

# CITY COLLEGES OF CHICAGO

## FINAL BUDGET FISCAL YEAR 2006

Daley College



Harold Washington College



Kennedy-King College



Malcolm X College



Olive-Harvey College



Truman College



Wright College



[www.ccc.edu](http://www.ccc.edu)



February 1, 2007



"As an open-door institution, we welcome one and all to visit, enroll, learn and experience life changing educational opportunities."  
- *Wayne D. Watson, Ph.D. Chancellor*

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

It is with much pride that I present to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. The report is reflective of our continued commitment to exercise fiscal prudence, to maintain a healthy financial condition and to protect the tax dollars in the use of available resources to uphold our commitment to academic excellence.

We are committed to improving our financial reporting and are pleased to share with you that the Government Finance Officers Association (GFOA) awarded the District a Certificate of Achievement in Excellence in Financial Reporting for our FY 2005 CAFR. We have also received the GFOA Distinguished Budget Presentation Award for FY 2006. The Office of Finance will continue to strive for excellence in reporting the District's financial condition.

The scarce resources were wisely utilized in fulfilling the District's academic mission by serving the students through the four pillars which include Liberal Arts & Sciences - 43,000 students; Workforce Development – 21,000 students; Adult Education – 42,000 students; Continuing Education- 9,000 students. We produced approximately 1,080,000 credit hours for fiscal year 2006.

In addition, the health and vitality of the City of Chicago, our citizens and economy are paramount to us. Thus, we partnered with businesses and industries in providing contract training services to them. In FY 2006, we trained more than 18,000 employees from 81 companies.

Throughout our 95 – year history, the City Colleges of Chicago has always been a system that provided students the opportunity to do more. We have evolved over time, expanding our academic mission to meet the needs of the communities we serve. Our constituents are comprised of a large number of ethnic minorities, working adults, single parents and individuals from low income backgrounds.

Providing a top quality education is vitally important to us. Each of our seven colleges has earned the maximum 10 year accreditation from the Higher Learning Commission of the North Central Association of Colleges and Schools. We have signed articulation agreements with 52 four-year institutions encompassing more than 211 programs. And, we annually evaluate our programs and services in a process we call Annual Programs and Services Analysis (APSA). Leading up to our 100<sup>th</sup> anniversary, we want to fundamentally reposition the City Colleges of Chicago for our mission in the early 21<sup>st</sup> Century. Last year, we embarked on a strategic planning process which we call "Vision 2011". The highly diverse Vision 2011 team has reviewed and rewritten our Vision, Mission, Core Values and our fundamental strategies, all

rooted in the findings and conclusions resulting from the comprehensive analyses. Although the job is not yet completed, we are very excited about the emerging results. The process has fueled a growing energy, enthusiasm and anticipation across the District.

The support and commitment of our students, faculty and staff and the Board continues to provide the strength to face the many challenges ahead of us. We need to find ways to fund new programs and refresh existing ones, to equip classrooms and labs with current technology, replace, renew and expand our aging facilities.

I am very proud of what we have accomplished thus far and very optimistic that the path we have taken will lead us to greater heights as an institution in the future.

A handwritten signature in black ink, appearing to read "Wayne D. Watson". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Wayne D. Watson  
Chancellor

# **Introductory Section**

**City Colleges of Chicago**  
**Community College District No. 508**  
**Comprehensive Annual Financial Report**  
**Fiscal years ended June 30, 2006 and 2005**

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## Transmittal Letter

February 1, 2007

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City Colleges of Chicago, Community College District No. 508 (City Colleges), for the fiscal year ended June 30, 2006. It has been prepared in accordance with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

The 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 the 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* (MD&A), which focuses on current activities, accounting changes, and currently known facts.

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



## **PROFILE OF THE CITY COLLEGES OF CHICAGO**

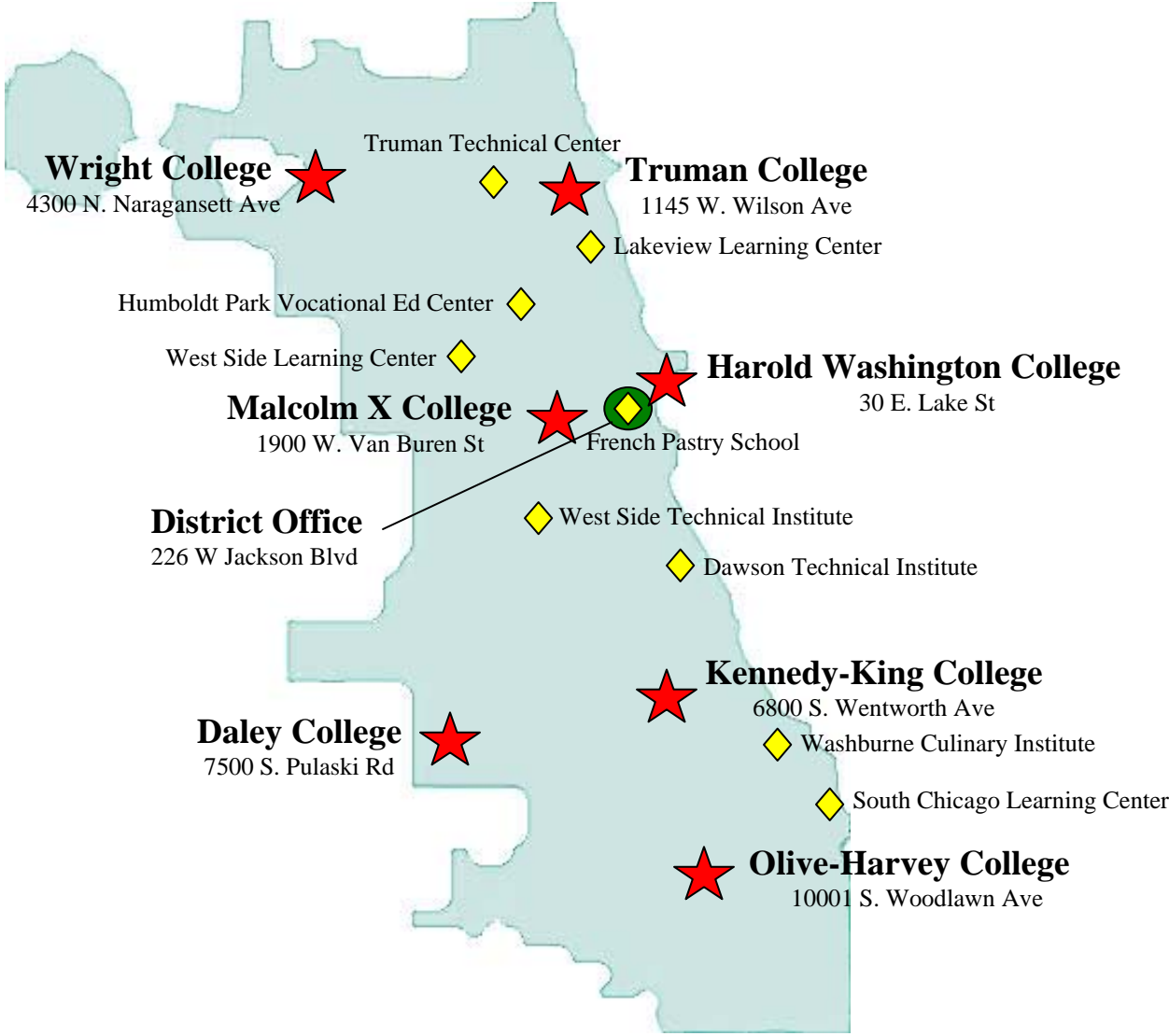
The City Colleges is a body politic and corporate, and a community college district of the State of Illinois having boundaries coterminous with the City of Chicago. The City Colleges is established under and governed by the Illinois Public Community College Act. The City Colleges is not a home rule unit of government and operates seven colleges offering two year associates degrees and adult education programs. The City Colleges has no component units, which are legally separate organizations for which the City Colleges is financially accountable.

The City Colleges is governed by a seven-member Community College District Board that is appointed by the Mayor of the City of Chicago. The Board members elect one member to serve as Chairman of the Board.

The District is coterminous with the City of Chicago, which currently occupies a land area of approximately 228.5 square miles, and serves a population of approximately 2,848,000.

As a large urban school district, our colleges and students reflect the broad diversity of our city. The City Colleges District Office and the seven separately accredited colleges are strategically located throughout the City of Chicago as noted in the following map.

# City Colleges of Chicago



- ★ College
- ◆ Satellite Campus
- District Office

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

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

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

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

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

The following four strategic goals that were adopted in FY2002 define the framework within the City Colleges' annual operating and capital budgets and are formulated and considered through fiscal year 2007.

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

## ECONOMIC CONDITION AND OUTLOOK

Chicago continues to have one of the strongest regional economies in the country, and is noted for its business diversity and resilience. Fiscal year 2006 has proven to be another year of strong economic activity and growth. The city's sales tax collections remain strong and real estate market values are growing.

Crain's *Chicago Business* survey indicates that Chicago CEOs are optimistic and expect another year of economic growth. The Chicago Business Activity Index (CBAI) at 0.130 in July 2006, has been positive in twelve consecutive readings since August 2005, led by increases in construction and manufacturing production (REAL). In July, employment in several industries has increased; construction by .7%, manufacturing production by 0.3% and non-manufacturing by 0.2%. As of 2005, the gross regional product (GRP) of the Chicago metro area totaled \$423 billion, and between 2000 and 2005, GRP grew by 5%, according to World Business Chicago.

Few other major metropolitan centers have the diverse economy, workforce, infrastructure, and distribution channels needed to compete with Chicago. The headquarters for 30 of the Fortune 500 companies, are located in Chicago, second only to New York.

According to several positive economic indicators 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. The city has been and continues to be the choice for major conventions by hundreds of companies. 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 growing local economy.

Chicago's neighborhoods are also thriving and experiencing a renaissance evident by the number of new residential construction. Analysts predict that while the national real estate industry has cooled down, Chicago will sustain a relatively healthy real estate market which will have minimal disruption to the local economy.

The healthy economic environment and the sign of continued economic growth in the city has contributed to the declining enrollment at the City Colleges of Chicago. The abundance of jobs has given prospective students the choice to be in the workforce instead of the classrooms.

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

- Since the terrorist attacks on September 11, 2001, strict immigration regulations have reduced the immigrant population in Chicago, which represents a majority of students in adult education. Declining enrollment results in less credit hour reimbursement from the State.
- The city's general neighborhood improvement and the resulting high housing costs have changed the student demographics at many of our colleges. City Colleges are now faced with intense competition for student recruitment from numerous public and private four-year institutions in Chicago.
- Many students entering the City Colleges system require additional assistance such as remedial math and English courses as well as counseling and tutoring.
- Funding for Community College is still expected to be below fiscal year 2003 as outlined in the table below.

#### **Community College State Funding**

<b><u>Fiscal Year</u></b>	<b><u>Amount</u></b>
2003	\$317,383,800
2004	287,637,300
2005	297,198,200
2006	298,268,200
2007	303,747,800

- Basic infrastructure and equipment are old and inadequate, requiring high maintenance and repair costs. Due to aging building infrastructure at the City Colleges of Chicago, it is becoming increasingly difficult to attract students. In 2006, a five year, \$1.2 billion capital improvement plan was approved by the Board of Trustees.
- State funding for community college infrastructure has been requested in the Governor's FY 2007 budget but has not been approved by the Illinois legislation for the coming fiscal year. The lack of sufficient annual capital funding requires the expenditure of local operating funds intended for instruction to be utilized to prevent the failure of critical systems.
- While the District has identified capital needs totaling \$602 million for fiscal year 2007, only \$448 million in funding is expected to be available.

## PROSPECTS FOR THE FUTURE

City Colleges has experienced declines in student credit hours and headcount in recent years, as shown in the following table:

### STUDENT ENROLLMENT HEADCOUNT & FULL-TIME EQUIVALENT

(5 YEAR TREND)

<u>Fiscal Year</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Total Headcount</b>	115,460	129,572	140,291	153,833	157,746
<b>Total Full-Time Equivalent</b>	41,550	45,043	48,073	49,838	49,436

For fiscal year 2006, City Colleges has continued the following initiatives to improve its enrollment outlook:

- Expand marketing initiatives;
- Strengthen retention efforts;
- Continue the Annual Programs and Services Analysis (APSA) to measure the efficiency and effectiveness of academic programs and services;
- Increase student success support services;

## FINANCIAL INFORMATION

In fiscal year 2006, City Colleges ended in a good financial condition, with revenues before capital additions higher than expenditures. This year began with uncertainty over State funding, so the City Colleges budgeted prudently and controlled costs. The City Colleges is not aware of its underlying rating. At the end of the year, the City Colleges maintained a consistently strong financial position. The City Colleges total net assets of \$555.8 million increased by \$82.7 million over FY 2005.

***Internal Control:*** City Colleges' management is responsible for establishing and maintaining internal controls designed to protect the City Colleges' assets, to prevent loss from theft or misuse of assets, and to allow for the preparation of financial information in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

***Budgeting Controls:*** Annual budgets are prepared on a basis consistent with Generally Accepted Accounting Principles. 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.

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

The Board approved changes in the purchasing rules effective August 2005. Board approval is required for all purchases of goods and services over \$10,000 from a single vendor during the fiscal year.

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.

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

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

Estimated assessed value of taxable property for tax year 2005 collectible in fiscal year 2006 is \$59,274,592,340. Estimated assessed value of taxable property for tax year 2004 collectible in fiscal year 2005 was \$55,309,122,652. City Colleges' average collection rate over the past five years, including collection of back taxes, has been approximately 96%, as Cook County extends City Colleges' levies up to 103% depending on the tax cap limitation.

## **DEBT ADMINISTRATION**

City Colleges had two outstanding long-term debt issues. One is a building lease obligation for the construction and maintenance of City Colleges' buildings. As of FY 2006, \$56,105,000 was outstanding and during the fiscal year then ended, \$22,505,000 was retired. As of June 30, 2005, \$78,610,000 was outstanding and during the fiscal year then ended \$20,765,000 in principal was retired. The second is a 20-year revenue bond. Bond payments were funded by City Colleges' portion of State of Illinois Corporate Personal Property Replacement Tax. In fiscal year 2006, these bonds were retired at a premium of \$1,227,900. This will save the District about \$2 million per year in interest payments.

**Cash Management:** Cash and investments are controlled by the City Colleges' Treasury Department 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. 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 FY 2006 totaled \$8.3 million, compared to \$4.9 million in FY 2005.

**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 \$50,000 and \$400,000 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 schedules is included in the financial section of the report.

**Awards:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to City Colleges of Chicago for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. This report must satisfy both generally accepted accounting principles 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 of Chicago has also earned GFOA's **Award for Distinguished Budget Presentation** for its annual budget for the year ended June 30, 2006. 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 comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Office of Finance. We wish to express our sincere appreciation for the contributions they have made in preparing this report.

Respectfully submitted,

Kenneth Gotsch  
Vice Chancellor Finance/CFO

Dolores Javier, CPA  
Associate Vice Chancellor Finance/Treasurer

Valerie Highsmith, CPA  
Controller

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
PRINCIPAL OFFICIALS  
Year Ended June 30, 2006**

**BOARD OF TRUSTEES**

James C. Tyree, Chairman  
James A. Dyson, Vice Chairman  
Terry E. Newman, Secretary  
Nancy J. Clawson, Trustee  
Gloria Castillo, Trustee  
Ralph G. Moore, Trustee  
Rev. Albert D. Tyson III, Trustee  
Valeria Davis, Student Member  
Regina Hawkins, Assistant Secretary  
Dolores Javier, Associate Vice Chancellor Finance / Treasurer

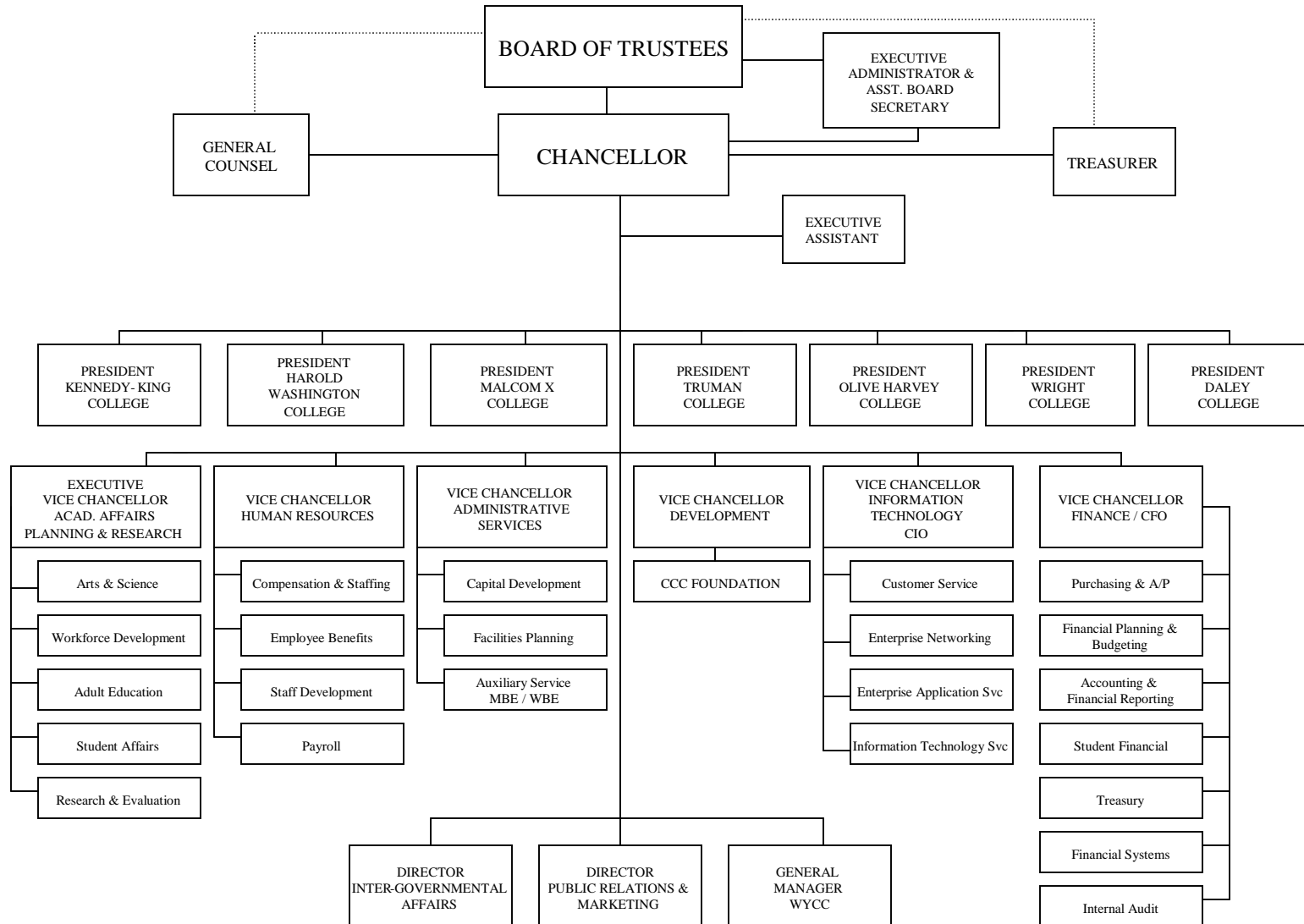
**ADMINISTRATIVE OFFICERS**

Wayne D. Watson, Chancellor  
Sylvia R. Ramos, President, Richard J. Daley College  
Clyde El-Amin, President, Kennedy-King College  
Zerrie D. Campbell, President, Malcolm X College  
Valerie Roberson, President, Olive-Harvey College  
Marguerite Boyd, President, Harry S. Truman College  
John Wozniak, President, Harold Washington College  
Charles Guengerich, President, Wilbur Wright College  
Deidra Lewis, Executive Vice Chancellor Academic Affairs  
Yolande Bourgeois, General Counsel  
Xiomara Cortes-Metcalf, Vice Chancellor Human Resources  
Kenneth C. Gotsch, Vice Chancellor Finance /CFO  
Claudine Jones, Vice Chancellor Information Technology /CIO  
Michael Mutz, Vice Chancellor Development  
Valerie Highsmith, 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, 2005

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

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# **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, 2006 and 2005, as listed in the foregoing table of contents. These financial statements are the responsibility of City Colleges' management. Our responsibility is to express an opinion based on our audit.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of City Colleges of Chicago, Community College District No. 508 as of June 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, City Colleges adopted the provisions of Governmental Accounting Standards Board Statements No. 42, "*Accounting and Financial Reporting for Impairment of Capital Assets and For Insurance Recoveries*", No. 44, "*Economic Condition Statistical Section reporting*", No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*", No. 46, "*Net Assets Restricted by Enabling Legislations*", and No. 47, "*Accounting for Termination Benefits*" as of and for the year ended June 30, 2006.

As discussed in Note 1T, the accompanying 2005 financial statements have been restated.

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 supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on City Colleges' basic financial statements. The supplementary Uniform Financial Statements on pages 71-75, Certification of Chargeback Reimbursement on page 76, the introductory section and the statistical section as listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of City Colleges' management. The Uniform Financial Statements and the Certification of Chargeback Reimbursement have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Deloitte + Touche LLP*

February 1, 2007



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# **Management Discussion and Analysis (MD&A)**



**Community College District No. 508  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2006**

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The discussion and analysis of City Colleges of Chicago (City Colleges) financial performance provides an overall review of City Colleges' financial activities for the year ended June 30, 2006 and 2005. 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 describe operating results, comparing revenues derived from operations such as tuition and fees with operating expenses, and non-operating results. Non-operating revenues include funding received from State apportionment, grants, and property taxes. This approach is intended to facilitate analysis of financial results of various services to students and the public.

**Financial Highlights**

The following Schedule is prepared from City Colleges' Statement of Net Assets; page 7, which is presented on an accrual basis of accounting, whereby assets are capitalized and depreciated.

Total net assets as of June 30, 2006 increased to \$555 million from \$473 million in fiscal year 2005. Current assets decreased by \$57.4 million due a reduction in cash of \$7.3 million and a reduction in short term investment of \$69 million, offset by an increase in remaining receivables of \$18.9 million, primarily from City of Chicago for construction reimbursement costs. These dollars were used to early retire outstanding bonds of \$30.4 million and increase long-term unrestricted and restricted investments (other assets) by \$40 million. Additionally, other assets increases were \$19 million in funds held by the Public Building Commission.

Capital assets increased \$57.2 million due to additional construction in progress on the Kennedy King campus, and renovation of Harold Washington and Malcolm X campuses. In fiscal year 2006, \$40.4 million in buildings, building improvements and equipment were retired, with a corresponding decrease in accumulated depreciation, in order to recognize the removal of parts of buildings that were remodeled. Also, the college increased its threshold for capitalization of equipment from \$5,000 per item to \$25,000 per item.



**Community College District No. 508**  
**Management's Discussion and Analysis** (*Unaudited*)  
**For the Year Ended June 30, 2006**

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Total current liabilities increased by \$3 million due to an increase in deferred grant revenue of \$11.2 million and a decrease of \$8.2 million in remaining current liabilities. Total non-current liabilities decreased by \$52 million in fiscal year 2006 due to a \$22.5 million principal payment of lease obligations and the extinguishment of \$30.4 million in bonds. During fiscal year 2006, the board authorized the transfer of \$35 million in unrestricted net assets to working cash restricted expendable - other and designated \$32 million of unrestricted net assets for future construction.

Total net assets as of June 30, 2005, increased to \$473 million from \$390 million in fiscal year 2004. Fiscal year 2005 current assets have increased \$33.7 million mainly due to an increase of \$33 million in short-term investments. Capital assets increased \$28.1 million due to additional construction in progress on the Kennedy King campus, renovation of Harold Washington and Malcolm X campuses, renovation of the South Shore Culinary center and continued investment in the PeopleSoft enterprise management system. Total non-current liabilities decreased by \$26.8 million in fiscal year 2005 due in part to a \$20.7 million principal payment of lease obligations.

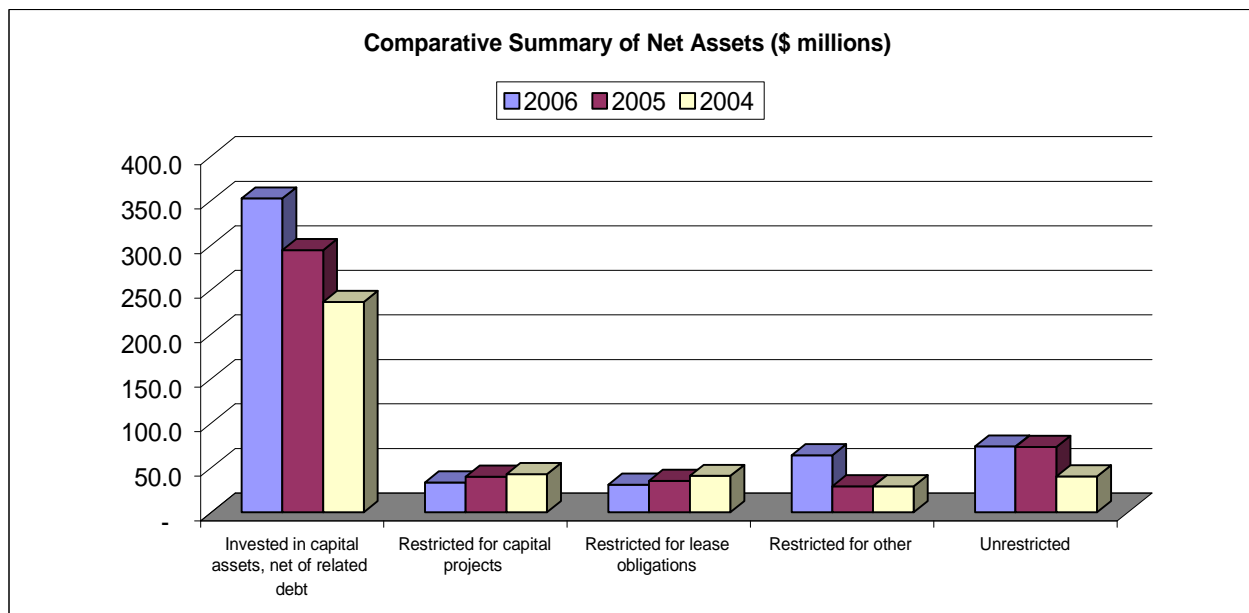
Key financial highlights for fiscal years 2006, 2005 and 2004 net assets are shown in Table 1.



**Community College District No. 508**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2006**

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

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Current assets	\$ 247.2	\$ 304.6	\$ (57.4)	\$ 270.9	\$ 33.7
Non-current assets					
Capital assets	603.3	586.5	16.8	558.4	28.1
Less depreciation	(194.6)	(213.2)	(18.6)	(222.7)	(9.5)
Other assets	133.9	78.2	55.7	83.5	(5.3)
<b>Total assets</b>	<b>\$ 789.8</b>	<b>\$ 756.1</b>	<b>\$ 33.7</b>	<b>\$ 690.1</b>	<b>\$ (66.0)</b>
Current liabilities	\$ 172.0	\$ 169.0	\$ 3.0	\$ 159.4	\$ 9.6
Non-current liabilities	62.0	114.0	(52.0)	140.8	(26.8)
<b>Total liabilities</b>	<b>\$ 234.0</b>	<b>\$ 283.0</b>	<b>\$ (49.0)</b>	<b>\$ 300.2</b>	<b>\$ (17.2)</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	\$ 352.6	\$ 294.7	\$ 57.9	\$ 236.3	\$ 58.4
Restricted for expendable:					
Capital projects	33.8	40.1	(6.3)	42.9	(2.8)
Lease obligation	31.1	35.5	(4.4)	41.0	(5.5)
Other	64.1	29.4	34.7	29.3	0.1
Unrestricted	74.2	73.4	0.8	40.5	32.9
<b>Total net assets</b>	<b>\$ 555.8</b>	<b>\$ 473.1</b>	<b>\$ 82.7</b>	<b>\$ 390.0</b>	<b>\$ 83.1</b>





**Community College District No. 508**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2006**

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

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>2004</u>	<u>Increase (Decrease)</u>
<b>Operating</b>					
Revenues	\$ 48.2	\$ 44.1	\$ 4.1	\$ 40.7	\$ 3.4
Expenses	<u>(316.3)</u>	<u>(302.3)</u>	<u>14.0</u>	<u>(366.2)</u>	<u>(63.9)</u>
Operating loss	(268.1)	(258.2)	9.9	(325.5)	(67.3)
<b>Non-operating</b>					
Revenues	305.9	300.0	\$ 5.9	349.4	\$ (49.4)
Expenses	<u>(12.7)</u>	<u>(12.5)</u>	<u>0.2</u>	<u>(14.2)</u>	<u>1.7</u>
Net non-operating revenue	293.2	287.5	5.7	335.2	(47.7)
Income before capital contributions	25.1	29.3	(4.2)	9.7	19.6
Capital contributions	<u>57.6</u>	<u>53.8</u>	<u>3.8</u>	<u>58.8</u>	<u>(5.0)</u>
Change in net assets	82.7	83.1	(0.4)	68.5	14.6
Net assets, beginning of year	<u>473.1</u>	<u>390.0</u>	<u>83.1</u>	<u>321.5</u>	<u>68.5</u>
Net assets, end of year	<u>\$ 555.8</u>	<u>\$ 473.1</u>	<u>\$ 82.7</u>	<u>\$ 390.0</u>	<u>\$ 83.1</u>

In fiscal year 2006, income before capital contributions decreased \$4.2 million for the year. Operating revenues increased by \$4.1 million due to a \$2.1 million increase in tuition and fees and a \$2 million increase in other revenues offset by operating expenses for the fiscal year increasing by \$14 million due to a \$10.7 million increase in staffing costs, a \$5 million increase in depreciation and a \$1.7 million decrease in scholarship allowances. This caused an increase in the operating loss of \$9.9 million.

Non-operating revenues increased by \$5.9 million due to a \$5.4 million increase in property taxes, \$2.8 million increase in personal property replacement taxes, \$3.4 million increase in investment income offset by a \$5.8 million decrease in other local state and federal grants.

In fiscal year 2005, a tuition increase of \$10.00 per credit hour caused operating revenues to increase by \$3.4 million generated primarily from a tuition and fees increase of \$7.5 million offset by a \$5.1 million increase in scholarship allowance.



**Community College District No. 508**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2006**

Operating expenses for fiscal year 2005 decreased by \$63.9 million, mainly due to a one-time payment of \$62.5 million made by the state to SURS on behalf of the City Colleges in fiscal year 2004. Adjusting for that, net operating expenses decreased by \$1.4 million. See table 4 on page 11.

Non-operating revenues for fiscal year 2005 decreased by \$49.4 million, mainly due to a one-time payment of \$62.5 million made by the state to State Universities Retirement System (SURS) on behalf of the City Colleges in fiscal year 2004, a one time litigation settlement in fiscal year 2004 of \$10.3 million, a increase in property taxes of \$9 million and other state grants and contracts of \$10.3 million.

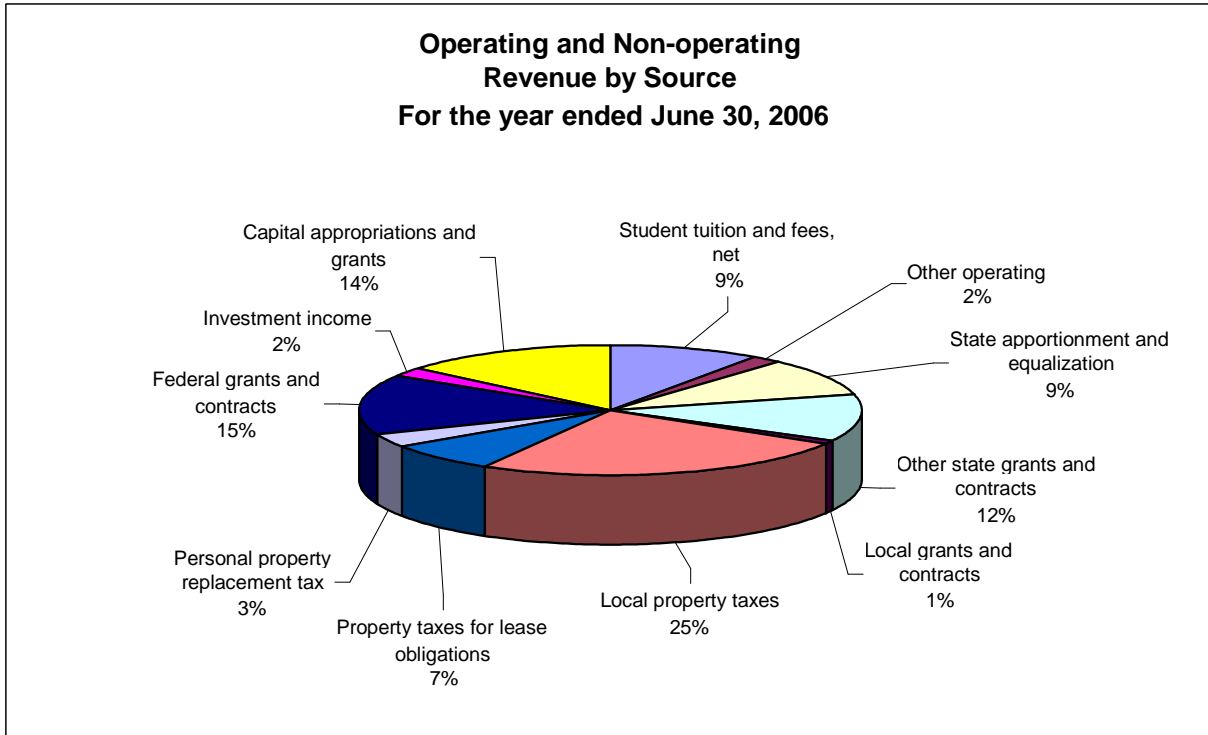
**Table 3**  
**Operating and Non-operating Revenues**  
*(in millions of dollars)*

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>2004</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>					
Student tuition and fees	\$ 67.6	\$ 63.7	\$ 3.9	\$ 56.2	\$ 7.5
Less scholarships	(27.6)	(25.9)	1.7	(20.8)	5.1
Other operating	<u>8.2</u>	<u>6.2</u>	<u>2.0</u>	<u>5.3</u>	<u>0.9</u>
Total operating revenues	48.2	44.0	4.2	40.7	3.3
<b>Non-operating revenues:</b>					
State apportionment and equalization	38.6	36.7	1.9	38.7	(2.0)
Other state grants and contracts	48.2	52.5	(4.3)	42.2	10.3
State contribution - SURS*	-	-	-	62.5	(62.5)
Local grants and contracts	3.6	4.3	(0.7)	4.1	0.2
Local property taxes	101.8	90.8	11.0	77.5	13.3
Property taxes for lease obligations	29.6	35.2	(5.6)	39.5	(4.3)
Personal property replacement tax	13.3	10.5	2.8	8.7	1.8
Federal grants and contracts	62.5	65.2	(2.7)	63.1	2.1
Litigation settlement	-	-	-	10.3	(10.3)
Investment income	<u>8.3</u>	<u>4.8</u>	<u>3.5</u>	<u>2.8</u>	<u>2.0</u>
Total non-operating revenues	305.9	300.0	5.9	349.4	(49.4)
Capital appropriations and grants	<u>57.6</u>	<u>53.8</u>	<u>3.8</u>	<u>58.8</u>	<u>(5.0)</u>
Total revenues	<u>\$ 411.7</u>	<u>\$ 397.8</u>	<u>\$ 13.9</u>	<u>\$ 448.9</u>	<u>\$ (51.1)</u>

\* Amount represents one-time payment: (See Note 14)

**Community College District No. 508  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2006**

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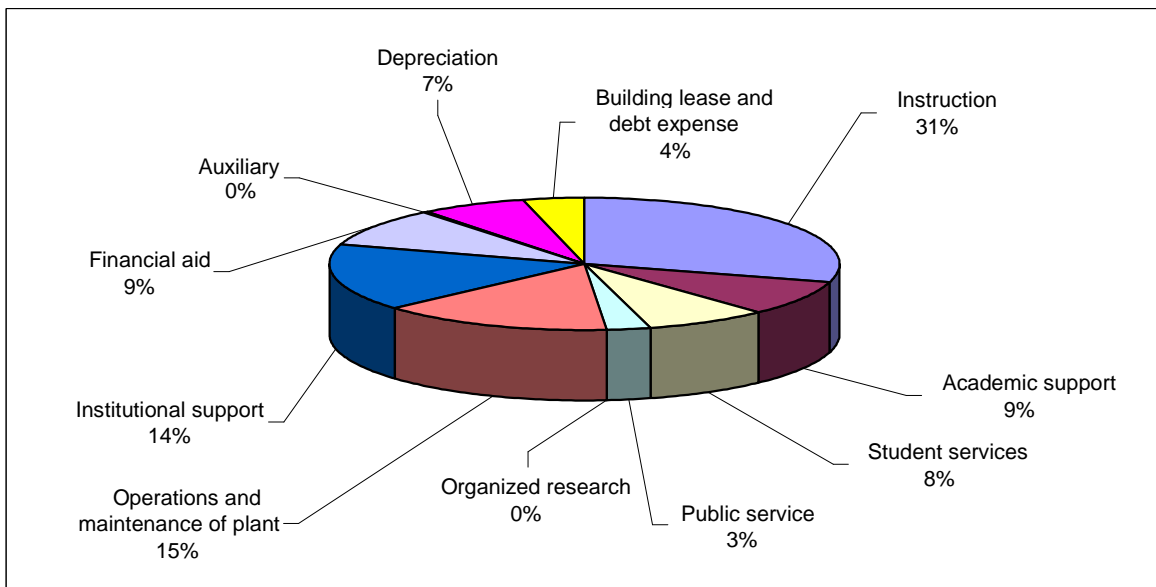




**Community College District No. 508**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2006**

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

	2006	2005	Increase (Decrease)	2004			Increase (Decrease)
				Total	SURS*	Adjusted Balance	
<b>Operating Expense</b>							
Instruction	\$ 97.1	\$ 100.9	\$ (3.8)	\$ 141.7	\$ 34.0	\$ 107.7	\$ (6.8)
Academic support	27.9	24.0	3.9	28.8	5.9	22.9	1.1
Student services	25.4	23.3	2.1	28.8	6.3	22.5	0.8
Public service	9.4	9.9	(0.5)	12.0	2.3	9.7	0.2
Organized research	0.2	0.5	(0.3)	0.2	-	0.2	0.3
Operations and maintenance of plant	47.9	41.9	6.0	39.8	7.3	32.5	9.4
Institutional support	53.9	47.9	6.0	62.1	6.4	55.7	(7.8)
Financial aid	31.4	35.6	(4.2)	34.3	-	34.3	1.3
Auxiliary	1.2	1.5	(0.3)	2.1	0.3	1.8	(0.3)
Depreciation	21.8	16.8	5.0	16.4	-	16.4	0.4
<b>Total Operating expenses</b>	<b>316.2</b>	<b>302.3</b>	<b>13.9</b>	<b>366.2</b>	<b>62.5</b>	<b>303.7</b>	<b>(1.4)</b>
<b>Non-operating expenses</b>							
Building lease and debt expense	12.7	12.5	0.2	14.2	-	14.2	(1.7)
<b>Total Expenses</b>	<b>\$ 328.9</b>	<b>\$ 314.8</b>	<b>\$ 14.1</b>	<b>\$ 380.4</b>	<b>\$ 62.5</b>	<b>\$ 317.9</b>	<b>\$ (3.1)</b>





**Community College District No. 508**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2006**

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

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>2004</u>	<u>Increase (Decrease)</u>
Capital Assets					
Land	\$ 17.4	\$ 17.4	\$ -	\$ 17.4	\$ -
Buildings and improvements	478.4	439.6	38.8	426.7	12.9
Construction in progress	70.2	87.0	(16.8)	72.6	14.4
Equipment	8.7	13.8	(5.1)	25.6	(11.8)
Software	<u>28.6</u>	<u>28.7</u>	<u>(0.1)</u>	<u>16.1</u>	<u>12.6</u>
Total	603.3	586.5	16.8	558.4	28.1
Less accumulated depreciation	<u>(194.6)</u>	<u>(213.2)</u>	<u>18.6</u>	<u>(222.7)</u>	<u>9.5</u>
Net capital assets	<u>\$ 408.7</u>	<u>\$ 373.3</u>	<u>\$ 35.4</u>	<u>\$ 335.7</u>	<u>\$ 37.6</u>

**Capital Assets**

As of June 30, 2006, City Colleges had \$603.3 million in capital assets, \$194.6 million in accumulated depreciation, and \$408.7 million in net capital assets. This investment in net capital assets includes land, buildings, and improvements; construction in progress; equipment; and software. The total increase in City Colleges' investment in net capital assets for the current fiscal year was \$35.4 million or 9.5%. City Colleges has a five-year capital renewal plan of \$1.2 billion of which only \$210 million is funded from local sources, and \$150 million of that amount is from the City of Chicago General Obligation Bonds, Series 1999. Additional state funding of \$78 million is subject to appropriation by the state.

Major capital asset events during fiscal year 2006 included the following:

- Continued construction of the new Kennedy-King facilities; construction in progress as of the close of the fiscal year had reached \$57.9 million.
- Completion of Harold Washington campus renovation cost to date of \$38.2 million.
- Completion of Malcolm X campus renovation cost to date of \$34.3 million.
- Retirement of fully-depreciated assets of \$34.6 million as part of above building addition of \$72.5 million.
- Retirement of fully-depreciated equipment of \$5.7 million.



**Community College District No. 508  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2006**

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**Capital Assets** (Continued)

As of June 30, 2005, City Colleges had \$586.5 million in capital assets, \$213.2 million in accumulated depreciation, and \$373.3 million in net capital assets. This investment in net capital assets includes land, buildings, and improvements; construction in progress; equipment; and software. The total increase in City Colleges' investment in net capital assets for fiscal year 2005 was \$37.6 million or 11.2%.

Major capital asset events during fiscal year 2005 included the following:

- Kennedy-King construction of new facilities; construction in progress as of the close of the fiscal year had reached \$40.9 million.
- PeopleSoft student administration and enterprise systems implementations and upgrades expenditures of \$9.3 million.
- Harold Washington campus renovation cost to date of \$27 million.
- Campus energy improvement program cost of \$12.6 million.
- Retirement of fully-depreciated equipment of \$16.8 million.

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

**Debt Administration**

As of June 30, 2006, City Colleges had total non-current liabilities of \$90.3 million before reduction of current maturities. This amount includes \$2.5 million for compensated absences, \$27.3 million of accumulated sick leave benefit liability for current employees and \$4.4 million of other post employment benefits for retired employees. The remaining debt of \$56.1 million represents capital lease obligations with the PBCC. The reduction in debt of \$52.6 million is due primarily to an early retirement of existing bonds of \$30.4 million, and lease payments totaling \$22.5 million.

As of June 30, 2005, City Colleges had total non-current liabilities of \$142.9 million before reduction of current maturities. This amount includes \$2.1 million for compensated absences, \$31.8 million of accumulated sick leave benefit liability for current and retired employees, and \$30.4 million for bonds payable. The remaining debt of \$78.6 million represents capital lease obligations with the PBCC. The reduction in debt of \$25.1 million is due primarily to the lease payment of \$20.8 million.

For additional information, See Note 13 (Changes in Non-Current Liabilities).



**Community College District No. 508**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2006**

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

	<b>2006</b>	<b>2005</b>	<b>Increase (Decrease)</b>	<b>2004</b>	<b>Increase (Decrease)</b>
Accrued compensated absences	\$ 2.5	\$ 2.1	\$ 0.4	\$ 1.7	\$ 0.4
Sick Leave Benefits	27.3	31.8	(4.5)	34.7	(2.9)
Other post retirement benefits	4.4	-	4.4	-	-
Bonds payable	-	30.4	(30.4)	32.2	(1.8)
Lease obligations	<u>56.1</u>	<u>78.6</u>	<u>(22.5)</u>	<u>99.4</u>	<u>(20.8)</u>
Sub-total	90.3	142.9	(52.6)	168.0	(25.1)
Less current portion	<u>(28.3)</u>	<u>(28.9)</u>	<u>0.6</u>	<u>(27.2)</u>	<u>(1.7)</u>
Total non-current liabilities	<u>\$ 62.0</u>	<u>\$ 114.0</u>	<u>\$ (52.0)</u>	<u>\$ 140.8</u>	<u>\$ (26.8)</u>

**Reclassifications**

Certain amounts presented in the 2005 financial statements have been reclassified in Management's Discussion and Analysis in order to be consistent with the presentation of the 2006 financial statements. For additional information, See Note 1.

**Requests for Information**

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

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# College-Wide Financial Statements

**City Colleges of Chicago  
Community College District No. 508  
Statement of Net Assets  
June 30, 2006 and 2005**

	<b>2006</b>	<b>Restated 2005</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,803,740	\$ 13,133,231
Short-term investments	117,124,888	186,111,100
Property tax receivable, net	72,132,337	70,905,811
Personal property replacement tax receivable	2,330,134	1,875,185
Other accounts receivable, net	49,001,969	30,422,796
Prepaid items and other assets	794,263	2,148,607
Total current assets	247,187,331	304,596,730
Non-current assets:		
Restricted cash	4,789,133	8,007,576
Funds held by Public Building Commission	41,954,126	22,936,999
Long-term investments	51,008,792	4,976,365
Restricted investments	36,172,611	42,242,813
Capital assets	603,336,250	586,535,320
Less: Accumulated depreciation	(194,626,987)	(213,237,741)
Total non-current assets	542,633,925	451,461,332
Total assets	789,821,256	756,058,062
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	7,471,790	15,006,368
Accrued payroll	4,961,742	3,869,720
Other accruals	2,333,822	5,091,888
Deferred salaries	2,332,048	2,998,401
Deposits held in custody for others	2,165,567	1,860,355
Deferred tuition and fees revenue	4,580,151	6,322,288
Deferred property tax revenue	66,489,843	64,230,370
Accrued property tax refunds	18,994,259	17,868,342
Deferred grant revenue	26,926,031	15,683,675
Other liabilities	7,454,213	7,102,096
Current portion of non-current liabilities	28,329,480	28,903,525
Total current liabilities	172,038,946	168,937,028
Non-current liabilities:		
Accrued compensated absences	2,503,498	2,080,036
Sick leave benefits	27,320,200	31,848,737
Other post employment benefits	4,429,624	-
Bonds payable	-	30,399,472
Lease obligations (Less current portion)	27,775,520	49,706,475
Total non-current liabilities	62,028,842	114,034,720
Total liabilities	234,067,788	282,971,748
<b>Net assets</b>		
Invested in capital assets, net of related debt	352,604,264	294,687,579
Restricted for expendable:		
Capital projects	44,140,970	40,141,921
Lease obligation	31,071,292	35,519,213
Other	64,113,553	29,343,965
Unrestricted	63,823,389	73,393,636
Total net assets	\$ 555,753,468	\$ 473,086,314

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

**City Colleges of Chicago**  
**Community College District No. 508**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the fiscal years ended June 30, 2006 and 2005**

<b>Revenues</b>	<b>2006</b>	<b>Restated 2005</b>
Operating revenues:		
Student tuition and fees:		
Resident	\$ 52,461,309	\$ 48,394,872
Nonresident	3,789,915	4,241,230
Other	11,327,106	11,097,960
Less: Scholarship allowances	<u>(27,658,747)</u>	<u>(25,926,423)</u>
Net student tuition and fees	39,919,583	37,807,639
Other operating revenues	<u>8,277,517</u>	<u>6,245,354</u>
Total operating revenues	48,197,100	44,052,993
<b>Expenses</b>		
Operating expenses:		
Instructional salaries	77,081,414	74,456,743
Non - instructional salaries	79,361,358	71,228,064
Fringe benefits	35,479,612	37,128,733
Supplies	16,133,171	14,984,870
Equipment not capitalized	2,291,005	5,176,669
Utilities	10,373,592	9,291,553
Contractual services	37,894,971	35,254,654
Depreciation	21,810,983	16,800,331
Financial aid, exclusive of scholarship allowance	31,470,269	34,141,440
Other expenses	<u>4,377,241</u>	<u>3,841,210</u>
Total operating expenses	<u>316,273,616</u>	<u>302,304,267</u>
Operating loss	(268,076,516)	(258,251,274)
Nonoperating revenues (expenses):		
State apportionment and equalization	38,580,616	36,692,418
Other state grants and contracts	48,190,000	52,507,309
Local grants and contracts	3,616,535	4,304,120
Local property taxes	101,823,185	90,808,565
Property taxes for lease obligations	29,592,741	35,165,454
Personal property replacement tax	13,307,576	10,499,413
Federal grants and contracts	62,483,048	65,190,589
Building lease and interest payments on debt	(12,687,374)	(12,531,839)
Investment income	<u>8,264,368</u>	<u>4,893,017</u>
Nonoperating revenues, net	<u>293,170,695</u>	<u>287,529,046</u>
Income before capital appropriations and grants	<u>25,094,179</u>	<u>29,277,772</u>
Capital appropriations and grants	<u>57,572,975</u>	<u>53,842,700</u>
Change in net assets	82,667,154	83,120,472
Net assets, beginning of year	<u>473,086,314</u>	<u>389,965,842</u>
<b>Net assets, end of year</b>	<u><u>\$ 555,753,468</u></u>	<u><u>\$ 473,086,314</u></u>

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



**City Colleges of Chicago**  
**Community College District No. 508**  
**Statement of Cash Flows**  
**For the fiscal years ended June 30, 2006 and 2005**

	<u>2006</u>	<u>Restated 2005</u>
<b>Cash flows from operating activities</b>		
Tuition and fees	\$ 35,438,560	\$ 39,023,835
Payments to suppliers	(108,605,728)	(86,052,804)
Payments to employees	(155,692,554)	(146,130,049)
Payments to students	(31,470,269)	(34,141,440)
Other	8,277,517	6,245,354
Net cash (used) by operating activities	<u>(252,052,474)</u>	<u>(221,055,104)</u>
<b>Cash flows from noncapital financing activities</b>		
Local property taxes except for capital lease payments	104,510,656	91,139,775
State appropriations	79,618,428	78,195,219
Personal property replacement tax	12,852,627	10,010,604
Grants and contracts	71,927,065	60,542,338
Principal and interest on debt, net	(3,094,309)	(3,863,720)
Net cash provided by noncapital financing activities	<u>265,814,467</u>	<u>236,024,216</u>
<b>Cash flows from capital and related financing activities</b>		
Local property taxes for capital lease payment	29,064,134	35,376,584
Capital lease principal, interest and other	(31,005,514)	(31,064,107)
Bonds payable	(30,973,517)	(136,617)
Capital appropriations and grants	20,773,986	45,301,281
Purchases of capital assets	(49,866,218)	(53,379,142)
Net cash provided by capital and related financing activities	<u>(62,007,129)</u>	<u>(3,902,001)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	256,499,284	160,044,154
Purchase of investments	(227,475,297)	(178,183,009)
Interest received on investments	8,673,215	4,994,265
Net cash (used) by investing activities	<u>37,697,202</u>	<u>(13,144,590)</u>
Net increase (decrease) in cash	(10,547,934)	(2,077,479)
Cash at beginning of year	21,140,807	23,218,286
Cash at end of year	<u>\$ 10,592,873</u>	<u>\$ 21,140,807</u>
Cash and cash equivalents	\$ 5,803,740	\$ 13,133,231
Restricted cash	4,789,133	8,007,576
	<u>\$ 10,592,873</u>	<u>\$ 21,140,807</u>

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

**City Colleges of Chicago  
Community College District No. 508  
Statement of Cash Flows  
For the fiscal years ended June 30, 2006 and 2005**

	<b>2006</b>	<b>Restated 2005</b>
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	\$ (268,076,516)	\$ (258,251,274)
Reconciling adjustments		
Depreciation	21,810,983	16,800,331
State payment for retirement obligation	7,152,188	11,004,508
Changes in net assets:		
Receivables, net	(2,738,886)	1,337,423
Prepaid expenses	426,991	599,884
Accounts payable	(7,534,578)	6,486,918
Accrued payroll	1,092,022	1,459,438
Other accruals	(2,758,066)	577,404
Deferred salaries	(666,353)	629,592
Deposit held in custody for others	305,212	95,849
Deferred tuition and fees	(1,742,137)	(121,227)
Other liabilities	352,117	860,322
Accrued compensated absences	423,462	360,147
Sick leave benefits	(4,528,537)	(2,894,419)
Other post employment benefits	4,429,624	-
Net cash used by operating activities	<b>\$ (252,052,474)</b>	<b>\$ (221,055,104)</b>

The State of Illinois provided \$7,356,449 and \$996,698 of in-kind capital assets during the years ended June 30, 2006 and 2005, respectively.

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

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# Notes to Financial Statements

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

**Notes to Financial Statements  
June 30, 2006**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The accompanying financial statements include 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 were determined not to be component units of City Colleges. The resources of PBCC are not received or held entirely or almost entirely for City Colleges, nor can City Colleges access a majority of PBCC's resources. The City Colleges of Chicago Foundation's resources are equivalent to less than 0.5% 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 Financial Statements**  
**June 30, 2006**

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**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 investment with original maturities of three months or less from the date of acquisition, except for Illinois funds and money market mutual funds, which are treated as investments.

**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.

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

**Notes to Financial Statements  
June 30, 2006**

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**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 include amounts due from the federal government, state and local governments, in connection with reimbursement of allowable expenditures made pursuant to City Colleges' grants and contracts. Accounts receivable 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 2/100 of one percent, follows a similar practice as Cook County. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

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

**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.

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

**Notes to Financial Statements  
June 30, 2006**

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

**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. Other assets consist primarily of unamortized bond costs and small amounts of military text books.

**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 the college consist of land, building, 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.

In fiscal year 2006, the institution changed its capitalization policy for movable property to include 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 capital assets and accumulated depreciation using a deflated replacement cost methodology.



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

**Notes to Financial Statements  
June 30, 2006**

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

**K. Capital Assets** *(Continued)*

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
Other equipment	5 - 8

**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 bonds and 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as other assets (deferred charges).

**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 Financial Statements**  
**June 30, 2006**

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

**O. Net Assets**

City Colleges' net assets are classified as follows:

*Invested In Capital Assets, Net of Related Debt*

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

*Restricted Net Assets – Expendable*

Restricted expendable net assets include resources that the City Colleges' is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is City Colleges' policy to use restricted resources first and then unrestricted resources when they are needed. It also includes resources that the City Colleges is restricted from spending by statute except if the Board of Trustees decides to eliminate the funds.

*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 discounts and 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 Financial Statements**  
**June 30, 2006**

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**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. Prior Period Adjustments and Reclassifications**

The table presented on the following page shows the effect of the elements of prior period adjustments and reclassifications of certain fiscal year 2005 balances.

**Prior Period Adjustments**

Subsequent to the issuance of the June 30, 2005 financial statements, City Colleges of Chicago determined that book store vouchers were misclassified as a component of scholarship allowance instead of financial aid expense. Accordingly, the 2005 financial statements have been restated by \$15,917,938 to correct the error and to adjust for the effects of the priority system for the allocation of student aid adopted during fiscal year 2006. Related amounts on the Statement of Cash Flows have been corrected accordingly.

In addition to the above, the misclassification of a portion of restricted cash for fiscal year ended 2005 has been corrected and adjusted to cash and cash equivalents. There was also a misclassification of certain prepaid items and other assets for fiscal year 2005 that has been corrected and adjusted to other accounts receivable. Related amounts on the Statement of Cash Flows have been corrected accordingly.

On the Statement of Cash Flows, Purchase of Capital Assets and Capital Appropriations and Grants have both been corrected and adjusted by \$10,793,631, primarily due to a misclassification of Funds Held by PBCC. Additionally, a misclassification of \$2,696,016 in State Appropriations was corrected and adjusted from Grants and Contracts (\$1,274,471) and Capital Appropriations and Grants of (\$1,421,542). All of these adjustments represent correction of errors.

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

**Notes to Financial Statements  
June 30, 2006**

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

**T. Prior Period Adjustments and Reclassifications** *(Continued)*

**Reclassification**

\$6,788,260 of the non-instructional salaries financial statement caption for the fiscal year ended June 30, 2005 have been reclassified as instructional salaries due to a change in the definition of instructional salaries expense for financial reporting purposes. City Colleges revised its definition of instructional salaries expense to encompass all salary expenses that support the function of instruction, which includes faculty, department chairpersons, administrators, and support staff. In previous years, the instructional salaries expense did not include administrators and support staff that supported the function of instruction.

The impact of the prior period adjustments and reclassifications is identified in the table below. There was no impact on the change in net assets for fiscal year 2005.

Statement of Net Assets

	<u>6/30/2005</u> <u>As issued</u>	<u>Cash/</u> <u>Restricted</u>	<u>Prepaid/</u> <u>Other accts rec</u>	<u>6/30/2005</u> <u>Restated</u>
Current assets				
Cash and cash equivalents	\$ 13,070,506	\$ 62,725	\$ -	\$ 13,133,231
Other accounts receivable, net	30,133,520	-	289,276	30,422,796
Prepaid items and other assets	2,437,883	-	(289,276)	2,148,607
Non current assets				
Restricted cash	8,070,301	(62,725)	-	8,007,576

Statement of Revenues, Expenses and Changes in Net Assets

	<u>6/30/2005</u> <u>As issued</u>	<u>Scholarship/</u> <u>(Financial aid)</u>	<u>Instructional/</u> <u>Non-instructional</u>	<u>6/30/2005</u> <u>Restated</u>
Less: Scholarship allowances	(41,844,361)	15,917,938	-	(25,926,423)
Operating expenses				
Instructional salaries	(67,668,483)	-	(6,788,260)	(74,456,743)
Non - instructional salaries	(78,016,324)	-	6,788,260	(71,228,064)
Financial aid, net of scholarship allowance	\$ (18,223,502)	\$ (15,917,938)	\$ -	\$ (34,141,440)

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

**Notes to Financial Statements  
June 30, 2006**

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

**T. Prior Period Adjustments and Reclassifications** *(Continued)*

Statement of Cash Flows

	<u>6/30/2005</u> <u>As issued</u>	<u>Reclassification</u>	<u>Correction</u> <u>of error</u>	<u>6/30/2005</u> <u>Restated</u>
Cash flow from operating activities				-
Tuition and fees	23,395,173	15,628,662		39,023,835
Payments to suppliers	(86,342,077)	289,273		(86,052,804)
Payments to students	(18,223,502)	(15,917,938)		(34,141,440)
Cash flows from noncapital financing activities				
State appropriations	75,499,203		2,696,016	78,195,219
Grants and contracts	61,816,809		(1,274,471)	60,542,338
Cash flows from capital and related financing activities				
Capital appropriations and grants	57,516,455		(12,215,174)	45,301,281
Purchase of capital assets	(64,172,774)		10,793,632	(53,379,142)
Reconciliation of operating loss to net cash used by operating activities				
Receivables, net	1,626,699	(289,276)		1,337,423
Prepaid expenses	310,609	289,275		599,884

**U. New Accounting Standards**

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* is effective for financial statements for periods beginning after December 14, 2004. In fiscal year 2006, City Colleges implemented this standard with no financial impact.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, which establishes and modifies requirements related to the supplementary information presented in a statistical section, is effective for financial statements for periods beginning after June 15, 2005. In fiscal year 2006, City Colleges implemented this standard.

GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*, which establishes standards of accounting and financial reporting for other post-employment benefits and expenses and assets, note disclosures and required supplementary information, is effective for financial statements for periods beginning after December 15, 2006. In fiscal year 2006, City Colleges implemented this standard. **(See Note 15)**

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

**Notes to Financial Statements**  
**June 30, 2006**

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

**U. New Accounting Standards**

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation-an amendment of GASB Statement No. 34*, which states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration, is effective for financial statements for period beginning after June 15, 2005. In fiscal year 2006, City Colleges implemented this standard with no financial impact.

GASB Statement No. 47, *Accounting for Termination Benefits*, which establishes accounting standards for termination benefits, and is effective with the implementation of GASB Statement No. 45. In fiscal year 2006, City Colleges implemented this standard with no financial impact.

**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.

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

**Notes to Financial Statements**  
**June 30, 2006**

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**2. DEPOSITS AND INVESTMENTS** *(Continued)*

**Deposits with Financial Institutions**

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

On June 30, 2006, City Colleges had one uncollateralized deposit for \$344,646 pending outstanding checks. On June 30, 2005, City Colleges had one uncollateralized deposit for one day of \$3.5 million pending an investment purchase, and two deposits totaling less than \$25,000.

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, except for funds held by the defeasement of debt where the maturities coincide with the debt payment schedule. 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.

*Custodial credit risk* – relating to investments, 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, 2006 and 2005 respectively, 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.

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

**Notes to Financial Statements**  
**June 30, 2006**

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**2. DEPOSITS AND INVESTMENTS** *(Continued)*

**Deposits with Financial Institutions** *(Continued)*

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, 2006, which approximates fair value, is \$204,306,291. The amount at June 30, 2005 was \$233,330,278.



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

**Notes to Financial Statements  
June 30, 2006**

**2. DEPOSITS AND INVESTMENTS** (Continued)

**Deposits with Financial Institutions** (Continued)

City Colleges' investments are shown in the following tables:

<u>Investment Type</u>	<u>June 30, 2006</u>	<u>Investment Maturities (in years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 2</u>
US Treasury Obligations (Notes)	\$ 29,794,798	\$ -	\$ 29,794,798
Federal Agency Securities	10,387,150	-	10,387,150
Federal National Mortgage Association	17,520,066	4,995,300	12,524,766
Tennessee Valley Authority	8,638,281		8,638,281
Illinois Funds (Money Market)	21,342,281	21,342,281	-
Illinois Funds (Prime)	89,791,107	89,791,107	-
Money Market Mutual Funds	25,836,408	25,836,408	-
Commercial Paper	996,200	996,200	-
Total investments	<u>\$ 204,306,291</u>	<u>\$ 142,961,296</u>	<u>\$ 61,344,995</u>

<u>Investment Type</u>	<u>June 30, 2005</u>	<u>Investment Maturities (in years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 2</u>
US Treasury Obligations (Bills)	\$ 10,495,170	\$ 10,495,170	\$ -
US Treasury Obligations (Notes)	19,026,464	19,026,464	-
Federal Agency Securities	27,260,595	21,648,075	5,612,520
Federal National Mortgage Association	16,845,066	16,845,066	-
Tennessee Valley Authority	10,829,236	-	10,829,236
Illinois Funds (Money Market)	32,163,200	32,163,200	-
Illinois Funds (Prime)	91,286,165	91,286,165	-
Money Market Mutual Funds	25,424,382	25,424,382	-
Total investments	<u>\$ 233,330,278</u>	<u>\$ 216,888,522</u>	<u>\$ 16,441,756</u>

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Per Statement of Net Assets:		
Cash and cash equivalent	\$ 5,803,740	\$ 13,133,231
Restricted cash	4,789,133	8,007,576
Total Cash	<u>\$ 10,592,873</u>	<u>\$ 21,140,807</u>
Investments:		
Short-term investments	\$ 117,124,888	\$ 186,111,100
Long-term investments	51,008,792	4,976,365
Restricted investments	36,172,611	42,242,813
Total Investments	<u>\$ 204,306,291</u>	<u>\$ 233,330,278</u>
Per Notes:		
Cash	\$ 10,580,769	\$ 21,128,503
Petty cash	12,104	12,304
Total Cash	<u>\$ 10,592,873</u>	<u>\$ 21,140,807</u>
Total Investments	<u>\$ 204,306,291</u>	<u>\$ 233,330,278</u>

**City Colleges of Chicago  
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**3. OTHER ACCOUNTS RECEIVABLE**

City Colleges' other accounts receivable consist of the following:

	<b>June 30</b>	
	<b>2006</b>	<b>2005</b>
Student	\$ 9,200,863	\$ 4,978,315
Grants	8,070,018	13,862,393
Capital improvement	35,378,332	13,745,669
Other	1,667,872	609,284
Gross other accounts receivable	54,317,085	33,195,661
Less: Allowance for uncollectibles	(5,315,116)	(2,772,865)
Net other accounts receivable	\$ 49,001,969	\$ 30,422,796

**4. RESTRICTED ASSETS**

City Colleges' restricted assets consist of the following:

	<b>June 30</b>	
	<b>2006</b>	<b>2005</b>
(A) Cash	\$ 4,789,133	\$ 8,007,576
(B) Funds held by PBCC	41,954,126	22,936,999
(C) Restricted investments	36,172,611	42,242,813
Total restricted assets	\$ 82,915,870	\$ 73,187,388

Reserved for:

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

**City Colleges of Chicago  
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**Notes to Financial Statements  
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**5. CAPITAL ASSETS**

On August 8, 2000, the City of Chicago agreed to provide the funds for a capital improvement program, which includes the construction of Kennedy-King Campus and other capital renovations for City Colleges. The City of Chicago had a balance available of \$170,458,028, and \$194,368,064 for City Colleges' projects as of June 30, 2006 and 2005, respectively. These funds are provided from proceeds of City of Chicago general obligation bonds. In connection therewith, City Colleges agreed to abate a portion of its direct annual tax levy on its debt service for lease obligations for the years 2001 through 2006 in amounts equal to the City of Chicago's debt service requirements for the bonds for those years. City Colleges agreed to provide and restrict funds from its own resources for payments to be made under its PBCC agreements through 2006. (See Note 4)

In fiscal year 2006, City Colleges adopted a new capitalization policy, for all equipment which has a cost or net book value of \$25,000 or more with an estimated useful life greater than one year be capitalized. Due to the new policy, all equipment under this threshold was retired, which amounted to \$5,796,952 which increased depreciation for the year by \$2,086,480.

In fiscal year 2006, renovations were completed which had a life to date cost of \$73,329,758. In accordance with the policy explained in Note 1.I, retirements in the amount of \$34,624,787 were recorded.

**City Colleges of Chicago  
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**5. CAPITAL ASSETS** *(Continued)*

Capital asset activity for the years ended June 30, 2006 and 2005 is as follows:

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>June 30, 2006</u>
Capital assets not being depreciated:				
Land	\$ 17,388,173	\$ -	\$ -	\$ 17,388,173
Construction work in progress	<u>87,031,126</u>	<u>57,070,372</u>	<u>(73,899,840)</u>	<u>70,201,658</u>
Subtotal	104,419,299	57,070,372	(73,899,840)	87,589,831
Capital assets being depreciated:				
Equipment	13,830,775	722,379	(5,796,952)	8,756,202
Software	28,639,679	-	-	28,639,679
Buildings and improvements	<u>439,645,567</u>	<u>73,329,758</u>	<u>(34,624,787)</u>	<u>478,350,538</u>
Subtotal	<u>482,116,021</u>	<u>74,052,137</u>	<u>(40,421,739)</u>	<u>515,746,419</u>
Total capital assets	586,535,320	131,122,509	(114,321,579)	603,336,250
Accumulated depreciation:				
Equipment	5,465,147	3,707,051	(5,796,952)	3,375,246
Software	13,351,459	5,370,632	-	18,722,091
Buildings and improvements	<u>194,421,135</u>	<u>12,733,302</u>	<u>(34,624,787)</u>	<u>172,529,650</u>
Total accumulated depreciation	<u>213,237,741</u>	<u>21,810,985</u>	<u>(40,421,739)</u>	<u>194,626,987</u>
Capital assets, net	<u>\$ 373,297,579</u>	<u>\$ 109,311,524</u>	<u>\$ (73,899,840)</u>	<u>\$ 408,709,263</u>
Cost of buildings and improvements acquired under capital leases (included in total capital assets above)	<u>\$ 391,825,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,825,192</u>
	<u>July 1, 2004</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>June 30, 2005</u>
Capital assets not being depreciated:				
Land	\$ 17,388,173	\$ -	\$ -	\$ 17,388,173
Construction work in progress	<u>72,653,608</u>	<u>49,346,487</u>	<u>(34,968,969)</u>	<u>87,031,126</u>
Subtotal	90,041,781	49,346,487	(34,968,969)	104,419,299
Capital assets being depreciated:				
Equipment	25,631,007	5,029,354	(16,829,586)	13,830,775
Software	16,081,153	12,558,526	-	28,639,679
Buildings and improvements	<u>426,685,662</u>	<u>22,410,443</u>	<u>(9,450,538)</u>	<u>439,645,567</u>
Subtotal	<u>468,397,822</u>	<u>39,998,323</u>	<u>(26,280,124)</u>	<u>482,116,021</u>
Total capital assets	558,439,603	89,344,810	(61,249,093)	586,535,320
Accumulated depreciation:				
Equipment	20,988,100	1,306,633	(16,829,586)	5,465,147
Software	9,078,428	4,273,031	-	13,351,459
Buildings and improvements	<u>192,651,006</u>	<u>11,220,667</u>	<u>(9,450,538)</u>	<u>194,421,135</u>
Total accumulated depreciation	<u>222,717,534</u>	<u>16,800,331</u>	<u>(26,280,124)</u>	<u>213,237,741</u>
Capital assets, net	<u>\$ 335,722,069</u>	<u>\$ 72,544,479</u>	<u>\$ (34,968,969)</u>	<u>\$ 373,297,579</u>
Cost of buildings and improvements acquired under capital leases (included in total capital assets above)	<u>\$ 391,825,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,825,192</u>

**City Colleges of Chicago  
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**Notes to Financial Statements  
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**6. NET ASSETS**

The Board of Trustees of City Colleges has designated certain unrestricted net assets for capital projects. At June 30, 2005, the Board designated net assets was \$6.3 million of which \$1.5 million was spent in fiscal year 2006. In fiscal year 2006, the Board designated \$32 million for future construction from accumulated personal property tax revenue for a total of \$36.8 million designated as of June 30, 2006.

**7. LEASES**

**A. Capital Leases**

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

Total costs of buildings and improvements acquired under capital leases amounted to \$391,825,192 in fiscal year 2006 and 2005. (See Note 5)

Obligations under these lease agreements as of June 30, 2006 and June 30, 2005 including principal and interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
2007	\$ 24,410,000	\$ 3,481,310	\$ 7,275,000	\$ 35,166,310
2008	<u>31,695,000</u>	<u>1,220,258</u>	<u>2,250,000</u>	<u>35,165,258</u>
June 30, 2006	<u>\$ 56,105,000</u>	<u>\$ 4,701,568</u>	<u>\$ 9,525,000</u>	<u>\$ 70,331,568</u>
	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
2006	\$ 22,505,000	\$ 5,464,856	\$ 7,200,000	\$ 35,169,856
2007	24,410,000	3,481,310	7,275,000	35,166,310
2008	<u>31,695,000</u>	<u>1,220,258</u>	<u>2,250,000</u>	<u>35,165,258</u>
June 30, 2005	<u>\$ 78,610,000</u>	<u>\$ 10,166,424</u>	<u>\$ 16,725,000</u>	<u>\$ 105,501,424</u>

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

**City Colleges of Chicago  
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**Notes to Financial Statements  
June 30, 2006**

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**7. LEASES** *(Continued)*

**A. Capital Leases** *(Continued)*

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

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

Funds held by the PBCC at June 30, 2006 and 2005 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.

**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 \$1,132,030 for the year ended June 30, 2006.

Operating lease expense was \$697,656 for the year ended June 30, 2005.

**City Colleges of Chicago  
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**Notes to Financial Statements  
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**7. LEASES** (Continued)

**B. Operating Leases** (Continued)

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

	<b><u>June 30, 2006</u></b>
2007	538,612
2008	554,770
2009	556,487
2010	570,197
2011	587,303
2012 - 2015	<u>2,031,731</u>
June 30, 2006	<u><u>\$ 4,839,100</u></u>

	<b><u>June 30, 2005</u></b>
2006	\$ 522,924
2007	538,612
2008	554,770
2009	556,487
2010	570,197
2011 - 2015	<u>2,619,034</u>
June 30, 2005	<u><u>\$ 5,362,024</u></u>

**8. OTHER ACCRUALS AND OTHER LIABILITIES**

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

	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Other accruals</b>		
Accrued interest payable	\$ 1,078,300	\$ 2,107,693
Accrued for services	902,110	575,465
Accrued for goods	<u>353,412</u>	<u>2,408,730</u>
Total other accruals	<u><u>\$ 2,333,822</u></u>	<u><u>\$ 5,091,888</u></u>
<b>Other liabilities</b>		
Self insurance	\$ 2,716,632	\$ 3,683,508
Unclaimed property	2,161,274	1,888,987
Other	<u>2,576,307</u>	<u>1,529,601</u>
Total other liabilities	<u><u>\$ 7,454,213</u></u>	<u><u>\$ 7,102,096</u></u>

**City Colleges of Chicago  
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**Notes to Financial Statements  
June 30, 2006**

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**9. ACCRUED PROPERTY TAXES**

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

<b>December</b>	<b>Cook County</b>	<b>DuPage County</b>
2005	\$59,268,296,045	\$6,296,295
2004	55,302,579,309	6,543,343
2003	53,137,668,356	6,792,347
2002	45,302,653,075	6,871,030

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2005 tax year and collected in 2006 are recorded as revenue in fiscal year 2006. The remaining revenue related to the 2005 tax year extension was deferred and will be recorded as revenue in fiscal year 2007. Based upon collection histories, City Colleges records real property taxes at 96% of the 2005 extended levy. Accordingly, in fiscal year 2006 City Colleges' reserve for loss and cost has been increased to \$2,860,973. Accrued property tax refunds in 2006 increased to \$18,994,259.

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2004 tax year and collected in 2005 are recorded as revenue in fiscal year 2005. The remaining revenue related to the 2004 tax year extension was deferred and recorded as revenue in fiscal year 2006. Based upon collection histories, City Colleges recorded real property taxes at 96% of the 2004 extended levy. Accordingly, in fiscal year 2005 City Colleges' reserve for loss and cost has been increased to \$2,692,445. Accrued property tax refunds in 2005 increased to \$17,868,342.

**10. ACCRUED COMPENSATED ABSENCES**

At June 30, 2006, City Colleges had recorded a liability of \$2,503,498 for compensated absences. At June 30, 2005, the liability was \$2,080,036. City Colleges estimates 25% of these liabilities current and due within one year. (See Note 13)



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**Notes to Financial Statements  
June 30, 2006**

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**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%, (2) future payments discounted by 5% interest factor in 2006, a 3.5% interest factor in 2005, 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, 2006, City Colleges accrued \$22,191,441 for the estimated present value of these future retiree benefits for current employees and \$5,128,759 in benefits payable to retired employees for a total of \$27,320,200. (See Note 13)

At June 30, 2005, City Colleges accrued \$24,557,307 for the estimated present value of these future retiree benefits for current employees and \$7,291,430 in benefits payable to retired employees for a total of \$31,848,737. (See Note 13)

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**12. BONDS PAYABLE**

In December 1995, City Colleges issued \$36,245,000 in 20-year revenue bonds at a discount of \$329,388 to retire a prior note payable of \$33,785,000. The Community College District Number 508 Refunding Revenue Bonds, Series 1995 (Taxable) are special, limited obligations of the City Colleges. The bonds are due in annual installments, including interest at 5.9% to 6.9%, beginning May 1, 1996, and ending May 1, 2015. City Colleges has pledged its share of collections of the State of Illinois Personal Property Replacement Tax in amounts sufficient to pay the principal and interest on the bonds. These bonds were retired from investments in the working cash restricted expendable – other fund, in fiscal year 2006. In fiscal year 2006, these bonds and the related warrants were retired at a premium of \$1,227,900.

As of June 30, 2005, the bonds matured as shown on the table below:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 2,200,000	\$ 2,054,070	\$ 4,254,070
2007	2,370,000	1,909,970	4,279,970
2008	2,500,000	1,753,550	4,253,550
2009	2,675,000	1,586,050	4,261,050
2010	2,850,000	1,404,150	4,254,150
2011-2015	17,250,000	3,783,500	21,033,500
	<u>29,845,000</u>	<u>12,491,290</u>	<u>42,336,290</u>
Unamortized premium (net)	554,472	-	554,472
June 30, 2005	<u>\$ 30,399,472</u>	<u>\$ 12,491,290</u>	<u>\$ 42,890,762</u>

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

	<u>2006</u>	<u>2005</u>
Assessed Valuation	\$ 59,274,592,340	\$ 55,309,122,652
Debt Margin Ratio	<u>0.02875</u>	<u>0.02875</u>
Maximum Debt	1,704,144,530	1,590,137,276
Debt balance as of June 30	<u>56,105,000</u>	<u>108,455,000</u>
Remaining Debt Capacity	<u>\$ 1,648,039,530</u>	<u>\$ 1,481,682,276</u>

**City Colleges of Chicago  
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**13. CHANGES IN NON-CURRENT LIABILITIES**

Changes in non-current liabilities for the years ended June 30, 2006 and 2005 are summarized in the table below:

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2006</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 2,080,036	\$ 2,985,424	\$ (2,561,962)	\$ 2,503,498	\$ 625,875
Sick leave benefits	31,848,737	(1,181,879)	(3,346,658)	27,320,200	3,293,605
Other post retirement benefits	-	12,851,308	(8,421,684)	4,429,624	-
Bonds payable	30,399,472	-	(30,399,472)	-	-
Lease obligations	78,610,000	-	(22,505,000)	56,105,000	24,410,000
	<u>\$ 142,938,245</u>	<u>\$ 14,654,853</u>	<u>\$ (67,234,776)</u>	<u>\$ 90,358,322</u>	<u>\$ 28,329,480</u>

	<u>July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2005</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 1,719,889	\$ 2,547,066	\$ (2,186,919)	\$ 2,080,036	\$ 520,008
Sick leave benefits	34,743,156	887,892	(3,782,311)	31,848,737	3,678,517
Bonds payable	32,218,928	(119,456)	(1,700,000)	30,399,472	2,200,000
Lease obligations	99,375,000	-	(20,765,000)	78,610,000	22,505,000
	<u>\$ 168,056,973</u>	<u>\$ 3,315,502</u>	<u>\$ (28,434,230)</u>	<u>\$ 142,938,245</u>	<u>\$ 28,903,525</u>

**14. EMPLOYEE RETIREMENT PENSION PLAN**

**Plan Description:** City Colleges contributes to the State Universities Retirement System of Illinois (SURS) defined benefit and defined contribution plans. SURS is a cost-sharing, multiple-employer defined pension plan with a special funding situation, whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, certain other state educational and scientific agencies, and for survivors, dependents, and other beneficiaries of such employees. SURS is included in the State's financial reports as a pension trust fund. SURS is governed by section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

**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 10.77%, 11.12%, and 11.13% of annual covered payroll for fiscal year 2006, 2005, and 2004, respectively. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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**Notes to Financial Statements  
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**14. EMPLOYEE RETIREMENT PENSION PLAN** *(Continued)*

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

<b>Fiscal Year</b>	<b>Amount</b>
2006	\$ 7,152,188
2005	11,004,508
2004	76,049,885
2003	11,877,545

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

<b>Fiscal Year</b>	<b>Amount</b>
2006	\$ 1,028,782
2005	790,100
2004	508,757
2003	260,111

**15. OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description:** In addition to providing the pension benefits described, 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. The activity of the plan is reported in City Colleges' Education sub-fund.

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

**Benefits Provided:** City Colleges pays approximately 87% 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, 2006, membership consisted of:

Retirees and beneficiaries currently receiving benefits	658
Terminated employees entitled to benefits but not yet receiving them	-
Active employees – non-vested	-
Active employees – vested	<u>1,569</u>
<b>TOTAL</b>	<u><b>2,227</b></u>

Participating Employers	<u>1</u>
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**Funding Policy:** The contribution percentages are negotiated between City Colleges and the retirees. Currently, City Colleges contributes approximately 87% of the premium. For the fiscal year ended June 30, 2006, City Colleges contributed \$8,421,684. City Colleges is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future.

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 2006 were as follows:

Annual OPEB Costs	\$12,851,308
Less Employer Contribution	(8,421,684)
Net OPEB Obligation at June 30, 2006	\$ <u>4,429,624</u>
Percentage of Annual OPEB Cost Contributed	<u>65.5%</u>

**City Colleges of Chicago**  
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**Notes to Financial Statements**  
**June 30, 2006**

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

The funded status of the plan as of June 30, 2006 was as follows:

Actuarial Value of Assets	\$ -
Actuarial Accrued Liability (AAL)	<u>114,673,652</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$114,673,652</u>
Funded Ratio (actuarial value of assets/AAL)	-%
Covered Payroll (active plan members)	\$ 87,441,937
UAAL as a Percentage of Covered Payroll (AAL less Actuarial Value of Assets / UAAL)	131%

For the fiscal year ending June 30, 2006, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 5.00% discount rate, and an annual healthcare cost trend rate of 11.00%. The actuarial value of assets was not determined as City Colleges has not advance-funded its obligation.

Prior to 2006, City Colleges provided access to certain post-retirement health care benefits for retired employees who meet eligibility requirements. Eligibility varies by employee group, and is based on years of service, age, and, in some cases, being eligible to receive a State Universities Retirement System pension. Post-retirement health care benefits are subsidized by City Colleges for a limited time period, which is generally 10 years after normal retirement or early retirement through age 70. Approximately 1,144 retirees and 661 dependents of retirees were enrolled in the health care program as of June 30, 2005. City Colleges incurred approximately \$4.9 million of expenditures in fiscal year 2005, which was offset by retiree contributions and ICCB grant funds. The college financed the Plan on a pay-as-you-go-basis.

**16. RISK MANAGEMENT**

City Colleges is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. City Colleges self-insures some of the risk and purchases commercial insurance for others. City Colleges purchased property insurance for leases exceeding \$50,000. There have been no significant reductions in insurance coverage from the prior year and claims have not exceeded coverage in any of the past three fiscal years.

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

**Notes to Financial Statements**  
**June 30, 2006**

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**16. RISK MANAGEMENT** *(Continued)*

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

City Colleges follows the practice of recognizing the expenses for general liability claims in the year such settlements become probable and estimable. City Colleges has accrued for estimated future claims of \$184,300 and \$805,300, as of June 30, 2006 and 2005, 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 \$400,000 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 \$1,266,000 and \$1,650,000, as of June 30, 2006 and 2005, 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 accrued. **(See Note 8)**

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

**Notes to Financial Statements  
June 30, 2006**

**16. RISK MANAGEMENT** *(Continued)*

**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 \$1,266,332 and \$1,228,208 as of June 30, 2006 and 2005, respectively that have been incurred, but not claimed.

**Summary of Changes in Self-Insurance**

	<u>June 30, 2005</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2006</u>	<u>Amounts due within one year</u>
General liability	\$ 805,300	\$ 270,441	\$ (891,441)	\$ 184,300	\$ 184,300
Workers' compensation	1,650,000	(52,200)	(331,800)	1,266,000	1,266,000
Health insurance	<u>1,228,208</u>	<u>22,843,516</u>	<u>(22,805,392)</u>	<u>1,266,332</u>	<u>1,266,332</u>
	<u>\$ 3,683,508</u>	<u>\$ 23,061,757</u>	<u>\$ (24,028,633)</u>	<u>\$ 2,716,632</u>	<u>\$ 2,716,632</u>
	<u>June 30, 2004</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2005</u>	<u>Amounts due within one year</u>
General liability	\$ 1,187,417	\$ (516,999)	\$ 134,882	\$ 805,300	\$ 805,300
Workers' compensation	959,215	1,044,454	(353,669)	1,650,000	1,650,000
Health insurance	<u>1,356,483</u>	<u>20,957,038</u>	<u>(21,085,313)</u>	<u>1,228,208</u>	<u>1,228,208</u>
	<u>\$ 3,503,115</u>	<u>\$ 21,484,493</u>	<u>\$ (21,304,100)</u>	<u>\$ 3,683,508</u>	<u>\$ 3,683,508</u>

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

**17. COMMITMENTS AND CONTINGENCIES**

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

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



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# 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 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 notes, 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.

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

**Table A**

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

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b>Net Assets:</b>					
Invested in Capital Assets:					
Net of Related Debt	\$ 148,929,726	\$ 177,343,175	\$ 236,347,069	\$ 294,687,579	\$ 352,604,264
Restricted for expendable:					
Capital Projects	28,638,527	39,582,014	42,869,202	40,141,921	44,140,970
Lease Obligations	50,754,925	46,428,742	40,948,750	35,519,213	31,071,292
Other	15,926,240	25,492,094	29,270,135	29,343,965	64,113,553
Unrestricted:	30,144,800	32,103,031	40,530,686	73,393,636	63,823,389
<b>Total Net Assets</b>	<u>\$ 274,394,218</u>	<u>\$ 320,949,056</u>	<u>\$ 389,965,842</u>	<u>\$ 473,086,314</u>	<u>\$ 555,753,468</u>

**Source:** City Colleges of Chicago Comprehensive Annual Financial Reports

**Note:** The College implemented GASB Statement No. 34 for the year ended June 30, 2002

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

**Table B**

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

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b>Operating Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	\$ 22,822,647	\$ 26,486,436	\$ 35,409,540	\$ 37,807,639	\$ 39,919,583
Other operating revenues	5,345,493	11,385,809	5,276,250	6,245,354	8,277,517
Total operating revenues	<u>28,168,140</u>	<u>37,872,245</u>	<u>40,685,790</u>	<u>44,052,993</u>	<u>48,197,100</u>
<b>Operating Expenses:</b>					
Instructional staff	68,151,899	66,589,968	70,192,004	74,456,743	77,081,414
Noninstructional staff	78,527,624	77,245,757	76,221,015	71,228,064	79,361,358
Fringe benefits*	35,021,557	43,406,839	108,456,188	37,128,733	35,479,612
Supplies	13824452	16,568,659	13,482,689	14,984,870	16,133,171
Equipment not capitalized	3,496,927	833,329	2,846,325	5,176,669	2,291,005
Utilities	8,749,080	9,948,583	9,269,574	9,291,553	10,373,592
Contractual services	38,952,530	45,409,468	29,040,151	35,254,654	37,894,971
Depreciation	13,709,510	15,726,785	16,378,082	16,800,331	21,810,983
Financial aid (net of scholarship allowances)	19,219,247	22,395,492	34,270,087	34,141,440	31,470,269
Other expenses	1,981,149	2,087,540	6,021,302	3,841,210	4,377,241
Total operating expenses	<u>281,633,975</u>	<u>300,212,420</u>	<u>366,177,417</u>	<u>302,304,267</u>	<u>316,273,616</u>
Operating loss	(253,465,835)	(262,340,175)	(325,491,627)	(258,251,274)	(268,076,516)
<b>Nonoperating revenues (expenses):</b>					
State apportionment and equalization	45,980,914	45,831,544	38,700,335	36,692,418	38,580,616
Other state grants and contracts*	47,952,249	53,927,508	104,710,804	52,507,309	48,190,000
Local grants and contracts	12,111,253	2,470,598	4,102,542	4,304,120	3,616,535
Local property taxes	88,989,439	78,370,096	77,538,041	90,808,565	101,823,185
Property taxes for lease obligations	34,982,532	36,169,927	39,537,136	35,165,454	29,592,741
Personal property replacement tax	8,236,280	7,634,382	8,676,779	10,499,413	13,307,576
Federal grants and contracts	50,646,126	58,775,669	63,091,461	65,190,589	62,483,048
Building lease and interest payments on debt	(17,306,464)	(15,962,262)	(14,226,778)	(12,531,839)	(12,687,374)
Litigation settlement	-	-	10,302,934	-	-
Investment income	8,255,840	5,136,446	2,778,234	4,893,017	8,264,368
Nonoperating revenues, net	<u>279,848,169</u>	<u>272,353,908</u>	<u>335,211,488</u>	<u>287,529,046</u>	<u>293,170,695</u>
Income before capital appropriations and grants	26,382,334	10,013,733	9,719,861	29,277,772	25,094,179
Capital appropriations and grants	<u>10,340,593</u>	<u>36,541,105</u>	<u>58,790,925</u>	<u>53,842,700</u>	<u>57,572,975</u>
Change in net assets	<u>\$ 36,722,927</u>	<u>\$ 46,554,838</u>	<u>\$ 68,510,786</u>	<u>\$ 83,120,472</u>	<u>\$ 82,667,154</u>

**Source:** City Colleges of Chicago Comprehensive Annual Financial Reports

**Note:** The College implemented GASB Statement No. 34 for the year ended June 30, 2002

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

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

**Table C**

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

<b>Year of Levy</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Farm Property</b>	<b>Railroad Property</b>	<b>DuPage County Unallocated</b>	<b>Assessed Valuation</b>	<b>Total Direct Rate</b>	<b>Estimated Actual Value</b>
2005	-----Not Available-----						\$ 59,274,592,340	0.234	\$ 177,823,777,020
2004	28,155,943,958	20,900,364,460	6,125,933,343	-	63,041,595	63,839,296	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
1999	13,508,478,796	16,665,333,608	4,892,107,543	-	269,353,759	7,161,622	35,342,435,328	0.346	106,027,305,984
1998	12,694,815,239	16,231,862,960	4,742,894,261	-	254,711,907	7,217,973	33,931,502,340	0.352	101,794,507,020
1997	12,271,769,846	16,009,616,310	4,795,492,999	-	257,707,487	8,042,479	33,342,629,121	0.355	100,027,887,363
1996	10,858,634,877	15,121,588,764	4,522,235,276	-	248,623,200	8,300,163	30,759,382,280	0.377	92,278,146,840

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

**Sources:** Cook and DuPage County Clerks' Offices

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

**Table D**

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

**Ten years for tax levy year**

<b>Taxing Bodies</b> <i>(per \$100 of assessed valuation)</i>	<b>Legal Limit</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
<b>City Colleges of Chicago</b>											
Audit Fund	\$ 0.005	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.002	\$ -	\$ 0.002	\$ 0.003
Tort Liability	N/A	0.005	0.009	0.009	0.013	0.011	0.014	0.010	0.007	0.009	0.006
Education Fund	0.175	0.133	0.136	0.130	0.144	0.156	0.142	0.165	0.159	0.159	0.173
Operations and Maintenance Fund	0.050	0.043	0.041	0.023	0.026	0.042	0.027	0.047	0.045	0.046	0.049
PBCC Operations & Maintenance	N/A	-	-	0.025	0.028	0.013	0.038	0.019	0.034	0.030	0.027
PBCC Rental	N/A	0.052	0.056	0.058	0.068	0.085	0.090	0.103	0.107	0.109	0.119
Total City Colleges of Chicago Rate		<u>\$ 0.234</u>	<u>\$ 0.243</u>	<u>\$ 0.246</u>	<u>\$ 0.280</u>	<u>\$ 0.308</u>	<u>\$ 0.312</u>	<u>\$ 0.346</u>	<u>\$ 0.352</u>	<u>\$ 0.355</u>	<u>\$ 0.377</u>
<b>Overlapping Rates</b>											
Chicago Board of Education		\$ 3.026	\$ 3.104	\$ 3.142	\$ 3.562	\$ 3.744	\$ 3.714	\$ 4.104	\$ 4.172	\$ 4.084	\$ 4.327
School Finance Authority		0.127	0.177	0.151	0.177	0.223	0.223	0.255	0.268	0.270	0.291
City of Chicago		1.243	1.302	1.380	1.591	1.637	1.660	1.860	1.998	2.024	2.182
Chicago Park District		0.443	0.455	0.464	0.545	0.567	0.572	0.627	0.653	0.665	0.721
Metropolitan Water Reclamation District		0.315	0.347	0.361	0.371	0.401	0.415	0.419	0.444	0.451	0.492
Cook County		0.533	0.593	0.630	0.690	0.746	0.824	0.854	0.911	0.919	0.989
Cook County Forest Preserve		0.060	0.060	0.059	0.061	0.067	0.069	0.070	0.072	0.074	0.074
Total Overlapping Rate		<u>\$ 5.747</u>	<u>\$ 6.038</u>	<u>\$ 6.187</u>	<u>\$ 6.997</u>	<u>\$ 7.385</u>	<u>\$ 7.477</u>	<u>\$ 8.189</u>	<u>\$ 8.518</u>	<u>\$ 8.487</u>	<u>\$ 9.076</u>
Total Rate		<u>\$ 5.981</u>	<u>\$ 6.281</u>	<u>\$ 6.433</u>	<u>\$ 7.277</u>	<u>\$ 7.693</u>	<u>\$ 7.789</u>	<u>\$ 8.535</u>	<u>\$ 8.870</u>	<u>\$ 8.842</u>	<u>\$ 9.453</u>
<b>Tax Extensions (\$ thousands)</b>											
Audit Fund		\$ 600	\$ 396	\$ 384	\$ 548	\$ 330	\$ 355	\$ 788	\$ 113	\$ 735	\$ 920
Tort Liability		3,000	4,753	4,973	6,042	4,408	5,613	3,481	2,431	2,980	1,877
Education Fund		79,131	75,386	69,169	65,098	65,580	57,418	58,640	54,093	53,393	53,272
Operations and Maintenance Fund		25,160	22,427	12,233	11,770	17,437	10,836	16,671	15,380	15,187	15,187
PBCC Operations & Maintenance		-	8,227	13,078	12,584	5,549	15,179	6,589	11,625	9,926	8,225
PBCC Rental		30,796	22,643	30,800	30,801	35,507	36,490	36,444	36,450	36,450	36,451
		<u>\$ 138,687</u>	<u>\$ 133,832</u>	<u>\$ 130,637</u>	<u>\$ 126,843</u>	<u>\$ 128,811</u>	<u>\$ 125,891</u>	<u>\$ 122,613</u>	<u>\$ 120,092</u>	<u>\$ 118,671</u>	<u>\$ 115,932</u>

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

**Table E**

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

Taxpayer	2005			1997		
	Taxable Assessed Value	Rank	Percentage of Total District 508 Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total District 508 Assessed Valuation
Sears Tower	\$ 519,080	1	0.88%	\$ 291,616	1	0.95%
AON Center	341,765	2	0.58%	212,586	2	0.69%
Chicago Mercantile Exchange	268,848	3	0.45%	104,724	10	0.34%
AT&T Corporate Center 1	268,517	4	0.45%	157,287	5	0.51%
Prudential Plaza	266,337	5	0.45%	161,834	4	0.53%
Leo Burnett Building	261,122	6	0.44%	106,521	9	0.35%
Chase Tower	218,014	7	0.37%	183,286	3	0.60%
Citicorp Center	196,622	8	0.33%	128,867	7	0.42%
Three First National Plaza	173,646	9	0.29%	129,099	6	0.42%
UBS	159,516	10	0.27%	-----Not Available-----		
Cigna	-----Not Available-----			112,441	8	0.37%
	<u>\$ 2,673,467</u>		<u>4.51%</u>	<u>\$1,588,261</u>		<u>5.16%</u>

**Source:** Cook County Assessor's Office – 2005 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  
Community College District No. 508**

**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	
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Amount	Percentage of Levy
1996	\$115,931,712	\$ 51,500,497	\$62,945,051	\$ 287,340	\$(369,966)	\$ (516,680)	\$ (791,165)	\$(1,367,028)	\$ (356,835)	\$ (222,630)	\$ (64,888)	\$111,043,696	95.78%
1997	118,671,367	-	53,904,577	60,835,863	2,397,976	(268,066)	(218,209)	(619,440)	(1,044,531)	(315,377)	(211,755)	114,461,038	96.45%
1998	120,092,033	-	-	53,900,323	61,570,097	2,913,735	112,070	(562,307)	(365,785)	(830,021)	(235,403)	116,502,709	97.01%
1999	122,612,901	-	-	-	55,972,551	64,503,521	888,651	(543,414)	231,974	(242,276)	(951,799)	119,859,208	97.75%
2000	125,890,543	-	-	-	-	57,683,497	67,419,102	(594,823)	(313,171)	(549,396)	(252,131)	123,393,078	98.02%
2001	128,811,006	-	-	-	-	-	58,939,995	69,785,407	(458,092)	(528,865)	(262,454)	127,475,991	98.96%
2002	126,843,090	-	-	-	-	-	-	59,801,580	64,333,957	590,991	(73,577)	124,652,951	98.27%
2003	130,637,356	-	-	-	-	-	-	-	59,482,691	69,313,832	604,954	129,401,477	99.05%
2004	133,832,242	-	-	-	-	-	-	-	-	60,247,374	71,345,425	131,592,799	98.33%
2005	138,687,813	-	-	-	-	-	-	-	-	-	63,708,323	63,708,323	45.94%

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 Tuition & Fees per Semester Hr	Out District Tuition & Fees per Semester Hr	Out of State Tuition & Fees per Semester Hr	Total Semester Credit Hrs Generated	Tuition & Fees Revenue	Less: Scholarships and Allowances (1)	Tuition & Fees Revenue (Net)
	FTE Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses							
1997	19,667	49,012	129,876	41.50	131.77	183.95	1,372,437	\$ 38,952,224	-	\$ 38,952,224
1998	19,200	47,852	124,847	45.00	142.98	201.84	1,355,397	40,474,890	-	40,474,890
1999	19,460	48,684	117,154	47.50	135.39	197.62	1,322,612	42,786,092	-	42,786,092
2000	19,094	48,463	111,736	47.50	140.36	210.45	1,223,659	43,039,430	-	43,039,430
2001	18,551	46,035	114,336	47.50	153.61	224.73	1,206,253	47,752,546	-	47,752,546
2002	19,649	47,240	110,506	50.00	166.24	243.06	1,233,097	54,958,668	(32,136,031)	22,822,637
2003	21,403	49,484	104,349	52.00	174.50	252.29	1,266,802	55,782,322	(29,295,886)	26,486,436
2004	22,007	49,908	90,383	52.00	174.50	252.29	1,070,621	56,243,960	(20,834,420)	35,409,540
2005	22,135	50,217	79,355	62.00	229.21	314.95	1,164,887	63,734,062	(25,926,423)	37,807,639
2006	20,950	47,181	68,279	67.00	162.65	266.20	1,085,936	67,578,330	(27,658,747)	39,919,583

**Source:** City Colleges of Chicago Comprehensive Annual Financial Reports

**(1)** Prior to GASB 34, which City Colleges of Chicago implemented for the fiscal year ended June 30, 2002, Tuition and Fees revenues were reported net of scholarship and allowance

**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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Total Outstanding Debt</b>	<b>Percentage of Estimated Actual Taxable Value of Property*</b>	<b>Per Capita</b>
1997	\$ 36,245,000	\$ 207,115,000	\$ 243,360,000	0.26%	\$ 87.42
1998	35,915,612	194,935,000	230,850,612	0.23%	82.39
1999	35,773,255	181,855,000	217,628,255	0.21%	77.67
2000	35,389,724	167,780,000	203,169,724	0.19%	72.51
2001	34,806,200	152,615,000	187,421,200	0.15%	64.72
2002	33,922,663	136,661,521	170,584,184	0.14%	58.90
2003	32,739,132	118,545,000	151,284,132	0.11%	52.24
2004	32,218,928	99,375,000	131,593,928	0.08%	45.44
2005	30,399,472	78,610,000	109,009,472	0.07%	37.64
2006	-	56,105,000	56,105,000	0.03%	19.37

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

\* See the Schedule of Assessed Value and estimated Actual Value of Taxable Property on page 52 for property value data.

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

**Table I**

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

<b>(Thousands \$)</b>	<b>As of June 30, 2006</b>		<b>Amount Applicable to District</b>
	<b>Outstanding Bonds</b>	<b>% Applicable to District</b>	
Overlapping Debt <sup>(1)</sup>			
City of Chicago	\$ 5,449,037	100.00%	\$ 5,449,037
Chicago Board of Education <sup>(2)</sup>	4,339,727	100.00%	4,339,727
Chicago School Finance Authority	268,075	100.00%	268,075
Chicago Park District <sup>(3)</sup>	1,057,780	100.00%	1,057,780
Metropolitan Water Reclamation District of Greater Chicago	1,280,569	46.44%	594,696
Cook County	3,066,330	45.47%	1,394,260
Cook County Forest Preserve District	<u>134,285</u>	45.47%	<u>61,059</u>
Subtotal	\$ 15,595,803		\$ 13,164,635
 <b>Direct Debt</b>			
City Colleges of Chicago			<u>56,105</u>
Net Direct and Overlapping Debt			<u>\$ 13,220,740</u>

(1) Excludes outstanding tax anticipation notes and warrants

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

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

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

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

**Table J**

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

<b>Fiscal year ended June 30,</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Legal debt limit	\$884,332,241	\$958,600,587	\$975,530,692	\$1,016,095,016	\$1,163,410,156	\$1,206,511,528	\$1,302,648,818	\$1,527,903,245	\$1,590,137,276	\$1,704,144,530
Total net debt applicable to limit	(36,245,000)	(35,915,612)	(35,773,255)	(35,389,724)	(34,806,200)	(33,922,663)	(32,739,132)	(32,218,928)	(30,399,472)	-
Legal debt margin	<u>\$848,087,241</u>	<u>\$922,684,975</u>	<u>\$939,757,437</u>	<u>\$980,705,292</u>	<u>\$1,128,603,956</u>	<u>\$1,172,588,865</u>	<u>\$1,269,909,686</u>	<u>\$1,495,684,317</u>	<u>\$1,559,737,804</u>	<u>\$1,704,144,530</u>
Total net debt applicable to the limit as a percentage of debt limit	4%	4%	4%	3%	3%	3%	3%	2%	2%	0%

**Legal Debt Margin Calculation for Fiscal 2006**

Assessed Value	\$ 59,274,592,340
Legal debt margin	<u>2.875%</u>
Debt limit	\$ 1,704,144,530
Debt applicable to limit General obligation bonds	<u>-</u>
Legal debt margin	<u>\$ 1,704,144,530</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**

<b>Fiscal Year</b>	<b>(A) Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (B)</b>	<b>Unemployment Rate (C)</b>
2006	2,848,075	-----	Not Available-----	
2005	2,854,505	-----	Not Available-----	
2004	2,896,016	-----	Not Available-----	7.20%
2003	2,896,016	102,298,869	35,324	8.00%
2002	2,896,016	102,009,268	35,224	8.20%
2001	2,896,016	100,735,021	34,784	6.80%
2000	2,896,016	98,232,863	33,920	5.50%
1999	2,783,726	88,166,170	31,672	5.90%
1998	2,783,726	85,961,459	30,880	5.90%
1997	2,783,726	80,661,245	28,976	6.40%

**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)  
Current Year and Nine Years Ago**

Employer	2006			1997		
	Rank	Metropolitan Chicago Number of Employees	% of Metropolitan Chicago Area Employment	Rank	Metropolitan Chicago Number of Employees	% of Metropolitan Chicago Area Employment
U.S. Government	1	78,000	2.74%	3	30,340	1.09%
Chicago Public Schools	2	43,783	1.54%	1	43,158	1.55%
City of Chicago	3	39,675	1.39%	2	41,789	1.50%
Cook County	4	25,482	0.89%	5	27,167	0.98%
State of Illinois	5	17,056	0.60%	9	21,197	0.76%
SBC Communications, Inc.	6	16,500	0.58%	8	22,500	0.81%
Archdiocese of Chicago	7	15,371	0.54%	-----Not Available-----		
J.P. Morgan Chase and Co.	8	15,366	0.54%	-----Not Available-----		
University of Chicago	9	13,824	0.49%	-----Not Available-----		
University of Illinois at Chicago	10	11,743	0.41%	-----Not Available-----		
Jewel Food Stores	-----Not Available-----			4	29,923	1.07%
Motorola, Inc.	-----Not Available-----			6	25,000	0.90%
US Postal Service	-----Not Available-----			7	24,268	0.87%
Advocate Health Care	-----Not Available-----			10	19,322	0.69%
		<u>276,800</u>	<u>9.72%</u>		<u>284,664</u>	<u>10.23%</u>

**Source:** Crain's Chicago Business

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

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

---

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Faculty				
Full - time	551	564	552	622
Part - time	638	915	831	849
Administrators	233	223	216	270
Professional and technical	1,047	987	1,033	1,003
Classified	401	522	568	556

**Data Source:** College records

**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**

<u>Fiscal Year</u>	<u>Total</u>	<u>Baccalaureate</u>	<u>Occupational</u>			<u>Remedial Development</u>	<u>Adult Basic Secondary Education</u>
			<u>Business</u>	<u>Technical</u>	<u>Health</u>		
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
2000	1,223,659	314,540	39,271	78,263	53,414	99,726	638,445
1999	1,322,612	321,403	44,087	79,965	59,433	101,023	716,701
1998	1,355,397	335,691	53,736	74,293	63,182	95,049	733,446
1997	1,372,437	347,990	57,496	76,762	66,926	98,949	724,314

**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**

<b>Headcount</b>				
<b>Fiscal Year</b>	<b>Credit</b>	<b>Adult Ed</b>	<b>Other</b>	<b>Total</b>
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
2000	48,463	59,942	51,794	160,199
1999	48,684	62,847	54,307	165,838
1998	47,852	68,865	55,982	172,699
1997	49,012	83,875	46,001	178,888

<b>Full-time Equivalent</b>				
<b>Fiscal Year</b>	<b>Credit</b>	<b>Adult Ed</b>	<b>Other</b>	<b>Total</b>
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	7,449	51,611
2001	18,551	24,564	7,634	50,749
2000	19,094	25,138	7,786	52,018
1999	19,460	28,457	8,421	56,338
1998	19,200	29,406	6,217	54,823
1997	19,667	30,435	7,407	57,509

**Data Source:** College records

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

**Table P**

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

<b>Capital Asset Type</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Land	\$ 17,388,173	\$ 17,388,173	\$ 17,388,173	\$ 17,388,173	\$ 17,388,173
Construction in process	-	20,923,300	72,653,608	87,031,126	70,201,658
Equipment	20,723,346	23,851,739	25,631,007	13,830,775	8,756,202
Buildings and improvements	426,299,700	427,289,258	426,685,662	439,645,567	478,350,538
Software	13,156,165	14,508,609	16,081,154	28,639,680	28,639,679
Total Capital Assets	<u>477,567,384</u>	<u>503,961,079</u>	<u>558,439,604</u>	<u>586,535,321</u>	<u>603,336,250</u>
Less: Accumulated Depreciation	<u>(192,392,658)</u>	<u>(208,072,904)</u>	<u>(222,717,534)</u>	<u>(213,237,741)</u>	<u>(194,626,987)</u>
Net Capital Assets	<u>\$ 285,174,726</u>	<u>\$ 295,888,175</u>	<u>\$ 335,722,070</u>	<u>\$ 373,297,580</u>	<u>\$ 408,709,263</u>
 Capital Leases	 <u>\$ 136,661,521</u>	 <u>\$ 118,545,000</u>	 <u>\$ 99,375,000</u>	 <u>\$ 78,610,000</u>	 <u>\$ 56,105,000</u>

**Data Source:** College records

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

**Table Q**

**Operating Information (Unaudited)  
Miscellaneous Statistics**

<b>Founded</b>	<b>1911</b>	
Accreditation by North Central Association of Colleges and Schools		
	<b>Most Recent Accreditation</b>	<b>Next Review</b>
Daley	2000-01	2010-11
Harold Washington	1998-99	2008-09
Kennedy-King	2005-06	2015-16
Malcolm X	1998-99	2008-09
Olive-Harvey	1999-00	2009-10
Truman	1999-00	2009-10
Wright	2001-02	2011-12
Current gross square footage		4,576,531
Size of district		228.5 square miles
Counties served		Cook and DuPage
Population of district		2,848,075
Number of full-time faculty		622
Number of part-time faculty		849
Number of administrative staff		270
Number of classified staff		556
Number of professional / technical staff		1,003
Degrees and certificates awarded (Fiscal year 2006)		11,577

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

**Table R**

**Operating Information  
Revenues and Expenditures by College (Unaudited)  
For the fiscal year ended 6/30/2006**

	<u>Daley</u>	<u>Harold Washington</u>	<u>Kennedy King</u>	<u>Malcolm X</u>	<u>Olive Harvey</u>	<u>Truman</u>	<u>Wright</u>	<u>District</u>	<u>Total</u>
<b>Revenues:</b>									
Local Tax Revenue	\$ 12,582,539	\$ 12,808,253	\$ 13,591,571	\$ 11,480,575	\$ 12,320,536	\$ 11,962,494	\$ 18,474,809	\$ 38,195,149	\$ 131,415,926
All Other Local Revenue	77,780	96,154	150,108	51,544	1,078,823	785,753	12,010	25,767	2,277,939
ICCB Grants	11,238,107	5,827,695	6,670,154	10,051,354	4,762,716	14,257,944	9,265,225	1,150,509	63,223,704
All Other State Revenue	1,680,190	3,185,849	1,890,557	2,160,572	2,043,017	2,075,965	1,894,728	14,771,422	29,702,300
Federal Revenue	7,829,915	10,502,800	10,386,978	9,999,795	7,149,307	7,840,303	5,695,766	3,318,185	62,723,049
Student Tuition and Fees	8,392,367	14,745,804	9,799,512	7,151,564	5,748,928	9,772,052	11,968,101	-	67,578,328
All Other Revenue	<u>1,037,341</u>	<u>878,476</u>	<u>1,217,006</u>	<u>578,551</u>	<u>183,577</u>	<u>950,008</u>	<u>825,098</u>	<u>12,285,364</u>	<u>17,955,421</u>
Total Revenue before Capital Appropriations	42,838,239	48,045,031	43,705,886	41,473,955	33,286,904	47,644,519	48,135,737	69,746,396	374,876,667
Capital Appropriations	-	-	-	-	-	-	-	<u>57,572,975</u>	<u>57,572,975</u>
Total Revenue	<u>\$ 42,838,239</u>	<u>\$ 48,045,031</u>	<u>\$ 43,705,886</u>	<u>\$ 41,473,955</u>	<u>\$ 33,286,904</u>	<u>\$ 47,644,519</u>	<u>\$ 48,135,737</u>	<u>\$ 127,319,371</u>	<u>\$ 432,449,642</u>
<b>Expenditures by program</b>									
Instruction	\$ 12,785,322	\$ 15,368,264	\$ 15,388,164	\$ 10,734,641	\$ 9,564,447	\$ 16,583,773	\$ 15,937,455	\$ 738,757	\$ 97,100,823
Academic Support	3,084,627	2,356,877	3,849,200	3,293,792	1,977,754	2,589,185	3,457,209	7,375,927	27,984,571
Student Services	2,851,548	3,859,900	2,592,932	2,605,975	3,675,930	5,354,289	3,428,818	1,115,164	25,484,556
Public Service/Continuing Education	361,320	2,006,170	1,587,575	834,240	599,413	2,058,009	484,739	1,506,610	9,438,076
Organized Research	-	64,786	-	-	-	-	-	103,499	168,285
Auxiliary Services	118,430	5,017	382,652	60,692	66,610	21,438	553,650	21,786	1,230,275
Operations and Maintenance	9,487,963	6,680,109	7,966,707	8,209,622	5,699,473	7,128,255	12,720,571	11,794,090	69,686,790
Institutional Support	5,213,873	5,222,607	4,775,580	5,365,262	3,747,183	6,180,676	5,325,478	23,565,391	59,396,050
Scholarships, Grants, Waivers	<u>6,922,282</u>	<u>11,732,411</u>	<u>9,488,398</u>	<u>8,284,282</u>	<u>6,322,894</u>	<u>6,321,616</u>	<u>6,498,630</u>	<u>3,722,546</u>	<u>59,293,059</u>
Total Expenditures	<u>\$ 40,825,365</u>	<u>\$ 47,296,141</u>	<u>\$ 46,031,208</u>	<u>\$ 39,388,506</u>	<u>\$ 31,653,704</u>	<u>\$ 46,237,241</u>	<u>\$ 48,406,550</u>	<u>\$ 49,943,770</u>	<u>\$ 349,782,485</u>

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# **Special Reports Section**

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# 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, 2006

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Auxiliary Enterprises Fund	Restricted Purposes Fund **	Working Cash Fund	Investment in Plant Fund	Audit Fund	Liability, Protection Settlement Fund	PBC * Rental Fund	PBC * Operations and Maintenance Fund	Total
Fund Balance: July 1, 2005	\$ 53,879,463	\$ 4,768,988	\$ 50,444,855	\$ 4,442,251	\$ 435,023	\$ 23,062,002	\$ 294,687,579	\$ (53,479)	\$ 4,494,579	\$ 35,519,213	\$ 1,405,840	\$ 473,086,314
<b>Revenues:</b>												
Local Tax Revenue	74,625,160	22,998,792	-	-	-	-	-	478,339	3,720,894	29,592,741	-	131,415,926
All Other Local Revenue	-	-	50,216,526	-	2,277,939	-	-	-	-	-	-	52,494,465
ICCB Grants	54,519,018	-	-	-	8,704,685	-	-	-	-	-	-	63,223,703
All Other State Revenue	13,307,576	-	-	-	16,394,725	-	7,356,449	-	-	-	-	37,058,750
Federal Revenue	245,294	-	-	-	62,477,754	-	-	-	-	-	-	62,723,048
Student Tuition and Fees	67,578,330	-	-	-	-	-	-	-	-	-	-	67,578,330
All Other Revenue	4,494,268	-	2,605,641	5,838,468	1,460,968	2,472,586	-	-	5,438	1,078,053	-	17,955,422
Total Revenues	214,769,646	22,998,792	52,822,167	5,838,468	91,316,071	2,472,586	7,356,449	478,339	3,726,332	30,670,794	-	432,449,644
<b>Expenses</b>												
Instruction	88,735,348	-	-	517,381	7,939,963	-	(91,872)	-	-	-	-	97,100,820
Academic Support	16,892,450	-	-	799,584	10,292,536	-	-	-	-	-	-	27,984,570
Student Services	17,777,461	-	-	3,850	7,705,095	-	(1,850)	-	-	-	-	25,484,556
Public Service/Continuing Education	679,669	-	-	2,821,151	5,937,256	-	-	-	-	-	-	9,438,076
Organized Research	-	-	-	-	168,286	-	-	-	-	-	-	168,286
Auxiliary Services	951,688	-	-	278,588	-	-	-	-	-	-	-	1,230,276
Operations and Maintenance	9,285,266	26,067,743	51,198,219	-	108,896	-	(27,359,003)	-	823,103	8,763,715	798,853	69,686,792
Institutional Support	42,581,792	15,452	6,913,788	363,497	1,018,372	3,926,659	(23,107,511)	691,617	4,487,384	22,505,000	-	59,396,050
Scholarships, Grants, Waivers	608,910	-	-	103,464	58,580,690	-	-	-	-	-	-	59,293,064
Total Expenses	177,512,584	26,083,195	58,112,007	4,887,515	91,751,094	3,926,659	(50,560,236)	691,617	5,310,487	31,268,715	798,853	349,782,490
Net Transfers	(71,254,970)	-	35,850,000	-	-	39,254,970	-	-	-	(3,850,000)	-	-
Fund Balance: June 30, 2006	\$ 19,881,555	\$ 1,684,585	\$ 81,005,015	\$ 5,393,204	\$ -	\$ 60,862,899	\$ 352,604,264	\$ (266,757)	\$ 2,910,424	\$ 31,071,292	\$ 606,987	\$ 555,753,468

\* Public Building Commission

\*\* excludes SURS contribution \$ 7,152,188

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

Fiscal year ended June 30, 2006

	Fixed Asset/Debt Account Groups <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions and Transfers</u>	Fixed Asset/Debt Account Groups <u>June 30, 2006</u>
<b>Fixed Assets</b>				
Land	\$ 17,388,173	\$ -	\$ -	\$ 17,388,173
Construction work in progress	87,031,126	57,070,372	73,899,840	70,201,658
Buildings and Improvements	439,645,567	73,329,758	34,624,787	478,350,538
Equipment	13,830,775	722,379	5,796,952	8,756,202
Software	28,639,679	-	-	28,639,679
Accumulated Depreciation	<u>(213,237,741)</u>	<u>(21,810,985)</u>	<u>(40,421,739)</u>	<u>(194,626,987)</u>
<b>Net Fixed Assets</b>	<u><u>\$ 373,297,579</u></u>	<u><u>\$ 109,311,524</u></u>	<u><u>\$ 73,899,840</u></u>	<u><u>\$ 408,709,263</u></u>
<b>Long-term Debt</b>				
Bonds Payable	\$ 30,399,472	\$ -	\$ 30,399,472	\$ -
Leases obligation	78,610,000	-	22,505,000	56,105,000
<b>Total Fixed Liabilities</b>	<u><u>\$ 109,009,472</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 52,904,472</u></u>	<u><u>\$ 56,105,000</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, 2006**

<b>OPERATING REVENUES BY SOURCE</b>	<b>Education Fund</b>	<b>Operations and Maintenance Fund</b>	<b>PBC Operations and Maintenance Fund</b>	<b>Total Operating Funds</b>
Local Government Revenue:				
Local Taxes	\$ 74,625,160	\$ 22,998,792	\$ -	\$ 97,623,952
Chargeback Revenue	-	-	-	-
Other	-	-	-	-
<b>TOTAL LOCAL GOVERNMENT</b>	<b>74,625,160</b>	<b>22,998,792</b>	<b>-</b>	<b>97,623,952</b>
State Government:				
ICCB Base Operating Grant	38,580,616	-	-	38,580,616
ICCB Equalization Grant	-	-	-	-
CPPRT	13,307,576	-	-	13,307,576
Other (Include other ICCB grants not listed above)	15,938,402	-	-	15,938,402
<b>TOTAL STATE GOVERNMENT</b>	<b>67,826,594</b>	<b>-</b>	<b>-</b>	<b>67,826,594</b>
Federal Government:				
Dept. of Education	245,294	-	-	245,294
<b>TOTAL FEDERAL GOVERNMENT</b>	<b>245,294</b>	<b>-</b>	<b>-</b>	<b>245,294</b>
Student Tuition and Fees				
Tuition	56,251,224	-	-	56,251,224
Fees	11,327,106	-	-	11,327,106
<b>TOTAL TUITION AND FEES</b>	<b>67,578,330</b>	<b>-</b>	<b>-</b>	<b>67,578,330</b>
Other Sources				
Sales and Service Fees	-	-	-	-
Facilities Revenue	1,278,543	-	-	1,278,543
Investment Revenue	1,760,629	-	-	1,760,629
Other	1,455,096	-	-	1,455,096
<b>TOTAL OTHER REVENUE</b>	<b>4,494,268</b>	<b>-</b>	<b>-</b>	<b>4,494,268</b>
<b>TOTAL REVENUE</b>	<b>214,769,646</b>	<b>22,998,792</b>	<b>-</b>	<b>237,768,438</b>
Less: Non-Operating Items *				
Tuition Chargeback Revenue	-	-	-	-
<b>ADJUSTED REVENUE</b>	<b>\$ 214,769,646</b>	<b>\$ 22,998,792</b>	<b>\$ -</b>	<b>\$ 237,768,438</b>
<b>OPERATING EXPENDITURES</b>				
<b>BY PROGRAM</b>				
Instruction	\$ 88,735,348	\$ -	\$ -	\$ 88,735,348
Academic Support	16,892,450	-	-	16,892,450
Student Services	17,777,461	-	-	17,777,461
Public Service/Continuing Education	679,669	-	-	679,669
Organized Research	-	-	-	-
Auxiliary Services	951,688	-	-	951,688
Operations and Maintenance	9,285,266	26,067,743	798,853	36,151,862
Institutional Support	42,581,792	15,452	-	42,597,244
Scholarships, Grants, Waivers	608,910	-	-	608,910
<b>TOTAL EXPENDITURES</b>	<b>177,512,584</b>	<b>26,083,195</b>	<b>798,853</b>	<b>204,394,632</b>
Less Non-Operating Items*				
Tuition Chargeback	-	-	-	-
<b>ADJUSTED EXPENDITURES</b>	<b>\$ 177,512,584</b>	<b>\$ 26,083,195</b>	<b>\$ 798,853</b>	<b>\$ 204,394,632</b>
<b>BY OBJECT</b>				
Salaries	\$ 120,505,480	\$ 11,606,747	\$ 359,930	\$ 132,472,157
Employee Benefits	16,783,669	4,200,448	53,466	21,037,583
Contractual Services	18,799,965	1,504,195	72,437	20,376,597
General Materials and Supplies	10,117,850	1,222,684	18,019	11,358,553
Conference and Meeting Expenses	1,259,133	33,107	-	1,292,240
Fixed Charges	641,552	46,522	-	688,074
Utilities	2,593,176	7,438,322	295,001	10,326,499
Capital Outlay	1,151,806	35,008	-	1,186,814
Other	5,659,953	(3,838)	-	5,656,115
<b>TOTAL EXPENDITURES</b>	<b>177,512,584</b>	<b>26,083,195</b>	<b>798,853</b>	<b>204,394,632</b>
Less Non-Operating Items*				
Tuition Chargeback	-	-	-	-
<b>ADJUSTED EXPENDITURES</b>	<b>\$ 177,512,584</b>	<b>\$ 26,083,195</b>	<b>\$ 798,853</b>	<b>\$ 204,394,632</b>

\* Enter as negative.

\*\* Operating Funds include the Education; Operations and Maintenance; and the Public Building Commission (PBC) 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, 2006**

**REVENUE BY SOURCE:**

TOTAL LOCAL GOVERNMENT	\$ 2,277,939
State Government *	
ICCB - Adult Education	7,737,925
ICCB - Deferred maintenance grants	-
ICCB - Educational Technology Grants	-
ICCB - P-16 Initiative Grants	-
ICCB - Retirees Health Insurance Grant	626,600
ICCB - Special Initiatives Grants	83,000
ICCB - Vocational Education	-
ICCB - Workforce Development Grants	257,160
Illinois Student Assistance Commission	-
IDHS grants	-
DCCA grants	-
Other	<u>16,394,725</u>
TOTAL STATE GOVERNMENT	25,099,410
Federal Government	
Dept. of Education	44,346,619
Other	<u>18,131,135</u>
TOTAL FEDERAL GOVERNMENT	62,477,754
Other Sources	
Other	<u>1,460,968</u>
TOTAL OTHER SOURCES	1,460,968
TOTAL RESTRICTED PURPOSES FUND REVENUES	<u><u>\$ 91,316,071</u></u>

**EXPENDITURES BY PROGRAM \***

Instruction	\$ 7,939,963
Academic Support	10,292,536
Student Services	7,705,095
Public Service/Continuing Education	5,937,256
Organized Research	168,286
Auxiliary Services	-
Operations and Maintenance	108,896
Institutional Support	1,018,372
Scholarships, Grants and Waivers	<u>58,580,690</u>
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 91,751,094</u></u>

**EXPENDITURES BY OBJECT \***

Salaries	\$ 20,955,505
Employee Benefits	4,326,389
Contractual Services	3,286,295
Student Financial Aid	57,605,674
General Materials and Supplies	4,060,140
Travel & Conference/Meeting Expenses	751,299
Fixed Charges	369,402
Utilities	27,125
Capital Outlay	75,361
Other	<u>293,904</u>
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 91,751,094</u></u>

\* Excludes SURS contribution of \$7,152,188

**City Colleges of Chicago**  
**Community College District No. 508**  
**Current Funds \* Expenditures\*\* by Activity**  
**Uniform Financial Statement #5**  
**Fiscal year ended June 30, 2006**

INSTRUCTION	
Instructional Programs	\$ 97,192,692
Other	-
Total Instruction	<u>97,192,692</u>
ACADEMIC SUPPORT	
Library Center	4,599,415
Instructional Materials Center	532,422
Educational Media Services	46,144
Academic Computing Support	497,338
Academic Administration and Planning	16,499,191
Other	<u>5,810,060</u>
Total Academic Support	<u>27,984,570</u>
STUDENT SERVICES SUPPORT	
Admissions and Records	6,094,592
Counseling and Career Services	5,038,417
Financial Aid Administration	4,442,392
Other	<u>9,911,005</u>
Total Student Services Support	<u>25,486,406</u>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	283,711
Customized Training (Instructional)	926,697
Community Services	5,926,236
Other	<u>2,301,432</u>
Total Public Service/Continuing Education	<u>9,438,076</u>
ORGANIZED RESEARCH	168,286
AUXILIARY SERVICES	1,230,276
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	16,120,412
Custodial Services	507,820
Grounds	12,114
Campus Security	7,583,382
Transportation	48,916
Utilities	9,487,699
Administration	63,376
Other	<u>3,260,142</u>
Total Operations and Maintenance of Plant	<u>37,083,861</u>
INSTITUTIONAL SUPPORT	
Executive Management	6,140,004
Fiscal Operations	2,516,244
Community Relations	1,380,937
Administrative Support Services	40,875,706
Board of Trustees	57,969
General Institutional	2,474,822
Institutional Research	59,302
Administrative Data Processing	5,101,754
Other	<u>(9,448,624)</u>
Total Institutional Support	<u>49,158,114</u>
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	<u>59,293,064</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u>\$ 307,035,345</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 \$7,152,188

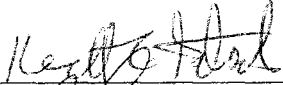
**City Colleges of Chicago  
Community College District No. 508**

**Certification of Chargeback Reimbursement for Fiscal Year 2007**

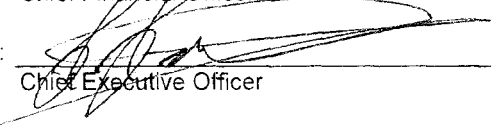
All fiscal year 2006 non-capital operating expenses from the following funds:

Education Fund	\$ 181,017,445
Operations and Maintenance Fund	26,083,195
Public Building Commission Operations and Maintenance Fund	798,853
Public Building Commission Rental Fund	31,268,715
Bond and Interest Fund	-
Restricted Purposes Fund	91,751,094
Audit Fund	691,617
Liability, Protection and Settlement Fund	5,310,487
Auxiliary Enterprises Fund (subsidy only)	-
TOTAL NON-CAPITAL EXPENDITURES	<u>336,921,406</u>
 PLUS DEPRECIATION FOR EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES	 5,085,836
 PLUS DEPRECIATION ON BUILDINGS AND FIXED EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES	 <u>9,182,050</u>
EQUALS TOTAL QUALIFIED EXPENDITURES	351,189,292
 LESS ALL FISCAL YEAR 2005 STATE AND FEDERAL OPERATING GRANTS FOR NON-CAPITAL EXPENDITURES, EXCEPT ICCB GRANTS	 <u>99,781,798</u>
EQUALS ADJUSTED QUALIFIED EXPENDITURES	251,407,494
 DIVIDED BY TOTAL CREDIT HOURS FOR FISCAL YEAR 2006	 <u>1,057,422</u>
EQUALS COST PER SEMESTER CREDIT HOUR	<u>\$ 237.76</u>
 LESS DISTRICT'S AVERAGE GRANT RATE FOR FISCAL YEAR 2007	 \$ 47.81
 LESS STUDENT TUITION PER SEMESTER CREDIT HOUR FOR FISCAL YEAR 2007	 <u>72.00</u>
EQUALS CHARGEBACK REIMBURSEMENT RATE PER SEMESTER CREDIT HOUR	<u>\$ 117.95</u>

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

  
Chief Financial Officer

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

  
Chief Executive Officer

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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed (the "Schedule") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") for the year ended June 30, 2006. The Schedule is the responsibility of City Colleges' management. Our responsibility is to express an opinion on the Schedule based on our examination.

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

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

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

*Deloitte + Touche LLP*

February 1, 2007

**Schedule of Enrollment Data and  
Other Bases On Which Claims are Filed  
For the year ended June 30, 2006**

**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	38,813	-	164,645	-	161,495	-	364,953	-
Business Occupational	3,142	-	19,872	-	23,672	-	46,686	-
Technical Occupational	9,113	-	26,665	-	27,736	-	63,514	-
Health Occupational	6,525	-	21,805	-	22,214	-	50,544	-
Remedial/Developmental	7,501	-	54,130	-	44,154	-	105,785	-
Adult Basic/Secondary Education	94,178	24,297	127,923	41,075	166,897	-	388,998	65,372
<b>Total</b>	<u>159,272</u>	<u>24,297</u>	<u>415,040</u>	<u>41,075</u>	<u>446,168</u>	<u>-</u>	<u>1,020,480</u>	<u>65,372</u>

**Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2006**

Categories	Unrestricted			Restricted		
	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference
Baccalaureate Transfer	364,953	364,953	-	-	-	-
Business Occupational	46,686	46,686	-	-	-	-
Technical Occupational	63,514	63,514	-	-	-	-
Health Occupational	50,544	50,544	-	-	-	-
Remedial/Developmental	105,785	105,785	-	-	-	-
Adult Basic/Secondary Education	388,998	388,998	-	65,372	65,372	-
<b>Total</b>	<u>1,020,480</u>	<u>1,020,480</u>	<u>-</u>	<u>65,372</u>	<u>65,372</u>	<u>-</u>



**Schedule of Enrollment Data and  
Other Bases On Which Claims are Filed (Continued)  
For the year ended June 30, 2006**

**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)	1,057,422	3,123	1,060,545
District prior year equalized assessed evaluation		\$59,274,592,340	
		<b>Total Credit Hours</b>	<b>Total Credit Hours Certified by ICCB</b>
In-district residents		993,444	993,444
Out-of-district (chargeback/contractual agreement)		<u>3,123</u>	<u>3,123</u>
Total		<u>996,567</u>	<u>996,567</u>
			<b>Difference</b>
			-
			-
			-

## 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:

- Student 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>
2005	\$ 59,274,592,340
2004	55,309,122,652
2003	<u>53,144,460,703</u>
Total	<u>\$167,728,175,695</u>

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# **State Grant Compliance Section**

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of the Workforce Development Component Grant, Retirees Health Insurance Grant, P-16 Initiative Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education-Program Improvement Grant ("Grant Programs") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") as of June 30, 2006, and the related statements of revenues, expenditures and changes in fund balances for the year then ended as listed in the foregoing table of contents. These financial statements are the responsibility of City Colleges' management. Our responsibility is to express an opinion on the respective financial statements based on our audit.

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

As discussed in Note 2, the financial statements referred to above present only the Workforce Development Component Grant, Retirees Health Insurance Grant, P-16 Initiative Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education-Program Improvement Grant and do not purport to, and do not, present fairly the financial position of City Colleges of Chicago, Community College District No. 508 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Workforce Development Component Grant, Retirees Health Insurance Grant, P-16 Initiative Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education-Program Improvement Grant of City Colleges of Chicago, Community College District No. 508, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements referred to above taken as a whole. The supplemental information included on pages 88 and 92 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Workforce Development Component Grant and State Adult Education and Family Literacy Grant. The supplemental information is the responsibility of City Colleges' management. Such supplemental information has been subjected to the auditing procedures applied in our audit of the financial statements referred to above and, in our opinion, such supplemental information is fairly stated, in all material respects, when considered in relation to the financial statements of the Workforce Development Component Grant and the State Adult Education and Family Literacy Grant taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 1, 2007, on our consideration of City Colleges' internal control over financial reporting of the Grant Programs and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Deloitte + Touche LLP*

February 1, 2007

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

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

We have audited the financial statements of the Workforce Development Component Grant, Retirees Health Insurance Grant, P-16 Initiative Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education-Program Improvement Grant ("Grant Programs") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") as of June 30, 2006, and have issued our report thereon dated February 1, 2007. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

**COMPLIANCE AND OTHER MATTERS**

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

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

*Deloitte + Touche LLP*

February 1, 2007



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# 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, 2006**

<b>Assets</b>	
Cash	<u>\$ 7,554</u>
<b>Liabilities and Fund balance</b>	
Accounts payable	\$ 138
Accrued payroll	7,416
Total Liabilities	<u>7,554</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 7,554</u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances**  
**For the year ended June 30, 2006**

<b>Revenue</b>	
State sources	<u>\$ 257,160</u>
<b>Expenditures</b>	
Salaries	\$ 181,889
Employee benefits	45,952
Contractual services	387
Materials and supplies	14,336
Conference and meeting expense	11,201
Other expenditures:	
Printing and duplicating	1,500
Postage and delivery	500
Institutional dues and memberships	<u>1,395</u>
Total other expenditures	<u>3,395</u>
Total expenditures	<u>\$ 257,160</u>
<b>Excess of Revenue over Expenditures</b>	\$ -
Fund balance - July 1, 2005	<u>-</u>
Fund balance - June 30, 2006	<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, 2006**

<u>Expenditures</u>	<u>General</u>	<u>Operation of Workforce Development Office</u>	<u>Total</u>
Personnel (Salaries & Benefits)	\$ -	\$ 227,841	\$ 227,841
Contractual Services	-	387	387
Instructional Materials	-	302	302
Staff Development	395	1,000	1,395
Conference and Meeting Expenses	2,624	6,400	9,024
Travel	1,178	1,000	2,178
Cost of Operating a Business Assistance Center/Economic Development/Workforce Development Offices			
a. Office Equipment	-	7,635	7,635
b. Consumable Supplies	245	6,653	6,898
c. Duplicating	-	1,500	1,500
Totals	<u>\$ 4,442</u>	<u>\$ 252,718</u>	<u>\$ 257,160</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, 2006**

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

**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**For the year ended June 30, 2006**

<b>Revenue</b>	
State sources	\$ <u>626,600</u>
<b>Expenditures</b>	
Retiree benefits	<u>626,600</u>
Total Expenditures	\$ <u>626,600</u>
<b>Excess of Revenues over Expenditures</b>	\$ -
Fund Balance - July 1, 2005	<u>-</u>
Fund Balance - June 30, 2006	\$ <u>          -</u>

See accompanying notes to grant financial statements.

**City Colleges of Chicago  
Community College District No. 508  
P-16 Initiative Grant Program  
Balance Sheet  
As of June 30, 2006**

<b>Assets</b>	
Cash	<u>\$ 63,876</u>
<b>Liabilities and Fund balance</b>	
Due to grantor agency	<u>\$ 63,876</u>
Total Liabilities	63,876
Total Fund balance	<u>-</u>
Total Liabilities and Fund balance	<u>\$ 63,876</u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the year ended June 30, 2006**

<b>Revenue</b>	
State sources	<u>\$ 117,770</u>
<b>Expenditures</b>	
Salaries	23,020
Employee benefits	794
Contractual services	11,813
Material and supplies	1,330
Tuition and fees	<u>80,813</u>
Total Expenditures	<u>\$ 117,770</u>
<b>Excess of Revenue over Expenditures</b>	<b>\$ -</b>
Fund Balance - July 1, 2005	<u>-</u>
Fund Balance - June 30, 2006	<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, 2006**

	<u>State Basic</u>	<u>Public Aid</u>	<u>Performance</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 25,708	\$ 66,547	\$ 29,920	\$ 122,175
Total Assets	<u>\$ 25,708</u>	<u>\$ 66,547</u>	<u>\$ 29,920</u>	<u>\$ 122,175</u>
<b>Liabilities and Fund balance</b>				
Accounts payable	\$ 3,053	\$ 10,516	\$ 2,437	\$ 16,006
Accrued expenditures	22,655	56,032	27,482	106,169
Total Liabilities	25,708	66,548	29,919	122,175
<b>Fund balance</b>	-	-	-	-
Total Liabilities and Fund Balance	<u>\$ 25,708</u>	<u>\$ 66,548</u>	<u>\$ 29,919</u>	<u>\$ 122,175</u>

**Combined Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the year ended June 30, 2006**

	<u>State Basic</u>	<u>Public Aid</u>	<u>Performance</u>	<u>Total</u>
<b>Revenue</b>				
State sources	<u>\$ 3,243,065</u>	<u>\$ 3,380,811</u>	<u>\$ 1,114,049</u>	<u>\$ 7,737,925</u>
<b>Expenditures by program</b>				
Instruction	\$ 2,382,916	\$ 1,597,840	\$ 269,761	\$ 4,250,517
Social Work Services	407,868	709,624	396,028	1,513,520
Guidance Services	3,295	183,412	51,166	237,873
Assessment and Testing	24,518	223,381	64,586	312,485
Student Transportation Services	-	30,012	9,620	39,632
Literacy Services	67,728	-	67,727	135,455
Subtotal Instructional and Student Services	2,886,325	2,744,269	858,888	6,489,482
<b>PROGRAM SUPPORT</b>				
Improvement of Instructional Services	37,980	141,969	42,252	222,201
General Administration	97,344	267,532	95,050	459,926
Operation & Maintenance of Plant Service	23,221	46,854	26,923	96,998
Workforce Coordination	11,587	17,993	-	29,580
Data and Information Services	186,608	162,194	90,936	439,738
Subtotal Program Support	356,740	636,542	255,161	1,248,443
Total Costs	<u>\$ 3,243,065</u>	<u>\$ 3,380,811</u>	<u>\$ 1,114,049</u>	<u>\$ 7,737,925</u>
<b>Excess of Revenue over Expenditures</b>	\$ -	\$ -	\$ -	\$ -
Fund Balance - July 1, 2005	-	-	-	-
Fund Balance - June 30, 2006	<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, 2006**

	<u>Expenditure Amount</u>	<u>Allowed Expenditure Percentage</u>	<u>Actual Expenditure Percentage</u>
<b>State Basic</b>			
Instruction	\$ 2,382,916	Minimum 45%	73.5%
General Administration	\$ 97,344	Maximum 9%	3.0%
<b>State Public Assistance</b>			
Instruction	\$ 1,597,840	Minimum 45%	47.3%
General Administration	\$ 267,532	Maximum 9%	7.9%
<b>State Performance</b>			
General Administration	\$ 95,050	Maximum 9%	8.5%

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, 2006**

<b>Assets</b>	
Cash	<u>\$ 28,574</u>
<b>Liabilities and fund balance</b>	
Due to grantor agency	\$ 26,891
Accrued payroll	<u>1,683</u>
Total liabilities	28,574
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ 28,574</u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the year ended June 30, 2006**

<b>Revenue</b>	
State sources	<u>\$ 207,755</u>
<b>Expenditures</b>	
Salaries	\$ 157,866
Benefits	42,098
Conferences and meetings	4,399
General materials	<u>3,392</u>
TOTAL EXPENDITURES	<u>\$ 207,755</u>
<b>Excess of Revenue over Expenditures</b>	\$ -
Fund balance - July 1, 2005	<u>-</u>
Fund balance - June 30, 2006	<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, 2006**

<b>Assets</b>	
Cash	<u>\$ 1,949</u>
<b>Liabilities and Fund Balance</b>	
Accounts payable	<u>\$ 1,949</u>
Total Liabilities	1,949
Total Fund Balance	-
Total Liabilities and Fund Balance	<u><u>\$ 1,949</u></u>

**Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the year ended June 30, 2006**

<b>Revenue</b>	
State sources	<u>\$128,232</u>
<b>Expenditures</b>	
Salaries	1,500
Contractual services	14,422
Material and supplies	110,332
Conference and meeting expenses	<u>1,978</u>
Total Expenditures	<u>\$128,232</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	-
Fund Balance - July 1, 2005	-
Fund Balance - June 30, 2006	<u><u>\$ -</u></u>

See accompanying notes to grant financial statements.

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# Notes to Grant Financial Statements

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

**Notes to Grant Financial Statements  
June 30, 2006**

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**1. PROGRAM DESCRIPTIONS**

City Colleges of Chicago is responsible for administering the following programs in accordance with “Policy Guidelines for Restricted Grant Expenditures and Reporting” set forth by the ICCB in its Fiscal Management Manual. Program monies are accounted for in the City Colleges 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 districts 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. P-16 Initiative Grant**

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

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

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

**Notes to Grant Financial Statements  
June 30, 2006**

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**1. PROGRAM DESCRIPTIONS** *(Continued)*

**D. 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.

**E. 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.

**F. 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 ACCOUNT POLICIES**

**A. Basis of Reporting**

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

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

**Notes to Grant Financial Statements**  
**June 30, 2006**

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

**A. Basis of Reporting** *(Continued)*

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, and the State Adult Education and Family Literacy programs were fully expended within the grant period.

These financial statements cover only the Workforce Development Component, Retirees Health Insurance, the P-16 Initiative, Early School Leavers, Career and Technical Education, and the State Adult Education and Family Literacy 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 P-16 Initiative and the State Adult Education and Family Literacy, Early School Leavers, and the Career and Educational grant programs cash is pooled.

**C. Capital outlay**

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

**D. Uses of Estimates**

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



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Please contact us if you would like additional copies of this report.

Comprehensive Annual Financial Report for the year ended June 30, 2006:  
[http://ccc.edu/da/files/CCC\\_2006\\_CAFR.pdf](http://ccc.edu/da/files/CCC_2006_CAFR.pdf)

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