399,472)	-	-	-	-	-
Legal debt margin	\$ 1,128,603,956	\$ 1,172,588,865	\$ 1,269,909,686	\$ 1,495,684,317	\$ 1,559,737,804	\$ 1,704,144,530	\$ 1,997,529,894	\$ 2,116,320,740	\$ 2,326,725,440	\$ 2,430,827,026
Total net debt applicable to the limit as a percentage of debt limit	3%	3%	3%	2%	2%	0%	0%	0%	0%	0%
Legal Debt Margin Calculation for Fiscal 2010										
Assessed Value	\$ 84,550,505,262									
Legal debt margin	2.875%									
Debt limit	\$ 2,430,827,026									
Debt applicable to limit General obligation bonds	-									
Legal debt margin	<u>\$ 2,430,827,026</u>									

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

Table K

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

Fiscal Year	(A) Population	Personal Income (in thousands)	Per Capita Personal Income (B) (in thousands)	Unemployment Rate (C)
2010	2,851,268	-----Not Available-----		
2009	2,851,268	-----Not Available-----		10.90%
2008	2,853,114	\$ 132,598,473	\$ 46,475	7.00%
2007	2,836,658	128,302,041	45,230	5.60%
2006	2,833,321	118,979,649	41,993	5.30%
2005	2,860,646	113,799,359	39,781	7.00%
2004	2,875,842	108,442,250	37,708	7.50%
2003	2,889,446	103,364,152	35,773	8.10%
2002	2,898,075	102,081,794	35,224	8.30%
2001	2,896,375	100,747,508	34,784	6.80%

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

(B) Bureau of Economic Analysis. These rates are for Cook County.

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

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

Table L

**Demographic and Economic Information
Principal Employers (Unaudited)**

Employer	Fiscal Year 2010			Fiscal Year 2009		
	Rank	City of Chicago Number of Employees	% of Chicago Area Employment	Rank	City of Chicago Number of Employees	% of Chicago Area Employment
U.S. Government	1	77,000	2.70%	1	78,000	2.73%
Chicago Public Schools	2	43,740	1.53%	2	43,910	1.54%
City of Chicago	3	36,242	1.27%	3	35,570	1.25%
State of Illinois	4	26,000	0.91%	6	18,124	0.64%
Cook County	5	23,416	0.82%	5	22,142	0.78%
Walmart Stores, Inc.	6	19,990	0.70%	4	23,453	0.82%
Advocate Health Care	7	14,784	0.52%	7	15,660	0.55%
Walgreen Co.	8	13,281	0.47%	9	14,254	0.50%
JP Morgan Chase	9	13,142	0.46%		-	-
AT&T Inc.	10	13,000	0.46%	10	14,000	0.49%
University of Chicago		-	-	8	14,287	0.50%
		<u>280,595</u>	<u>9.84%</u>		<u>279,400</u>	<u>9.79%</u>

Source: Crain's Chicago's Business, Largest Employers, published March 15, 2010

Note: Beginning with the fiscal year 2009, City Colleges of Chicago will begin to accumulate data to arrive at data for the current year and the nine years prior.

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>
Administrative Staff	271	292	307	302
Civil Service	1,815	1,824	1,846	1,786
Professional Staff	745	850	858	893
Teaching Faculty	2,719	2,903	2,835	3,011
Student Employees/Work Study	409	817	882	1,032
TOTAL	5,959	6,686	6,728	7,024

* Estimated

Data Source: College records

Note: FY07 - FY10 figures represent filled positions.

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

Table N

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

Fiscal Year	Total	Baccalaureate	Occupational			Remedial Development	Adult Basic Secondary Education
			Business	Technical	Health		
2010	1,260,579	476,794	47,756	82,551	54,920	144,347	454,211
2009	1,136,523	408,681	41,510	77,907	48,517	122,788	437,121
2008	1,050,801	375,014	42,368	75,633	43,777	105,781	408,229
2007	1,064,630	364,616	42,264	68,539	49,603	107,499	432,110
2006	1,085,936	364,953	46,687	63,597	50,544	105,785	454,370
2005	1,164,887	380,301	46,941	60,499	49,154	113,057	514,935
2004	1,070,621	379,815	46,876	68,684	56,028	114,422	404,796
2003	1,266,802	357,083	50,989	71,154	54,785	110,798	621,993
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

Data Source: College records

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

Table O

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

Headcount				
Fiscal Year	Credit	Adult Ed	Other	Total
2010	57,423	43,332	26,762	127,517
2009	50,500	42,294	28,144	120,938
2008	47,609	38,701	26,967	113,277
2007	47,031	39,643	24,032	110,706
2006	47,181	43,308	24,971	115,460
2005	50,217	50,390	28,965	129,572
2004	49,908	54,708	35,675	140,291
2003	49,484	58,595	45,754	153,833
2002	47,240	60,818	49,688	157,746
2001	46,035	60,800	53,536	160,371

Full-time Equivalent				
Fiscal Year	Credit	Adult Ed	Other	Total
2010	27,347	16,919	3,508	47,774
2009	23,218	16,615	3,533	43,366
2008	21,165	15,068	3,555	39,788
2007	20,647	15,659	3,682	39,988
2006	20,950	17,286	3,314	41,550
2005	22,135	19,857	3,051	45,043
2004	22,007	22,258	3,808	48,073
2003	21,403	23,558	4,877	49,838
2002	19,649	24,513	5,274	49,436
2001	18,551	24,564	7,634	50,749

Data Source: College records

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

Table P

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

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

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

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

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

**Table Q
Operating Information (Unaudited)
Miscellaneous Statistics**

<i>Founded</i>	1911	
Accreditation by North Central Association of Colleges and Schools	Most Recent Accreditation	Next Review
Daley	2000-01	2010-11
Harold Washington	2008-09	2018-19
Kennedy-King	2005-06	2015-16
Malcolm X	2007-08	2017-18
Olive-Harvey	1999-00	2009-10
Truman	2009-10	2019-20
Wright	2001-02	2011-12
Current gross square footage		4,123,907
Size of district		228.5 square miles
Counties served		Cook and DuPage
Population of district		2,851,268
Number of administrative staff		302
Number of civil service staff		1,786
Number of professional / technical staff		893
Number of teaching staff		3,011
Number of student/workstudy staff		1,032
Degrees and certificates awarded (Fiscal year 2009)		7,897

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

Table R

**Operating Information
Revenues and Expenditures by College (Unaudited)
For the fiscal year ended 6/30/2010**

	Daley	Harold Washington	Kennedy-King	Malcolm X	Olive-Harvey	Truman	Wright	District Office	Total
Revenues:									
Local Tax Revenue	\$ 6,978,214	\$ 8,504,993	\$ 14,348,014	\$ 10,884,619	\$ 13,293,419	\$ 7,445,100	\$ 9,836,580	\$ 67,441,829	\$ 138,732,768
All Other Local Revenue	464	124,817	388	16,650	1,465,290	1,241,641	8,310	1,028,153	3,885,713
ICCB Grants	11,887,938	5,673,128	5,890,836	8,240,440	3,882,435	12,747,681	8,740,383	4,725,252	61,788,093
All Other State Revenue	1,662,432	3,538,635	2,654,549	2,257,187	2,213,266	2,673,455	2,610,355	1,530,039	19,139,918
Federal Revenue	11,254,880	20,543,897	20,706,027	16,716,050	12,622,085	12,885,403	13,998,034	1,477,072	110,203,448
Student Tuition and Fees	12,470,029	20,226,908	18,568,757	10,260,354	8,636,505	15,271,132	19,328,297	-	104,761,982
All Other Revenue	711,357	794,682	1,981,201	1,002,456	512,398	379,273	826,515	6,052,743	12,260,625
Total Revenue before Capital Appropriations	44,965,314	59,407,060	64,149,772	49,377,756	42,625,398	52,643,685	55,348,474	82,255,088	450,772,545
Capital Appropriations	-	-	-	-	-	-	-	7,335,701	7,335,701
Total Revenue	\$ 44,965,314	\$ 59,407,060	\$ 64,149,772	\$ 49,377,756	\$ 42,625,398	\$ 52,643,685	\$ 55,348,474	\$ 89,590,789	\$ 458,108,246
Expenditures by program									
Instruction	\$ 12,866,410	\$ 16,693,700	\$ 19,878,925	\$ 12,657,741	\$ 11,854,808	\$ 19,530,515	\$ 18,813,043	\$ 657,612	\$ 112,952,754
Academic Support	3,137,793	1,912,024	3,764,286	3,649,780	2,284,523	3,941,922	4,324,472	7,377,042	30,391,842
Student Services	2,922,204	4,556,595	2,922,858	3,339,185	3,909,852	5,339,352	4,103,395	226,829	27,320,270
Public Service/Continuing Education	297,176	635,471	2,265,846	713,235	459,970	920,273	696,098	3,193,889	9,181,958
Organized Research	-	769,825	-	-	-	23,049	38,016	-	830,890
Auxiliary Services	117,514	339,247	255,973	390,485	222,684	11,960	222,252	7,271	1,567,386
Operations and Maintenance	6,681,524	5,629,534	13,949,177	7,656,887	4,215,690	6,089,519	8,744,987	7,472,271	60,439,589
Institutional Support	2,448,299	3,820,853	3,086,388	2,894,597	2,741,430	2,743,285	3,201,889	51,287,052	72,223,793
Scholarships, Grants, Waivers	13,763,438	22,651,286	21,592,397	16,109,148	12,430,272	12,696,761	16,006,093	1,009,070	116,258,465
Total Expenditures	\$ 42,234,358	\$ 57,008,535	\$ 67,715,850	\$ 47,411,058	\$ 38,119,229	\$ 51,296,636	\$ 56,150,245	\$ 71,231,036	\$ 431,166,948

Excludes SURS contribution of \$30,288,298

Statement of Purpose: The City Colleges of Chicago Revenues and Expenditures by College for the year ended June 30, 2007, is required by the terms of a Memorandum of Understanding (MOU) between City Colleges and the North Central Association of Colleges and Schools Commission on Institutions of Higher Education (NCA). The MOU outlines an appropriate pattern of evidence to be made available by City Colleges for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenditures for each college and the district office.

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

Table S

**Statement of Revenues, Expenses and Changes in Net Assets by Campus (Unaudited)
For the fiscal year ended June 30, 2010**

Revenues	Harold							Total	
	Daley	Washington	Kennedy King	Malcolm X	Olive Harvey	Truman	Wright		District
Operating revenues:									
Student tuition and fees:									
Resident	\$ 8,128,320	\$ 14,297,040	\$ 9,990,974	\$ 7,961,809	\$ 6,332,506	\$ 11,342,140	\$ 14,837,890	\$ -	\$ 72,890,679
Nonresident	2,384,216	2,325,332	1,298,019	410,204	284,132	1,103,512	1,155,638	-	8,961,053
Other	1,957,493	3,604,536	7,279,764	1,888,341	2,019,867	2,825,480	3,334,769	-	22,910,250
Less: Scholarship allowances	(7,853,574)	(10,996,769)	(10,413,439)	(7,496,382)	(5,864,561)	(6,228,355)	(7,966,876)	(97,780)	(56,717,736)
Net student tuition and fees	4,816,455	9,230,139	8,155,318	2,763,972	2,771,944	9,042,777	11,361,421	(97,780)	48,044,246
Other operating revenues	693,260	704,245	1,886,696	912,567	424,188	341,366	630,699	1,849,312	7,442,333
Total operating revenues	5,509,715	9,934,384	10,042,014	3,676,639	3,196,132	9,384,143	11,992,120	1,751,532	55,486,579
Expenses									
Operating expenses:									
Instructional salaries	11,083,685	14,043,164	13,572,712	10,391,458	9,185,195	16,181,941	15,904,339	114,603	90,477,097
Non-instructional salaries	9,774,767	10,409,615	12,653,575	10,523,589	9,084,965	12,108,422	11,093,355	19,908,449	95,556,737
Fringe benefits	6,043,576	7,581,969	7,824,157	6,373,754	6,054,846	8,796,791	8,368,186	13,436,236	64,479,515
Supplies	1,034,441	1,569,504	1,975,234	1,646,023	1,343,600	1,762,356	1,785,174	3,530,130	14,646,462
Professional Development	130,562	246,313	229,607	164,310	227,477	188,301	200,870	439,228	1,826,668
Equipment not capitalized	264,589	366,981	645,618	739,066	837,596	267,219	1,500,730	1,268,424	4,838,391
Utilities	1,164,847	744,158	2,306,537	1,626,663	845,559	1,038,818	1,304,262	1,268,424	10,299,268
Contractual services	1,262,349	2,222,365	5,499,665	1,627,396	2,914,966	2,055,958	1,750,335	27,671,099	42,380,663
Depreciation	1,171,713	1,779,791	5,690,656	1,657,932	870,166	817,820	3,612,354	2,766,748	18,367,180
Financial aid, exclusive of scholarship allowances	5,856,851	11,410,610	10,772,486	8,248,944	6,324,760	6,149,937	7,797,301	631,465	57,192,354
Other expenses	23,740	158,495	404,964	201,689	(5,044)	199,866	166,230	3,151,260	4,301,200
Total operating expenses	37,811,120	50,532,965	61,575,211	43,200,824	35,060,616	49,516,802	52,249,625	74,418,372	404,365,535
Operating loss	(32,301,405)	(40,598,581)	(51,533,197)	(39,524,285)	(31,864,484)	(40,132,659)	(40,257,505)	(72,666,840)	(348,878,956)
Non-operating revenues (expenses):									
State apportionment and equalization	7,802,531	3,979,690	3,583,795	4,924,857	2,221,260	7,860,997	5,683,313	2,580,995	38,637,438
Other state grants and contracts	9,123,908	9,208,688	9,282,144	8,948,805	6,837,557	12,150,376	10,056,161	6,971,231	72,578,870
Local grants and contracts	464	158,266	47,137	16,650	1,465,290	1,248,589	175,865	2,534,653	5,646,914
Local property taxes	6,978,214	8,504,993	14,348,014	10,884,619	13,293,419	7,445,100	9,836,580	56,025,130	127,316,069
Personal property replacement tax	-	-	-	-	-	-	-	11,416,700	11,416,700
Federal grants and contracts	11,254,880	20,543,897	20,706,027	16,716,050	12,622,085	12,885,403	13,998,034	1,477,072	110,203,448
Litigation settlement	-	-	-	-	-	-	-	656,745	656,745
Investment income	-	-	-	-	-	-	-	2,028,369	2,028,369
Building lease and interest payments on debt	-	-	-	-	-	-	-	-	-
Non-operating revenues, net	35,159,997	42,395,534	47,967,117	41,490,981	36,439,611	41,590,465	39,749,953	83,690,895	368,484,553
Income (loss) before capital appropriations and grants	2,858,592	1,796,953	(3,566,080)	1,966,696	4,575,127	1,457,806	(507,552)	1,024,055	19,605,957
Capital appropriations and grants	-	-	-	-	-	-	-	7,335,701	7,335,701
Change in net assets	\$ 2,858,592	\$ 1,796,953	\$ (3,566,080)	\$ 1,966,696	\$ 4,575,127	\$ 1,457,806	\$ (507,552)	\$ 18,359,756	\$ 26,941,298

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, 2010

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Auxiliary Enterprises Fund	Restricted Purposes Fund **	Working Cash Fund	Investment in Plant Fund	Trust & Agency Fund	Audit Fund	Liability, Protection Settlement Fund	PBC * Operations and Maintenance Fund	Total
Fund Balance: July 1, 2009	\$ 23,118,450	\$ 4,132,064	\$ 92,245,391	\$ 3,767,129	\$ (763,841)	\$ 68,783,787	\$ 570,960,694	\$ (1,060)	\$ 191,216	\$ 3,936,577	\$ 606,988	\$ 766,977,395
Revenues:												
Local Tax Revenue	85,827,678	35,890,015	12,192,838	-	-	-	-	-	687,711	4,134,526	-	138,732,768
All Other Local Revenue	37,984	-	7,335,701	9,900	3,837,829	-	-	-	-	-	-	11,221,414
ICCB Grants	55,078,443	-	-	-	6,709,650	-	-	-	-	-	-	61,788,093
All Other State Revenue	-	-	-	-	19,139,917	-	-	-	-	-	-	19,139,917
Federal Revenue	130,228	-	-	-	110,073,220	-	-	-	-	-	-	110,203,448
Student Tuition and Fees	79,761,982	-	25,000,000	-	-	-	-	-	-	-	-	104,761,982
All Other Revenue	1,566,082	2,705,579	787,673	4,386,139	1,805,839	1,009,312	-	-	-	-	-	12,260,624
Total Revenues	222,402,397	38,595,594	45,316,212	4,396,039	141,566,455	1,009,312	-	-	687,711	4,134,526	-	458,108,246
Expenses												
Instruction	103,870,385	-	-	43,362	9,039,008	-	-	-	-	-	-	112,952,755
Academic Support	19,003,938	-	-	1,669,537	9,859,926	-	(141,559)	-	-	-	-	30,391,842
Student Services	21,619,475	-	-	25,725	5,875,069	-	-	-	-	-	-	27,320,269
Public Service/Continuing Education	1,145,973	-	-	2,734,477	5,301,507	-	-	-	-	-	-	9,181,957
Organized Research	53,027	-	-	-	777,863	-	-	-	-	-	-	830,890
Auxiliary Services	790,855	-	-	776,532	-	-	-	-	-	-	-	1,567,387
Operations and Maintenance	13,139,700	28,460,721	39,696,935	128	559,898	-	(21,471,978)	-	595,000	54,185	-	60,439,589
Institutional Support	56,976,965	516,516	5,132,903	312,863	679,599	-	(29,944)	-	-	8,039,948	(57)	72,223,793
Scholarships, Grants, Waivers	6,030,333	-	-	20,275	110,207,858	-	-	-	-	-	-	116,258,466
Total Expenses	222,630,651	28,977,237	44,829,838	5,582,899	142,100,728	-	(21,643,481)	-	595,000	8,094,133	(57)	431,166,948
Net Transfers	(17,264,013)	(3,188,411)	19,200,038	683,313	-	-	569,073	-	-	-	-	-
Fund Balance: June 30, 2010	\$ 5,628,183	\$ 10,562,010	\$ 111,931,803	\$ 3,263,582	\$ (1,298,114)	\$ 69,793,099	\$ 593,173,248	\$ (1,060)	\$ 283,927	\$ (23,030)	\$ 607,045	\$ 793,918,693

* Public Building Commission
** excludes SURS contribution \$ 30,288,298

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

Fiscal year ended June 30, 2010

	Fixed Asset/Debt Account Groups July 1, 2009	Additions	Deletions and Transfers	Fixed Asset/Debt Account Groups June 30, 2010
Fixed Assets				
Land	\$ 49,094,047	\$ -	\$ -	\$ 49,094,047
Construction work in progress	28,955,476	44,502,124	30,422,294	43,035,306
Buildings and Improvements	654,292,589	26,189,005	-	680,481,594
Vehicles	795,093	29,943	-	825,036
Equipment	17,124,537	380,371	1,781,934	15,722,974
Software	29,008,086	334,485	-	29,342,571
Accumulated Depreciation	<u>(208,307,417)</u>	<u>(18,367,183)</u>	<u>(1,348,037)</u>	<u>(225,326,563)</u>
Net Fixed Assets	<u>\$ 570,962,411</u>	<u>\$ 53,068,745</u>	<u>\$ 30,856,191</u>	<u>\$ 593,174,965</u>
Long-term Debt				
Lease obligations	\$ -	\$ -	\$ -	\$ -
Total Fixed Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City Colleges of Chicago
Community College District No. 508
Operating Funds Revenues And Expenditures**
Uniform Financial Statement #3
Fiscal year ended June 30, 2010

OPERATING REVENUES BY SOURCE	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Local Government Revenue:			
Local Taxes	\$ 85,827,678	\$ 35,890,015	\$ 121,717,693
Other	37,984	-	37,984
TOTAL LOCAL GOVERNMENT	85,865,662	35,890,015	121,755,677
State Government:			
ICCB Base Operating Grant	55,078,443	-	55,078,443
ICCB Equalization Grant	-	-	-
Other (Include other ICCB grants not listed above)	-	-	-
TOTAL STATE GOVERNMENT	55,078,443	-	55,078,443
Federal Government:			
Dept. of Education	130,228	-	130,228
TOTAL FEDERAL GOVERNMENT	130,228	-	130,228
Student Tuition and Fees			
Tuition	61,036,592	-	61,036,592
Fees	18,725,390	-	18,725,390
TOTAL TUITION AND FEES	79,761,982	-	79,761,982
Other Sources			
Facilities Revenue	(278,054)	-	(278,054)
Other	1,844,136	2,705,579	4,549,715
TOTAL OTHER REVENUE	1,566,082	2,705,579	4,271,661
TOTAL REVENUE	222,402,397	38,595,594	260,997,991
ADJUSTED REVENUE	\$ 222,402,397	\$ 38,595,594	\$ 260,997,991
OPERATING EXPENDITURES			
BY PROGRAM			
Instruction	\$ 103,870,385	\$ -	\$ 103,870,385
Academic Support	19,003,938	-	19,003,938
Student Services	21,619,475	-	21,619,475
Public Service/Continuing Education	1,145,973	-	1,145,973
Organized Research	53,027	-	53,027
Auxiliary Services	790,855	-	790,855
Operations and Maintenance	13,139,700	28,460,721	41,600,421
Institutional Support	56,976,965	516,516	57,493,481
Scholarships, Grants, Waivers	6,030,333	-	6,030,333
TOTAL EXPENDITURES	222,630,651	28,977,237	251,607,888
Less Non-Operating Items*			
Transfers to Non-Operating Funds	17,264,013	3,188,411	20,452,424
ADJUSTED EXPENDITURES	\$ 239,894,664	\$ 32,165,648	\$ 272,060,312
BY OBJECT			
Salaries	\$ 147,877,352	\$ 13,902,022	\$ 161,779,374
Employee Benefits	22,638,921	1,613,479	24,252,400
Contractual Services	25,571,591	2,692,782	28,264,373
General Materials and Supplies	11,762,514	1,808,045	13,570,559
Professional Development	1,240,953	24,879	1,265,832
Fixed Charges	1,555,433	233,336	1,788,769
Utilities	1,592,676	8,699,754	10,292,430
Capital Outlay	1,888,572	-	1,888,572
Other	8,502,639	2,940	8,505,579
TOTAL EXPENDITURES	222,630,651	28,977,237	251,607,888
Less Non-Operating Items*			
Transfers from Non-Operating Funds	17,264,013	3,188,411	20,452,424
ADJUSTED EXPENDITURES	\$ 239,894,664	\$ 32,165,648	\$ 272,060,312

* Enter as negative.

** Operating Funds include the Education and the Operations and Maintenance funds.

**City Colleges of Chicago
Community College District No. 508
Restricted Purposes Fund Revenues And Expenditures
Uniform Financial Statement #4
Fiscal year ended June 30, 2010**

REVENUE BY SOURCE:

TOTAL LOCAL GOVERNMENT	\$ 3,837,829
State Government *	
ICCB - Adult Education	6,709,650
ICCB - Retirees Health Insurance Grant	-
Other	<u>19,139,917</u>
TOTAL STATE GOVERNMENT	25,849,567
Federal Government	
Dept. of Education	108,267,381
Other	<u>1,805,839</u>
TOTAL FEDERAL GOVERNMENT	110,073,220
Other Sources	
Other	<u>1,805,839</u>
TOTAL OTHER SOURCES	1,805,839
TOTAL RESTRICTED PURPOSES FUND REVENUES	<u><u>\$ 141,566,455</u></u>

EXPENDITURES BY PROGRAM *

Instruction	\$ 9,039,008
Academic Support	9,859,926
Student Services	5,675,069
Public Service/Continuing Education	5,301,507
Organized Research	777,863
Operations and Maintenance	559,898
Institutional Support	679,599
Scholarships, Grants and Waivers	110,207,858
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 142,100,728</u></u>

EXPENDITURES BY OBJECT *

Salaries	\$ 20,800,870
Employee Benefits	4,767,369
Contractual Services	2,925,223
General Materials and Supplies	4,238,525
Professional Development	499,150
Fixed Charges	140,045
Utilities	4,128
Capital Outlay	216,992
Other	374,144
Scholarships, Grants, Waivers*	108,134,282
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 142,100,728</u></u>

* Excludes SURS contribution of \$30,288,298.

**City Colleges of Chicago
Community College District No. 508
Current Funds * Expenditures** by Activity
Uniform Financial Statement #5
Fiscal year ended June 30, 2010**

INSTRUCTION	112,952,755
Instructional Programs	
Total Instruction	<u>112,952,755</u>
ACADEMIC SUPPORT	
Library Center	4,685,769
Instructional Materials Center	126,920
Educational Media Services	39,073
Academic Computing Support	1,209,022
Academic Administration and Planning	16,967,357
Other	7,505,260
Total Academic Support	<u>30,533,401</u>
STUDENT SERVICES SUPPORT	
Admissions and Records	6,256,139
Counseling and Career Services	3,270,693
Financial Aid Administration	4,556,177
Other	13,237,260
Total Student Services Support	<u>27,320,269</u>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	167,653
Customized Training (Instructional)	771,964
Community Services	4,535,217
Other	3,707,123
Total Public Service/Continuing Education	<u>9,181,957</u>
ORGANIZED RESEARCH	830,890
AUXILIARY SERVICES	1,567,387
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	14,804,981
Custodial Services	4,929,482
Grounds	47,849
Campus Security	10,207,219
Transportation	9,581
Utilities	8,031,040
Administration	266,842
Other	3,917,638
Total Operations and Maintenance of Plant	<u>42,214,632</u>
INSTITUTIONAL SUPPORT	
Executive Management	10,021,152
Fiscal Operations	19,881,973
Community Relations	1,703,467
Administrative Support Services	20,396,007
Board of Trustees	109,012
General Institutional	19,381,393
Institutional Research	128,168
Administrative Data Processing	6,271,551
Other	8,997,222
Total Institutional Support	<u>86,889,945</u>
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	<u>116,258,466</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u>\$ 427,749,702</u>

* 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 \$30,288,298




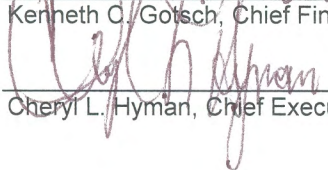
**City Colleges of Chicago
Community College District No. 508**

Certification of Chargeback Reimbursement for Fiscal Year 2011

All fiscal year 2010 non-capital operating expenses from the following funds:

Education Fund	\$ 222,250,282
Operations and Maintenance Fund	28,977,237
Restricted Purposes Fund	142,100,728
Audit Fund	595,000
Liability, Protection and Settlement Fund	<u>8,094,133</u>
TOTAL NON-CAPITAL EXPENDITURES	402,017,380
PLUS DEPRECIATION FOR EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES	2,135,927
PLUS DEPRECIATION ON BUILDINGS AND FIXED EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES	<u>12,915,039</u>
EQUALS TOTAL QUALIFIED EXPENDITURES	417,068,346
LESS ALL FISCAL YEAR 2010 STATE AND FEDERAL OPERATING GRANTS FOR NON-CAPITAL EXPENDITURES, EXCEPT ICCB GRANTS	<u>129,213,137</u>
EQUALS ADJUSTED QUALIFIED EXPENDITURES	287,855,209
DIVIDED BY TOTAL CREDIT HOURS FOR FISCAL YEAR 2010	<u>1,260,579</u>
EQUALS COST PER SEMESTER CREDIT HOUR	<u>\$ 228.35</u>
LESS DISTRICT'S AVERAGE GRANT RATE FOR FISCAL YEAR 2011	\$ 56.79
LESS STUDENT TUITION PER SEMESTER CREDIT HOUR FOR FISCAL YEAR 2011	<u>89.00</u>
EQUALS CHARGEBACK REIMBURSEMENT RATE PER SEMESTER CREDIT HOUR	<u>\$ 82.56</u>

Approved: 
Kenneth C. Gotsch, Chief Financial Officer

Approved: 
Cheryl L. Hyman, Chief Executive Officer

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

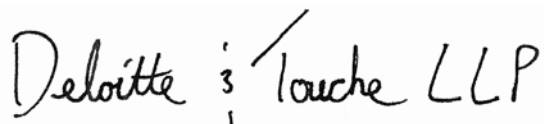
Board of Trustees
City Colleges of Chicago
Community College District No. 508:

We have examined the accompanying schedule of enrollment data and other bases on which claims are filed (the "Schedule") of City Colleges of Chicago, Community District No. 508 ("City Colleges") for the year ended June 30, 2010. This Schedule is the responsibility of City Colleges' management. Our responsibility is to express an opinion on the Schedule based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, and accordingly, included examining, on a test basis, evidence supporting the schedule and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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

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

A handwritten signature in black ink that reads "Deloitte Touche LLP". The signature is written in a cursive style, with "Deloitte" and "Touche" connected by a vertical line, and "LLP" written separately to the right.

October 14, 2010

**Schedule of Enrollment Data and
Other Bases On Which Claims are Filed
For the year ended June 30, 2010**

**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	48,200.0	-	208,636.0	-	219,958.0	-	476,794.0	-
Business Occupational	2,904.0	-	21,167.0	-	23,685.0	-	47,756.0	-
Technical Occupational	11,541.0	-	36,181.5	-	34,828.5	-	82,551.0	-
Health Occupational	6,908.0	-	24,060.0	-	23,952.0	-	54,920.0	-
Remedial/Developmental	10,117.0	-	70,312.0	-	63,918.0	-	144,347.0	-
Adult Basic/Secondary Education	80,266.0	37,116.0	128,026.0	40,406.0	168,397.0	-	376,689.0	77,522.0
Total	159,936.0	37,116.0	488,382.5	40,406.0	534,738.5	-	1,183,057.0	77,522.0

Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2010

Categories	Unrestricted		Restricted		Total Credit Hours by ICCB	Difference
	Total Credit Hours	Hours Certified by ICCB	Total Credit Hours	Difference		
Baccalaureate Transfer	476,794.0	476,794.0	-	-	-	-
Business Occupational	47,756.0	47,756.0	-	-	-	-
Technical Occupational	82,551.0	82,551.0	-	-	-	-
Health Occupational	54,920.0	54,920.0	-	-	-	-
Remedial/Developmental	144,347.0	144,347.0	-	-	-	-
Adult Basic/Secondary Education	376,689.0	376,689.0	-	-	77,522.0	-
Total	1,183,057.0	1,183,057.0	-	-	77,522.0	-

Summary of Certified Dual Credit and Dual Enrollment Hours

Reimbursable Semester Credit Hours (All Terms)	Dual Credit	Dual Enrollment
	794.0	587.0

**Schedule of Enrollment Data and
Other Bases On Which Claims are Filed (Continued)
For the year ended June 30, 2010**

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

	<u>Attending In-District</u>	<u>Attending Out-of-District on Chargeback or Cooperative/ Contractual Agreement</u>	<u>Total</u>
Semester credit hours (all terms)	1,211,113	2,015	1,213,128
District prior year equalized assessed evaluation (Preliminary)		\$84,550,505,262	
		Total Credit Hours	Total Credit Hours Certified by ICCB
In-district residents		1,211,113	1,211,113
Out-of-district (chargeback/contractual agreement)		2,015	2,015
Total		<u>1,213,128</u>	<u>1,213,128</u>
			Difference
			-
			-
			-

Schedule 9

Student Residency Verification Process

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

- Minors whose parents or legal guardians live in Chicago
- Adults or emancipated minors who live in Chicago (and have not moved to the city for the sole purpose of attending a post-secondary educational institution)

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

Non-resident tuition and fees will be charged to:

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

Summary of Assessed Valuations

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2009	\$84,550,505,262
2008	80,929,580,524
2007	73,611,156,177
2006	69,479,300,657
2005	59,274,592,340
2004	55,309,122,652

State Grant Compliance Section

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of the Workforce Development Component Grant, Retirees Health Insurance Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education Program Improvement Grant (collectively, the "Grant Programs") of City Colleges of Chicago, Community District No. 508 ("City Colleges") as of June 30, 2010, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended, as listed in the foregoing table of contents. 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 opinions.

As discussed in Note 2, the respective financial statements referred to above present only the Workforce Development Component Grant, Retirees Health Insurance Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education Program Improvement Grant Programs and do not purport to, and do not, present fairly the respective financial position of City Colleges of Chicago, Community College District No. 508 as of June 30, 2010, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the respective financial position of the Grants Programs of City Colleges as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, on our consideration of the City Colleges' Grant Programs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal

control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements referred to above taken as a whole. The supplementary information included on pages 87 and 89 is presented for the purpose of additional analysis and is not a required part of the respective financial statements of the Workforce Development Component Grant and State Adult Education and Family Literacy Grant. This supplementary information is the responsibility of City Colleges' management. The supplementary information has been subjected to the auditing procedures applied in our audit of the respective financial statements referred to above and, in our opinion, is fairly stated, in all material respects, when considered in relation to the respective financial statements of the Workforce Development Component Grant and the State Adult Education and Family Literacy Grant taken as a whole.

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

Deloitte & Touche LLP

December 15, 2010

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Workforce Development Component Grant, Retirees Health Insurance Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education Program Improvement Grant (collectively, the “Grant Programs”) of City Colleges of Chicago Community College District No. 508 (“City Colleges”) as of June 30, 2010, and for the year then ended, and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Deloitte & Touche LLP

December 15, 2010

Grant Financial Statements

City Colleges of Chicago
Community College District No. 508
Workforce Development Component Grant Program *(Business/Industry Services)*
Balance Sheet
As of June 30, 2010

Assets	<u><u>\$ -</u></u>
Cash	
 Liabilities and Fund balance	
Accounts payable	<u>\$ -</u>
Total liabilities	-
 Total Fund Balance	-
Total Liabilities and Fund Balance	<u><u>\$ -</u></u>

**Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the year ended June 30, 2010**

Revenue	
State sources	<u>\$ 233,880</u>
 Expenditures	
Salaries	\$ 164,648
Employee benefits	69,090
Conference and meeting expenses	142
Total expenditures	<u>\$ 233,880</u>
 Excess of Revenue over Expenditures	\$ -
Fund balance - July 1, 2009	-
Fund balance - June 30, 2010	<u><u>\$ -</u></u>

See accompanying notes to grant financial statements.

City Colleges of Chicago
Community College District No. 508
Workforce Development Component Grant Program *(Business/Industry Services)*
ICCB Compliance Statement For Workforce
Development - Business / Industry Grant
Total Expenditures for ICCB Grant Funds Only
For the year ended June 30, 2010

<u>Expenditures</u>	<u>General</u>	<u>Operation of Workforce Development Office</u>	<u>Total</u>
Personnel (Salaries & Benefits)	\$ -	\$ 233,738	\$ 233,738
Conference and meeting expenses	-	142	142
Totals	<u>\$ -</u>	<u>\$ 233,880</u>	<u>\$ 233,880</u>

See accompanying notes to grant financial statements.

**City Colleges of Chicago
Community College District No. 508
Retirees Health Insurance Grant Program
Balance Sheet
As of June 30, 2010**

Assets	\$ <u> -</u>
Liabilities and Fund balance	\$ <u> -</u>

**Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the year ended June 30, 2010**

Revenue	
State sources	\$ <u>626,600</u>
Expenditures	
Retiree benefits	<u>626,600</u>
Total Expenditures	\$ <u>626,600</u>
Excess of Revenues over Expenditures	\$ -
Fund Balance - July 1, 2009	<u>-</u>
Fund Balance - June 30, 2010	<u>\$ -</u>

See accompanying notes to grant financial statements.

**City Colleges of Chicago
Community College District No. 508
State Adult Education and Family Literacy Grant Programs
Combined Balance Sheet
As of June 30, 2010**

	<u>State Basic</u>	<u>Public Aid</u>	<u>State Performance</u>	<u>Total</u>
Assets				
Accounts Receivable	\$ 1,524,702	\$ 994,915	\$ 260,954	\$ 2,780,571
Total assets	<u>\$ 1,524,702</u>	<u>\$ 994,915</u>	<u>\$ 260,954</u>	<u>\$ 2,780,571</u>
Liabilities and Fund balance				
Accounts payable	\$ 30,259	\$ 31,321	\$ 22,422	\$ 84,002
Accrued expenditures	46,089	33,563	20,053	99,705
Due to City Colleges of Chicago	1,448,354	930,031	218,479	2,596,864
Total Liabilities	<u>1,524,702</u>	<u>994,915</u>	<u>260,954</u>	<u>2,780,571</u>
Fund balance	-	-	-	-
Total Liabilities and Fund Balance	<u>\$ 1,524,702</u>	<u>\$ 994,915</u>	<u>\$ 260,954</u>	<u>\$ 2,780,571</u>

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
For the year ended June 30, 2010**

	<u>State Basic</u>	<u>Public Aid</u>	<u>State Performance</u>	<u>Total</u>
Revenue				
State sources	\$ 3,049,404	\$ 1,989,829	\$ 1,043,817	\$ 6,083,050
Expenditures by program				
Instruction	\$ 1,728,373	\$ 1,076,070	\$ 95,841	\$ 2,900,284
Social Work Services	863,874	478,753	100,357	1,442,984
Guidance Services	34,703	44,232	15,983	94,918
Assistive and Adaptive Equipment			632	632
Assessment and Testing	167,620	161,982	57,489	387,091
Student Transportation Services	-	-	11,638	11,638
Literacy Services	37,500		37,500	75,000
Subtotal Instructional and Student Services	<u>2,832,070</u>	<u>1,761,037</u>	<u>319,440</u>	<u>4,912,547</u>
PROGRAM SUPPORT				
Improvement of Instructional Services	26,979	50,716	357,111	434,806
General Administration	49,926	34,544	187,053	271,523
Operation & Maintenance of Plant Services	13,852	66,820	12,351	93,023
Workforce Coordination	10,678	9,757	19,806	40,241
Data and Information Services	115,899	66,955	148,011	330,865
Approved Indirect Cost	-	-	45	45
Subtotal Program Support	<u>217,334</u>	<u>228,792</u>	<u>724,377</u>	<u>1,170,503</u>
Total Costs	<u>\$ 3,049,404</u>	<u>\$ 1,989,829</u>	<u>\$ 1,043,817</u>	<u>\$ 6,083,050</u>
Excess of Revenue over Expenditures	\$ -	\$ -	\$ -	\$ -
Fund Balance - July 1, 2009	-	-	-	-
Fund Balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to grant financial statements.

**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, 2010**

	<u>Expenditure Amount</u>	<u>Allowed Expenditure Percentage</u>	<u>Actual Expenditure Percentage</u>
State Basic			
Instruction	\$ 1,728,373	Minimum 45%	57%
General Administration	\$ 49,926	Maximum 9%	2%
State Public Assistance			
Instruction	\$ 1,076,070	Minimum 45%	54%
General Administration	\$ 34,544	Maximum 9%	2%
State Performance			
General Administration	\$ 187,053	N/A	18%

See accompanying notes to grant financial statements.

**City Colleges of Chicago
Community College District No. 508
Early School Leavers Grant Program
Balance Sheet
As of June 30, 2010**

Assets	
Cash	<u>\$ 2,967</u>
Liabilities and fund balance	
Accounts payable	\$ 1,674
Accrued payroll	<u>1,293</u>
Total liabilities	2,967
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,967</u>

**Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the year ended June 30, 2010**

Revenue	
State sources	<u>\$ 75,000</u>
Expenditures	
Salaries	\$ 36,950
Benefits	8,003
General materials	17,724
Purchased services	10,078
Conference and meeting expenses	<u>2,245</u>
TOTAL EXPENDITURES	<u>\$ 75,000</u>
Excess of Revenue over Expenditures	
	\$ -
Fund Balance - July 1, 2009	-
Fund Balance - June 30, 2010	<u>\$ -</u>

See accompanying notes to grant financial statements.

**City Colleges of Chicago
Community College District No. 508
Career and Technical Education - Program Improvement
Balance Sheet
As of June 30, 2010**

Assets	
Cash	<u>\$ 32,596</u>
Liabilities and Fund Balance	
Accounts payable	32,514
Deferred revenue	<u>82</u>
Total liabilities	32,596
Total Fund Balance	-
Total Liabilities and Fund Balance	<u>\$ 32,596</u>

**Statement of Revenues, Expenditures
and Changes in Fund Balance
For the year ended June 30, 2010**

Revenue	
State sources	<u>\$117,516</u>
Expenditures	
Salaries	8,477
Instructional supplies	22,222
Curriculum development	11,740
Contractual services	1,399
Materials and supplies	68,804
Conference and meeting expenses	<u>4,874</u>
Total Expenditures	<u>\$ 117,516</u>
Excess of Revenue Over (Under) Expenditures	-
Fund Balance - July 1, 2009	-
Fund Balance - June 30, 2010	<u>\$ -</u>

See accompanying notes to grant financial statements.

Notes to Grant Financial Statements

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

**Notes to Grant Financial Statements
June 30, 2010**

1. PROGRAM DESCRIPTIONS

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

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

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

B. Retirees Health Insurance Grant

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

C. Adult Education and Family Literacy Grants

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

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

The ICCB provides funding for Adult Education and Family Literacy from State and Federal sources. 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.

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

**Notes to Grant Financial Statements
June 30, 2010**

1. PROGRAM DESCRIPTIONS *(Continued)*

D. Early School Leavers Grant

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

E. Career and Technical Education – Program Improvement Grant

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Reporting

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

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

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 ICCB by October 15 following the end of the fiscal year. Unexpended funds totaling less than \$100 need not be returned to 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 ICCB by October 15 following the end of the fiscal year. The Workforce Development Component, Retirees Health Insurance, the Career and Technical Education program, the State Adult Education and Family Literacy programs and the Early School Leavers program were fully expended within the grant period.

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

**Notes to Grant Financial Statements
June 30, 2010**

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

These financial statements cover only the Workforce Development Component, Retirees Health Insurance, Early School Leavers, Career and Technical Education, the State Adult Education and Family Literacy and the Student Success programs. It is not intended to, and does not, present the financial position or results of operations of City Colleges of Chicago in its entirety.

B. Cash held by City Colleges of Chicago

To facilitate sound management, substantially all City Colleges of Chicago cash for the Workforce Development Component, Retirees Health Insurance, the State Adult Education and Family Literacy, Early School Leavers, and the Career and Educational grant programs is pooled.

C. Capital outlay

Acquisitions of fixed assets with grant funds are reported as capital outlay expenditures in these financial statements. Fixed assets acquired with grant funds 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.