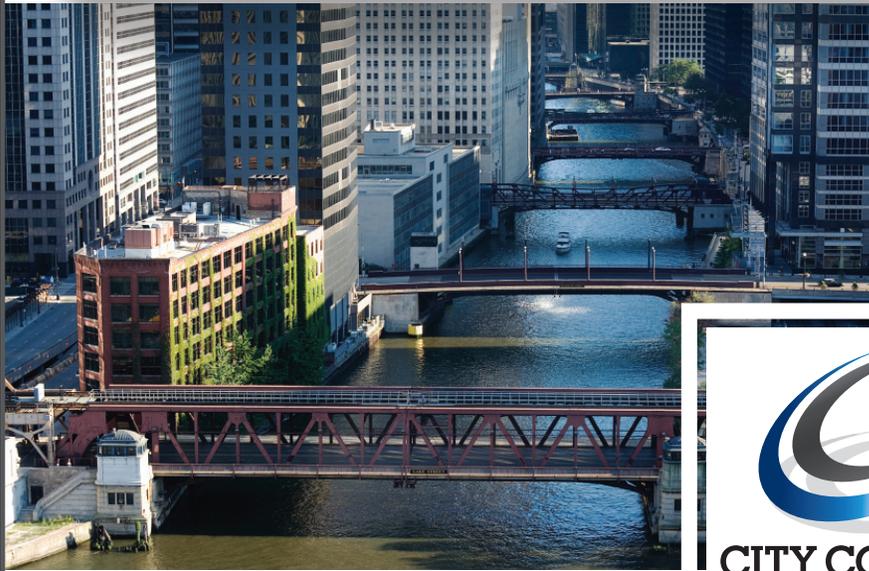


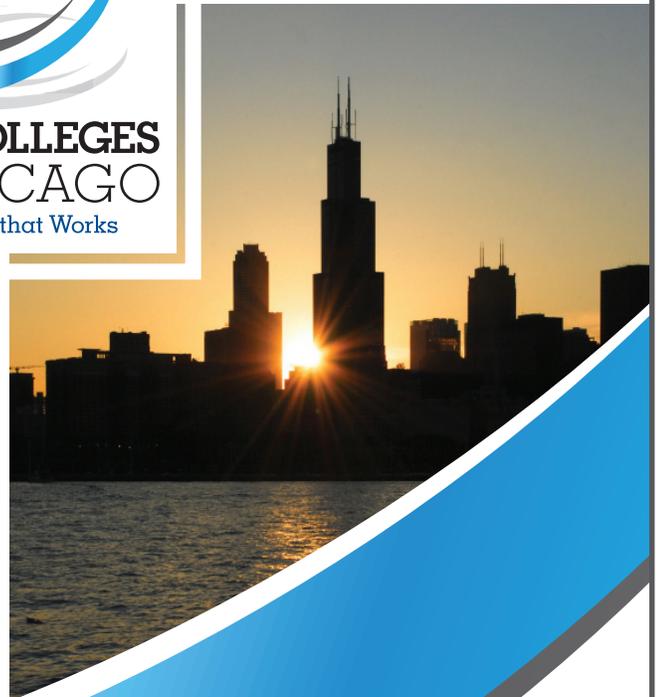
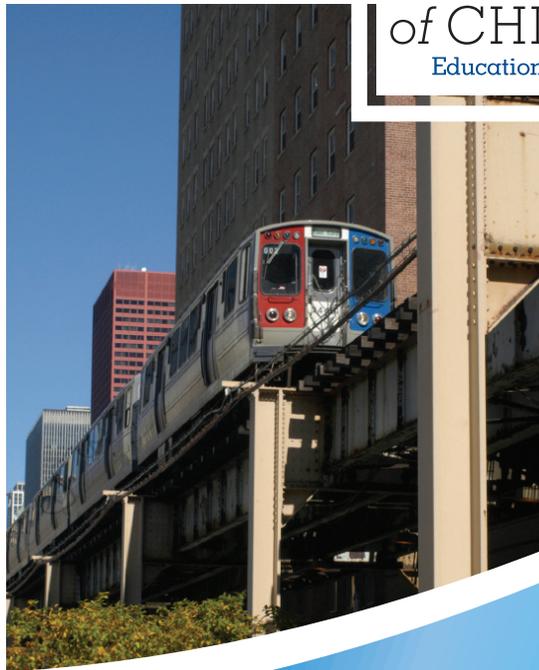
# THE CITY COLLEGES OF CHICAGO

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

Fiscal Year Ended June 30, 2012 Comprehensive Annual Financial Report



**CITY COLLEGES**  
of CHICAGO  
Education that Works



Rahm Emanuel  
Mayor, City of Chicago, Illinois

Cheryl L. Hyman  
Chancellor

Paula Wolff  
Chair of the Board

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





## **COMMUNITY COLLEGE DISTRICT NO. 508**

Chicago, Illinois

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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the fiscal year ended June 30, 2012

***Prepared by:  
Office of Finance***

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Paula Wolff, Board Chairman  
Cheryl L. Hyman, Chancellor



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County of Cook and  
State of Illinois

Rahm Emanuel  
Mayor, City of Chicago, Illinois

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## Introduction for Comprehensive Annual Financial Report (2012)



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

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

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

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

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

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

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

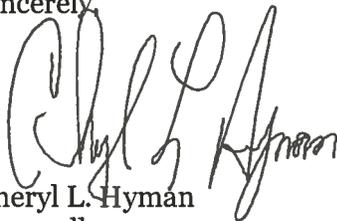
Our credit enrollment is up and we continue strategies to retain students. We have doubled the number of advisors, added tutors and mentors, introduced early alert technology that partners faculty, advisors and students in creating plans for student success, and launched wellness centers across the system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

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

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

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

Sincerely,



Cheryl L. Hyman  
Chancellor  
City Colleges of Chicago

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

**Comprehensive Annual Financial Report  
Fiscal year ended June 30, 2012**

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

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# **Introductory Section**





## **Transmittal Letter**

October 31, 2012

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of City Colleges of Chicago, Community College District No. 508 (City Colleges), for the fiscal year ended June 30, 2012. It has been prepared in accordance with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

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

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

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

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

City Colleges is a non-home rule community college district of the State of Illinois, having boundaries coterminous with the City of Chicago. City Colleges is established under and governed by the Illinois Public Community College Act and operates seven colleges offering two-year Associates' degrees, occupational certificates, continuing education, customized business-specific training and adult education programs. City Colleges has no component units, which are legally separate organizations for which the City Colleges would be financially accountable.

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

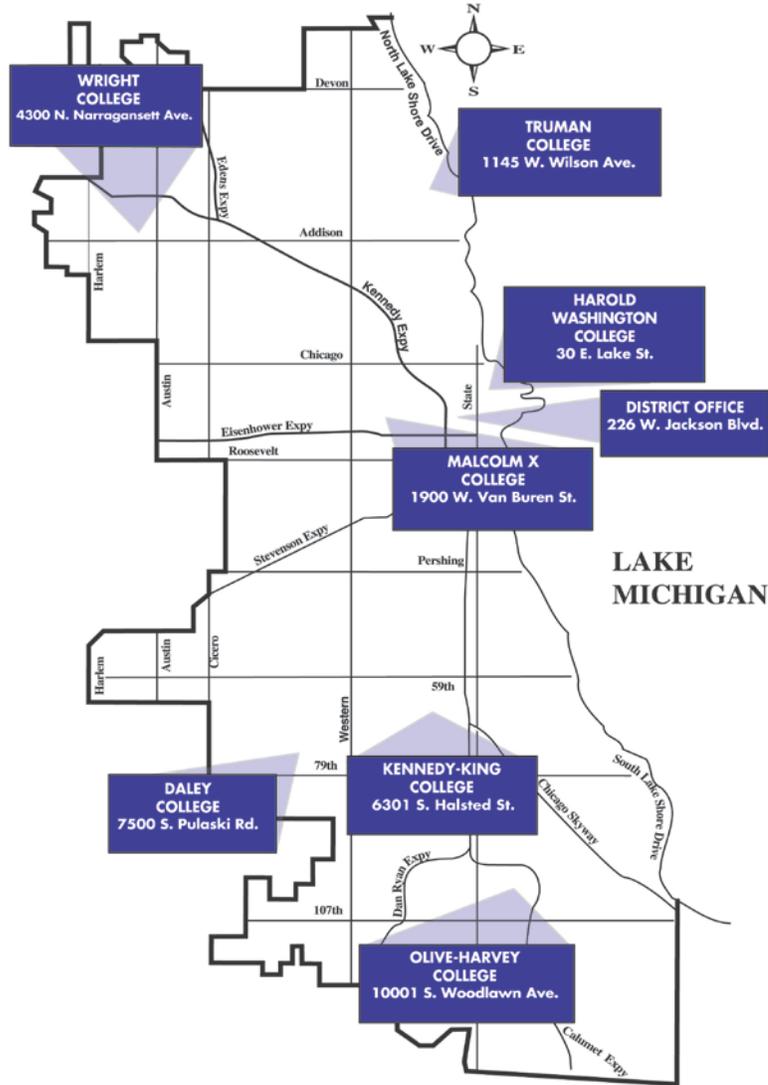
The District currently occupies a land area of approximately 228.5 square miles, and serves a population of approximately 2,707,120.

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

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



**CITY COLLEGES**  
of CHICAGO  
Education that Works



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

\*District Office

## REINVENTION

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

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

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

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

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

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

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

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

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

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

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

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

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

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

**Community College State Funding**

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

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

## PROSPECTS FOR THE FUTURE

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

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

<u>Fiscal Year</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Total Headcount</b>	116,765	119,449	127,517	120,938	113,277
<b>Total Full-Time Equivalent</b>	46,143	47,254	47,774	43,366	39,788

Source: College Records

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

## COST CONTAINMENT STRATEGIES

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

- Negotiated with bookstore vendors to provide tiered commission pricing on sales up to 9% of gross revenue with an increase of up to 4%. In addition, the agreement affords each campus library two copies of the required textbooks for each semester. A textbook rental program was continued through fiscal year 2012. This program helps save students money they could use to help pay for their education.
- Currently reviewing the opportunity to partner with the City of Chicago to use their on-line auction service to sell excess equipment, furniture and other goods.
- Increased use of cooperative purchasing agreements and District-wide contracts of goods and services.
- Continuous evaluation of expenditures. Management continues to look for innovative ways to contain costs through contract negotiations, audits, energy savings programs and avoidance initiatives, as noted in the following examples:
  - **Energy Rebate:** District-wide participation in the “voluntary curtail program” through Commonwealth Edison for the fourth consecutive year. Anticipated savings for fiscal year 2012 are \$300,000.
  - **Energy Savings Program:** performance contracts implemented in 2002 utilizing an external vendor have continued to provide City Colleges with annual savings and cost avoidance opportunities. Total costs avoided through fiscal year 2012 equate to \$5,000,000.

- **Utility Purchase Reductions:** City Colleges' electricity purchases were reduced by \$0.01 per kilowatt-hour resulting in cost savings of \$150,000 and \$600,000, respectively. A three year agreement lasting through 2012 has been agreed to with the electricity service provider to not exceed the fiscal year 2010 electric rate.
- **Locking In Gas Rates:** The district has been closely tracking the decrease in gas prices and in an effort to contain costs it has locked in a gas price of \$0.483 per therm which is \$0.016 less than last year's lock in rate.
- **Fuel Purchase:** The district has purchased fuel for its fleet of vehicles from City of Chicago fuel depots saving approximately two thirds of the retail price.

## **PERFORMANCE MEASUREMENT**

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

## FINANCIAL INFORMATION

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

**Internal Control:** City Colleges' management is responsible for establishing and maintaining an internal control structure designed to protect its assets, to prevent loss from theft or misuse of assets, and to allow for the preparation of financial information in conformity with GAAP under GASB. Although internal controls cannot guarantee absolute assurance that these objectives are met, strong controls provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

**Budgeting Controls:** The fiscal year begins on July 1 and ends on June 30 with annual appropriations lapsing at the end of the fiscal year. Individual colleges submit budget requests based on the colleges' strategic and tactical plans as reviewed and approved by the Chancellor. Administrative units submit requests for the Chancellor's review. The Budget Office compiles requests and recommendations for submission to the Board of Trustees for appropriation. The appropriated budget is prepared by fund, department, account (object of expense), and program (function).

City Colleges' budgetary control objectives are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Colleges' Board of Trustees. Budgetary control is implemented by individual fund within each college. Board approval is required for all transfers between funds, accounts, or programs. In addition, an amended budget is required for increases in total appropriation in accordance with the Illinois Public Community College Act.

Board approval is required for all purchases or exchanges of goods and services over \$25,000 from a single vendor during the fiscal year. In addition, proper segregation of duties exist both operationally and technologically to ensure that purchase orders are properly authorized with appropriate checks and balances.

City Colleges maintains an encumbrance accounting system as part of its budgetary control. Encumbered amounts lapse at the end of each fiscal year, rather than being recorded as a reservation of fund balance.

Capital project funds are budgeted on a project-by-project basis and represent the entire project budget for projects expected to begin in that fiscal year. Although City Colleges does not currently maintain debt service funds as it has no outstanding debt, debt service funds would be established in accordance with requirements of the bondholders.

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

<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 Working Cash Operations and Maintenance (Restricted)
Plant	Investment in Plant

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

#### **DEBT ADMINISTRATION**

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

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

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

City Colleges invests funds in various securities listed as permitted investments in the Board-approved Investment Policy. This policy is reviewed on an annual basis and any modifications require Board approval. The securities include, but are not limited to, money market funds, U.S. Treasury bonds, bills, notes and certificates of deposit. Investment income for both fiscal years 2012 and 2011 totaled \$1.6 million.

**Risk Management:** City Colleges' risk managers actively assess and review the types of risk and exposures the District may encounter and strives to mitigate the potential impact on the organization. Risk Management purchases commercial insurance to cover significant property

and non-property losses for amounts in excess of self-insured amounts. Based upon this review and assessment, risk management will elect a comprehensive commercial insurance program with significant retention levels on the property, general liability, workers' compensation and educators legal liability with deductibles of \$10,000, \$250,000, \$500,000 and \$200,000 per claim, respectively.

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

## **OTHER INFORMATION**

**Independent Audit:** State statutes require an annual audit by independent certified public accountants. The City Colleges of Chicago Board of Trustees selected the audit firm of Deloitte & Touche LLP as its independent certified public accountants for fiscal year 2012. The independent auditors' report of Deloitte & Touche LLP on the basic financial statements and supplementary schedules is included in the financial section of this report.

**Awards:** The GFOA awarded a **Certificate of Achievement for Excellence in Financial Reporting** to City Colleges for its comprehensive annual financial report for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

City Colleges has also earned GFOA's **Award for Distinguished Budget Presentation** for its annual budget for the fiscal year beginning July 1, 2011. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device.

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

Respectfully submitted,

Melanie A.J. Shaker  
Vice Chancellor Finance/CFO

J. Randall Dempsey, CPA  
Associate Vice Chancellor, Finance

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

**BOARD OF TRUSTEES**

Paula Wolff, Chairman  
Ellen Alberding, Vice Chairperson  
Larry R. Rogers, Sr., Secretary  
Pastor Charles Jenkins, Trustee  
Marisela Lawson, Trustee  
Everett Rand, Trustee  
Susan Santiago, Trustee  
Zakeia S. Hampton, Student Member  
Regina Hawkins, Assistant Board Secretary

**ADMINISTRATIVE OFFICERS**

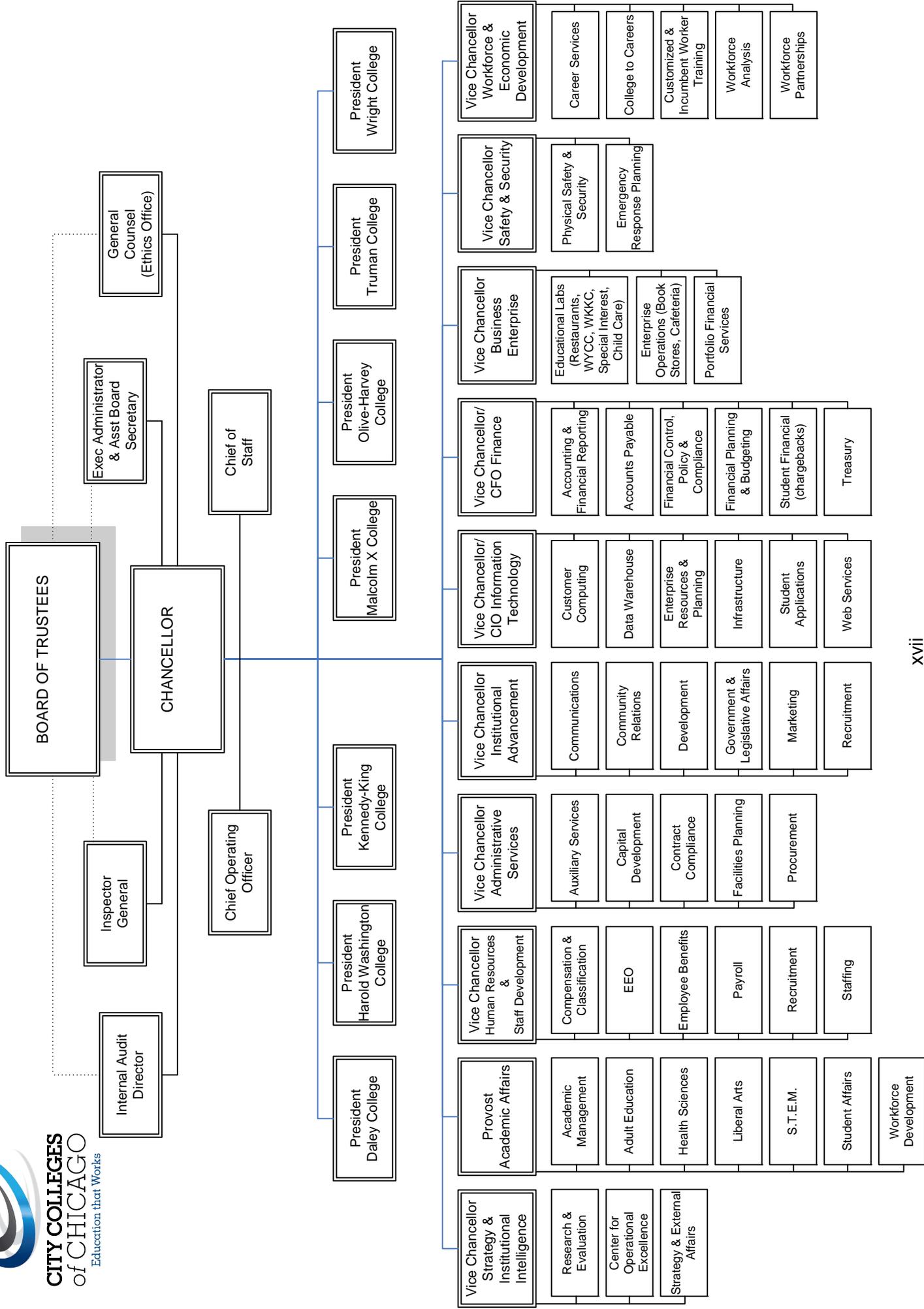
Cheryl L. Hyman, Chancellor  
James Frankenbach, Chief Operating Officer  
Craig Lynch, Chief of Staff and Enterprise Services  
Kojo A. Quartey, Provost & Chief Academic Officer  
Diane Minor, Vice Chancellor, Administrative Services & Procurement  
Joyce Carson, Vice Chancellor, Business Enterprises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

**REPORT ISSUED BY**

Office of Finance



# District-wide Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City Colleges of Chicago  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Sandison*

President

*Jeffrey R. Emer*

Executive Director

# **Financial Section**



## INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City Colleges' basic financial statements. The introductory section and the statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Deloitte & Touche LLP*

October 31, 2012

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



The discussion and analysis of City Colleges of Chicago (City Colleges) financial performance provides an overall review of City Colleges' financial activities for the fiscal years ended June 30, 2012 and 2011. This discussion and analysis focuses on current activities, currently known facts and related changes. The management of City Colleges encourages readers to consider the information being presented herein in conjunction with the transmittal letter that precedes this section and the basic financial statements and accompanying notes (which immediately follow this section) to enhance their understanding of City Colleges' financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current and prior year is required to be presented in the Management Discussion and Analysis (the "MD&A"). Responsibility for the completeness and fairness of the information presented here rests with City Colleges.

### **Using This Annual Report**

The basic financial statements focus on City Colleges as a whole. The accompanying basic financial statements are designed to emulate the presentation model of private sector business-type activities, whereby all City Colleges' activities are consolidated into one total. The Statement of Net Assets combines and consolidates current financial resources (short-term expendable resources) with long-term capital assets. The Statement of Revenues, Expenses, and Changes in Net Assets describes operating results, comparing revenues derived from operations such as tuition and fees with operating expenses, and non-operating results. Non-operating revenues include funding received from State apportionment, grants, and property taxes. This approach is intended to facilitate analysis of financial results of various services to students and the public.

### **Financial Highlights**

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

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

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



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

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

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

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

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

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

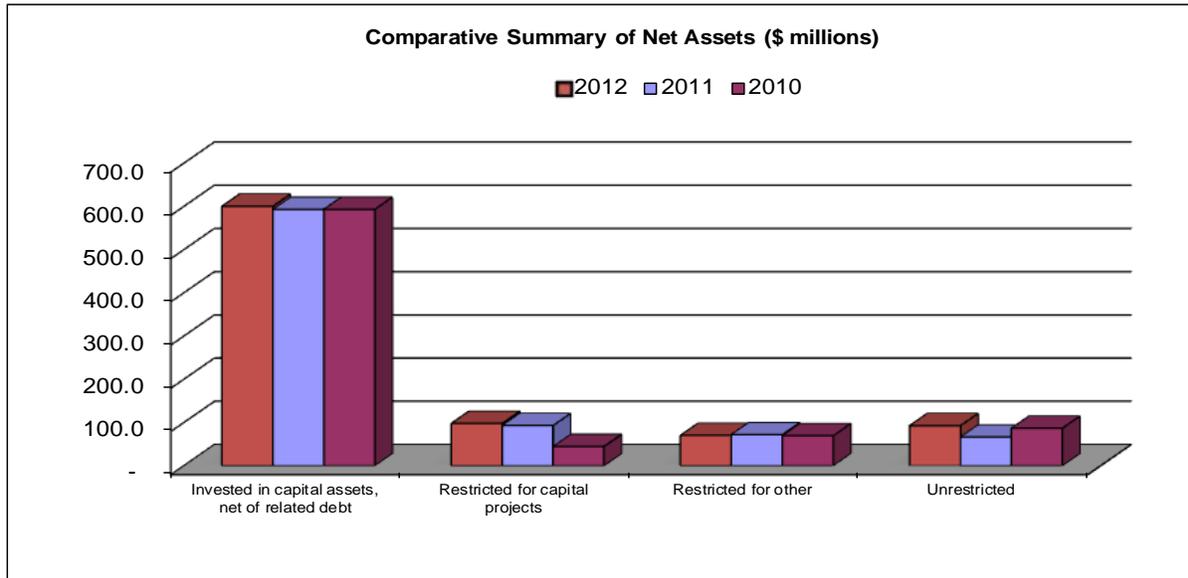
Other assets increased by \$28.3 million due in part to an increase in long term investments of \$28.6 million which was offset by a decrease in restricted cash of \$300,000.

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

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

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

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



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

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

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

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

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

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

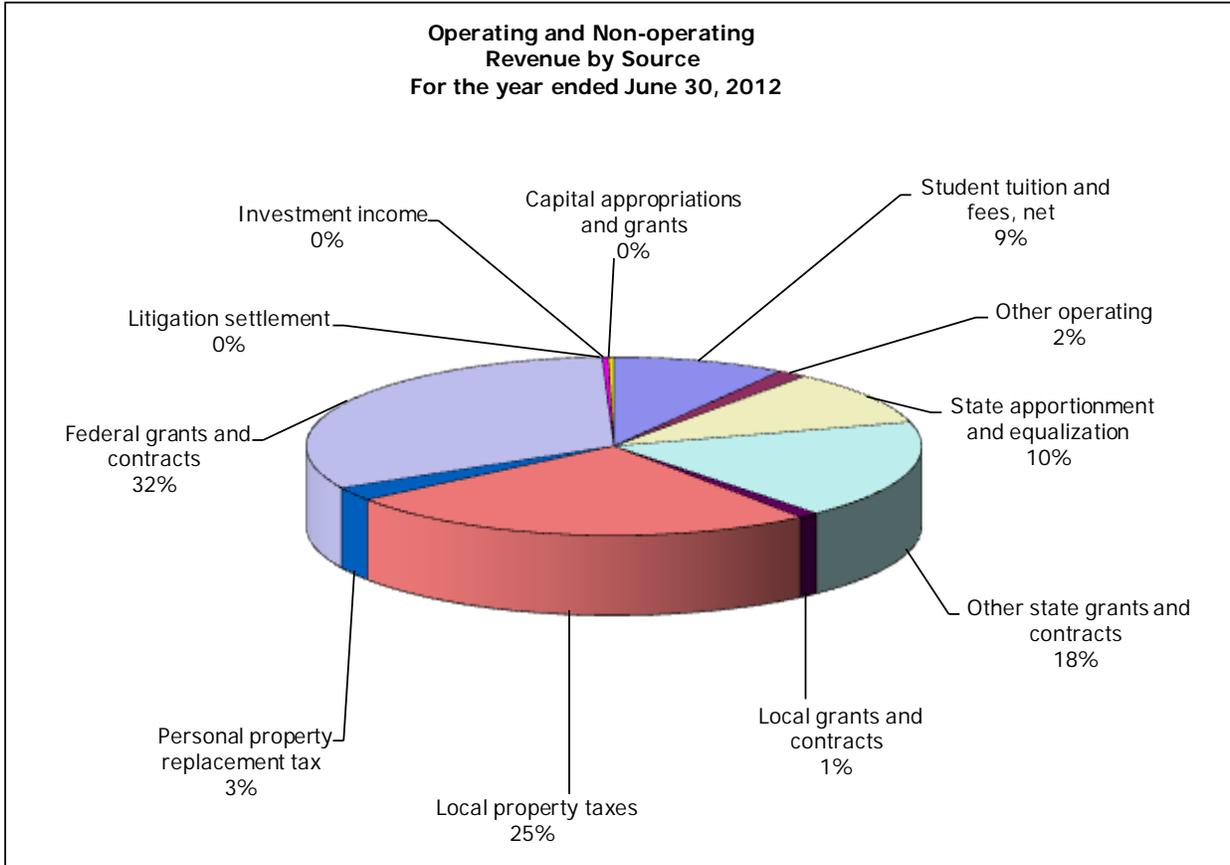
**Community College District No. 508**  
**Management's Discussion and Analysis**

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

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

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

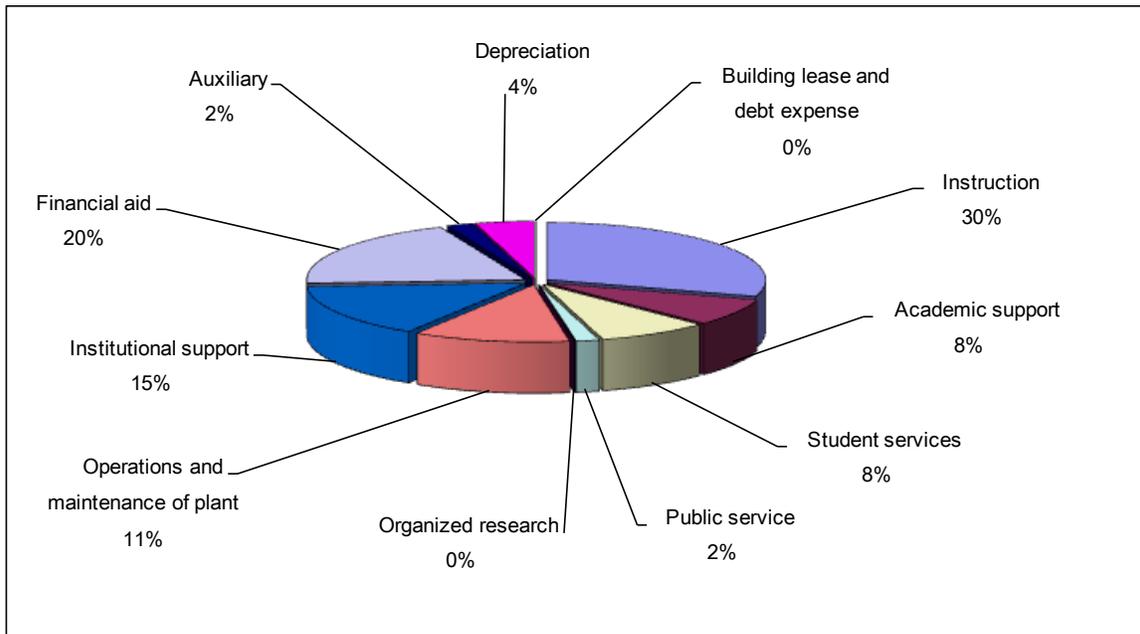
## Community College District No. 508 Management's Discussion and Analysis



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

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

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



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

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

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

**Capital Assets**

**Fiscal year 2012** - As of June 30, 2012, City Colleges had \$866.9 million in capital assets, \$266.6 million in accumulated depreciation, and \$600.3 million in net capital assets. This investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles and software. The total increase in City Colleges' net capital assets for the current fiscal year is \$7.2 million. (See Note 5)

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

- A net increase of \$18.6 million in buildings and improvements was due to site upgrades at the District Office and at each of the campuses for upgrades to the public announcement system, improved technology to enhance customer focus on learning across districts via upgrades in computers, software, audio visual equipment and technology in various rooms and spaces at Harold Washington, Malcolm X, Olive-Harvey, Daley and Truman. These building improvements were also to replace and upgrade outdated infrastructure and improve wireless connectivity coverage, as well as renovate biology, physics and chemistry labs, and locker rooms.
- Construction in progress costs of \$6.9 million was attributable to the renovation of the District Office fire sprinkler and alarm system, electrical services and elevator modernization; Kennedy King's new dental hygiene clinic; Truman's Student Services Center and parking garage; Olive-Harvey's exterior facade and parking lot; and Wright's demolition and renovation of teaching labs.



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

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### **Capital Assets** *(Continued)*

**Fiscal year 2011** - As of June 30, 2011, City Colleges had \$839.8 million in capital assets, \$246.7 million in accumulated depreciation, and \$593.1 million in net capital assets. This investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles and software. The total decrease in City Colleges' net capital assets for the current fiscal year is \$0.2 million. **(See Note 5)**

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

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

### **Non-current Liabilities**

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

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

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

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

**Requests for Information**

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

# Basic Financial Statements



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

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

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

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

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

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

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

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

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

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

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

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

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

# Notes to Basic Financial Statements



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

**Notes to Basic Financial Statements  
June 30, 2012**

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

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

**B. Basis of Accounting**

For financial reporting purposes, City Colleges is considered a special-purpose government engaged only in business-type activities. Accordingly, City Colleges' basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which City Colleges receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue

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

**Notes to Basic Financial Statements**  
**June 30, 2012**

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

**B. Basis of Accounting (Continued)**

from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which City Colleges must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to City Colleges on a reimbursement basis.

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

**C. Cash and Cash Equivalents**

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

**D. Investments**

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

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

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

**Notes to Basic Financial Statements  
June 30, 2012**

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

**F. Allowance for Uncollectible**

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

**G. Property Taxes**

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

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

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2011 tax year and collected in 2012 are recorded as revenue in fiscal year 2012. The remaining revenue related to the 2011 tax year extension is deferred and will be recorded as revenue in fiscal year 2013. Based upon collection histories, City Colleges recorded property taxes at 97% of the 2011 extended levy.

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

**Notes to Basic Financial Statements  
June 30, 2012**

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

**H. Personal Property Replacement Tax Revenue**

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

**I. Prepaid Items and Other Assets**

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

**J. Restricted Cash**

Cash held in trust, or to purchase or construct capital or other non-current assets, are classified as non-current assets in the Statement of Net Assets.

**K. Capital Assets**

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

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

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

City Colleges' capitalization policy for movable property includes only items with a unit cost greater than \$25,000 and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

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

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

**Notes to Basic Financial Statements  
June 30, 2012**

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

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

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

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

**L. Deferred Salaries**

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

**M. Deferred Revenues**

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

**N. Accrued Property Tax Refunds**

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

**O. Other Liabilities**

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

**P. Non-Current Liabilities**

Non-current liabilities include estimated amounts for accrued compensated absences, sick leave benefits (payments to retirees for accumulated unused sick days), other post-employment benefits and other liabilities that will not be paid within the next fiscal year.

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

**Notes to Basic Financial Statements  
June 30, 2012**

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

**Q. Net Assets**

City Colleges' net assets are classified as follows:

*Net Assets Invested In Capital Assets*

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

*Restricted Net Assets – Expendable*

Restricted expendable net assets include resources that the City Colleges is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Other restricted net assets are imposed by the Board of Trustees of City Colleges. This authorizes the Chancellor to establish a contingency reserve which requires three months of spending be restricted and reserved in a separate working capital fund to provide liquidity for day-to-day working capital purposes. When both restricted and unrestricted resources are available for use, it is City Colleges' policy to use restricted resources first and then use unrestricted resources when they are needed. It also includes resources that the City Colleges is restricted from spending by statute.

*Unrestricted Net Assets*

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

**R. Classification of Revenues and Expenses**

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

*Operating Revenue and Expenses*

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

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

**Notes to Basic Financial Statements  
June 30, 2012**

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

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

*Non-Operating Revenue and Expenses*

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

**S. Tuition and Fees**

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

**T. Income Taxes**

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

**U. Use of Estimates**

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

**V. Subsequent Events**

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

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

**Notes to Basic Financial Statements  
June 30, 2012**

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**2. DEPOSITS AND INVESTMENTS**

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

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

The primary objective of the policy is legality, safety, and preservation of capital and protection of investment principal, liquidity and yield. This policy applies to all restricted and unrestricted funds, including operating funds, special funds, interest and sinking funds and other funds belonging to or in the custody of the Board.

**Deposits**

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

**Investments**

In accordance with its investment policy, City Colleges limits its *risk tolerance* based on the investment's objective. Volatility of principal is not permitted or limited in order to obtain additional income or to manage the funds available for projects. Volatility of principal is defined as "by selling an individual security that would cause a realization of an accounting loss on the security". City Colleges limits its *risk tolerance* by primarily investing in

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

**Notes to Basic Financial Statements  
June 30, 2012**

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

**Investments** (Continued)

obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. However, City Colleges' investment policy does not specifically limit City Colleges to these types of investments, as noted above.

***Custodial credit risk*** – as it relates to investments, custodial credit risk is the risk that in the event of the failure of the counterparty to the investment, City Colleges will not be able to recover the value of its investments held by an outside party. To limit its exposure, Counterparties are limited to banks or trust companies authorized to do business in the State of Illinois that are member banks of the Federal Reserve System; and only to registered primary reporting dealers who are registered as broker-dealers with the Securities and Exchange Commission. A written agreement shall be executed stipulating the investment's purchase structure and sell obligations of the Board, the bank and the seller.

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

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

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

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

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

**Investments** *(Continued)*

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

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

City Colleges' investments are shown in the following tables:

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

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

Per Statement of Net Assets:

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

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
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**3. OTHER ACCOUNTS RECEIVABLE**

City Colleges' other accounts receivable consists of the following:

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

**4. RESTRICTED ASSETS**

City Colleges' restricted assets consist of the following:

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

Restricted for:

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

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**Notes to Basic Financial Statements  
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**5. CAPITAL ASSETS**

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

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

	<u>July 1, 2011</u>	<u>Additions and Transfers In</u>	<u>Retirements and Transfers Out</u>	<u>June 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 49,959,334	\$ -	\$ -	\$ 49,959,334
Construction work in progress	<u>51,832,430</u>	<u>27,295,849</u>	<u>(20,450,285)</u>	<u>58,677,994</u>
Subtotal	101,791,764	27,295,849	(20,450,285)	108,637,328
Capital assets being depreciated:				
Equipment	15,901,476	1,029,054	-	16,930,530
Software	29,342,571	692,440	-	30,035,011
Buildings and improvements	<u>692,728,579</u>	<u>18,591,828</u>	<u>-</u>	<u>711,320,407</u>
Subtotal	<u>737,972,626</u>	<u>20,313,322</u>	<u>-</u>	<u>758,285,948</u>
Total capital assets	839,764,390	47,609,171	(20,450,285)	866,923,276
Accumulated depreciation:				
Equipment	11,016,067	1,174,817	-	12,190,884
Software	28,988,810	161,237	-	29,150,047
Buildings and improvements	<u>206,739,097</u>	<u>18,508,171</u>	<u>-</u>	<u>225,247,268</u>
Total accumulated depreciation	<u>246,743,974</u>	<u>19,844,225</u>	<u>-</u>	<u>266,588,199</u>
Capital assets, net	<u>\$ 593,020,416</u>	<u>\$ 27,764,946</u>	<u>\$ (20,450,285)</u>	<u>\$ 600,335,077</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, 2010</u>	<u>Additions and Transfers In</u>	<u>Retirements and Transfers Out</u>	<u>June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 49,094,047	\$ 865,287	\$ -	\$ 49,959,334
Construction work in progress	<u>43,035,306</u>	<u>31,530,393</u>	<u>(22,733,269)</u>	<u>51,832,430</u>
Subtotal	92,129,353	32,395,680	(22,733,269)	101,791,764
Capital assets being depreciated:				
Vehicles	825,036	-	(825,036)	-
Equipment	15,722,974	278,303	(99,801)	15,901,476
Software	29,342,571	-	-	29,342,571
Buildings and improvements	<u>680,481,594</u>	<u>12,246,985</u>	<u>-</u>	<u>692,728,579</u>
Subtotal	<u>726,372,175</u>	<u>12,525,288</u>	<u>(924,837)</u>	<u>737,972,626</u>
Total capital assets	818,501,528	44,920,968	(23,658,106)	839,764,390
Accumulated depreciation:				
Vehicles	510,598	-	(510,598)	-
Equipment	9,810,547	1,523,423	(317,903)	11,016,067
Software	28,826,737	162,073	-	28,988,810
Buildings and improvements	<u>186,178,681</u>	<u>20,560,416</u>	<u>-</u>	<u>206,739,097</u>
Total accumulated depreciation	<u>225,326,563</u>	<u>22,245,912</u>	<u>(828,501)</u>	<u>246,743,974</u>
Capital assets, net	<u>\$ 593,174,965</u>	<u>\$ 22,675,056</u>	<u>\$ (22,829,605)</u>	<u>\$ 593,020,416</u>

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
June 30, 2012**

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**6. NET ASSETS**

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

**7. LEASES**

**Operating Leases**

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

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

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

	<b><u>June 30, 2012</u></b>	
2013	\$	623,069
2014		641,761
2015		161,979
	<u>\$</u>	<u>1,426,809</u>

	<b><u>June 30, 2011</u></b>	
2012	\$	604,922
2013		623,069
2014		641,761
2015		161,979
	<u>\$</u>	<u>2,031,731</u>

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
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**8. OTHER ACCRUALS AND OTHER LIABILITIES**

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

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

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

**9. PROPERTY TAXES**

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

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

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
June 30, 2012**

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**9. PROPERTY TAXES** *(Continued)*

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

**10. ACCRUED COMPENSATED ABSENCES**

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

**11. SICK LEAVE BENEFITS**

**Unused Sick Pay**

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

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

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**Notes to Basic Financial Statements  
June 30, 2012**

**11. SICK LEAVE BENEFITS** *(Continued)*

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

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

**12. CHANGES IN NON-CURRENT LIABILITIES**

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

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>June 30, 2012</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 2,735,949	\$ 3,053,719	\$ (3,133,274)	\$ 2,656,394	\$ 186,744
Sick leave benefits	19,270,303	6,868	(1,772,587)	17,504,584	2,423,013
Other post-retirement benefits	26,712,237	11,593,396	(7,485,562)	30,820,071	-
	<u>\$ 48,718,489</u>	<u>\$ 14,653,983</u>	<u>\$ (12,391,423)</u>	<u>\$ 50,981,049</u>	<u>\$ 2,609,757</u>
	<u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>June 30, 2011</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 2,904,460	\$ 3,115,000	\$ (3,283,511)	\$ 2,735,949	\$ 191,571
Sick leave benefits	19,534,758	1,471,857	(1,736,312)	19,270,303	2,338,551
Other post-retirement benefits	22,308,306	11,029,375	(6,625,444)	26,712,237	-
	<u>\$ 44,747,524</u>	<u>\$ 15,616,232</u>	<u>\$ (11,645,267)</u>	<u>\$ 48,718,489</u>	<u>\$ 2,530,122</u>

**13. EMPLOYEE RETIREMENT PENSION PLAN**

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

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

established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, certain other state educational and scientific agencies, and for survivors, dependents, and other beneficiaries of such employees. SURS is included in the State's financial reports as a pension trust fund. SURS is governed by section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

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

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

<b>Fiscal Year</b>	<b>Amount</b>
2012	\$ 43,796,241
2011	33,035,428
2010	30,288,298

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

<b>Fiscal Year</b>	<b>Amount</b>
2012	\$ 4,035
2011	25,165
2010	69,266

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**Notes to Basic Financial Statements  
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**14. OTHER POST-EMPLOYMENT BENEFITS**

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

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

**Membership:** As of June 30, 2012, 2011 and 2010, membership consisted of:

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

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

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June 30, 2012**

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

*Annual OPEB Costs and Net OPEB Obligation*

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

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

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

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
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**14. OTHER POST-EMPLOYMENT BENEFITS** *(Continued)*

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

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

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

**15. RISK MANAGEMENT**

City Colleges is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These matters are managed by the Office of Risk Management and administered by the District's insurance broker and the insurance carrier.

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

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

**City Colleges of Chicago**  
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**Notes to Basic Financial Statements**  
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**15. RISK MANAGEMENT (Continued)**

The District procures an Educators Legal Liability Policy (ELL) to cover a broad range of non-bodily injury or non-property damage liability claims made against the District, administrators, employees and staff. Claims associated with ELL matters are managed by the Office of the General Counsel with cooperation of the Office of Risk Management. Policy limits of \$5,000,000 in the aggregate and \$5,000,000 per occurrence apply, with retention of \$200,000.

City Colleges follows the practice of recognizing the expenses for general liability claims in the year such settlements become probable and estimable. City Colleges has accrued funds for estimated future claims of \$944,000 and \$764,100 as of June 30, 2012 and 2011, respectively.

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

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

City Colleges retains a portion of workers' compensation risk and maintains an excess commercial policy for individual claims exceeding \$500,000 up to the statutory limit. The amount of liability of City Colleges is further limited by the "Local Government and Governmental Employees Tort Immunity Act." This act gives City Colleges the authority to levy a special judgment tax or to issue bonds to pay any workers' compensation awards.

City Colleges estimates future claims based on a loss development factor and a specific claim reserve. City Colleges has accrued for estimated future claims of \$3,629,864 and \$3,510,705 as of June 30, 2012 and 2011, respectively. This amount is reported with "Other liabilities – Self-insurance reserves". Management of City Colleges believes that there are no material lawsuits or claims covered by the workers' compensation self-insurance program that have not been adequately covered.

**C. Health Insurance – Self-Insurance**

City Colleges self-insures for a portion of its health costs for eligible employees. Future claims are estimated based on historical charges and lag periods. City Colleges has accrued estimated medical expenses of \$1,246,313 and \$879,469, as of June 30, 2012 and 2011, respectively that have been incurred, but not claimed.

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

**Notes to Basic Financial Statements  
June 30, 2012**

**15. RISK MANAGEMENT** *(Continued)*

**Summary of Changes in Self-Insurance**

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

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

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

**16. COMMITMENTS AND CONTINGENCIES**

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

As of June 30, 2012, City Colleges had \$22.2 million in purchase commitments for its capital plan, all of which are being funded by City Colleges.



# Statistical Section

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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

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

City Colleges of Chicago  
Community College District No. 508

Table A

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

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net Assets:</b>										
Invested in Capital Assets-										
Net of Related Debt	\$ 177,343,175	\$ 236,347,069	\$ 294,687,579	\$ 352,604,264	\$ 492,006,098	\$ 569,734,877	\$ 570,962,411	\$ 593,174,965	\$ 593,020,416	\$ 600,335,077
Restricted for expendable:										
Capital Projects	39,582,014	42,869,202	40,141,921	44,140,970	53,039,227	28,768,926	56,156,946	44,507,719	92,978,002	97,683,367
Lease Obligations	46,428,742	40,948,750	35,519,213	31,071,292	23,795,853	-	-	-	-	-
Other	25,492,094	29,270,135	29,343,965	64,113,553	69,032,703	72,738,397	72,753,668	69,361,867	71,830,566	70,154,208
Unrestricted	32,103,031	40,530,686	73,393,636	63,823,389	77,358,746	71,794,664	67,104,370	86,874,142	66,367,440	92,820,212
<b>Total Net Assets</b>	<b>\$ 320,949,056</b>	<b>\$ 389,965,842</b>	<b>\$ 473,086,314</b>	<b>\$ 555,753,468</b>	<b>\$ 715,232,627</b>	<b>\$ 743,036,864</b>	<b>\$ 766,977,395</b>	<b>\$ 793,918,693</b>	<b>\$ 824,196,424</b>	<b>\$ 860,992,864</b>

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

City Colleges of Chicago  
Community College District No. 508

Table B

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Operating revenues:</b>										
Student tuition and fees (net of scholarship allowances)	\$ 26,486,436	\$ 35,409,540	\$ 37,807,639	\$ 39,919,583	\$ 35,352,547	\$ 37,779,085	\$ 46,719,262	\$ 48,044,246	\$ 46,100,054	\$ 44,216,800
Other operating revenues	11,385,809	5,276,250	6,245,354	8,277,517	7,130,296	6,997,724	7,773,577	7,442,333	8,370,707	7,530,445
Total operating revenues	37,872,245	40,685,790	44,052,993	48,197,100	42,482,843	44,776,809	54,492,839	55,486,579	54,470,761	51,747,245
<b>Operating expenses:</b>										
Instructional staff	66,589,968	70,192,004	74,456,743	77,081,414	79,978,494	81,587,686	88,799,795	90,477,097	88,565,180	88,192,744
Non-instructional staff	77,245,757	76,221,015	71,228,064	79,361,358	85,211,555	94,272,264	92,884,417	95,556,737	93,023,672	101,665,123
Fringe benefits*	43,406,839	108,456,188	37,128,733	35,479,612	38,573,600	48,646,332	52,008,207	64,479,515	67,970,166	78,556,221
Supplies	14,499,572	10,733,666	13,422,448	14,115,136	18,458,080	17,756,862	13,262,646	14,646,462	13,885,552	15,409,438
Professional development	2,069,087	2,749,023	1,562,422	2,018,035	2,285,888	2,294,480	2,053,242	1,826,668	1,325,058	1,484,245
Equipment not capitalized	833,329	2,846,325	5,176,669	2,291,005	2,775,642	25,457,028	3,846,842	4,838,391	5,765,922	7,169,078
Utilities	9,948,583	9,269,574	9,291,553	10,373,592	10,558,453	12,565,805	11,405,723	10,299,268	9,834,789	9,833,894
Contractual services	45,409,468	29,040,151	35,254,654	37,894,971	36,639,498	45,368,250	37,549,206	42,380,663	46,303,596	37,456,245
Depreciation	15,726,785	16,378,082	16,800,331	21,810,983	20,667,118	27,231,445	21,336,035	18,367,180	22,245,912	19,844,225
Financial aid (net of scholarship allowances)	22,395,492	34,270,087	34,141,440	31,470,269	26,031,017	32,612,287	46,833,746	57,192,354	73,006,767	88,128,031
Other expenses	2,087,540	6,021,302	3,841,210	4,377,241	4,255,320	2,203,370	2,222,996	4,301,200	13,379,760	1,873,076
Total operating expenses	300,212,420	366,177,417	302,304,267	316,273,616	325,434,665	389,995,809	372,202,855	404,365,535	435,306,374	449,612,320
Operating loss	(262,340,175)	(325,491,627)	(258,251,274)	(268,076,516)	(282,951,822)	(345,219,000)	(317,710,016)	(348,878,956)	(380,835,613)	(397,865,075)
<b>Non-operating revenues (expenses):</b>										
State apportionment and equalization	45,831,544	38,700,335	36,692,418	38,580,616	41,498,443	39,808,436	37,759,550	38,637,438	48,683,543	48,683,543
Other state grants and contracts*	53,927,508	104,710,804	52,507,309	48,190,000	54,901,471	59,444,571	64,191,417	72,578,870	75,378,306	87,343,845
Local grants and contracts	2,470,598	4,102,542	4,304,120	3,616,535	4,900,467	4,073,193	4,706,664	5,646,914	5,273,784	5,241,086
Local property taxes	78,370,096	77,538,041	90,808,565	101,823,185	107,099,097	113,234,703	121,020,792	127,316,069	123,516,103	121,811,625
Property taxes for lease obligations	36,169,927	39,537,136	35,165,454	29,592,741	30,099,651	13,912,993	-	-	-	-
Personal property replacement tax	7,634,382	8,676,779	10,499,413	13,307,576	14,518,747	15,525,950	13,581,642	11,416,700	13,924,035	12,319,744
Federal grants and contracts	58,775,669	63,091,461	65,190,589	62,483,048	57,549,889	64,170,398	78,525,778	110,203,448	140,186,492	156,278,485
Litigation settlement	-	10,302,934	-	-	-	-	-	656,745	-	-
Investment income	5,136,446	2,778,234	4,893,017	8,264,368	13,311,136	11,293,733	5,829,685	2,028,369	1,589,648	1,557,008
Building lease and interest payments on debt	(15,962,262)	(14,226,778)	(12,531,939)	(12,687,374)	(6,873,136)	(2,016,881)	-	-	-	-
Non-operating revenues, net	272,353,908	335,211,488	287,529,046	293,170,695	317,005,765	319,447,096	325,615,528	368,484,553	408,551,911	433,235,336
Income before capital appropriations and grants	10,013,733	9,719,861	29,277,772	25,094,179	34,053,943	(25,771,904)	7,905,512	19,605,597	27,716,298	35,370,261
Capital appropriations and grants	36,541,105	58,790,925	53,842,700	57,572,975	125,425,216	53,576,141	16,035,019	7,335,701	2,561,433	1,426,179
Change in net assets	\$ 46,554,838	\$ 68,510,786	\$ 83,120,472	\$ 82,667,154	\$ 159,479,159	\$ 27,804,237	\$ 23,940,531	\$ 26,941,298	\$ 30,277,731	\$ 36,796,440

Source: City Colleges of Chicago Comprehensive Annual Financial Reports

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

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

City Colleges of Chicago  
Community College District No. 508

Table C

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

Year of Levy	Revenue Capacity					DuPage County Unallocated	Assessed Valuation	Total Direct Rate	Estimated Actual Value
	Residential Property	Commercial Property	Industrial Property	Railroad Property	Not Available				
2011	-----	-----	-----	-----	-----	\$	\$ 75,087,804,739	0.165	\$ 225,263,414,217
2010	\$ 51,831,630,468	\$ 22,565,050,951	\$ 7,530,442,082	\$ 119,792,938			82,052,222,695	0.151	246,156,668,085
2009	52,169,503,706	24,491,319,005	7,785,890,009	98,313,889			84,550,505,262	0.150	253,651,515,786
2008	48,377,972,238	24,468,644,597	7,993,155,293	84,112,105			80,929,580,524	0.156	242,788,741,572
2007	43,685,644,783	22,387,633,179	7,454,940,830	77,095,720			73,611,156,177	0.159	220,833,468,531
2006	39,513,066,849	22,593,682,265	7,297,814,078	68,665,828			69,479,300,657	0.205	208,437,901,971
2005	31,195,901,972	21,662,642,248	6,345,138,874	64,612,951			59,274,592,340	0.234	177,823,777,020
2004	28,155,943,958	20,900,364,460	6,125,973,343	63,041,595			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			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			45,309,524,105	0.280	135,928,572,315

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

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

City Colleges of Chicago  
Community College District No. 508

Table D

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

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

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

**Table E**

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

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

**Source:** Cook County Assessor's Office – 2011 is latest data available.

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

Taxable assessed value in thousands of dollars

**NOTE:**

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

City Colleges of Chicago  
Community College District No. 508

Table F

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

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

Source: College and Cook County Treasurer's Tax Records

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

**Table G**

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

Fiscal Year	Fall Term 8th Day Enrollment				In District Tuition & Fees per Semester Hr	Out of District Tuition & Fees per Semester Hr	Out of State Tuition & Fees per Semester Hr	Total Semester Credit Hrs Generated	Tuition & Fees Revenue	Less: Scholarships and Allowances	Tuition & Fees Revenue (Net)
	FTE Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses	Headcount							
2003	21,403	49,484	104,349	52.00	174.50	254.29	1,266,802	55,782,322	(29,295,886)	26,486,436	
2004	22,007	49,908	90,383	52.00	174.50	254.29	1,070,621	56,243,960	(20,834,420)	35,409,540	
2005	22,135	50,217	79,355	62.00	229.21	314.95	1,164,887	63,734,062	(25,926,423)	37,807,639	
2006	20,950	47,181	68,279	67.00	162.65	266.20	1,085,936	67,578,330	(27,658,747)	39,919,583	
2007	20,647	47,031	63,675	72.00	180.83	291.61	1,064,630	69,513,402	(34,160,855)	35,352,547	
2008	21,165	47,609	65,668	72.00	189.95	309.76	1,050,801	75,276,720	(37,497,635)	37,779,085	
2009	23,218	50,500	70,438	72.00	258.99	306.89	1,136,523	85,837,178	(39,117,916)	46,719,262	
2010	27,347	57,423	70,094	79.00	259.15	301.55	1,260,579	104,761,982	(56,717,736)	48,044,246	
2011	29,194	60,514	58,935	87.00	171.56	228.35	1,207,136	114,587,331	(68,487,277)	46,100,054	
2012	29,602	61,756	55,009	89.00	173.56	230.35	1,190,894	115,477,680	(71,260,880)	44,216,800	

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

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

**Table H**

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

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

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

**Table I**

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

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

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

City Colleges of Chicago  
Community College District No. 508

Table J

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

Legal Debt Margin Calculation for Fiscal 2012

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

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

**Table K**

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

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

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

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

\*2011 Advance estimates of per capital income by metropolitan area.

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

City Colleges of Chicago  
Community College District No. 508

Table L

Demographic and Economic Information  
Principal Employers (Unaudited)

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

Source: Crain's Chicago's Business, Largest Employers, published January 16, 2012

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

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

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

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

**Data Source:** College records

**Note:** FY09 - FY12 figures represent filled positions.

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

**Table N**

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

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

**Data Source:** College records

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

**Table O**

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

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

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

**Data Source:** College records

City Colleges of Chicago  
Community College District No. 508

Table P

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

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

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

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

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

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

<b><i>Founded</i></b>	<b>1911</b>	
Accreditation by North Central Association of Colleges and Schools		
	<b>Most Recent Accreditation</b>	<b>Next Review</b>
Daley	2011-12	2021-22
Harold Washington	2008-09	2018-19
Kennedy-King	2005-06	2015-16
Malcolm X	2007-08	2017-18
Olive-Harvey	2010-11	2020-21
Truman	2009-10	2019-20
Wright	2001-02	2015-16
Current gross square footage		4,397,099
Size of district		228.5 square miles
Counties served		Cook and DuPage
Population of district		2,707,120
Number of administrative staff		365
Number of civil service staff		1,771
Number of professional / technical staff		1,292
Number of teaching staff		2,961
Number of student/workstudy staff		1,132
Degrees and certificates awarded (Fiscal year 2011)		8,557

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

**Table R**

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

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

Excludes SURS contribution of \$43,796,241

Statement of Purpose: The City Colleges of Chicago Revenues and Expenditures by College for the year ended June 30, 2012, is required by the terms of a Memorandum of Understanding (MOU) between City Colleges and the North Central Association of Colleges and Schools Commission on Institutions of Higher Education (NCA). The MOU outlines an appropriate pattern of evidence to be made available by City Colleges for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenditures for each college and the district office.

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

**Table S**

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

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

# **Special Reports Section**



# State Required Report Section



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

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

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

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

Fiscal year ended June 30, 2012

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

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

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

\* Enter as negative.

\*\* Non-add line.

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

**City Colleges of Chicago  
Community College District No. 508  
Restricted Purposes Fund Revenues And Expenditures  
Uniform Financial Statement #4  
Fiscal year ended June 30, 2012**

**REVENUE BY SOURCE:**

TOTAL LOCAL GOVERNMENT	\$ 3,915,900
State Government *	
ICCB - Adult Education	5,439,692
ICCB - Retirees Health Insurance Grant	626,600
Other	<u>20,924,686</u>
TOTAL STATE GOVERNMENT	26,990,978
Federal Government	
Dept. of Education	118,617,895
Other	<u>37,372,514</u>
TOTAL FEDERAL GOVERNMENT	155,990,409
Other Sources	
Other	<u>1,113,115</u>
TOTAL OTHER SOURCES	1,113,115
TOTAL RESTRICTED PURPOSES FUND REVENUES	<u><u>\$ 188,010,402</u></u>

**EXPENDITURES BY PROGRAM \***

Instruction	\$ 9,114,860
Academic Support	9,733,597
Student Services	4,929,597
Public Service/Continuing Education	4,079,307
Organized Research	377,705
Auxiliary Services	171,621
Operations and Maintenance	153,912
Institutional Support	1,615,264
Scholarships, Grants and Waivers	159,149,626

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES \$ 189,325,489

**EXPENDITURES BY OBJECT \***

Salaries	\$ 18,516,388
Employee Benefits	4,867,312
Contractual Services	2,919,363
General Materials and Supplies	5,094,562
Professional Development	398,162
Fixed Charges	1,374
Utilities	3,405
Capital Outlay	255,725
Other	384,325
Scholarships, Grants, Waivers*	156,884,873

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES \$ 189,325,489

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

**City Colleges of Chicago  
Community College District No. 508  
Current Funds \* Expenditures\*\* by Activity  
Uniform Financial Statement #5  
Fiscal year ended June 30, 2012**

INSTRUCTION	
Instructional Programs	\$ 113,190,214
Total Instruction	<u>113,190,214</u>
ACADEMIC SUPPORT	
Library Center	3,628,706
Instructional Materials Center	362,645
Educational Media Services	77,334
Academic Computing Support	1,174,169
Academic Administration and Planning	14,824,333
Other	9,826,547
Total Academic Support	<u>29,893,734</u>
STUDENT SERVICES SUPPORT	
Admissions and Records	4,134,993
Counseling and Career Services	8,010,536
Financial Aid Administration	5,256,362
Other	14,420,753
Total Student Services Support	<u>31,822,644</u>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	902,536
Customized Training (Instructional)	739,897
Community Services	2,910,337
Other	2,383,697
Total Public Service/Continuing Education	<u>6,936,467</u>
ORGANIZED RESEARCH	377,705
AUXILIARY SERVICES	1,844,476
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	11,886,175
Custodial Services	6,615,346
Grounds	16,048
Campus Security	10,221,192
Transportation	3,686
Utilities	7,901,365
Administration	997,422
Other	4,073,169
Total Operations and Maintenance of Plant	<u>41,714,403</u>
INSTITUTIONAL SUPPORT	
Executive Management	6,340,736
Fiscal Operations	5,056,617
Community Relations	3,687,460
Administrative Support Services	15,934,476
Board of Trustees	354,933
General Institutional	11,676,149
Institutional Research	1,293,554
Administrative Data Processing	5,852,514
Other	7,250,106
Total Institutional Support	<u>57,446,545</u>
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	<u>162,175,915</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u>\$ 445,402,103</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 \$43,796,241



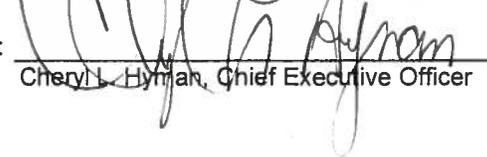
**City Colleges of Chicago  
Community College District No. 508**

**Certification of Chargeback Reimbursement for Fiscal Year 2013**

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

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

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

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



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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases On Which Claims are Filed (the "Schedule") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") for the year ended June 30, 2012. This Schedule is the responsibility of City Colleges' management. Our responsibility is to express an opinion on the Schedule based on our examination.

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

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

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

*Deloitte & Touche LLP*

October 15, 2012

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

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

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

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

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

**Summary of Certified Dual Credit and Dual Enrollment Hours**

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

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

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

	<u>Attending In-District</u>	<u>Attending Out-of-District on Chargeback or Cooperative/ Contractual Agreement</u>	<u>Total</u>
Unrestricted in-district resident hours	1,096,170.0		
Restricted in-district residents hours	<u>52,315.0</u>		
Semester credit hours (all terms)	1,148,485.0	1,433.5	1,149,918.5
District prior year equalized assessed evaluation (Preliminary)		\$75,087,804,739	
		<b>Total Credit Hours</b>	<b>Total Credit Hours Certified by ICCB</b>
In-district residents		1,148,485.0	1,148,485.0
Out-of-district (chargeback/contractual agreement)		<u>1,433.5</u>	<u>1,433.5</u>
Total		<u>1,149,918.5</u>	<u>1,149,918.5</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:

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

### Summary of Assessed Valuations

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2011	\$75,087,804,739
2010	82,052,222,695
2009	84,550,505,262
2008	80,929,580,524
2007	73,611,156,177
2006	69,479,300,657
2005	59,274,592,340
2004	55,309,122,652

# State Grant Compliance Section



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of the Workforce Development Component Grant, Retirees Health Insurance Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education Program Improvement Grant, (collectively, the "Grant Programs") of City Colleges of Chicago, Community District No. 508 (the "City Colleges") as of June 30, 2012, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended, as listed in the foregoing table of contents. We have also audited the accompanying balance sheet of the Accelerating Opportunities Grant (AO508) (included in the "Grant Programs") as of February 29, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period July 1, 2011 through February 29, 2012, as listed in the foregoing table of contents. We have also audited the accompanying balance sheet of the Accelerating Opportunities Grant (12AO508) (included in the "Grant Programs") as of June 30, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period December 1, 2011 through June 30, 2012, as listed in the foregoing table of contents. We have also audited the accompanying balance sheet of the Student Success Grant (included in the "Grant Programs") as of June 27, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period June 28, 2010 through June 27, 2012, as listed in the foregoing table of contents. These respective financial statements are the responsibility of City Colleges' management. Our responsibility is to express an opinion on the respective financial statements based on our audit.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of the City Colleges' Grant Programs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Deloitte & Touche LLP*

October 31, 2012

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

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

We have audited the accompanying balance sheets of the Workforce Development Component Grant, Retirees Health Insurance Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education Program Improvement Grant (collectively, the “Grant Programs”) of City Colleges of Chicago Community District No. 508 (“City Colleges”) as of June 30, 2012, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. We have also audited the accompanying balance sheet of the Accelerating Opportunities Grant (AO508) (included in the “Grant Programs”) as of February 29, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period July 1, 2011 through February 29, 2012. We have also audited the accompanying balance sheet of the Accelerating Opportunities Grant (12AO508) (included in the “Grant Programs”) as of June 30, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period December 1, 2011 through June 30, 2012. We have also audited the accompanying balance sheet of the Student Success Grant (included in the “Grant Programs”) as of June 27, 2012, and the related statement of revenues, expenditures, and changes in fund balance for the period June 28, 2010 through June 27, 2012. We have issued our report on the Grant Programs thereon dated October 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

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

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

### **Compliance and Other Matters**

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

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

*Deloitte & Touche LLP*

October 31, 2012

# **Grant Program Financial Statements**



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

<b>Assets</b>	
Cash	<u>\$ 51,002</u>
<b>Liabilities and Fund balance</b>	
Accounts payable	\$ 22,864
Agency payable	28,138
Total liabilities	<u>51,002</u>
Total Fund Balance	-
Total Liabilities and Fund Balance	<u>\$ 51,002</u>

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

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

See accompanying notes to grant program financial statements.

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

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

See accompanying notes to grant program financial statements.

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

<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, 2012**

<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, 2011	<u>-</u>
Fund Balance - June 30, 2012	\$ <u>-</u>

See accompanying notes to grant program financial statements.

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

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

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

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

See accompanying notes to grant program financial statements.

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

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

See accompanying notes to grant program financial statements.

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

<b>Assets</b>	
Cash	<u>\$ 3,187</u>
<b>Liabilities and fund balance</b>	
Accounts payable	<u>\$ 3,187</u>
Total liabilities	3,187
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ 3,187</u>

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

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

See accompanying notes to grant program financial statements.

**City Colleges of Chicago  
Community College District No. 508  
Career and Technical Education - Program Improvement  
Balance Sheet  
As of June 30, 2012**

<b>Assets</b>	
Cash	<u>\$ 41,175</u>
<b>Liabilities and Fund Balance</b>	
Accounts payable	39,175
Accrued Payroll	<u>2,000</u>
Total liabilities	41,175
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 41,175</u>

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

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

See accompanying notes to grant program financial statements.

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

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

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

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

See accompanying notes to grant program financial statements.

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

<b>Assets</b>	
Cash	<u>\$ 1,177</u>
 <b>Liabilities and Fund Balance</b>	
Accounts payable	<u>1,177</u>
Total liabilities	1,177
 Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,177</u></u>

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

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

See accompanying notes to grant program financial statements.

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

<b>Assets</b>	
Cash	<u>\$ 371,481</u>
 <b>Liabilities and Fund Balance</b>	
Accounts payable	184,320
Accrued payroll	2,550
Agency payable	<u>184,611</u>
Total liabilities	371,481
 Total Fund Balance	 -
Total Liabilities and Fund Balance	<u><u>\$ 371,481</u></u>

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

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

See accompanying notes to grant program financial statements.

# Notes to Grant Program Financial Statements



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

**Notes to Grant Program Financial Statements  
June 30, 2012**

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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 ICCB in its Fiscal Management Manual. Program funds are accounted for in the City Colleges of Chicago’s current restricted fund.

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

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

**B. Retirees Health Insurance Grant**

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

**C. Adult Education and Family Literacy Grant**

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

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

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

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

**Notes to Grant Program Financial Statements  
June 30, 2012**

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

**D. Early School Leavers Grant**

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

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

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

**F. Accelerating Opportunities Grant (AO508)**

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

**G. Accelerating Opportunities Grant (12AO508)**

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

**H. Student Success Grant**

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

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

**Notes to Grant Program Financial Statements  
June 30, 2012**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Reporting**

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

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

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

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

**B. Cash held by City Colleges of Chicago**

To facilitate sound management, substantially all grant program cash for the Workforce Development Component Grant, Retirees Health Insurance Grant, the State Adult Education and Family Literacy Grant, Early School Leavers Grant, the Career and Educational Grant, Accelerating Opportunities Grants, and the Student Success Grant programs are pooled with City Colleges.

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

**Notes to Grant Program Financial Statements  
June 30, 2012**

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

**C. Capital outlay**

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

**D. Uses of Estimates**

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

**E. Subsequent Events**

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



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

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

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