



City of Chicago

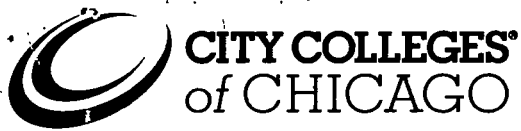


F2023-3

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	1/18/2023
Sponsor(s):	Dept./Agency
Type:	Report
Title:	City Colleges of Chicago Annual Comprehensive Financial Report (2022)
Committee(s) Assignment:	



December 20, 2022

Dear Colleague:

City Colleges of Chicago is pleased to present the Annual Comprehensive Financial Report (ACFR) for its Fiscal Year 2022. This comprehensive report reflects detailed information and statistics. Additional copies of these reports are available from the Office of Finance at 773-487-3743 or on our website at <http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports.aspx>.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bruce Gename'.

Bruce Gename, Associate Controller
City Colleges of Chicago – Finance Department
3901 South State Street, Room 216
Chicago, Illinois 60609

Enclosure: City Colleges of Chicago Board Report 34661

Chicago City Clerk-Council Div.
2022 DEC 20 PM 1:55

34661

**ADOPTED – BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
DECEMBER 1, 2022**

**BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
COUNTY OF COOK AND STATE OF ILLINOIS**

**RESOLUTION
TO TRANSMIT FISCAL YEAR 2022 ANNUAL AUDIT
OFFICE OF FINANCE**

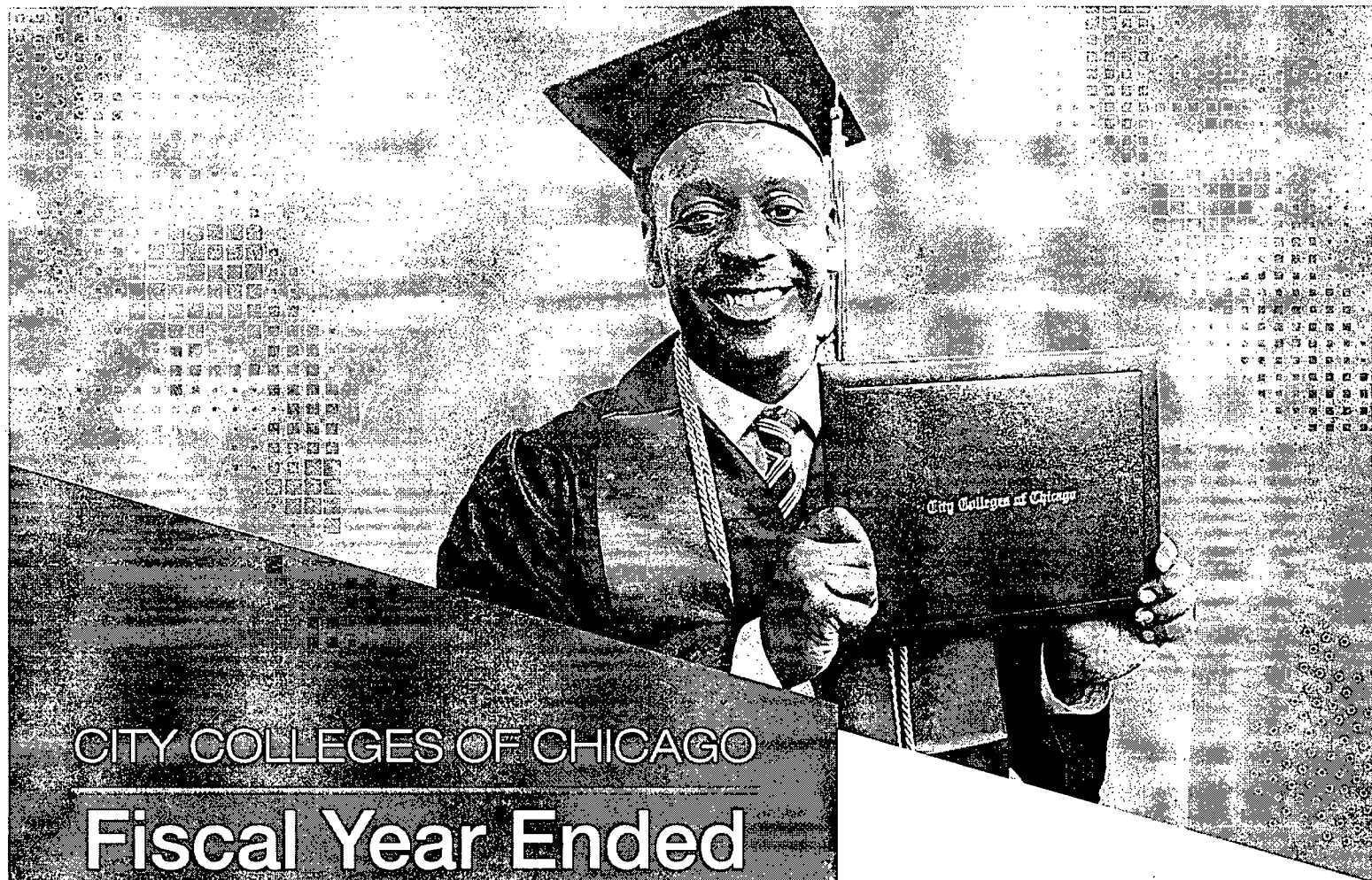
WHEREAS, pursuant to Section 7-24 of the Illinois Public Community College Act, “the board shall yearly, and may as often as necessary, appoint certified public accountants to examine the business methods and audit the accounts of the board, and to submit a report of that examination and audit, together with any of their recommendations as to changes in business methods of the board or any of its departments, officers or employees. That report shall be made to the mayor, the city council and the board and be filed in the records of the board”;

WHEREAS, the City Colleges of Chicago audit for Fiscal Year 2022 was completed by RSM US, LLP which found that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements were fairly presented in conformity with Generally Accepted Accounting Principles (GAAP); and

WHEREAS, the Office of Finance has reviewed the completed audit for Fiscal Year 2022;

NOW THEREFORE BE IT RESOLVED that RSM US, LLP has submitted the Fiscal Year 2022 audit and the Board authorizes the transmission of said audit to the Mayor and the City Council with a copy filed in the records of the Board.

December 1, 2022 - OFFICE OF FINANCE



CITY COLLEGES OF CHICAGO

Fiscal Year Ended June 30, 2022

Annual Comprehensive Financial Report

Lori E. Lightfoot
Mayor, City of Chicago

Juan Salgado
Chancellor

Walter E. Massey, Ph.D.
Chair, Board of Trustees of Community
College District No. 508
Cook County, State of Illinois

Richard J. Daley

Kennedy-King

Malcolm X

Olive-Harvey

Harry S Truman

Harold Washington

Wilbur Wright



CITY COLLEGES®
of CHICAGO



CITY COLLEGES[®]
of CHICAGO

COMMUNITY COLLEGE DISTRICT NO. 508

Chicago, Illinois

**ANNUAL
COMPREHENSIVE FINANCIAL
REPORT**

For the fiscal year ended June 30, 2022

*Prepared by:
Office of Finance*

Walter E. Massey, Ph.D., Chair
Juan Salgado, Chancellor

Board of Trustees of Community College District No. 508

County of Cook and State of Illinois

Lori E. Lightfoot, Mayor
City of Chicago, Illinois

Board of Trustees

Walter E. Massey Ph.D., Board Chair

Elizabeth Swanson, Vice Chair

Peggy A. Davis, Secretary

Laritza Lopez, Trustee

Karen Kent, Trustee

Darrell A. Williams, Trustee

Deborah H. Telman, Trustee

Neith Tiri-Xi'ui, Student Trustee

Bonnie Phillips, Chief Advisor to the Board
of Trustees

Vacant, Assistant Board Secretary



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Administrative Officers

Juan Salgado, Chancellor

Dr. Mark Potter,
Provost & Chief Academic Officer

Veronica Herrero,
Chief of Staff and Strategy

Maribel Rodriguez,
Chief Financial Officer

Karla Mitchell Gowen,
General Counsel

Jerrold Martin,
Chief Information Officer

Carol Dunning,
Chief Talent Officer

Lamesha Smith,
Inspector General

Gina Gentile,
Director of Internal Auditing

Eric Lugo
Senior Advisor

Dr. Janine Janosky,
President, Richard J. Daley College

Dr. Daniel Lopez,
President, Harold Washington College

Dr. Katonja Webb Walker,
Interim President, Kennedy-King College

David A. Sanders,
President, Malcolm X College

Kimberly Hollingsworth,
President, Olive-Harvey College

Dr. Shawn L. Jackson,
President, Harry S. Truman College

Dr. David Potash,
President, Wilbur Wright College

Dear City College's Community:

The FY2022 Annual Comprehensive Financial Report (ACFR) reflects a year of recovery from the COVID-19 pandemic and a dedication to achieving our strategic vision of serving as the city's most accessible higher education engine of socioeconomic mobility and racial equity.

This ACFR reflects that City Colleges concluded the year with \$514.5 million in assets; a four percent (4%) increase over the prior year.

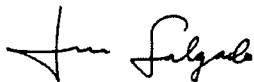
While holding the credit hour rate of \$146 level for the sixth straight year, we worked to offer our students and communities the resources to access a quality, affordable education through investments in:

- A comprehensive suite of student supports to improve access, retention and completion, such as scholarships, grants, and the Chancellor's Retention Fund
- A robust offering of remote, online and in-person learning options
- Academic programs that ensure students are prepared for the economic recovery
- The Chicago Roadmap, an unprecedented partnership with the Chicago Public Schools, to support students along a seamless path to and through college on the way to their chosen careers
- Resources to ensure the continued health and safety of CCC students, faculty and staff as we continue to combat and prevent against a resurgence of COVID-19.
- Enhanced marketing and enrollment infrastructure to attract and retain a diverse student body
- City Colleges-wide athletics
- A modest capital program targeted for in-demand/emerging programs, technology, deferred maintenance, and life safety infrastructure

To support revenues in FY22, City Colleges relied on federal HEERF stimulus funds, taxing to the city levy cap, Tax Increment Financing surplus proceeds from the City of Chicago, and expense management practices focused on achieving continued operational efficiency.

The FY2022 ACFR reflects our efforts to be remain a source of stability and a mechanism for upward mobility for our students and our city.

Sincerely,



Juan Salgado
Chancellor, City Colleges of Chicago

**City Colleges of Chicago
Community College District No. 508
Annual Comprehensive Financial Report
Fiscal year ended June 30, 2022**

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Introductory Section



Transmittal Letter

November 30, 2022

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 Annual Comprehensive Financial Report of City Colleges of Chicago, Community College District No. 508 (City Colleges or the District), for the fiscal year ended June 30, 2022. It has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. 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 auditor's report of RSM US LLP is included in the financial section of this Annual Comprehensive Financial Report.

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 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 Associate degrees, occupational certificates, continuing education, customized business-specific training and adult education programs. In accordance with standards established by GASB, City Colleges has included City Colleges of Chicago Foundation as a discretely presented component unit.

Of the Board's eight members, the seven who vote are appointed by the Mayor of 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, is elected from one of the colleges.

The District currently occupies a land area of approximately 228.5 square miles and serves an estimated population of 2,696,555.

As a large urban school district, our colleges, students and administrators reflect the broad diversity of our city. Our constituents are comprised of many 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.

On Sunday, May 1st, City Colleges of Chicago returned to the Wintrust Arena for the first time since the COVID-19 pandemic and began to celebrate associate degree earners from the graduating classes of 2022, 2021, and 2020. There were two ceremonies, seven colleges, around 1,700 graduates, and countless stories of resilience and success. This in-person event brought excitement and energy from graduates, guests and City Colleges employees alike, featuring engaging speeches, videos, and a traditional marching of graduates.

The total number of degrees, certificates and general education completers credentials awarded in fiscal year 2022 was 7,758 and degrees awarded totaled 3,722. 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 necessary for employment.

STRATEGIC GOALS AND STRATEGIES

OUR STRATEGIC GOALS

City Colleges of Chicago has outlined a common strategic framework, consisting of six strategic levers and a common set of goals, values, and Key Performance Indicators (KPIs) along with strategic plans, equity plans and strategic enrollment management plans for each college.

A single unifying vision was crafted with input from a cross section of City Colleges stakeholders: City Colleges' vision is to be recognized as the city's most accessible higher education engine of socioeconomic mobility and racial equity – empowering all Chicagoans to take part in building a stronger and more just city.

Three transformational goals serve as metrics for the five-year framework:

- Achieve unprecedented and equitable retention and completion rates
- Be regarded as the smart choice among students, K-12 partners, alumni, partners, universities and employers
- Advance upward mobility among City Colleges students and alumni through our colleges' high-quality pathways

Six levers form the framework for all strategic activities and will steer City Colleges' long-term goals and vision:

- **STUDENT EXPERIENCE:** Our Goal: Create an Exceptional Student Experience
We promise that every experience with City Colleges, from pre-admissions to completion, will be exceptional. Every student will be able to maximize their learning inside and outside the classroom, navigate our institution with ease, make significant progress towards their goals and feel welcome and supported by all City Colleges employees.
- **EQUITY:** Our Goal: Achieve Equity in Student Outcomes
We will become “student-ready” and equitable. Our institution will be designed for all students to thrive—especially those from historically and present-day marginalized communities. We will equip students with the support and resources they need to succeed in the classroom and beyond.
- **ECONOMIC RESPONSIVENESS:** Our Goal: Respond to the Economic Needs of the City
We will be forward-looking and agile in developing pathways and forging partnerships that unlock transformational career opportunities for City Colleges students and fuel the Chicago workforce with talent that is prepared to meet the needs of the economy.
- **EXCELLENCE:** Our Goal: Build a Culture of Excellence
We will build a culture of excellence that inspires everyone to become the ‘best in class’ for our students and community. We hold ourselves accountable to delivering academics, experiences and services of the highest quality. Our faculty and staff will continue to receive professional development across the District to continuously improve their practices.
- **COLLABORATION:** Our Goal: Create a Collaborative and Connected Ecosystem
We will create a more collaborative and connected ecosystem to foster coordination and communication that supports student success. At each college and across the District, we will implement people, data and technology solutions to create holistic best practices with an inclusive approach to problem solving.
- **HEALTHY:** Our Goal: The success of our institution and therefore our students, relies on our ability to operate focusing on long-term growth, stability and sustainability.

A set of KPIs are used to measure success:

- **ACCESS:** Total unduplicated enrollment, credit enrollment, adult education enrollment, continuing education enrollment, credit hour production.
- **MOMENTUM:** First year fall to spring retention, fall to spring credit retention, adult education level gains, taking and passing college level English in the first year, taking and passing college level Math in the first year.
- **COMPLETION:** Integrated Postsecondary Education Data System (IPEDS) graduation rate, four-year student outcome measures.
- **MOBILITY:** Transfer with degree, economic mobility.
- **STUDENT EXPERIENCE:** Net promoter score.

Targets have been set for the first three years of the plan.

Unified strategic initiatives support the success of college plans, and provide the leadership and vision needed to achieve our goals and mission. They identify and support common areas of activity across colleges, shared opportunities for innovation or improvement, and the needed infrastructure to enable or accelerate meeting our goals.

To read the strategic plans in full, go to: www.ccc.edu/strategicplan.

FINANCIAL CHALLENGES

City Colleges faces significant financial pressures arising largely from macro-economic and external policy factors, specifically:

COVID-19 Recovery: The pandemic had a significant impact on our students and communities. While City Colleges has taken measures to provide a safe and nurturing environment and has created online, remote and in-person class options, we will need to continue to work to attract those students back to the classroom who did not enroll during the pandemic in order to care for their family, work, or meet other life-sustaining needs.

Enrollment: Coupled with the COVID-19 impact on enrollment, City Colleges continues to work to turn around a downward trend in community college enrollment since the end of the Great Recession in 2010. The fiscal year 2023 budget makes investments in enrollment-related systems and marketing.

Federal Stimulus: The federal stimulus dollars provided significant support that allows City Colleges to continue to make investments to advance its strategic plan. We recognize these dollars must be used by fiscal year 2023 and do not anticipate similar levels of federal grant funds in the near future.

ECONOMIC CONDITION AND OUTLOOK

In 2021, the **Federal Reserve Bank of Chicago** (Chicago Fed) reported the economy recovered rapidly although the Covid-19 virus has taken a horrible toll on the health and livelihoods of so many people. This economic progress is remarkable given how dire an event the pandemic has been. Households and businesses showed amazing ingenuity in finding ways to operate safely. The health care sector was able to develop and deploy vaccines extremely rapidly. And the government provided crucial support through fiscal and monetary policy actions. By the second quarter of the year, real gross domestic product had surpassed its pre-pandemic level; and despite new waves of infections during the second half, growth for the year was a quite robust 5.6 percent and the economy appears to be entering 2022 with solid momentum.

In the labor market, after peaking near 15 percent early in the pandemic, the unemployment rate fell quickly and ended the year at a very healthy 3.9 percent. By this measure, the labor market appears to have largely recovered from the effects of the pandemic, and by a number of other measurements, such as unfilled job openings at businesses and the rate at which people quit their jobs for other opportunities, the labor market is quite tight. However, the number of people actually employed is still well below pre-pandemic trends, as many workers who left the labor force during the pandemic have not returned. This is especially true of older workers who retired. As the pandemic recedes further, many of those sitting on the sidelines likely will eventually return to the workforce, though the timing and extent are open questions.

With people avoiding activities requiring closer contact with others, spending patterns shifted considerably over the pandemic. Expenditures for goods rose substantially while spending on services declined. These changes in spending patterns, together with Covid-19 disruptions here and abroad, stressed global supply chains, leading to higher costs and ultimately higher prices for many items. Earlier in the year as activity began to normalize, prices for goods and services that were especially sensitive to the pandemic adjusted higher. However, as the year progressed, strong demand and continuing supply challenges, including shortages of workers in many sectors, resulted in prices rising across a broader range of goods and services. Inflation for the year was an uncomfortably high 5.8 percent. For people whose incomes have not kept pace, higher inflation is a real hardship, and particularly so for those least able to meet the higher costs of essentials such as food, housing, and transportation.

Continued strong growth and a vibrant labor market in the coming year is expected. As we continue to adapt to and better control the virus, and as market forces work to re-allocate productive resources, we should see supply conditions improve over time and some corresponding reduction in inflationary pressure. Monetary policy must also do its part in controlling inflation. With the economy on a solid footing but inflation clearly too high, it is now time to begin to remove the extraordinary degree of monetary accommodation that the Federal Open Market Committee provided to support the recovery from the pandemic. As is always the case, these adjustments to the stance of monetary policy will depend on economic and financial developments and will be squarely focused on achieving the Federal Reserve's mandated policy goals of maximum inclusive employment and inflation that averages 2 percent over time. (Federal Reserve Bank of Chicago 2021 Annual Report).

The Chicago Fed Survey of Economic Conditions (CFSEC) Activity Index decreased to -51 in July from -31 in June, suggesting that economic growth was well below trend. The CFSEC Manufacturing Activity Index decreased to -56 in July from -30 in June, and the CFSEC Nonmanufacturing Activity Index decreased to -47 in July from -31 in the previous month.

Springfield –**The Illinois Department of Employment Security (IDES)**. The unemployment rate decreased in all fourteen Illinois metropolitan areas in June according to preliminary data released today by the U.S. Bureau of Labor Statistics (BLS) and the Illinois Department of Employment Security (IDES). Jobs were up in all metro areas except one. Chicago City unemployment rate decreased from 9.4% in June 2021 to 5.7% in June 2022. This represent a 3.7% change year-over-year (YOY).

Chicago Fed National Activity Index (CFNAI). Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) rose to +0.27 in July from -0.25 in June. All four broad categories of indicators used to construct the index made positive contributions in July, and all four categories improved from June. The index's three-month moving average, CFNAI-MA3, was unchanged at -0.09 in July. The CFNAI Diffusion Index, which is also a three-month moving average, edged up to -0.05 in July from -0.08 in June. Fifty-five of the 85 individual indicators made positive contributions to the CFNAI in July, while 30 made negative contributions. Fifty-five indicators improved from June to July, while 30 indicators deteriorated. Of the indicators that improved, 17 made negative contributions.

Production-related indicators contributed +0.16 to the CFNAI in July, up from -0.19 in June. Manufacturing industrial production increased 0.7 percent in July after decreasing 0.4 percent in June. Employment-related indicators contributed +0.09 to the CFNAI in July, up from a neutral value in June. The contribution of the personal consumption and housing category to the CFNAI ticked up to +0.01 in July from a neutral value in June.

The CFNAI was constructed using data available as of August 18, 2022.

The fiscal year 2023 budget is balanced. The unrestricted and enterprise operating budget of \$325.0 million represents a 1.8 percent increase from the prior fiscal year as we invest for the long-term. At the same time, we plan financially for the residual impact of the pandemic with a one percent year to year enrollment increase (fiscal year 2022 to fiscal year 2023).

This budget reflects City Colleges' commitment to providing our students and communities with an exceptional student experience, quality, responsive and affordable education, equitable student outcomes and a collaborative, healthy environment underpinned by a culture of excellence.

Strategic investments will help achieve our vision of being recognized as the city's most accessible higher education engine of socioeconomic mobility and racial equity – empowering all Chicagoans to take part in building a stronger and more just city.

Key planned investments include:

- A comprehensive suite of student supports to improve access, retention and completion, including financial supports like Completer scholarships, Developmental Education course waivers, Future Ready no-cost short-term programs, the Star Scholarship with expanded eligibility, a new scholarship for CPS Options school graduates, and the Chancellor's Retention Fund
- Enhanced marketing and enrollment infrastructure to attract and retain a diverse student body
- Grant-funded efforts to better connect Chicago communities and adult learners to opportunities at City Colleges and to remove students' technology barriers to academic success
- A robust offering of remote, online and in-person learning options
- Academic programs that ensure students are prepared for the economic recovery
- The Chicago Roadmap, an unprecedented partnership with the Chicago Public Schools, to support students along a seamless path to and through college on the way to their chosen careers
- Resources to ensure the continued health and safety of City Colleges students, faculty and staff as we continue to combat and prevent against a resurgence of COVID-19
- A modest capital program targeted for in-demand/emerging programs, technology, deferred maintenance, and life safety infrastructure.

Community College State Funding

Fiscal Year	State Funding to All State Community Colleges
2013	\$ 282,421,700
2014	284,916,500
2015	278,773,899
2016	74,142,300
2017	114,525,000
2018	409,595,700 *
2019	257,111,600
2020	269,222,284
2021	269,222,286
2022	278,178,388

Source: Illinois Community College Board

**Amounts include the appropriations from
Illinois Senate Bill 6 passed on July 6, 2017.*

ACHIEVEMENTS

- Holding our credit hour rate of \$146 level for the fourth straight year, recognizing the economic strain of the pandemic, and increasing marketing to attract a diverse student body in an unprecedented COVID-19 environment.
- Maintaining a robust suite of student academic and related supports from wellness centers and tutoring to a new coaching advising model and disability access centers.
- The City Colleges of Chicago Equity Plans represent a milestone for City Colleges of Chicago. For the first time in our institution's history, there is a set of seven distinct college plans, each addressing the unique assets and challenges of each campus community and forming a collective vision for equity and excellence for the City Colleges of Chicago.
- The City Colleges of Chicago has been recognized by the EPA for sustainability efforts. Our purchasing of green power from wind sources landed City Colleges of Chicago on the "Green Power Partnership Top 30 College & University" list by the United States Environmental Protection Agency (EPA). City Colleges is one of only two community college systems named on the list and one of only three colleges in the state of Illinois who were recognized.

CAPITAL IMPROVEMENT PLAN

On July 1, 2021, City Colleges of Chicago entered a new five-year capital plan, consisting of key strategic programmatic and academic improvements, necessary deferred maintenance, technology and technology infrastructure upgrades. The projects prioritized and included in the Capital Plan further our strategic vision and maintain the condition of our colleges. Each year City Colleges updates the plan based on a renewed assessment of conditions and evolving academic priorities. The updated 5-year total plan is \$215.2 million. For fiscal year 2023, City Colleges has budgeted capital investments of up to \$44.3 million that included \$16.2 million in technology and technology infrastructure and \$14.9 million in deferred maintenance and life safety capital improvements to existing infrastructure. The \$13.2 million in recommended academic and programmatic improvements will be prioritized by their impact on student success and are subject to external funding and/or Chancellor approval.

FINANCIAL INFORMATION

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 U.S. GAAP under GASB. Although no internal control can guarantee complete assurance that these objectives are met, strong controls provide reasonable assurance of this. 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 exists 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.

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.

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

GASB Net Position Category

Unrestricted

Restricted for Specific Purpose

Net Investment in Capital Assets

ICCB FUND

Education

Auxiliary / Enterprise

Operations and Maintenance

Operations and Maintenance – Restricted (Board
Designated Capital Projects)

Working Cash

Audit Fund

Liability, Protection and Settlement

Restricted Purposes (Grants)

Bond and Interest

Trust and Agency

Building Bond Proceeds

Long-Term Debt

Property Tax: Estimated assessed value of taxable property for tax year 2021 collectible in fiscal year 2022 was \$96,868,463,441. Estimated assessed value of taxable property for tax year 2020 collectible in fiscal year 2021 was \$89,478,355,786. City Colleges' average collection rate over the past five years has been over 97%.

Debt Administration: Long-term and current debt at June 30, 2022 totaled \$295,955,000 due to City Colleges' issuance of bonds Series 2013 in October 2013 and Series 2017 in December 2017.

Cash Management: Cash and investments are controlled by City Colleges' Treasurer or Vice Chancellor of Finance and Business Enterprises / 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 City Colleges' Board of Trustees, which has delegated the function to the Treasurer of City Colleges as permitted by the Illinois Public Community College Act.

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

City Colleges invests funds in various securities listed as permitted investments in the Board-approved Investment Policy. This policy is reviewed on an annual basis 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.

Risk Management: The Office of Risk Management (ORM) continuously and actively assesses and reviews potential risk and exposures the District may encounter and strives to mitigate the potential impact on the institution. ORM procures commercial insurance to address significant property and non-property losses for amounts in excess of self-insured retentions. The comprehensive Commercial Insurance Portfolio is reviewed annually to determine policy limits and retention (deductible) levels for property assets, general liability exposures, workers' compensation injuries and educator's legal liability matters. The current deductibles equal \$25,000, \$250,000, \$600,000 and \$250,000 per claim, respectively.

City Colleges engages a third-party administrator to adjudicate and administer claims for general liability, workers' compensation, student athlete injury and student accident health claims.

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 RSM US LLP as its independent certified public accountants for fiscal year 2022. The independent auditor's report of RSM US LLP on the basic financial statements and supplementary schedules is included in the financial section of this report.

Awards: The Government Finance Officers Association (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to City Colleges for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. 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 Annual Comprehensive 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.

Acknowledgements: The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the senior leadership team and staff of City Colleges. We wish to express our sincere appreciation for the contributions they have made in preparing this report.

Respectfully submitted,

Maribel Rodriguez
Chief Financial Officer

Daryl J. Okrzesik
Associate Vice Chancellor, Treasurer

**CITY COLLEGES OF CHICAGO
COMMUNITY COLLEGE DISTRICT NO. 508
PRINCIPAL OFFICIALS
Year Ended June 30, 2022**

BOARD OF TRUSTEES

Walter E. Massey Ph.D., Chair
Elizabeth Swanson, Vice Chair
Peggy A. Davis, Secretary
Laritza Lopez, Trustee
Karen Kent, Trustee
Darrell A. Williams, Trustee
Deborah H. Telman, Trustee
Neith Tiri-Xi'ui, Student Trustee
Bonnie Phillips, Chief Advisor to the Board of Trustees
Vacant, Assistant Board Secretary

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Juan Salgado, Chancellor
Dr. Mark Potter, Provost & Chief Academic Officer
Veronica Herrero, Chief of Staff and Strategy Officer
Maribel Rodriguez, Chief Financial Officer
Karla Mitchell Gowen, General Counsel
Jerrold Martin, Chief Information Officer
Carol Dunning, Chief Talent Officer
Lamesha Smith, Inspector General
Gina Gentile, Director of Internal Auditing
Eric Lugo, Senior Advisor
Dr. Janine Janosky, President, Richard J. Daley College
Dr. Daniel Lopez, President, Harold Washington College
Dr. Katonja Webb Walker, Interim President, Kennedy-King College
David A. Sanders, President, Malcolm X College
Kimberly Hollingsworth, President, Olive-Harvey College
Dr. Shawn L. Jackson, President, Harry S. Truman College
Dr. David Potash, President, Wilbur Wright College

REPORT ISSUED BY

Office of Finance

Executive Leadership

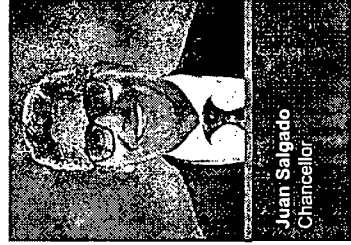
Board of Trustees



Gina Gentile
Director of Internal
Audit



Lamesha Smith
Inspector General



Juan Salgado
Chancellor



Bonnie Phillips Chief
Advisor to the Board
of Trustees



Karla Gowen
General Counsel



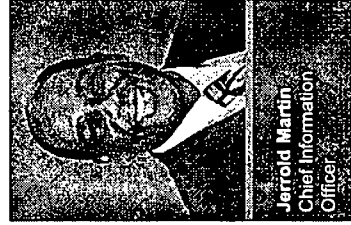
Maribel Rodriguez
Chief Financial Officer



Carol Dunning
Chief Talent
Officer



Mark Potter, Ph.D.
Provost
& Chief Academic Officer



Jerrold Martin
Chief Information
Officer



Veronica Herrero
Chief of Staff and
Strategy



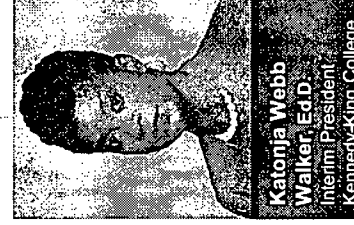
Eric San



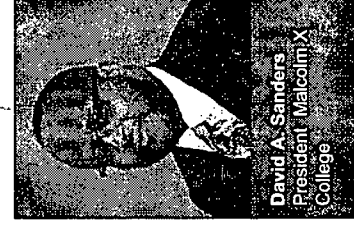
**Janine E. Janosky,
Ph.D.**
President
Richard J. Daley College



Daniel Lopez Jr., Ph.D.
President
Harold Washington
College



**Katonja Webb
Walker, Ed.D.**
Interim President
Kennedy-King College



David A. Sanders
President Malcolm X
College



**Kimberly K.
Hollingsworth, Ed.D.**
President
Olive-Harvey College



**Shawn L. Jackson,
Ph.D.**
President
Harry S. Truman College

CITY COLLEGES[®]
OF CHICAGO



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City Colleges of Chicago
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Financial Section

Independent Auditor's Report

RSM US LLP

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of City Colleges of Chicago, Community College District No. 508 (City Colleges), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of City Colleges, as of June 30, 2022, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Colleges and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit (City Colleges of Chicago Foundation) were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 16 to the accompanying financial statements, the beginning net assets, as of July 1, 2021, of City Colleges of Chicago Foundation were restated as a result of an error related to the revenue recognition of multi-year grant agreements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City Colleges' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City Colleges' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefit obligations (OPEB) information and related notes to the required supplementary information to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise City Colleges' basic financial statements. The supplementary information as described in the table of contents (the Uniform Financial Statements, as required by the Illinois Community College Board) is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 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 GAAS. In our opinion, the supplementary information as described in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section and the Certification of Chargeback Reimbursement but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of City Colleges' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City Colleges' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Colleges' internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
November 30, 2022

Management's Discussion and Analysis (MD&A)

The discussion and analysis of City Colleges of Chicago financial performance provides an overall review of City Colleges' financial activities for the fiscal year ended June 30, 2022. 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's 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 Position combines and consolidates all financial resources with long-term capital assets and debt. The Statement of Revenues, Expenses and Changes in Net Position 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

Statement of Net Position

The total net position as of June 30, 2022 increased by \$20.5 million to \$514.5 million mainly due to increases in federal and state grants and contracts, property taxes and personal property replacement taxes as well as decreases in fringe benefits and depreciation.

On January 30, 2020, the World Health Organization declared the coronavirus disease ("COVID-19") outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to City Colleges.

Overview of Financial Statements

Total current assets increased by \$31.4 million as compared to the prior year, mainly due to the increase in short term investments and property tax receivable.

Total current liabilities increased by \$6.7 million due to increases in accounts payable, unearned grant revenue and the current portion of the non-current liabilities. These were offset by decreases in accrued payroll, other accruals, unearned tuition and fees revenue and other liabilities.

Total non-current liabilities decreased by \$17.5 million. This was mainly due to decreases in accrued property tax refunds, sick leave benefits, other post-employment benefits, bonds payable and the current portion of non-current liabilities. This was offset by increases in accrued compensated absences, workers compensation and lease obligations. The deferred inflows of resources are the deferred property tax revenue, other post-employment benefits and leases that have been presented separately in the financial statements to conform to GASB Statements 65, 75 and 87, respectively.

HIGHER EDUCATION EMERGENCY RELIEF FUNDS (HEERF)

City Colleges received federal stimulus funds which have helped provide direct support to students and stabilize the organization through the challenging financial environment resulting from the COVID-19 pandemic. The Higher Education Emergency Relief Funds (HEERF) were received from the following federal legislation; Coronavirus Aid, Relief, and Economic Security Act (CARES Act – “HEERF I”), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA – “HEERF II”), and American Rescue Plan (ARP – “HEERF III”).

The HEERF funds are issued as direct aid to students and to support institutions of higher education to ensure learning continues during the COVID-19 pandemic. The institutional funds were appropriated for costs of disruption due to the pandemic, to setup the infrastructure to transition to remote learning, and to cover for lost revenue. Below is a summary of CCC’s HEERF allocations.

Bill	Date signed & Status	Provides	Student grants	Institutional funds	Total allocation
HEERF I – CARES ACT	March 27, 2020 Funds received and used	Support costs of remote learning and student grants for housing, food and technology	\$12.7M	\$12.7M	\$25.4M
HEERF II - CRRSAA	December 27, 2020 Funds awarded	Support for learning continuity	\$12.7M	\$40.5M	\$53.2M
HEERF III – American Rescue Plan	March 11, 2021 Funds awarded	Additional COVID relief	\$46.9M	\$46.3M	\$93.2M
HEERF III – SSARP	July 19, 2022 Funds awarded	Assist students affected by COVID-19 pandemic and make institutional changes to assist students	\$574.6K	\$574.6K	\$1.1M

Table 1
Condensed Statements of Net Position
(in millions of dollars)

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current assets	\$ 233.5	\$ 202.1	\$ 31.4
Non-current assets			
Capital assets	1,296.9	1,275.4	21.5
Less accumulated depreciation	(498.4)	(464.9)	(33.5)
Other assets	55.3	52.4	2.9
Total assets	<u>1,087.3</u>	<u>1,065.0</u>	<u>22.3</u>
Deferred outflows of resources	<u>4.7</u>	<u>8.6</u>	<u>(3.9)</u>
Current liabilities	75.7	69.0	6.7
Non-current liabilities	422.8	440.3	(17.5)
Total liabilities	<u>498.5</u>	<u>509.3</u>	<u>(10.8)</u>
Deferred inflows of resources	<u>78.9</u>	<u>70.3</u>	<u>8.6</u>
Net position			
Net investment in capital assets	488.9	509.7	(20.8)
Restricted for specific purposes	4.5	3.8	0.7
Unrestricted	21.1	(19.5)	40.6
Total net position	<u>\$ 514.5</u>	<u>\$ 494.0</u>	<u>\$ 20.5</u>

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Position
(in millions of dollars)

Operating	2022	2021	Change
Revenues	\$ 29.9	\$ 32.7	\$ (2.8)
Expenses	(518.7)	(521.3)	2.6
Operating loss	(488.8)	(488.6)	(0.2)
Non-operating			
Revenues	520.4	512.0	8.4
Expenses	(16.2)	(14.9)	(1.3)
Net non-operating revenues	504.2	497.1	7.1
Income before capital contributions	15.4	8.5	6.9
Capital contributions	5.1	1.6	3.5
Change in net position	20.5	10.1	10.4
Net position, beginning of year	494.0	483.9	10.1
Net position, end of year	\$ 514.5	\$ 494.0	\$ 20.5

Changes in Net Position
Years Ended June 30,
(in millions of dollars)

	2022	2021
Total revenue	\$ 555.4	\$ 546.3
Total expenses	(534.9)	(536.2)
Increase (decrease) in net position	\$ 20.5	\$ 10.1

Statement of Revenues, Expenses and Changes in Net Position

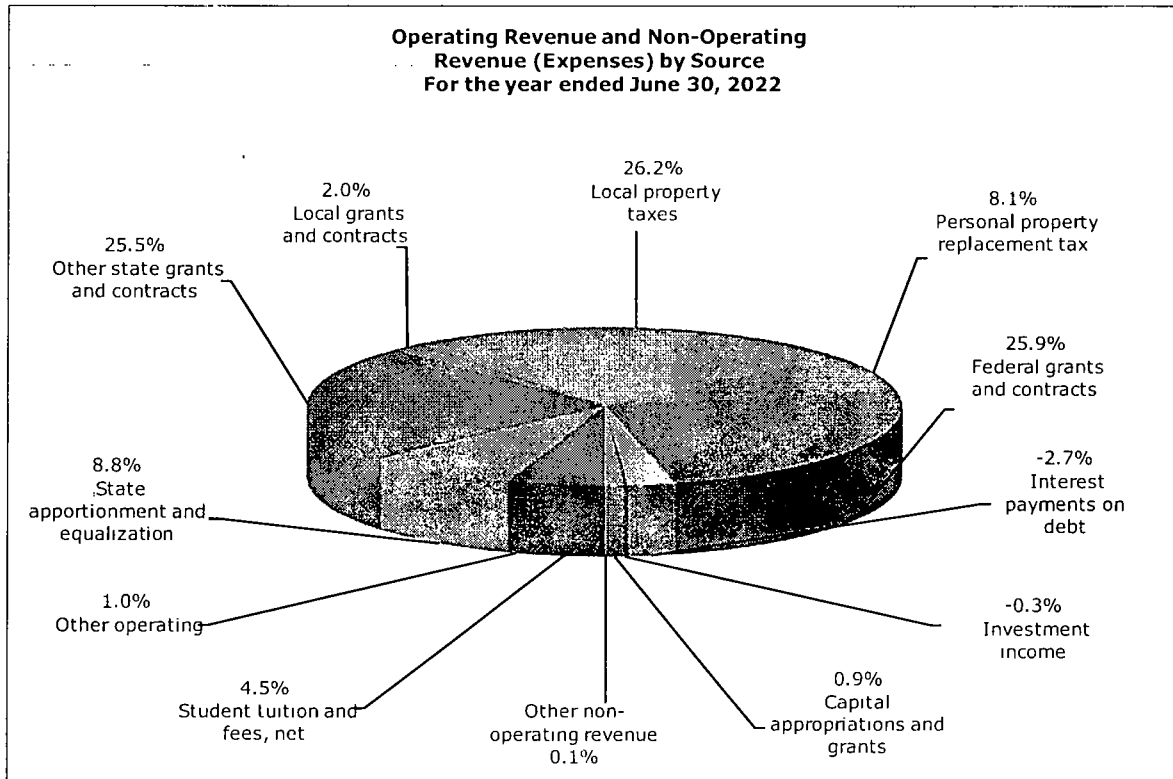
Operating revenues decreased by \$2.8 million from the previous year due to decreases in enrollment as well as student tuition and fees.

Total non-operating revenues and expenses increased by \$7.1 million in fiscal year 2022 due to increases in state apportionment and equalization, local grants and contracts, local property taxes, personal property replacement tax, federal grants and contracts, interest payments on debt, litigation settlements and other non-operating revenue. This was offset by decreases of \$50.5 million in other state grants and contracts, SURS apportionment and equalization and investment income. Capital appropriations and grants decreased by \$3.5 million due to an increase in grants from the State of Illinois Capital Development Board.

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

Operating revenues	2022	2021	Change
Student tuition and fees	\$ 73.4	\$ 76.7	\$ (3.3)
Less scholarships	(49.0)	(46.7)	(2.3)
Other operating	5.5	2.7	2.8
Total operating revenues	29.9	32.7	(2.8)
Non-operating revenues (expenses)			
State apportionment and equalization	47.2	46.0	1.2
Other state grants and contracts	137.1	185.8	(48.7)
Local grants and contracts	10.7	7.7	3.0
Local property taxes	141.3	135.8	5.5
Personal property replacement tax	43.9	20.3	23.6
Federal grants and contracts	139.6	116.0	23.6
Interest payments on debt	(14.7)	(14.9)	0.2
Investment income	(1.5)	0.3	(1.8)
Other non-operating revenues (expenses)	0.6	0.1	0.5
Total non-operating revenues (expenses)	504.2	497.1	7.1
Capital appropriations and grants	5.1	1.6	3.5
Total	\$ 539.2	\$ 531.3	\$ 7.9

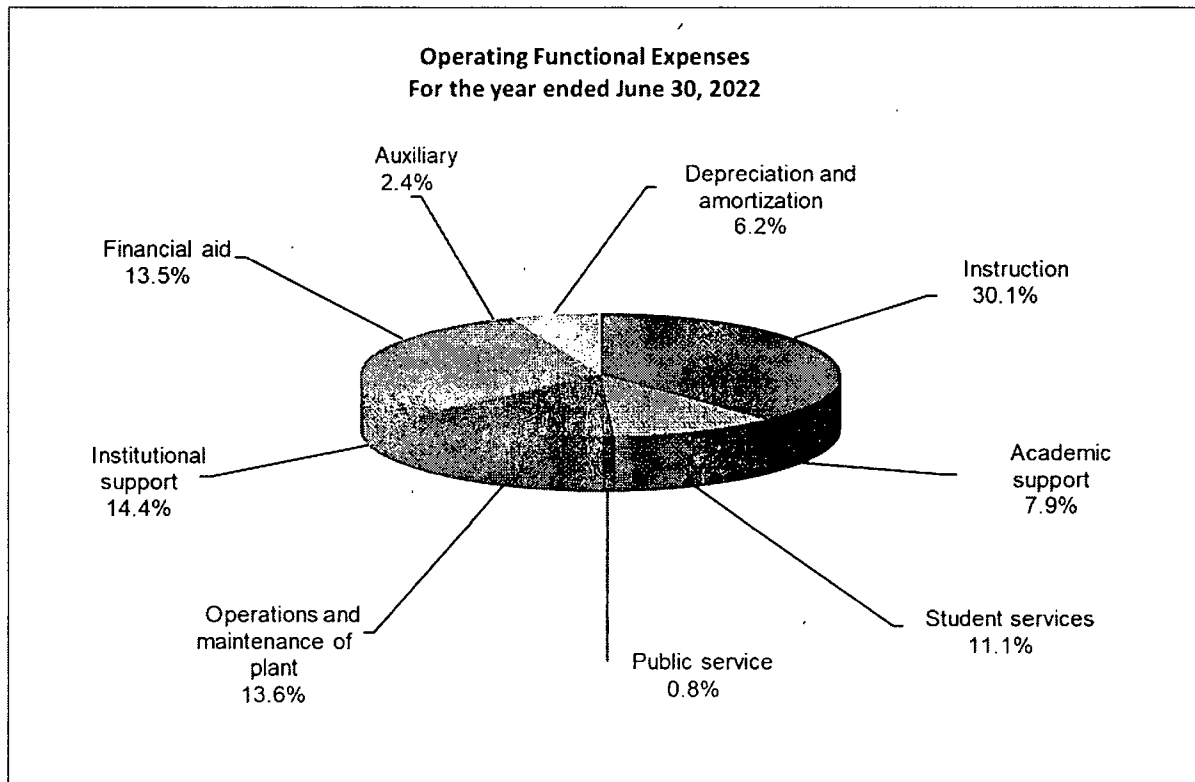
Table 3
Operating Revenues and Non-Operating Revenues (Expenses)
(in millions of dollars)



Total operating expenses decreased by \$2.6 million in fiscal year 2022. This was mainly due to a \$35.5 million decrease for SURS and a \$6.3 million decrease in fringe benefits and depreciation. This was offset by a \$39.2 million increase in salaries, supplies, professional development, utilities, contractual services, financial aid expenses and other expenses.

Table 4
Operating Functional Expenses
(in millions of dollars)

Operating expenses	2022	2021	Change
Instruction	\$ 155.8	\$ 180.9	\$ (25.1)
Academic support	41.0	44.6	(3.6)
Student services	57.8	61.3	(3.5)
Public service	4.3	2.5	1.8
Operations and maintenance of plant	70.7	70.0	0.7
Institutional support	74.8	67.7	7.1
Financial aid	69.6	47.2	22.4
Auxiliary	12.6	12.4	0.2
Depreciation and amortization	32.1	34.7	(2.6)
Total operating expenses	\$ 518.7	\$ 521.3	\$ (2.6)



Net Capital Assets and Non-Current Liabilities

As of June 30, 2022, City Colleges had \$1,297.0 million in capital assets and \$498.4 million in accumulated depreciation, resulting in \$798.6 million in net capital assets. Some construction in progress projects were completed and put into service, and additional software was purchased. This investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles, software and leased assets. The total decrease in City Colleges' net capital assets for the current fiscal year is \$11.9 million for depreciation on existing assets. For more detailed information on capital assets, please refer to Notes 1K and Note 4 in the Notes to Basic Financial Statements.

Table 5
Capital Assets (Net of Accumulated Depreciation and Amortization)
(in millions of dollars)

Capital assets	<u>2022</u>	<u>2021</u>	<u>Change</u>
Land	\$ 51.4	\$ 51.4	\$ -
Buildings and improvements	1,108.4	1,105.6	2.8
Construction in progress	11.8	5.7	6.1
Equipment	64.9	64.8	0.1
Software	48.3	47.9	0.4
Leased assets	12.2	-	12.2
Total	1,297.0	1,275.4	21.6
Less Depreciation and amortization	(498.4)	(464.9)	(33.5)
Net capital assets	<u>\$ 798.6</u>	<u>\$ 810.5</u>	<u>\$ (11.9)</u>

Total non-current liabilities decreased by \$17.5 million to \$422.8 million. This was mainly due to decreases of \$24.3 million in bonds payable, sick leave benefits and other post-employment benefits, which were offset by increases in accrued compensated absences and lease obligations of \$7.7 million. See Note 12 for more detailed information regarding long-term debt activity.

Table 6
Non-Current Liabilities
(in millions of dollars)

	2022	2021	Change
Accrued compensated absences	\$ 3.7	\$ 3.5	\$ 0.2
Sick leave benefits	2.7	3.0	(0.3)
Other post-employment benefits	90.2	105.8	(15.6)
Bonds payable, net of premiums & discounts	303.0	309.0	(6.0)
Workers compensation	1.2	1.1	0.1
Accrued property tax refunds	17.1	19.1	(2.0)
Lease obligations	<u>14.6</u>	<u>7.1</u>	<u>7.5</u>
Sub-total	432.5	448.6	(16.1)
Less current portion	<u>(9.7)</u>	<u>(8.3)</u>	<u>(1.4)</u>
Total non-current liabilities	<u>\$ 422.8</u>	<u>\$ 440.3</u>	<u>\$ (17.5)</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, 180 N. Wabash, Suite 200, Chicago, IL 60601.

Basic Financial Statements

**City Colleges of Chicago
Community College District No. 508
Statement of Net Position
June 30, 2022**

Assets	
Current assets	
Cash and cash equivalents	\$ 14,119,563
Short-term investments	117,717,109
Property tax receivable, net	65,420,395
Personal property replacement tax receivable	7,199,559
Other accounts receivable, net	24,347,169
Prepaid items and other assets	4,700,519
Total current assets	<u>233,504,314</u>
Non-current assets:	
Restricted cash	26,001,687
Funds held by others - restricted	1,035,233
Long-term investments	27,680,425
Other accounts receivable	490,493
Capital assets not being depreciated	63,138,338
Capital assets being depreciated, net	735,415,629
Total non-current assets	<u>853,761,805</u>
Total assets	<u>1,087,266,119</u>
Deferred outflows of resources	
Deferred outflows related to other post-employment benefits	3,146,037
Deferred outflows related to pensions	1,540,231
Total deferred outflows of resources	<u>4,686,268</u>
Liabilities	
Current liabilities:	
Accounts payable	17,869,757
Accrued payroll	20,751,635
Other accruals	1,963,022
Unearned tuition and fees revenue	5,627,662
Unearned grant revenue	10,771,259
Other liabilities	8,982,259
Current portion of non-current liabilities	9,748,654
Total current liabilities	<u>75,714,248</u>
Non-current liabilities	
Accrued compensated absences	3,692,232
Accrued property tax refunds	17,099,921
Sick leave benefits	2,669,455
Other post-employment benefits	90,248,733
Workers compensation	1,206,644
Bonds payable, net of premiums and discounts	303,071,153
Lease obligations	8,302,808
Other non-current liabilities	6,285,737
Less current portion of non-current liabilities	<u>(9,748,654)</u>
Total non-current liabilities	<u>422,828,029</u>
Total liabilities	<u>498,542,277</u>
Deferred inflows of resources	
Deferred inflows related to other post-employment benefits	11,143,945
Deferred inflows related to property tax revenue	67,757,739
Deferred inflows related to leases	14,357
Total deferred inflows of resources	<u>78,916,041</u>
Net position	
Net investment in capital assets	488,858,156
Restricted for specific purposes:	
Audit	424,501
Trust and agency	1,012,595
Grants	3,080,149
Unrestricted	21,118,668
Total net position	<u>\$ 514,494,069</u>

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

City Colleges of Chicago
Community College District No. 508
Statement of Revenues, Expenses and Changes in Net Position
Fiscal Year Ended June 30, 2022

Revenues

Operating revenues:

Student tuition and fees:	
Resident tuition	\$ 66,853,483
Nonresident tuition	2,059,485
Fees	4,450,220
Less: Scholarship allowances	<u>(48,984,682)</u>
Net student tuition and fees	24,378,506
Other operating revenues	<u>5,567,071</u>
Total operating revenues	<u>29,945,577</u>

Expenses

Operating expenses:

Instructional salaries	91,156,656
Non-instructional salaries	118,865,175
Fringe benefits	151,824,451
Supplies	23,021,322
Professional development	558,721
Utilities	9,072,584
Contractual services	22,286,105
Depreciation and amortization	32,105,950
Financial aid, exclusive of scholarship allowances	69,627,115
Other expenses	<u>200,116</u>
Total operating expenses	<u>518,718,195</u>
Operating loss	<u>(488,772,618)</u>

Non-operating revenues (expenses):

State apportionment and equalization	47,185,162
Other state grants and contracts	137,039,661
Local grants and contracts	10,655,865
Local property taxes	141,347,110
Personal property replacement tax	43,942,972
Federal grants and contracts	139,623,169
Litigation settlement	16,600
Investment loss	(1,468,428)
Interest payments on debt	(14,738,790)
Other non-operating revenue	<u>579,532</u>
Total non-operating revenues (expenses)	<u>504,182,853</u>
Increase in net position before capital appropriations	15,410,235
Capital appropriations	<u>5,066,919</u>
Change in net position	20,477,154
Net position, beginning of year	<u>494,016,915</u>
Net position, end of year	<u>\$ 514,494,069</u>

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

**City Colleges of Chicago
Community College District No. 508
Statement of Cash Flows
Fiscal Year Ended June 30, 2022**

Cash flows from operating activities

Tuition and fees	\$ 25,590,016
Payments to suppliers	(97,617,291)
Payments to employees	(211,817,164)
Payments to students	(69,627,115)
Other operating receipts	5,567,071
Net cash used in operating activities	<u>(347,904,483)</u>

Cash flows from noncapital financing activities

Local property taxes	140,945,756
State apportionment, grants and contracts	67,248,043
Personal property replacement tax	40,545,627
Federal grants and contracts	147,537,405
Other non-operating receipts	1,597,618
Net cash provided by noncapital financing activities	<u>397,874,449</u>

Cash flows from capital and related financing activities

Purchases of capital assets	(4,764,720)
Payment received on note receivable	1,005,085
Principal paid on debt	(5,265,000)
Interest paid on debt	(15,417,074)
Net cash used in capital and related financing activities	<u>(24,441,709)</u>

Cash flows from investing activities

Proceeds from sales and maturities of investments	45,750,780
Purchases of investments	(70,513,032)
Loss on investments	(1,371,814)
Net cash used in investing activities	<u>(26,134,066)</u>

Net decrease in cash and cash equivalents	(605,809)
Cash and cash equivalents at beginning of year	40,727,059
Cash and cash equivalents at end of year	<u>\$ 40,121,250</u>

Cash and cash equivalents	14,119,563
Restricted cash	26,001,687
	<u>\$ 40,121,250</u>

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

City Colleges of Chicago
Community College District No. 508
Statement of Cash Flows (Continued)
Fiscal Year Ended June 30, 2022

**Reconciliation of operating loss to net cash
used in operating activities**

Operating loss	\$ (488,772,618)
Reconciling adjustments:	
Depreciation and amortization	32,105,950
State pension that is associated with the College	116,976,780
Decrease in allowance for uncollectible receivables	(2,533,697)
Changes in assets and liabilities:	
Receivables	3,834,738
Prepaid items and other assets	(1,612,773)
Accounts payable	3,385,610
Accrued payroll	(542,497)
Other accruals	(787,063)
Unearned tuition and fees revenue	(134,723)
Other liabilities	(2,252,113)
Accrued compensated absences	138,005
Sick leave benefits	(312,876)
OPEB and related deferred outflows and inflows	(5,667,678)
Lease obligations	(1,729,528)
Net cash used in operating activities	<u><u>\$ (347,904,483)</u></u>

Non-cash investing, capital and financing activities

Decrease in fair value of investments	\$ 7,416,773
State of Illinois contributed capital assets	5,066,919
Capital assets in accounts payable	1,464,624
Amortization of premiums and discounts on bonds payable	678,285

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

Component Unit - City Colleges of Chicago Foundation
Statement of Financial Position
as of June 30, 2022

	<u>2022</u>
Assets	
Cash and cash equivalents	\$ 7,556,400
Investments	12,302,980
Contributions receivable, net	4,481,814
Other receivables	10,207
Prepaid expenses	1,265
Total assets	<u><u>\$ 24,352,666</u></u>
 Liabilities and Net Assets	
Accounts payable	<u>\$ 483,615</u>
 Net Assets	
Without donor restrictions	1,923,610
With donor restrictions	<u>21,945,441</u>
Total net assets	<u>23,869,051</u>
Total liabilities and net assets	<u><u>\$ 24,352,666</u></u>

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

Component Unit - City Colleges of Chicago Foundation
Statement of Activities
For the year ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 119,472	\$ 7,012,399	\$ 7,131,871
Contributed services	587,499	-	587,499
Net assets released from restrictions	6,114,958	(6,114,958)	-
Total revenues and other support	<u>6,821,929</u>	<u>897,441</u>	<u>7,719,370</u>
Expenses			
Program services	4,194,130	-	4,194,130
Scholarships awarded	2,019,930	-	2,019,930
Management and general	512,552	-	512,552
Fundraising	238,973	-	238,973
Total expenses	<u>6,965,585</u>	<u>-</u>	<u>6,965,585</u>
(Decrease) Increase in net assets	<u>(143,656)</u>	<u>897,441</u>	<u>753,785</u>
Other changes			
Investment return, net	<u>(1,334,435)</u>	<u>(759,006)</u>	<u>(2,093,441)</u>
Change in net assets	(1,478,091)	138,435	(1,339,656)
Net assets — Beginning of year as restated	<u>3,401,701</u>	<u>21,807,006</u>	<u>25,208,707</u>
Net assets — End of year	<u>\$ 1,923,610</u>	<u>\$ 21,945,441</u>	<u>\$ 23,869,051</u>

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, 2022

I. 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. The City of Chicago is a related organization but is a separate fiscal reporting entity. The City Colleges of Chicago is excluded from the City of Chicago financial reports and the City of Chicago financial reports are not included as part of City Colleges financial reports. No fiscal relationship exists between these organizations that meets the financial accountability criteria established by the Government Accounting Standards Board (GASB).

A. Reporting Entity

The accompanying financial statements include City Colleges of Chicago and its discretely presented component unit, City Colleges of Chicago Foundation (Foundation).

City Colleges follows the standards established in the Codification Section 2100: "Defining the Financial Reporting Entity". According to the GASB Codification, City Colleges is a primary government since it is fiscally independent, whereas the Foundation is a discretely presented component unit of City Colleges.

The Foundation is a legally separate not-for-profit, tax-exempt corporation, established under Internal Revenue Code Section 501(c) 3. The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Accounting Standards Codification, which is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB. Financial statements for the Foundation are available at City Colleges of Chicago's website,
<http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports-.aspx>.

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.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

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

B. Basis of Accounting *(continued)*

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

The accounting policies of City Colleges conform to generally accepted accounting principles accepted in the United States of America (GAAP) 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.

C. Cash and Cash Equivalents

Cash and cash equivalents include 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.

D. Investments

Investments are reported at fair value. External investment pools are reported at net asset value based on amortized cost, which approximates fair value. Illinois Funds and Illinois Portfolio, IIIT class are external investment pools. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 position.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

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

D. Investments *(continued)*

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 statement of net position and in the statement of revenues, expenses and changes in net position.

E. Receivables

Accounts receivable consist of property taxes, personal property replacement taxes and tuition and fee charges to students and facilities rentals provided to third parties. Accounts receivable also include 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 Receivables

City Colleges provides allowances for uncollectible student accounts for any outstanding receivable balances less than 365 days. Balances in excess of 365 days past due are written off. During fiscal year 2022, \$1.3 million of student receivables were written off.

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 on March 1 and typically September 1 of the following year. The first installment is an estimated bill and is 55% 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 of the total levy, follows a similar practice as Cook County. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022**

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

G. Property Taxes *(continued)*

Taxes are levied on all taxable real property located in the district for educational purposes, operations and maintenance purposes, financial auditing purposes and liability protection and settlement. The tax levies for City Colleges for the educational, operations and maintenance, and financial auditing purposes are limited by Illinois statute to 0.175%, 0.05%, and 0.005%, respectively, of the equalized assessed valuation (EAV).

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2021 tax year and collected in 2022 are recorded as revenue in fiscal year 2022. The remaining revenue related to the 2021 tax year extension is deferred and will be recorded as revenue in fiscal year 2023. Based upon collection histories, City Colleges recorded property taxes at 96.5% of the 2021 extended levy and has an allowance of \$2.5 million at June 30, 2022.

H. Personal Property Replacement Tax Revenue

Personal property replacement taxes are recognized as revenue when these amounts are collected by the State of Illinois 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 for the purchase or construction of capital or other non-current assets is classified as non-current assets in the statement of net position.

K. Capital Assets

Capital assets of City Colleges consist of land, construction in progress, building, improvements, computer equipment, software and other equipment. Capital assets are reported at cost at the date of acquisition or their estimated acquisition value at the date of donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

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

K. Capital Assets *(continued)*

Major outlays for assets or improvements to assets equal to or greater than \$200,000 are capitalized as projects are constructed. These are categorized as construction work in progress until placed in service 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 equal to or greater than \$25,000 and an estimated useful life greater than one year. Beginning in fiscal year 2015, City Colleges also capitalizes moveable property less than \$25,000 with an estimated useful life greater than one year if the property is for major new construction or district-wide initiatives over \$200,000. City Colleges capitalizes interest related to construction in progress on self-constructed capital assets.

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 are depreciated according to their estimated useful life. When renovations are capitalized, a portion of the original asset renovated is retired from capital assets and accumulated depreciation using a deflated replacement cost methodology. In addition, City Colleges re-evaluates an asset's useful life when there is a change in circumstances.

Capital assets are depreciated beginning the first day of the following month after they were put in service using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Computer equipment	4 - 5
Software	3 - 10
Other equipment	3 - 10
Leased assets	5 - 18

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

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

L. Deferred Outflows of Resources

Deferred outflows are defined under GASB Statement No. 63 as a consumption of net assets by City Colleges that is applicable to future reporting periods and should be reported as having a similar impact on net position as assets. For City Colleges, pension payments related to federal grants and made subsequent to the pension liability measurement date are considered to be deferred outflows in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Deferred outflows related to OPEB are differences between expected and actual experience and changes in assumptions, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. (See Note 7 and Note 11 for further discussion of City Colleges deferred outflows of resources.)

M. Pensions and Other Postemployment Benefits

Pensions. For the purpose of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS) and additions and deductions from SURS plan net position have been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For financial reporting purposes, the State of Illinois (the State) and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (City Colleges) and 1) the amount of contributions for which the nonemployer entity (the State) is legally responsible is not dependent upon one or more events unrelated to pensions and 2) the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. City Colleges recognizes its proportionate share of the State's pension expense relative to its employees as non-operating revenue and pension expense, with the expense further allocated to the related function by employees. (See Note 7)

Other Postemployment Benefits. City Colleges provides other post-employment healthcare benefits (OPEB) and life insurance to retirees and spouses. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan. (See Note 11)

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

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

N. Other Liabilities

Other liabilities include amounts due at year-end for health care, dental, vision, unclaimed property and other third-party vendors.

O. Non-Current Liabilities

Non-current liabilities include estimated amounts for accrued compensated absences, sick leave benefits (payments to eligible retirees for accumulated unused sick days), other post-employment benefits, workers' compensation claims, bonds payable and lease obligations net of the current portion representing the amount to be paid within the next fiscal year.

P. Premiums, Discounts, and Issuance Costs

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Long-term obligations (general obligation bonds) are reported net of the applicable bond premium and discount. Bond issuance costs are expensed at the time the debt is issued.

Q. Accrued Property Tax Refunds

Accrued property tax refunds are included in non-current liabilities. These are estimates of property taxes that may be refunded to taxpayers in the future.

R. Unearned Revenue and Deferred Inflows of Resources

Deferred inflows of resources are defined under GASB Statement No. 63 as acquisitions of net assets that are applicable to a future reporting period and should be reported as having a similar impact on net position as liabilities. Deferred inflows include property tax revenues intended to finance the subsequent fiscal year and future lease revenues related to GASB Statement 87, *Leases*. Deferred inflows related to OPEB represent differences between expected and actual experience and changes in assumptions, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. (See Note 11)

Amounts received for tuition and fees, certain auxiliary activities and grant and contract sponsors that have not yet been earned are classified as unearned revenue within current liabilities.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

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

S. Net Position

City Colleges' net position is classified as follows:

Net Investment-in-Capital Assets - Net investment in capital assets represents 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 plus unspent bond proceeds net of any related deferred outflows or inflows.

Restricted for Specific Purposes - Restricted net position includes assets that City Colleges is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or through enabling legislation. At June 30, 2022, City Colleges had a portion of its net position restricted for audit, agency and grants.

Unrestricted - Unrestricted net position represents 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.

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.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

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

T. 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 educational departments and auxiliary enterprises, (3) salaries and benefits and (4) materials and supplies.

Non-Operating Revenue and Expenses - Non-operating revenue and expenses includes activities that have the characteristics of non-exchange transactions, such as: (1) local property taxes, (2) state appropriations, (3) most federal, state, and local grants and contracts and federal appropriations, (4) gifts and contributions, (5) income from investments and (6) interest on debt.

U. Tuition and Fees

Tuition and fees include all such items charged to students for educational and service purposes. Tuition-related waivers, scholarships, and other financial aid (excluding direct loans) 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 are recognized when the educational services are performed.

V. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

W. Measurement of Lease Amounts

For leases that have a maximum possible term of 12 months or less at commencement, City Colleges recognizes expense based on the provisions of the lease contract.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

W. Measurement of Lease Amounts (Continued)

For all other leases, City Colleges recognizes a lease liability and an intangible right-to-use asset. At lease commencement, City Colleges initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principle portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

City Colleges uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The incremental borrowing rate for leases is based on the rate of interest it would have to pay if it is issued general obligation bonds to borrow an amount equal to the lease payment under similar terms at the commencement or remeasurement date.

The lease term includes the noncancelable period of the lease plus any additional periods covered by either City Colleges or the lessor's option to extend for which it is reasonably certain to be exercised or terminated for which it is reasonably certain to not be exercised. Periods in which both City Colleges and the lessor have a unilateral option to terminate are excluded from the lease term.

Lease payments included in the measurement of lease liability including those payments that are reasonably certain of being made.

X. Pending Accounting Standards

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for City Colleges beginning with its year ended June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

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

X. Pending Accounting Standards *(continued)*

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for City Colleges beginning with its year ended June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for City Colleges beginning with its year ended June 30, 2023. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangement (SBITAs) for government end users (governments).

GASB Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistence of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs are effective for City Colleges beginning with its year end June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statements 53 are effective for City Colleges beginning with its year end June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, will be effective for City Colleges beginning with its year ended June 30, 2024. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, will be effective for City Colleges beginning with its year end June 30, 2025. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Management has not yet completed its evaluation of the impact of the provisions of these standards on its financial statements.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

2. DEPOSITS AND INVESTMENTS

The Treasurer or Chief Financial Officer may invest restricted and unrestricted funds pursuant to the Illinois Public Funds Investment Act. Investments may include current operating funds, special funds, interest and sinking funds, and other funds belonging to or in the custody of the Board, in the following types of securities, provided that: (i) such securities shall achieve the objectives described in Section 2 of these guidelines and; (ii) that such securities shall mature or be redeemable on the date or dates prior to the time when in the judgment of the Treasurer or Chief Financial Officer, the funds so invested will be required for expenditures by the Board. Securities shall generally be purchased with the intention that they will be held to maturity so as to minimize interest rate risk.

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

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) short-term obligations of corporations organized in the United States, (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), (j) repurchase agreements, (k) municipal bonds, and (l) short-term bond funds that invest primarily in corporate investment grade bonds. It is the policy of City Colleges to invest its funds in a manner which will provide for the preservation of capital, meeting cash flow demands, providing for yields consistent with the market, and conforming to all state and local statutes governing the investment of the public funds, using the "prudent person" standard for managing the overall portfolio.

Prohibitions

Investments in the following securities are prohibited: reverse repurchase agreements, inverse floaters, derivative products, such as 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 primary objective of the policy is protection of investment principal, liquidity and yield within statutory constraints. 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.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk – with regard 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 fair value that is at all times equal to or greater than the uninsured amount on deposit. At June 30, 2022, City Colleges had deposits of over \$14.1 million in cash and \$26.0 million in restricted cash that was not exposed to custodial credit risk.

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 “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 obligations guaranteed by the United States government or securities issued by agencies of the United States government that are implicitly 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. Illinois statutes authorize City College to invest in obligations of the U.S. Treasury and U.S. Agencies, interest-bearing savings accounts, interest-bearing time deposits, money market mutual funds registered under the Investment Company Act of 1940 (limited to U.S. Government obligations), shares issued by savings and loan associations (provided the investments are insured by the Federal Savings and Loan Insurance Corporation (FSLIC), short-term discount obligations issued by the Federal National Mortgage Association, share accounts of certain credit unions, investments in the Illinois School District Liquid Asset Fund, and certain repurchase agreements.

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. All City Colleges’ investment 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 as required by City Colleges’ investment policy. All of City Colleges investments were insured or collateralized and there was no investment exposed to custodial credit risk as of June 30, 2022.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

2. DEPOSITS AND INVESTMENTS *(Continued)*

Concentration of credit risk – Investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

City Colleges' investment policy requires the investment portfolio to be diversified to avoid incurring undue concentration in securities of one type or securities of one financial institution or maturities.

Interest Rate Risk – Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. City Colleges' investment policy does not limit the maturities of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that City Colleges will not recover its investments due to the inability of the counterparty to fulfill its obligation. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Obligations of corporations organized in the United States of America with assets exceeding \$500,000,000; obligations must be rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services, and must mature not later than 3 years from the date of purchase; the Board's investment in the short-term obligations of a single issuer shall not exceed 10% of that corporation's outstanding obligations. U.S. dollar denominated corporate obligations of domestic issuers must be rated at the highest short-term rating category (A-1/P-1 or equivalent) or be rated at one of the three highest long-term rating categories (A-/A3 or equivalent) by at least two of the following standard rating services: Standard & Poor's, Moody's and Fitch.

Interest-bearing savings accounts, certificates of deposit, time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC").

Investments made in excess of any applicable deposit insurance, including uninsured accounts in financial institutions in which multiple accounts are maintained, shall 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 of 102% or greater than the uninsured amount on deposit or by a Federal Home Loan Bank ("FHLB") Letter of Credit ("LOC") rated AA- by Standard and Poor's or Aa3 by Moody's.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2022

2. DEPOSITS AND INVESTMENTS *(Continued)*

At June 30, 2022, the Federal Agency Bond/Note investments held by City Colleges were all rated AA+/AAA by Standard and Poor's (S&P) and Moody's, respectively. The Commercial Paper was rated A-1 by S&P and P-1 by Moody's. U.S. instrumentalities (including supranational securities where the U.S. is a shareholder and voting member) were at least rated A-1/P-1, AA-/Aa3, or equivalent by Standard & Poor's, Moody's, or Fitch. U.S. dollar denominated corporate obligations of domestic issuers were at least rated Highest ST (A-1/P-1, or equivalent) or Three Highest LT Rating Categories (A-A3 or equivalent) by Standard & Poor's, Moody's, or Fitch. Municipals were at least rated Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent) by Standard & Poor's, Moody's, or Fitch.

The State Treasurer maintains the Illinois Funds at net asset value based on amortized cost, which approximates fair value, through daily adjustment in the interest earnings. The pool does not meet all the criteria in GASB No. 79 paragraph 4 which allows the reporting of its investment at amortized cost. The State Treasurer also maintains the average duration of the pool at less than 25 days. The 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. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. There are no limitations or restrictions on withdrawals from the pool. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Funds are rated AAAm by Standard and Poor's.

The Illinois Trust measures the Illinois Portfolio, IIIT Class at net asset value based on amortized cost, which approximates fair value. The pool does meet all the criteria in GASB No. 79 paragraph 4, which allows the reporting of its investments at amortized cost. The Illinois Trust also maintains a weighted average maturity of 60 days or less. The value of City Colleges' investments 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. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. There are no limitations or restrictions on withdrawals from the pool. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Portfolio, IIIT class is rated AAAm by Standard & Poor's.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

2. DEPOSITS AND INVESTMENTS *(Continued)*

The carrying amount of investments at June 30, 2022 is shown below:

<u>Investment Type</u>	<u>June 30, 2022 Carrying Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less Than 1</u>	<u>1 - 5</u>
U.S. Treasury Bond / Note	\$ 21,930,732	\$ 7,539,219	\$ 14,391,513
Federal Agency Bond / Note	2,986,222	1,137,124	1,849,098
Federal Agency Collateralized Mortgage	236,272	-	236,272
First Agency Mortgage	740,003	-	740,003
Certificate of Deposit	620,651	620,651	-
Corporate Note	14,274,474	5,752,823	8,521,651
Commercial Paper	28,152,670	28,152,670	-
Supra-National Agency Bond/Note	3,102,872	2,197,303	905,569
Municipal Bond/Note	1,527,297	490,978	1,036,319
Illinois Portfolio, IIIT Class	17,022,328	17,022,328	-
Illinois Funds LGIP/5000	54,804,013	54,804,013	-
Total investments	<u>\$ 145,397,534</u>	<u>\$ 117,717,109</u>	<u>\$ 27,680,425</u>

GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

City Colleges categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets that are not active; or using other inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities and credit spreads or market-corroborated inputs
- Level 3 inputs are significant unobservable inputs

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

2. DEPOSITS AND INVESTMENTS (Continued)

The carrying amount of investments and fair value hierarchy at June 30, 2022 is as follows:

Investments Measured at Fair Value	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Bond/Note	\$ 21,930,732	\$ 21,930,732	\$ -	\$ -
Federal Agency Bond / Note	2,986,222	-	2,986,222	-
Federal Agency Commercial Mortgage Back Security	124,197	-	124,197	-
Federal Agency Collateralized Mortgage	112,075	-	112,075	-
First Agency Mortgage	740,003	-	740,003	-
Corporate Note	14,274,474	-	14,274,474	-
Commercial Paper	28,152,670	-	28,152,670	-
Supra-National Agency Bond/Note	3,102,872	-	3,102,872	-
Municipal Bonds/Note	1,527,297	-	1,527,297	-
Total investments at fair value	<u>\$ 72,950,542</u>	<u>\$ 21,930,732</u>	<u>\$ 51,019,810</u>	<u>\$ -</u>
Investments not Measured at Fair Value				
Illinois Portfolio, IIT Class	\$ 17,022,328			
Illinois Funds LGIP/5000	54,804,013			
Certificate of Deposits	620,651			
Total investments at Net Asset Value	<u>72,446,992</u>			
Total investments	<u>\$ 145,397,534</u>			

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. City Colleges does not have Level 3 investments.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

3. OTHER ACCOUNTS RECEIVABLE

City Colleges' other accounts receivable consist of the following:

	<u>2022</u>
Student	\$ 3,332,453
Grants	18,488,476
State of Illinois	2,599
City of Chicago - TIF	1,547,000
Leases and other	<u>2,804,551</u>
Gross other accounts receivable	26,175,079
Less: Allowance for uncollectible	<u>(1,337,422)</u>
Other accounts receivable, net	24,837,657
Less: Non-current portion of City of Chicago - TIF	<u>(490,488)</u>
Current portion of other receivable, net	<u>\$ 24,347,169</u>

4. CAPITAL ASSETS

	<u>July 1, 2021</u>	<u>Additions and Transfers In</u>	<u>Retirements and Transfers Out</u>	<u>June 30, 2022</u>
Capital assets not being depreciated:				
Land	\$ 51,376,464	\$ -	\$ -	\$ 51,376,464
Construction in progress	<u>5,657,131</u>	<u>12,705,466</u>	<u>(6,600,723)</u>	<u>11,761,874</u>
Subtotal	<u>57,033,595</u>	<u>12,705,466</u>	<u>(6,600,723)</u>	<u>63,138,338</u>
Capital assets being depreciated:				
Leases*	12,198,706	-	-	12,198,706
Equipment	64,817,510	58,998	-	64,876,508
Software	47,878,119	425,546	-	48,303,665
Buildings and improvements	<u>1,105,655,491</u>	<u>5,362,622</u>	<u>(2,578,165)</u>	<u>1,108,439,948</u>
Subtotal	<u>1,230,549,826</u>	<u>5,847,166</u>	<u>(2,578,165)</u>	<u>1,233,818,827</u>
Total capital assets	1,287,583,421	18,552,632	(9,178,888)	1,296,957,165
Accumulated depreciation and amortization				
Leases*	2,937,124	835,291	-	3,772,415
Equipment	57,819,287	2,622,455	-	60,441,742
Software	43,660,831	1,768,955	-	45,429,786
Buildings and improvements	<u>363,422,991</u>	<u>26,879,249</u>	<u>(1,542,985)</u>	<u>388,759,255</u>
Total accumulated depreciation	<u>467,840,233</u>	<u>32,105,950</u>	<u>(1,542,985)</u>	<u>498,403,198</u>
Capital assets, net	<u>\$ 819,743,188</u>	<u>\$ (13,553,318)</u>	<u>\$ (7,635,903)</u>	<u>\$ 798,553,967</u>

*Sec Note 14 for Leases.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

5. NET POSITION

City Colleges' net position includes restricted and unrestricted resources (including \$67 million of working cash fund). Unrestricted resources may be used at the discretion of the governing board to meet current expenses for any purpose. This qualifies as a stabilization arrangement, which is a formal arrangement set aside by the District to maintain amounts for budget stabilization or working capital needs. These funds may be spent through a transfer, an abolishment, or an abatement of amounts needed by the District. Amounts can be added to the working cash balance through replenishment, the issuance of bonds, or the levy of property taxes.

6. OTHER ACCRUALS AND OTHER LIABILITIES

City Colleges' other accruals and other liabilities consist of the following as of June 30, 2022:

	<u>2022</u>
Other accruals	
Accrued interest	\$ 1,275,617
Other accruals	<u>687,405</u>
Total other accruals	<u>\$ 1,963,022</u>
 Other liabilities	
Self insurance	\$ 3,241,055
Unclaimed property	7,984
ICCB	5,654,630
Other	<u>78,590</u>
Total other liabilities	<u>\$ 8,982,259</u>

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

7. EMPLOYEE RETIREMENT PENSION PLAN

Plan Description – City Colleges contributes to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit plan (Plan) with a special funding situation whereby the State of Illinois (State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's Annual Comprehensive Financial Report as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 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 accessing the website at www.SURS.org.

Benefits Provided – A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2021 can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

Contributions - The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2021 and fiscal year 2022, respectively, was 12.70% and 12.32% of employee payroll. Contributions for fiscal years 2021 and 2022 were \$2,047,510 and \$1,540,231 respectively. The normal cost is equal to the value of the current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of the annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State's General Assembly.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

7. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

Participating employers make contributions toward separately financed specific liabilities under Section 15- 139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants), Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor). City Colleges accrued \$40,149 for the liability due to earnings that exceed the Governor’s salary.

For purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The state of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

Pension Liabilities, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

Net Pension Liability - The net pension liability (NPL) was measured as of June 30, 2021. At June 30, 2021, the collective NPL was \$28,477,079.

Employer Proportionate Share of Net Pension Liability – The amount of the proportionate share of the NPL to be recognized for City Colleges is \$0. The proportionate share of the State’s NPL associated with City Colleges is \$1,410,599,964 or 4.9445%. City Colleges’ proportionate share changed by 0.0124% from 4.9569% since the last measurement date on June 30, 2020. This amount is not recognized in City Colleges’ financial statements. The NPL and total pension liability as of June 30, 2021, was determined based on the June 30, 2020, actuarial valuation rolled forward to the measurement date. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2021.

Pension Expense - For the year ending June 30, 2021, collective net pension expense was \$2,342,460,058.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Employer Proportionate Share of Pension Expense - The employer proportionate share of the State's pension expense that is associated with City Colleges of Chicago is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2021. As a result, City Colleges recognized revenue and pension expense of \$115,823,711 from this special funding situation during the year ended June 30, 2022. On the statement of revenues, expenses and changes in net position, the revenue is reflected in other state grants and contracts and the pension expense is reflected in fringe benefits.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions - Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position that is applicable to future reporting periods.

Collective Deferred Outflows and Deferred Inflows of Resources by Sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 113,467,689	\$ -
Changes in assumptions	776,968,084	-
Net difference between projected and actual earnings on pension plan investments	-	2,283,514,660
Total	<u>\$ 890,435,773</u>	<u>\$ 2,283,514,660</u>

Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses are as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2022	\$ 34,095,451
2023	(197,005,703)
2024	(538,343,058)
2025	(691,825,577)
Total	<u>\$ (1,393,078,887)</u>

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

7. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

City Colleges of Chicago's Deferral of Fiscal Year 2022 Contributions – The City Colleges of Chicago paid \$1,540,231 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2022. These contributions were made subsequent to the pension liability measurement date of June 30, 2021 and are recognized as deferred outflows of resources as of June 30, 2022 on the statement of net position.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an actuarial experience study for the period from June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.75 percent, including inflation
Investment rate of return	6.50 percent beginning with the actuarial valuation as of June 30, 2021

Mortality rates were based on the PUB-2010 employee and retiree gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

Assumption changes as of June 30, 2021, are salary increase rates, ranging from 3.00% to 12.75%, investment rate of return assumption decrease to 6.50% from 6.75% in 2021, and effective rate of interest decrease to 6.50% from 6.75% in 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

<u>Defined Benefit Plan</u>	<u>Strategic Policy Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Traditional Growth		
Global Public Equity	41.00%	6.50%
Stabilized Growth		
Credit Fixed Income	14.0	1.82
Core Real Assets	5.0	3.92
Options Strategies	6.0	4.20
Non-Traditional Growth		
Private Equity	7.5	10.45
Non-Core Real Assets	2.5	8.83
Inflation Sensitive		
U.S. TIPS	6.0	(0.22)
Principal Protection		
Core Fixed Income	8.0	(0.81)
Crisis Risk Offset		
Systematic Trend Following	3.5	3.45
Alternative Risk Premia	3.0	2.30
Long Duration	3.5	0.91
Total	100.00%	4.43%
Inflation		2.25
Expected arithmetic return		6.68%

Discount Rate - A single discount rate of 6.12% (a decrease of 0.37% from fiscal year 2021) was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 1.92% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2021). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022**

7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.12%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	Current Single Discount	
1% Decrease	Rate Assumption	1% Increase
5.12%	6.12%	7.12%
\$35,000,704,353	\$28,528,477,079	\$23,155,085,730

Additional information regarding the SURS basic financial statements including the plan's net position can be found in the SURS Annual Comprehensive Financial Report by accessing the website at www.SURS.org.

8. CHANGES IN NON-CURRENT LIABILITIES

Changes in non-current liabilities for the year ended June 30, 2022 are as follows:

	July 1, 2021	Additions	Reductions/ Adjustments	June 30, 2022	Amounts due within one year
Accrued compensated absences	\$ 3,554,227	\$ 6,720,113	\$ (6,582,108)	\$ 3,692,232	\$ 1,643,485
Sick leave benefits	2,982,331	25,586	(338,462)	2,669,455	393,591
Other post-retirement benefits	105,759,050	-	(15,510,317)	90,248,733	-
Bonds payable	301,220,000	-	(5,265,000)	295,955,000	5,530,000
Bonds premiums and discounts	7,794,437	-	(678,284)	7,116,153	-
Workers compensation	1,145,668	431,878	(370,902)	1,206,644	488,615
Accrued property tax refund	19,126,094	4,286,335	(6,312,508)	17,099,921	-
Lease obligations	9,266,760	-	(963,952)	8,302,808	904,419
Other	7,051,313	-	(765,576)	6,285,737	788,544
	<u>\$ 457,899,880</u>	<u>\$ 11,463,912</u>	<u>\$ (36,787,109)</u>	<u>\$ 432,576,683</u>	<u>\$ 9,748,654</u>

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9. ACCRUED COMPENSATED ABSENCES

Administrators and full time, non-bargained for employees accrue and accumulate paid vacation days based upon their years of service and cannot accrue in excess of the maximum number of vacation days as set forth in the Board policy and procedures, Article IV. Bargained for employees receive paid leave days in accordance with their applicable collective bargaining agreements. Accumulated unused vacation leave banks will be paid out upon termination of employment.

At June 30, 2022, City Colleges recorded a liability of \$3,692,232 for compensated absences and estimated that \$1,643,485 of these liabilities is current and due within one year. (See Note 8)

10. SICK LEAVE BENEFITS

Upon the retirement, permanent disability, or death of a full-time eligible employee, it is the policy of City Colleges to pay over a three to five-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 and non-bargained-for employees, if hired prior to January 1, 2012 and certain union-represented employees pursuant to their respective collective bargaining agreements, 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 value of an eligible employee's termination benefit liability uses the actual sick leave balances at 80% multiplied by the current daily rates.

At June 30, 2022, City Colleges accrued \$2,424,338 for the estimated present value of these future benefits for current eligible employees and \$245,117 in benefits payable to inactive (retired) employees for a total of \$2,669,455. (See Note 8)

11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description: In addition to providing the pension benefits described in Note 8, City Colleges provides other post-employment healthcare benefits (OPEB) and life insurance to retirees and their spouses. The benefits, benefit levels, employee contributions and employer contributions are governed by City Colleges and can be amended by City Colleges through its personnel manual and union contracts. The plan is a single employer defined benefit plan. 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.

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

Benefits Provided: City Colleges pays approximately 85% 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 SURS. It is expected that all full-time active employees who retire directly from City Colleges and meet the eligibility criteria will participate. Effective October 5, 2017, City Colleges eliminated the other post-employment benefits for new administrators and non-bargained for employees not covered by a collective bargaining agreement.

Membership: As of June 30, 2022 consists of:

	<u>2022</u>
Retirees currently receiving benefits	430
Active employees	1,481
TOTAL	<u>1,911</u>
Participating Employers	<u>1</u>

Funding Policy: Currently, City Colleges provides subsidized coverage for the medical, dental and vision insurance for a period of 10 years from the employee's retirement date. Retired employees are covered for life insurance for a period of six to ten years, with City Colleges paying the cost of the coverage. During the ten-year subsidy period, City Colleges pays approximately 85% of the cost of the premiums and retirees pay approximately 15% of the cost of the medical, dental and vision coverage. City Colleges' contribution is estimated and is based on premiums, retiree contributions and retirees participating in the plan in 2022. The actuarial valuation is used to determine the total actuarial accrued liability and the annual OPEB expense for the post-retirement medical and life insurance benefits provided for purposes of GASB Statement No. 75. For the fiscal year ended June 30, 2022, City Colleges contributed \$5,304,869.

The City Colleges' total OPEB liability was determined by an actuarial valuation as of July 1, 2021 and rolled forward to the measurement date of June 30, 2022.

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

Annual OPEB costs and the total OPEB liability are based on the calculations and parameters prescribed in GASB Statement No. 75. The Entry Age Normal actuarial cost method was used. The Actuarially Determined Contribution (ADC) expense includes interest charge on the Unfunded Actuarial Liability and the gains and losses are amortized over the "Average Service to Retirement" of 4.40 years. The amortization of gains, losses, and actuarial assumption changes are referred to as "deferred inflows and outflows". The assumptions also include data regarding demographic and mortality rates, an inflation rate of 2.6% per year, salary rate increase of 2.60%, an interest rate assumption of 3.54% per year, and a healthcare cost trend rate assumption that starts at 2.90% to 4.00% over 52 years. Mortality rates were based on the PUB-2010 headcount-weighted for Teachers, projected fully generationally with MP-2021 ultimate scale.

OPEB Assumption changes:

	<u>2022</u>	<u>2021</u>
Valuation date	July 1, 2021	July 1, 2019
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Inflation	2.60%	2.00%
Medical trend rate	2.90% - 4.00%	5.50% - 4.00%
Salary increases including inflation	2.60%	2.50%
Discount rate		
20-Year Tax Exempt Municipal Bond Yield	3.54%	2.16%
Mortality table	Pub-2010 Teachers	Pub-2010 Teachers
Projected fully generationally with	MP-2021 ultimate scale	MP-2018

This valuation also considers projections and estimates of future retiree healthcare benefits based on actuarial standards issued by the Actuarial Standards Board. In performing the actuarial valuation of the OPEB program, the actuarial assumptions for fiscal year 2022 included premium rates, payroll data, variation of healthcare costs, census data regarding participants and age factors in each plan.

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

Actuarial calculations of City Colleges' OPEB plan reflect a long-term perspective. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future.

The actuarial value of assets was not determined as City Colleges has not advance-funded its obligation. Based upon the above valuations, City Colleges' total OPEB liability is \$90,248,733 as of June 30, 2022.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2021	\$ 105,759,050
Changes for the Year:	
Services Cost	1,697,411
Interest	2,264,072
Change in Benefit Terms	-
Difference between Expected and Actual Experience	(10,987,691)
Change of Assumptions	(3,179,240)
Benefit Payments	(5,304,869)
Net Changes:	(15,510,317)
Balance as of June 30, 2022	<u>\$ 90,248,733</u>

Changes in the actuarial assumptions reflect the changes in the discount rate from 2.16% as of June 30, 2021 to 3.54%, an increase of 1.38% as of June 30, 2022. There were no changes of benefit terms and no significant changes between the valuation date and the fiscal year end.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2022, City Colleges recognized OPEB expense of (\$884,444). At June 30, 2022, City Colleges reported deferred outflows and inflows of resources related to OPEB from the following sources.

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (8,687,260)	\$ -
Changes of assumptions	(2,456,685)	3,146,037
Total	<u>\$ (11,143,945)</u>	<u>\$ 3,146,037</u>

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

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be amortized over the average remaining service lives of the active and inactive members and will be recognized in OPEB expense as follows:

Year ended June 30	
2023	\$ (1,172,694)
2024	(2,317,555)
2025	(3,219,757)
2026	(1,287,903)
<u>Total</u>	<u>\$ (7,997,909)</u>

Sensitivity of the total OPEB liability to changes in the discount rate.

The following chart presents the total OPEB liability of the plan as of June 30, 2022, calculated using the discount rate of 3.54% for a 20-year Tax Exempt Municipal Bond Yield, as well as what the total OPEB liability would be if calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate.

	1% Decrease (2.54%)	Discount rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 97,810,837	\$ 90,248,733	\$ 83,506,511

Sensitivity of the total OPEB liability to changes in the health care trend rate.

The following chart presents the total OPEB liability of the plan as of June 30, 2022, calculated using the current healthcare cost trend rate as well as what the total OPEB liability would be if calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 82,631,430	\$ 90,248,733	\$ 98,794,373

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12. LONG-TERM DEBT

General Obligation Bonds – Series 2013: On October 8, 2013, City Colleges issued \$250,000,000 in Unlimited Tax General Obligation Bonds (Series 2013) at a net premium of \$8,233,226. The bonds were issued with interest rates ranging from 4.00% to 5.50% with payment dates of June 1 and December 1 of each year. The proceeds derived from the issuance of the bonds were used to (i) construct, acquire and equip City Colleges' campus and administrative buildings and make site improvements and other capital expenditures related to the initial five-year \$555 million capital improvement plan and (ii) pay the cost of issuance of the bonds including the underwriters' discount. The bonds are secured by the pledged revenues of tuition and fees, and state grants. Furthermore, City Colleges has levied the pledged property taxes to satisfy the debt service on the bonds if the pledged revenues are insufficient; however, based on projected receipts of pledged revenues, City Colleges anticipates that all pledged taxes will be abated on a year-by-year basis prior to such pledged taxes being extended.

Following is the future debt service requirements for the Bonds:

Fiscal Year	Principal Payment	Interest	Total
2023	\$ 5,530,000	\$ 11,275,438	\$ 16,805,438
2024	5,805,000	10,992,063	16,797,063
2025	6,095,000	10,694,563	16,789,563
2026	6,400,000	10,374,188	16,774,188
2027	6,735,000	10,029,394	16,764,394
2028 - 2032	39,380,000	44,305,689	83,685,689
2033 - 2037	50,810,000	32,577,313	83,387,313
2038 - 2042	65,740,000	17,243,275	82,983,275
2043 - 2044	31,395,000	1,669,369	33,064,369
Total	<u>\$ 217,890,000</u>	<u>\$ 149,161,292</u>	<u>\$ 367,051,292</u>

General Obligation Bonds – Series 2017: On December 11, 2017, City Colleges issued \$78,065,000 in Unlimited Tax General Obligation Bonds (Series 2017) at a net premium of \$7,330,176. The bonds were issued with interest rates ranging from 4% to 5% with payment dates of June 1 and December 1 of each year. The proceeds derived from the issuance of the bonds were to pay for (i) all or a portion of the costs of the Capital Plan, (ii) any capitalized interest on the Bonds, (iii) costs of issuance of the Bonds including bond insurance. The Bonds are secured by the pledged revenues of tuition and fees, and state grants. Furthermore, City Colleges has levied the pledged property taxes to satisfy the debt service on the bonds if the pledged revenues are insufficient; however, based on projected receipts of pledged revenues, City Colleges anticipates that all pledged taxes will be abated on a year-by-year basis prior to such pledged taxes being extended.

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12. LONG-TERM DEBT *(Continued)*

Following is the future debt service requirements for the Bonds:

<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 3,893,700	\$ 3,893,700
2024	110,000	3,890,950	4,000,950
2025	115,000	3,885,325	4,000,325
2026	120,000	3,879,450	3,999,450
2027	130,000	3,873,200	4,003,200
2028 - 2032	730,000	19,262,250	19,992,250
2033 - 2037	915,000	19,070,700	19,985,700
2038 - 2042	1,135,000	18,848,325	19,983,325
2043 - 2047	54,860,000	14,610,000	69,470,000
2048	19,950,000	498,750	20,448,750
Total	<u>\$ 78,065,000</u>	<u>\$ 91,712,650</u>	<u>\$ 169,777,650</u>

City Colleges has pledged revenues to repay its bond issue. The pledges will remain until the bonds are retired. The amount of pledges remaining as of June 30, 2022 is as follows:

<u>Debt Issue</u>	<u>Pledged Revenue Source</u>	<u>Pledge Remaining</u>	<u>Commitment End Date</u>
Series 2013	Tuition, fees, and state grant	\$ 367,051,292	2044
Series 2017	Tuition, fees, and state grant	169,777,650	2048
Total		<u>\$ 536,828,942</u>	

<u>Debt Issue</u>	<u>Pledged Revenue Source</u>	<u>Pledge Revenue</u>	<u>Principal and Interest Retired</u>	<u>Percentage of Revenue Pledged</u>
Series 2013	Tuition, fees, and state grant	\$ 140,611,231	\$ 16,810,313	11.96%
Series 2017	Tuition, fees, and state grant	140,611,231	3,893,700	2.77%

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12. LONG-TERM DEBT *(Continued)*

Investors who purchase municipal bonds use debt ratings as an indicator of financial stability of an organization and consequently the safety and security of the debt sold by that organization. In general, higher credit ratings often result in lower borrowing costs via reduced interest rates paid on municipal bonds. A strong rating also promotes a wider market and more buyers of City Colleges' municipal bonds. There are several rating agencies that assign ratings to municipal debt, including debt issued by City Colleges. As of June 30, 2022, City Colleges' current ratings are A+ and BBB by Fitch Ratings and S&P Global Ratings, respectively.

13. 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 in concert with the Office of the General Counsel and the District's insurance broker, insurance carriers and third-party claims administrator.

A. General Liability - Property Policy and Educators Legal Liability Policy

General Liability includes claims of property and non-property matters. This exposure is insured under a buffer policy and an excess policy. The underlying retention is \$250,000. Property insurance is designed to provide coverage for the District's real estate assets, boilers, machinery, and contents as well as its vehicles. City Colleges maintains a commercial property policy with limits equal to \$500,000,000 with various sub-limits dependent upon the nature of the loss. The retention stands at \$25,000.

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 qualifying tort related expenses.

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 and includes a sublimit providing Directors & Officers Liability in the Policy amount of \$10,000,000 to address the actions of the Board of Trustees. 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 \$250,000.

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13. RISK MANAGEMENT *(Continued)*

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 \$1,610,775 as of June 30, 2022.

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

B. Health 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 \$1,630,280 as of June 30, 2022 that have been incurred, but not paid.

C. Workers' Compensation

City Colleges retains a portion of workers' compensation risk and maintains an excess commercial policy for individual claims exceeding \$600,000 up to the statutory limit. City Colleges estimates future claims based on a loss development factor and a specific claim reserve. City Colleges' management believes that there are no material lawsuits or claims covered by the workers' compensation self-insurance program that have not been adequately covered. City Colleges' has accrued estimated workers' compensation liability of \$1,206,644 and estimated that \$488,615 is current and due within one year.
(See Note 8).

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13. RISK MANAGEMENT *(Continued)*

The following table shows the activity within City Colleges' self-insurance liability, which is reported within other current liabilities on the statement of net position. (See Note 6)

Summary of Changes in Self-Insurance*

	<u>June 30, 2021</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2022</u>
General liability	\$ 1,853,775	\$ 17,000	\$ (260,000)	\$ 1,610,775
Health insurance	921,637	32,897,972	(32,189,329)	1,630,280
Workers' compensation	1,145,668	431,878	(370,902)	1,206,644
	<u>\$ 3,921,080</u>	<u>\$33,346,850</u>	<u>\$ (32,820,231)</u>	<u>\$ 4,447,699</u>

	<u>June 30, 2020</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2021</u>
General liability	\$ 1,753,775	\$ 248,465	\$ (148,465)	\$ 1,853,775
Health insurance	905,799	29,262,425	(29,246,587)	921,637
Workers' compensation	1,177,121	-	(31,453)	1,145,668
	<u>\$ 3,836,695</u>	<u>\$29,510,890</u>	<u>\$ (29,426,505)</u>	<u>\$ 3,921,080</u>

*Workers' compensation is also presented in Note 8.

14. LEASES

A. Lessor

City Colleges entered into a five-year lease for office space in Truman College commencing September 1, 2017. The lease also requires the lessee to pay a one-time fee of \$75,000 to cover the construction cost. The total amount of the inflows (revenue) during the fiscal year is \$49,500. The interest rate for this lease is 2.26%.

City Colleges entered into a three-year lease for office space in Kennedy-King College commencing April 1, 2019. The total amount of the inflows (revenue) during the fiscal year is \$23,472. The interest rate for this lease is 2.72%.

City Colleges entered into one-year lease for office space in Arturo Velasquez Institute with options to renew. The lease has been renewed to October 2022. The total amount of the inflows (revenue) during the fiscal year is \$23,888. The interest rate for this lease is 3.46%.

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14. LEASES *(Continued)*

A. Lessor *(continued)*

City Colleges did not incur revenue related to residual value guarantees or lease termination penalties. It also does not have any agreements that include sale-leaseback and lease-leaseback transactions.

B. Lessee

City Colleges entered into a twelve-year, ten-month lease for its District Office commencing on May 1, 2018 and terminating on May 28, 2031. City Colleges has the option to renew the term of this lease for one additional period of five years, which it is reasonably certain it will exercise. Total outflows (expense) recognized during the fiscal year for payments is \$82,685. The annual interest rate charged on this lease is 4.5%.

City Colleges also entered into a five-year lease for its inspector general office beginning July 1, 2014. City Colleges also renewed the contract to extend it to December 31, 2028. The total outflows (expense) recognized during the fiscal year is \$22,680. The annual interest rate charged on this lease is 3.31%.

City Colleges entered into two five-year leases with two separate vendors. Both leases started July 1, 2017 and both have an option to renew for two additional years. The total outflows (expense) recognized during the fiscal year is \$272,801. The annual interest rate charged on both leases is 2.5%.

City Colleges did not incur expenses regarding its leasing activities that related to residual value guarantees or lease termination penalties. It also does not currently have an agreement that includes sale-leaseback and lease-leaseback transactions as a lessee.

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14. LEASES *(Continued)*

B. Lessee *(continued)*

A summary of the leased asset activity for the year ended June 30, 2022 is as follows:

	July 1, 2021	Additions	Deduction	June 30, 2022
Leased assets:				
Buildings	\$ 10,494,519	\$ -	\$ -	\$ 10,494,519
Equipment	1,704,187	-	-	1,704,187
Total leased assets	12,198,706	-	-	12,198,706
Accumulated amortization:				
Buildings	1,943,015	591,836	-	2,534,851
Equipment	994,109	243,455	-	1,237,564
Total accumulated amortization	2,937,124	835,291	-	3,772,415
Total leased assets, net	\$ 9,261,582	\$ (835,291)	\$ -	\$ 8,426,291

Future annual lease payments are as follows:

Fiscal Year	Principal Amount	Interest Amount	Total
2023	\$ 904,419	\$ 193,525	\$ 1,097,944
2024	863,233	229,090	1,092,323
2025	661,125	230,168	891,293
2026	642,155	263,058	905,213
2027	623,575	295,558	919,133
2028 - 2032	2,807,753	1,919,478	4,727,231
2033 - 2037	1,800,548	1,885,454	3,686,002
	<u>\$ 8,302,808</u>	<u>\$ 5,016,331</u>	<u>\$ 13,319,139</u>

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15. TAX ABATEMENT

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduced the reporting government's tax revenues. It requires the government to disclose: (1) Brief descriptive information about the agreement; (2) The gross dollar amount of taxes abated during the period; and (3) Commitments made by government, other than to abate taxes, that are part of the tax abatement agreement.

Tax Abatement Agreement Entered into Directly by City Colleges –The Boeing Company

City Colleges entered into a Tax Reimbursement Payment Agreement with The Boeing Company ("Boeing") on November 1, 2001. Under the provisions of Section 18 of the Property Tax Code and the Corporate Headquarters Relocation Act, City Colleges is allowed to make annual payments to Boeing in an amount not to exceed the property taxes paid directly or indirectly by Boeing for premises occupied pursuant to a written lease. The annual payment may not exceed 20 years. The relocation of Boeing will provide no less than 500 full time jobs and create a substantial public benefit and foster economic growth and development in the city of Chicago.

The agreement requires Boeing to submit the "Annual Boeing Summary Compliance Report" and "Annual Reimbursement Form" to City Colleges for reimbursement. In order to receive the reimbursement, Boeing must have at least \$25 billion in annual world-wide revenues, satisfy the MBE/WBE requirements, comply with the resident hiring and prevailing wage requirements, employ a minimum of 500 full time employees in Chicago, and lease and occupy not less than 125,000 rentable square feet in Chicago, among other requirements.

Fiscal year 2022 would have been the final year of reimbursement, but Boeing stated that it would not qualify for reimbursement. Therefore, City Colleges did not reimburse Boeing for fiscal year 2022.

Tax Abatement Agreements Entered into by Other Governments – Cook County

Cook County provides tax reductions under numerous programs with different taxpayers. The purpose of these agreements is to encourage the development and rehabilitation of new and existing industrial and commercial property, reutilization of abandoned property, and increase multi-family residential affordable rental housing throughout Cook County by offering a real estate tax incentive. An eligibility application must be filed prior to commencement of a project and include a resolution from the municipality where the real estate is located. Once the project has been completed, the applicant must file an Incentive Appeal Form with the County Assessor's Office. Upon approval by the County Assessor's Office and based on the property classification, the applicant is eligible to receive one of the following tax incentives:

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15. TAX ABATEMENT (Continued)

- Property will be assessed at 10% of market value for the first 10 years, 15% in the 11th year and 20% in the 12th year.
- Property will be assessed at 10% of market value for the first 3 years, 15% in the 4th year and 20% in the 5th year.
- Property will be assessed at 10% of the market value to 10 years from the date of completion of major rehabilitation.

Without the incentive, the property tax would be assessed at 25% of its market value. This incentive constitutes a substantial reduction in the level of assessment and results in significant tax savings for eligible applicants. For fiscal year 2022, City Colleges estimated its portion of annual abatement of property taxes to various taxpayers under the development incentive programs approximates \$2.2 million.

16. DISCRETELY PRESENTED COMPONENT UNIT

A. Operations

City Colleges of Chicago Foundation (the “Foundation”) is an Illinois not-for-profit, Tax-exempt Corporation established to pursue financial support from the private sector and to promote the programs of the City Colleges of Chicago, Community College District No. 508 (“City Colleges”). The Foundation receives, administers, and distributes funds to City Colleges for various grants, scholarships, and programs. Substantially all of the Foundation’s revenues and support are for the benefit of City Colleges. The Foundation is supported primarily through donor contributions and grants. The Foundation is considered a component unit of City Colleges and is discretely presented in City Colleges’ financial statements.

B. Significant Accounting Policies

Management Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

Cash and Cash Equivalents – As of June 30, 2022, cash and cash equivalents include highly liquid investments with maturities of three months or less at the date of purchase, and are stated at cost, which approximates fair value. The Foundation maintains its cash in commercial bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments - The Foundation's investment policy permits the Foundation's board of directors to oversee the investment of Foundation assets through the use of an internally appointed investment committee and external investment managers and custodians. The policy reflects the objectives and constraints associated with investing the Foundation's assets. Investments are measured at fair value in the statement of financial position. Net investment return (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as an increase or decrease in net assets without donor restrictions, unless such income or loss is restricted by explicit donor stipulations or by law.

Contributions - Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions receivable at June 30, 2022 are considered fully collectible and management has determined no allowance is necessary.

Contributed Services - The Foundation receives contributed services consisting of donated accounting services and other operating support from City Colleges. These amounts are included as contributed services revenue in the statement of activities.

Functional Allocation of Expenses – Expenses are recognized in the period they are incurred. When an expense is identified with a specific program, fundraising, or general and management function, it will be charged directly to that category. In some circumstances, an expense will be allocated between the program services, fundraising, or general and management categories based on the specific transaction. The accounting services received consist of salaries and fringe benefits paid to City Colleges employees who estimate their percentage of time spent on Foundation duties. The other operating support includes occupancy cost (lease and utilities) which is allocated based on square footage, as well as the audit fee.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

Basis of presentation –The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Tax Status - The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(c) (3). Accordingly, no provision for such taxes has been recognized in these financial statements.

The accounting standard on *Accounting for Uncertainty in Income Taxes* addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and the various positions related to the potential sources of unrelated business income tax. There were no unrecognized tax benefits identified or recorded as liabilities during the year ended June 30, 2022.

The Foundation files Forms 990 in the U.S. federal jurisdiction and the State of Illinois.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

Pending Accounting Pronouncements -- In February 2016, The Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Foundation for the year ending June 30, 2023. The Foundation is currently evaluating the effect the standard will have on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring an entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The guidance in this ASU also requires an entity to disclose the contributed nonfinancial assets by category that identifies the type of nonfinancial asset and disclose certain required information. The new standard is effective for the Foundation in the fiscal year ending June 30, 2023. The Foundation is currently evaluating the impact of the adoption of the standard in its financial statements.

Subsequent Events — The Foundation has evaluated all subsequent events through November 30, 2022, which is the date the financial statements were available to be issued.

C. Investments

The components of net investment loss for the year ended June 30, 2022 are as follows:

	<u>2022</u>
Interest and dividends	\$ 249,254
Net realized gains	1,671,726
Net unrealized losses	<u>(4,014,421)</u>
Total	<u>\$ (2,093,441)</u>

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

D. Fair Value of Investments

The Fair Value Measurements and Disclosures Topic of the Accounting Standards Codification defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction among market participants on the measurement date. The accounting guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are not observable.

The Foundation attempts to establish fair value as an exit price in an orderly transaction consistent with normal settlement market conventions. The Foundation is responsible for the valuation process and seeks to obtain quoted market prices for all securities.

For the year ended June 30, 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent. The Foundation's investments are the only assets or liabilities that are measured at fair value on a recurring basis.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. For the year ended June 30, 2022, there were no such transfers.

The Foundation invests in domestic and fixed income mutual funds, which are open-ended Securities and Exchange Commission registered investment funds with a daily net asset value ("NAV"). These mutual funds are designed to be liquid and allow investors to sell their interests daily to the fund at the published NAV, with no restrictions on redemptions and no unfunded commitments.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2022

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

D. Fair Value of Investments *(continued)*

The Foundation also invests in alternative investments – real estate fund. The fair value of certain funds is based on the NAV of units of the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimating fair value. The NAV is based upon the fair value of the underlying investments comprising the fund less its liabilities. Redemption is allowed quarterly with 60 days notice. There are no unfunded commitments.

Assets measured at fair value based on NAV using the practical expedient as of June 30, 2022 are as follows:

Mutual Funds:	2022
Fixed income funds	\$ 3,368,507
Equity funds	8,434,473
Alternative investment - real estate fund	500,000
Total	<u>\$12,302,980</u>

E. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 are restricted to the following purposes:

Net Assets with Donor Restrictions	2022
Subject to expenditure for specified purpose:	
Scholarships and instructional services	\$13,854,868
Goldman Sachs 10,000 Small Businesses Initiative	259,149
Project Grants	480,852
Miscellaneous	908,376
Time Restriction	4,481,814
Purpose and/or time restrictions	<u>\$19,985,059</u>
 Endowment (corpus):	 2022
Scholarships	\$ 1,959,977
Miscellaneous	405
Endowment (corpus)	<u>\$ 1,960,382</u>

The above amounts of \$19,985,059 and \$1,960,382, totaling \$21,945,441 are reflected as net assets with donor restrictions on the Statement of Activities.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2022

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

E. Net Assets with Donor Restrictions *(continued)*

Net assets released from donor restrictions are as follows for the year ended June 30, 2022:

	<u>2022</u>
Scholarships	\$ 2,019,930
Instructional services and supplies	894,355
Goldman Sachs 10,000 Small Businesses Initiative	959,825
Project Grants	<u>2,240,848</u>
Total released from donor restrictions	<u>\$ 6,114,958</u>

F. Endowment Net Assets

The Foundation has perpetual donor-restricted endowment net assets that consist of 15 individual funds established for a variety of donor-restricted purposes. Net assets associated with perpetual restrictions are classified and reported based on the existence of perpetual donor-imposed restrictions.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donation, as perpetual restricted funds in the absence of explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as perpetual donor restricted net assets (a) the original value of the gifts, (b) the original value of subsequent gifts, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate perpetual donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

F. Endowment Net Assets *(continued)*

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2022.

Changes in endowment net assets for the year ended June 30, 2022, are as follows:

	With Donor Restriction
Endowment net assets - beginning of year	\$ 4,747,249
Investment return:	
Investment income	70,196
Net loss (realized and unrealized)	<u>(624,333)</u>
Total investment return	<u>(554,137)</u>
Contributions	-
Appropriation of endowment assets for expenditures	<u>(715,611)</u>
Endowment net assets - end of year	<u><u>\$ 3,477,501</u></u>

G. Related Party Transactions

The Foundation receives donated accounting services and other operating support from City Colleges. The Foundation estimates the fair value of these services to be \$587,499. These amounts have been included as contributed services and related expenses in the statement of activities.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

H. Contributions Receivable

Contributions receivable consisted of the following at June 30, 2022:

2023	\$ 2,327,193
2024	1,366,667
2025	450,000
2026	450,000
	<u>4,593,860</u>
Less discount	<u>(112,046)</u>
Total	<u>\$ 4,481,814</u>

I. Functional Expenses

The Foundation expenses by function are as follows:

	<u>Program Services</u>	<u>Scholarships Awarded</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Professional services	\$ 4,038,287	\$ -	\$ 80,461	\$ 66,358	\$ 4,185,106
Supplies	55,019	-	22,412	28,241	105,672
Travel	4,684	-	-	-	4,684
Scholarships	-	2,019,930	-	-	2,019,930
Bank fees	-	-	12,439	-	12,439
Equipment rental	-	-	-	48,170	48,170
Liability insurance	-	-	2,085	-	2,085
Contributed services	96,140	-	395,155	96,204	587,499
	<u>\$ 4,194,130</u>	<u>\$ 2,019,930</u>	<u>\$ 512,552</u>	<u>\$ 238,973</u>	<u>\$ 6,965,585</u>

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2022**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

J. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or board restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>
Financial assets at year-end:	
Cash and cash equivalents	\$ 7,556,400
Investments	12,302,980
Contribution receivable	4,481,814
Other receivables	<u>10,207</u>
Total financial assets	<u>\$24,351,401</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>\$21,945,441</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,405,960</u>

Certain investments of the Foundation consist of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specific periods. Income from donor-restricted funds is restricted for scholarship and educational purposes. The Board approves the use of funds without donor restrictions for operating expenses.

As part of its liquidity management plan, the Foundation invests excess cash in short-term investments, including money market funds and short-term investments.

K. Restatement

The beginning net assets, as of July 1, 2021, were restated and increased by \$3,713,787 as a result of an error related to the revenue recognition of multi-year grant agreement which the Foundation did not recognize revenue in the proper year. Additionally, the June 30, 2021 change in net assets increased by \$3,169,419.

City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2022

17. COMMITMENTS AND CONTINGENCIES

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

As of June 30, 2022, City Colleges had \$21,214,290 in commitments for its capital plan, all of which are being funded by City Colleges.

On January 30, 2020, the World Health Organization declared the coronavirus disease 2019 (“COVID-19”) outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. It is not known how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to City Colleges.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including loss of revenue due to decreases in enrollment, higher health cost, and higher OPEB liabilities.

City Colleges participates in a number of Federal and State grant programs. Participation in these programs is subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant.

Required Supplementary Information

**City Colleges of Chicago
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Required Supplementary Information
June 30, 2022**

Other Post -Employment Benefit Plan

Schedule of Changes in Total OPEB Liability and Related Ratios

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability					
Service Cost	\$ 5,227,410	\$ 2,815,597	\$ 2,885,987	\$ 2,367,953	\$ 1,697,411
Interest	5,458,342	4,310,846	3,422,135	2,349,164	2,264,072
Difference between Expected and Actual Experience	(12,995,395)	(15,938,464)	-	-	(10,987,691)
Change of Assumptions	(20,818,383)	4,816,393	8,985,260	512,169	(3,179,240)
Benefit Payments	(4,968,061)	(5,436,298)	(6,288,983)	(6,761,637)	(5,304,869)
Net Change in Total OPEB Liability	\$ (28,096,087)	\$ (9,431,926)	\$ 9,004,399	\$ (1,532,351)	\$ (15,510,317)
Total OPEB Liability - Beginning	\$ 135,815,015	\$ 107,718,928	\$ 98,287,002	\$ 107,291,401	\$ 105,759,050
Total OPEB Liability - Ending	\$ 107,718,928	\$ 98,287,002	\$ 107,291,401	\$ 105,759,050	\$ 90,248,733
Covered - Employee Payroll	\$ 115,957,481	\$ 110,108,221	\$ 110,108,221	\$ 110,108,221	\$ 127,006,304
Total OPEB Liability as a Percentage of					
Covered - Employee Payroll	92.90%	89.26%	97.44%	96.05%	71.06%

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2022**

Note to Required Supplementary Information

The information above is presented for as many years as available and is intended to show information for 10 years.

Change of Assumptions. Changes of assumptions and other inputs reflect that the discount rate was changed to 3.54% in 2022 from 2.16% in 2021 to comply with GASB Statement No. 75. Changes in assumptions also reflect the changes in mortality rate, turnover rate and retirement rate. The plan is a single employer defined benefit plan. 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. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

There are no changes to the benefit terms and the assumption changes are noted below.

	<u>2022</u>	<u>2021</u>
Valuation date	July 1, 2021	July 1, 2019
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Inflation	2.60%	2.00%
Medical trend rate	2.90% - 4.00%	5.50% - 4.00%
Salary increases including inflation	2.60%	2.50%
Discount rate		
20-Year Tax Exempt Municipal Bond Yield	3.54%	2.16%
Mortality table	Pub-2010 Teachers	Pub-2010 Teachers
Projected fully generationally with	MP-2021 ultimate scale	MP-2018

City Colleges of Chicago
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Required Supplementary Information
June 30, 2022

Employer Retirement Pension Plan

Schedule of Proportionate Share of Net Pension Liability:	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%	0%	0%	0%	0%
Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	\$ 1,087,536,479	\$ 1,218,726,483	\$ 1,355,491,236	\$ 1,308,352,868	\$ 1,313,662,424	\$ 1,414,808,146	\$ 1,517,786,988	\$ 1,410,599,964	\$ 1,410,599,964
Total (b) ÷ (c)	\$ 1,087,536,479	\$ 1,218,726,483	\$ 1,355,491,236	\$ 1,308,352,868	\$ 1,313,662,424	\$ 1,414,808,146	\$ 1,517,786,988	\$ 1,410,599,964	\$ 1,410,599,964
Employer Defined Benefit Covered Payroll	\$ 181,750,151	\$ 187,348,463	\$ 189,147,615	\$ 181,881,925	\$ 171,283,952	\$ 178,671,966	\$ 184,360,074	\$ 176,945,580	\$ 176,945,580
Proportion of Collective Net Pension Liability associated with Employer as a Percentage of Covered Payroll	598.37%	650.51%	716.63%	719.34%	766.95%	791.83%	823.27%	797.19%	797.19%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%	41.27%	40.71%	39.05%	45.45%	45.45%
Schedule of Contributions:	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Federal, Trust, Grant and Other Contribution	\$ 689,776	\$ 787,225	\$ 812,143	\$ 1,100,852	\$ 920,479	\$ 681,719	\$ 653,884	\$ 1,913,328	\$ 1,327,707
Contribution in Relation to Required Contribution	689,776	787,225	812,143	1,100,852	920,479	681,719	653,884	1,913,328	1,327,707
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Covered Payroll	\$ 209,114,348	\$ 210,939,550	\$ 212,512,956	\$ 204,273,077	\$ 191,786,539	\$ 196,471,620	\$ 201,460,474	\$ 200,258,542	\$ 208,823,070
Contributions as a Percentage of Covered Payroll	0.33%	0.37%	0.38%	0.54%	0.48%	0.35%	0.32%	0.96%	0.64%

*City Colleges implemented GASB Statement No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedule is intended to show information for 10 years.

**City Colleges of Chicago
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Required Supplementary Information
June 30, 2022**

Notes to Required Supplementary Information

These pension schedules are presented to illustrate the requirements of the Governmental Accounting Standards Board's Statement No. 68 to show information for 10 years. However, until a full 10-year trend is compiled, the City Colleges of Chicago will only present available information measured in accordance with the requirements of Statement No. 68.

Changes of benefit terms. There were no benefit changes recognized in the Collective Pension Liability as of June 30, 2021.

Changes of assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017, to June 30, 2020, was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021.

- Salary increase. Change in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, while maintaining the underlying wage inflation rate of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects decreasing the assumed real rate of return to 4.25 percent and maintaining the underlying assumed price inflation of 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Early retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.

**City Colleges of Chicago
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Required Supplementary Information
June 30, 2022**

Notes to Required Supplementary Information *(Continued)*

- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

Statistical Section

This section of City Colleges' Annual Comprehensive Financial Report includes detailed information as a context for understanding the financial statements and note disclosures related to the college's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how City Colleges' financial performance has changed over time.

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess City Colleges' current levels of outstanding debt and City Colleges' 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 City Colleges operates.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in City Colleges' financial reports 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 annual comprehensive financial reports for the relevant year.

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

Table A
Financial Trends
Components of Net Position (Unaudited)
Last Ten Fiscal Years
Fiscal Years Ended June 30

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Position:										
Net investment in capital assets	\$ 621,139,731	\$ 658,505,276	\$ 717,255,258	\$ 719,559,997	\$ 704,854,741	\$ 653,939,196	\$ 622,386,371	\$ 535,255,971	\$ 509,655,082	\$ 488,858,156
Restricted for specific purposes										
Audit	64,118	194,892	165,898	36,209	29,488	156,235	238,546	293,763	334,907	424,501
Agency	-	-	-	-	-	-	-	1,309,037	1,020,227	1,012,595
Liability, protection, and settlement	6,007,472	7,187,039	6,580,766	2,632,672	705,482	-	194,117	-	-	-
PBIC operations and maintenance	607,045	607,045	-	-	-	-	-	-	-	-
Bonds and interest	-	-	-	-	-	1,851,574	-	-	-	-
Grants	-	-	-	-	-	-	-	-	2,461,883	3,080,149
Unrestricted	254,548,655	221,854,399	135,002,378	24,896,253	(37,672,764)	(78,655,342)	(82,590,665)	(52,921,570)	(19,455,184)	21,118,668
Total Net Position	\$ 882,367,021	\$ 888,348,651	\$ 859,004,300	\$ 747,125,131	\$ 667,916,947	\$ 577,291,663	\$ 540,228,369	\$ 483,937,201	\$ 494,016,915	\$ 514,494,069

Note: Beginning in fiscal year 2013, City Colleges reclassified its formerly restricted net position relating to capital projects and other to unrestricted net position. City Colleges implemented GASB 84 in fiscal year 2021. Fiscal year 2020 was updated to reflect the effect of the implementation.

Source: City Colleges of Chicago Annual Comprehensive Financial Reports

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

Table B
Financial Trends
Changes in Net Position (Unaudited)
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 45,524,856	\$ 43,551,469	\$ 41,738,106	\$ 55,841,074	\$ 52,507,277	\$ 43,510,241	\$ 36,145,477	\$ 38,895,808	\$ 30,045,582	\$ 24,378,506
Other operating revenues	10,407,332	9,806,723	7,240,451	7,680,657	6,702,496	6,177,539	5,143,109	2,298,628	2,683,054	5,562,071
Total operating revenues	<u>55,932,188</u>	<u>53,358,192</u>	<u>48,978,557</u>	<u>63,521,731</u>	<u>59,209,773</u>	<u>49,687,780</u>	<u>41,288,586</u>	<u>41,194,436</u>	<u>32,728,636</u>	<u>29,940,577</u>
Operating expenses:										
Instructional salaries	97,927,822	100,033,039	95,951,938	90,918,944	83,858,803	89,214,382	88,524,100	91,069,112	90,179,547	91,156,656
Non-instructional salaries	103,702,031	110,941,259	118,063,554	123,980,168	123,024,189	104,875,488	109,912,039	112,315,513	111,071,138	118,865,175
Fringe benefits	116,384,988	101,050,332	115,749,425	150,741,188	176,176,135	159,033,078	155,017,642	177,342,268	191,085,401	151,824,451
Supplies	22,703,765	20,216,270	22,552,882	20,032,747	14,732,670	12,501,866	16,590,301	-19,369,703	20,876,911	23,021,322
Professional development	1,272,691	1,487,147	1,244,344	1,304,104	742,743	933,234	1,080,524	670,323	191,859	558,721
Utilities	9,041,755	8,422,751	8,503,632	7,889,555	8,090,810	7,994,976	8,140,159	7,447,037	8,647,525	9,072,584
Contractual services	39,843,034	39,678,006	37,471,238	29,714,332	26,683,165	21,276,138	22,418,335	28,022,825	17,667,481	22,286,105
Depreciation and Amortization	19,605,043	20,603,084	40,362,884	49,604,285	42,741,190	64,736,965	46,570,373	46,108,387	34,655,652	32,103,950
Financial aid (exclusive of scholarship allowances)	62,302,469	54,757,208	54,781,226	32,657,219	33,531,205	31,441,226	30,392,713	33,362,697	47,233,334	69,627,115
Other expenses	4,572,743	5,208,895	9,048,160	15,151,528	10,045,675	12,689,108	6,245,996	3,184,974	(266,064)	200,116
Total operating expenses	<u>477,336,341</u>	<u>460,397,991</u>	<u>503,729,283</u>	<u>521,994,070</u>	<u>519,626,585</u>	<u>504,756,461</u>	<u>484,892,182</u>	<u>518,892,839</u>	<u>521,342,784</u>	<u>518,718,195</u>
Operating loss	<u>(421,404,153)</u>	<u>(407,039,799)</u>	<u>(454,750,726)</u>	<u>(458,472,339)</u>	<u>(460,416,812)</u>	<u>(455,068,681)</u>	<u>(443,603,596)</u>	<u>(477,698,403)</u>	<u>(488,614,148)</u>	<u>(488,772,618)</u>
Non-operating revenues (expenses):										
State apportionment and equalization	44,243,857	44,091,624	40,944,584	10,653,563	16,737,354	77,554,415	47,565,890	45,538,109	45,952,397	47,185,162
Other state grants and contracts	101,432,160	103,024,737	113,886,048	113,032,192	144,823,351	146,689,797	139,865,030	169,183,060	185,805,080	137,039,661
Local grants and contracts	5,573,604	5,042,722	5,073,046	2,263,905	4,186,138	3,088,038	4,461,449	10,861,218	7,722,619	10,655,865
Local property taxes	120,202,490	118,738,148	119,389,151	125,659,171	123,263,682	125,366,633	125,547,962	130,359,887	135,789,947	141,347,110
Personal property replacement tax	14,076,439	13,548,322	14,564,695	11,637,706	16,422,533	12,122,670	13,490,094	14,586,627	20,323,479	43,942,972
Federal grants and contracts	131,057,829	121,249,812	109,992,620	84,341,753	80,082,538	74,028,272	72,002,237	71,494,722	116,062,253	139,623,169
Litigation settlement	-	-	-	-	-	730,338	-	-	-	16,600
Investment income	579,765	1,633,125	1,229,614	1,461,132	503,916	2,170,929	3,941,896	2,917,927	301,851	(1,468,428)
Building lease and interest payments on debt	-	-	-	(4,961,335)	(11,688,580)	(12,117,213)	(12,632,012)	(15,047,917)	(14,906,707)	(14,738,790)
Other non-operating revenue	-	573,157	2,175,119	1,846,475	6,075,845	8,438,747	586,271	(11,699,314)	80,806	579,532
Non-operating revenues, net	<u>417,166,144</u>	<u>407,901,647</u>	<u>407,254,877</u>	<u>345,934,562</u>	<u>380,406,777</u>	<u>438,072,626</u>	<u>394,828,817</u>	<u>418,194,319</u>	<u>497,131,725</u>	<u>504,182,853</u>
Income (loss) before capital appropriations and grants	<u>(4,258,009)</u>	<u>861,848</u>	<u>(47,495,849)</u>	<u>(11,257,777)</u>	<u>(80,010,035)</u>	<u>(16,996,055)</u>	<u>(48,774,779)</u>	<u>(59,504,084)</u>	<u>8,517,577</u>	<u>15,410,235</u>
Capital appropriations and grants	<u>25,632,166</u>	<u>5,119,782</u>	<u>17,326,560</u>	<u>658,608</u>	<u>801,851</u>	<u>1,918,132</u>	<u>1,825,038</u>	<u>1,825,038</u>	<u>1,562,137</u>	<u>5,066,919</u>
	<u>\$ 21,374,157</u>	<u>\$ 5,981,630</u>	<u>\$ (30,169,289)</u>	<u>\$ (111,879,169)</u>	<u>\$ (79,208,184)</u>	<u>\$ (15,077,923)</u>	<u>\$ (37,063,294)</u>	<u>\$ (57,679,046)</u>	<u>\$ 10,079,714</u>	<u>\$ 20,477,154</u>

Source: City Colleges of Chicago Annual Comprehensive Financial Reports

Note: City Colleges implemented GASB 84 in fiscal year 2021. Fiscal year 2020 was updated to reflect the effect of the implementation

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

Table C

Revenue Capacity
Assessed and Estimated Value of Taxable Property (Unaudited)
Last Ten Fiscal Years

Tax Year Levy	Class 2 Residential Property	Class 5 Commercial Property	Class 5 Industrial Property	Other Railroad Property	Total		Total Direct Tax Rate	Total Estimated Fair Value (3)	Assessed Value as a Percentage of Estimated Fair Value
					Equalized Assessed Valuation (1)	Equalized Assessed Valuation (2)			
2012	\$ 39,247,090,939	\$ 19,340,669,493	\$ 6,496,120,614	\$ 130,470,559	\$ 65,214,351,605	\$ 65,221,057,665	0.189	\$ 195,663,172,995	33.33%
2013	37,165,845,442	18,664,711,059	6,359,267,977	140,913,053	63,330,737,531	62,337,066,955	0.199	187,011,200,865	33.33%
2014	39,639,728,826	23,151,162,620	1,946,233,867	137,040,420	64,874,165,733	64,879,908,794	0.193	194,639,726,382	33.33%
2015	43,871,767,527	24,955,908,048	1,943,080,901	148,390,582	70,919,147,058	70,924,421,349	0.177	212,773,264,047	33.33%
2016	45,774,355,574	26,093,545,448	1,964,171,087	148,006,500	73,980,078,609	73,984,605,433	0.169	221,953,816,299	33.33%
2017	47,154,589,038	27,405,102,153	2,002,796,882	156,007,870	76,718,495,943	76,722,182,440	0.164	230,166,547,320	33.33%
2018	53,179,494,934	30,824,287,901	2,091,437,327	181,450,474	86,276,670,636	86,286,411,094	0.147	238,859,233,282	33.33%
2019	53,727,795,420	31,715,562,586	2,138,147,273	185,020,498	87,766,525,777	87,776,056,332	0.149	263,328,168,996	33.33%
2020	54,854,403,410	32,130,756,913	2,286,713,081	197,280,051	89,469,153,455	89,478,355,786	0.151	268,435,067,358	33.33%
2021			Not Available		89,469,153,441	96,868,463,441	0.145	290,605,390,323	33.33%

Note: Assessed value is computed by the Cook County Clerk's office at one-third estimated actual value. 2021 data is not available.

Sources: Cook County Clerk's Offices

(1) Source: Cook County Clerk's Office. Includes Cook County Valuation only.

(2) Source: Cook County Clerk's Office. Includes Cook & DuPage County Valuation.

(3) Tax rates are per \$100 of assessed value.

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

Table D

**Revenue Capacity
Property Tax Rates - Direct and Overlapping Governments (Unaudited)
Last Ten Levy Years**

Taxing Bodies <i>(per \$100 of assessed valuation)</i>	Legal Limit	Tax Levy Year									Not Available 2021	
		2012	2013	2014	2015	2016	2017	2018	2019	2020		
City Colleges of Chicago												
Audit Fund	\$ 0.005	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.000		
Tort Liability	N/A	0.008	0.009	-	0.001	0.009	0.009	0.005	0.005	0.005		
Education Fund	0.175	0.130	0.149	0.149	0.126	0.124	0.120	0.109	0.110	0.112		
Operations and Maintenance Fund	0.050	0.050	0.040	0.038	0.049	0.035	0.034	0.032	0.033	0.033		
Total City Colleges of Chicago Rate		\$ 0.189	\$ 0.199	\$ 0.189	\$ 0.177	\$ 0.169	\$ 0.164	\$ 0.147	\$ 0.149	\$ 0.151	\$ -	
Overlapping Rates												
Chicago Board of Education		3.422	3.671	3.660	3.455	3.726	3.890	3.552	3.620	3.656		
City of Chicago		1.425	1.496	1.473	1.806	1.880	1.894	1.812	1.893	1.886		
Chicago Park District		0.395	0.420	0.415	0.382	0.368	0.358	0.330	0.362	0.329		
Metropolitan Water Reclamation District		0.370	0.417	0.430	0.426	0.406	0.402	0.396	0.389	0.378		
Cook County		0.531	0.560	0.568	0.552	0.533	0.496	0.489	0.454	0.453		
Cook County Forest Preserve		0.063	0.069	0.069	0.069	0.063	0.062	0.060	0.059	0.058		
South Cook County Mosquito Abatement		0.014	0.016	0.017	0.017	0.017	0.016	0.017	0.018	0.017		
Total Overlapping Rate		\$ 6.220	\$ 6.649	\$ 6.632	\$ 6.707	\$ 6.993	\$ 7.118	\$ 6.656	\$ 6.795	\$ 6.777	\$ -	
Total Rate		\$ 6.409	\$ 6.848	\$ 6.821	\$ 6.884	\$ 7.162	\$ 7.282	\$ 6.803	\$ 6.944	\$ 6.928	\$ -	
Tax Extensions (\$ thousands)												
Audit Fund	\$ 650	\$ 584	\$ 384	\$ 384	\$ 684	\$ 684	\$ 684	\$ 558	\$ 538	\$ 426		
Tort Liability	4,361	5,584	2,985	985	6,984	6,984	6,984	4,543	4,680	4,783		
Education Fund	83,144	92,760	96,559	88,610	91,677	91,677	92,338	93,644	96,501	100,474		
Operations and Maintenance Fund	33,186	24,913	24,912	34,911	25,612	25,612	25,613	27,934	28,775	29,411		
	\$ 123,341	\$ 123,841	\$ 124,840	\$ 124,890	\$ 124,937	\$ 124,937	\$ 125,619	\$ 126,679	\$ 130,494	\$ 135,094	\$ -	

Source: Cook County Clerk's Office - 2021 Data is not available

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

Table E
Revenue Capacity
Principal Property Taxpayers (Unaudited)

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Willis Tower	\$ 561,677	1	0.63%	\$ 445,590	1	0.59%
Merchandise Mart Owner	520,774	2	0.58%	-	-	-
One Prudential Plaza	315,893	3	0.35%	272,345	3	0.36%
HCSC Blue Cross J Kaye	314,458	4	0.35%	206,343	6	0.27%
Cbre Suite 2530	308,831	5	0.35%	-	-	-
Aon Building	288,604	6	0.32%	302,124	2	0.40%
300 Lasalle LLC	259,586	7	0.29%	190,005	10	0.25%
227 Monroe Street LLC	259,137	8	0.29%	-	-	-
Chase Tower	233,733	9	0.26%	204,229	7	0.27%
3 Fnp Owner LLC	219,985	10	0.25%	-	-	-
Northwestern Memorial Hospital	-	-	-	243,609	4	0.32%
Water Tower LLC	-	-	-	207,942	5	0.28%
Franklin Center	-	-	-	197,944	8	0.26%
Three First National Plaza	-	-	-	197,183	9	0.26%
	<u>\$ 3,282,678</u>		<u>3.67%</u>	<u>\$ 2,467,314</u>		<u>3.26%</u>

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

Source: Cook County Assessor's Office – 2021 data is not available. 2020 tax levy year is the latest data available
Cook County Clerk's Office Taxable Assessed Value in thousands of dollars.

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

Table F

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

Levy Year	Fiscal Year of Extension	Tax Levied	Collected within the Fiscal Year of Extension (A)		Collections in Subsequent Years	Total Collections to Date (B)	
			Amount	Percentage of Tax Levy		Amount	Percentage of Levy
2012	2013	\$ 123,353,382	\$ 62,712,317	50.84%	\$ 57,542,394	\$ 120,254,711	97.49%
2013	2014	123,853,382	63,503,739	51.27%	56,910,077	120,413,816	97.22%
2014	2015	124,853,382	63,827,769	51.12%	58,010,706	121,838,475	97.59%
2015	2016	124,903,382	64,993,572	52.04%	57,134,881	122,128,453	97.78%
2016	2017	124,970,382	64,816,536	51.87%	57,318,205	122,134,741	97.73%
2017	2018	125,631,380	65,921,912	52.47%	57,400,628	123,322,540	98.16%
2018	2019	126,691,690	66,440,187	52.44%	59,028,060	125,468,247	99.03%
2019	2020	130,507,003	66,458,041	50.92%	62,122,131	128,580,172	98.52%
2020	2021	135,094,568	68,259,809	50.53%	64,954,708	133,214,517	98.61%
2021	2022	140,504,008	72,595,503	51.67%	-	72,595,503	51.67%

Notes: (A) The amount does not represent a full year's tax collection.

(B) The total amount collected to date is net of refunds.

Source: College and Cook County Treasurer's Tax Records, Office of the County Clerk

**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	FTE Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses	In-District		Out-of-District		Out of State		V1 - F-1 Visa Students		Total Semester Credit Hrs Generated	Tuition & Fees Revenue	Less: Scholarships and Allowances	Tuition & Fees Revenue (Net)
				Tuition & Fees per Semester Hr	S	Tuition & Fees per Semester Hr	S	Tuition & Fees per Semester Hr	S	Fees per Semester Hr	S				
2013	31,044	62,391	51,864	\$ 89.00	\$	\$ 185.38	\$	\$ 236.59	\$	-	\$	1,209,972.5	\$ 111,907,384	\$ (66,382,528)	\$ 45,524,856
2014	30,692	62,100	47,258	89.00		202.01		249.71		-		1,184,165.0	110,456,613	(66,905,144)	43,551,469
2015	28,917	60,250	40,050	89.00		200.17		246.42		-		1,098,557.5	99,573,913	(57,835,807)	41,738,106
2016	26,410	57,372	39,017	133.36		353.16		359.73		624.68		983,907.0	105,005,157	(49,164,083)	55,841,074
2017	24,200	51,772	34,559	133.36		353.16		359.73		624.68		904,038.0	99,177,882	(46,670,605)	52,507,277
2018	23,825	50,436	32,958	133.36		353.16		359.73		624.68		821,349.0	94,772,150	(51,261,909)	43,510,241
2019	23,147	50,558	28,927	146.00		384.00		481.00		481.00		791,761.5	92,474,466	(56,328,989)	36,145,477
2020	21,481	46,522	25,329	146.00		384.00		481.00		481.00		750,937.0	85,769,182	(46,873,374)	38,895,808
2021	18,632	40,988	29,222	146.00		384.00		481.00		481.00		653,576.0	76,746,431	(46,700,849)	30,045,582
2022	16,937	38,359	18,616	146.00		384.00		481.00		481.00		596,893.5	73,363,188	(48,984,682)	24,378,506

Source: City Colleges of Chicago Annual Comprehensive Financial Report

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

Table H

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

Fiscal Year	General Obligation Bonds	Lease Obligations	Total Outstanding Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2013	\$ -	\$ -	\$ -	-	\$ -
2014	257,406,782	-	257,406,782	0.14%	94.68
2015	256,211,924	-	256,211,924	0.13%	94.11
2016	251,089,656	-	251,089,656	0.12%	92.29
2017	245,933,132	-	245,933,132	0.11%	90.92
2018	325,987,163	-	325,987,163	0.14%	120.00
2019	320,445,797	-	320,445,797	0.12%	118.42
2020	314,797,847	-	314,797,847	0.12%	116.85
2021	309,014,437	-	309,014,437	0.12%	114.48
2022	303,071,153	8,302,808	311,373,961	0.11%	115.47

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

Sources: Per capita is based on the population obtained from the US Census Bureau (USCB) and the total outstanding debt. The census is conducted decennially at the start of each decade.

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

Table I

**Debt Capacity
Direct and Overlapping Long-Term Debt (Unaudited)
(S000s)**

	As of June 30, 2022		
	Net Direct Long-Term Debt (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Direct Debt			
City Colleges of Chicago (as of June 30, 2022)	\$ 303,072	100.00%	\$ 303,072
Estimated General Obligation Overlapping Debt			
City of Chicago General Obligation Bonds (2)	\$ 5,856,240	100.00%	\$ 5,856,240
Chicago Board of Education (3)	8,649,749	100.00%	8,649,749
Chicago Park District (4)	832,735	100.00%	832,735
Metropolitan Water Reclamation District of Greater Chicago (5)	2,678,452	52.38%	1,402,973
Cook County (6)	3,132,317	51.49%	1,612,830
Cook County Forest Preserve District (7)	119,775	51.49%	61,672
Total Estimated Overlapping Long-Term Debt			18,416,199
Direct and Estimated Overlapping Long-Term Debt			\$ 18,719,271

(1) Assessed value data used to estimate applicable percentage is provided by the Office of the Cook County Clerk. Percentages are calculated by dividing each taxing district's 2021 City of Chicago tax extension, within the City of Chicago, by the total Cook County extension for the district. **Source:** City of Chicago Annual Comprehensive Financial Report

(2) **Source:** City of Chicago

(3) **Source:** Board of Education

(4) **Source:** Chicago Park District

(5) **Source:** Metropolitan Water Reclamation District of Greater Chicago

(6) **Source:** Cook County

(7) **Source:** Cook County Forest Preserve District

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

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

Fiscal Year	(A) Population	Personal Income (in thousands)	(B) Per Capita Personal Income	(C) Unemployment Rate
2013	2,718,789 *	\$ 135,482,693 *	\$ 49,832	10.10%
2014	2,722,407 *	145,959,129 *	53,614	7.90%
2015	2,720,556 *	153,828,398 *	56,543	6.60%
2016	2,704,965 *	154,656,374 *	57,175	6.50%
2017	2,716,462 *	161,474,651 *	59,443	5.40%
2018	2,705,988 *	171,657,055 *	63,436	4.40%
2019	2,693,959 *	175,931,686 *	65,306	4.10%
2020	2,699,347 *	188,778,832 *	69,935	12.00%
2021	2,696,555 *	-----Data Not Available-----		7.60%
2022		-----Data Not Available-----		

*Estimated

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

(B) 2013 - 2020 Data from the Bureau of Economic Analysis (BEA). These rates are for Cook County. Data is not available for 2021 and 2022.

(C) Illinois Workforce Info Center Website

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

Table K

Demographic and Economic Information
Principal Employers (Unaudited)
Last Ten Fiscal Years

Employer	Fiscal Year 2022			Fiscal Year 2021			Fiscal Year 2020			Fiscal Year 2019			Fiscal Year 2018		
	Rank	City of Chicago	% of City of Chicago Area Employment	Rank	City of Chicago	% of City of Chicago Area Employment	Rank	City of Chicago	% of City of Chicago Area Employment	Rank	City of Chicago	% of City of Chicago Area Employment	Rank	City of Chicago	% of City of Chicago Area Employment
U S Government	1	52,316	1.94%	1	52,357	1.91%	1	45,736	1.70%	1	41,500	1.53%	1	41,500	1.53%
Chicago Public Schools	2	40,119	1.49%	2	38,637	1.41%	2	37,731	1.40%	2	36,415	1.35%	2	35,447	1.30%
City of Chicago	3	31,020	1.15%	3	30,928	1.13%	3	31,621	1.17%	3	31,854	1.18%	3	31,160	1.15%
Amazon Com Inc	4	27,050	1.00%	9	16,610	0.60%	9	14,610	0.54%	10	14,018	0.52%	10	13,240	0.49%
Advocate Aurora Health	5	25,906	0.96%	4	26,335	0.96%	4	25,917	0.96%	6	19,513	0.72%	5	19,049	0.70%
Northwestern Memorial Hospital	6	24,053	0.89%	6	21,999	0.80%	6	21,264	0.79%	5	19,886	0.73%	6	16,667	0.61%
Cook County	7	22,074	0.82%	5	22,074	0.80%	5	22,438	0.83%	4	22,438	0.83%	4	21,316	0.78%
University of Chicago	8	20,781	0.77%	7	18,732	0.68%	8	18,276	0.68%	7	17,345	0.64%	7	16,583	0.61%
Walgreens	9	18,500	0.69%	8	16,711	0.61%	-	-	-	-	-	-	-	-	-
Walgreens Boots Alliance, Inc	10	16,817	0.62%	-	-	-	-	-	-	-	-	-	-	-	-
Annita Health	-	-	-	10	14,282	0.52%	7	20,046	0.74%	8	16,231	0.60%	-	-	-
United Continental Holdings Inc	-	-	-	-	-	-	10	14,520	0.54%	9	14,582	0.54%	-	-	-
JP Morgan Chase	-	-	-	-	-	-	-	-	-	-	-	-	8	15,701	0.58%
State of Illinois	-	-	-	-	-	-	-	-	-	-	-	-	9	14,690	0.54%
	-	278,636	10.33%	-	258,665	9.42%	-	252,159	9.36%	-	233,782	8.64%	-	225,353	8.30%

Employer	Fiscal Year 2017			Fiscal Year 2016			Fiscal Year 2015			Fiscal Year 2014			Fiscal Year 2013		
	Rank	City of Chicago	% of City of Chicago Area Employment	Rank	City of Chicago	% of City of Chicago Area Employment	Rank	City of Chicago	% of City of Chicago Area Employment	Rank	City of Chicago	% of City of Chicago Area Employment	Rank	City of Chicago	% of City of Chicago Area Employment
U.S. Government	1	42,663	1.58%	1	42,887	1.58%	1	45,673	1.68%	1	49,860	1.83%	1	52,144	1.92%
Chicago Public Schools	2	35,862	1.33%	2	37,406	1.37%	2	38,933	1.43%	2	39,094	1.44%	2	40,145	1.48%
City of Chicago	3	30,754	1.14%	3	30,276	1.11%	3	30,345	1.11%	3	30,340	1.12%	3	30,197	1.11%
Cook County	4	20,716	0.77%	4	21,795	0.80%	4	21,622	0.79%	4	21,482	0.79%	4	21,057	0.77%
Advocate Health Care	5	18,930	0.70%	5	18,308	0.67%	5	18,556	0.68%	5	18,512	0.68%	5	16,710	0.61%
University of Chicago	6	16,374	0.61%	6	16,197	0.60%	6	16,025	0.59%	7	15,452	0.57%	8	15,029	0.55%
JP Morgan Chase	8	15,229	0.56%	9	14,158	0.52%	7	15,015	0.55%	6	16,045	0.59%	7	15,103	0.56%
State of Illinois	10	13,524	0.50%	8	15,136	0.56%	8	14,925	0.55%	8	14,731	0.54%	6	15,400	0.57%
Northwestern Memorial Hospital	7	15,747	0.58%	7	15,317	0.56%	9	14,550	0.53%	-	-	-	-	-	-
United Continental Holdings Inc	9	15,157	0.56%	10	14,000	0.51%	10	14,000	0.51%	9	14,000	0.51%	-	-	-
Walgreen Co.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AT&T Inc.	-	-	-	-	-	-	-	-	-	-	-	-	9	14,528	0.53%
Provena Health/Resurrection Health	-	-	-	-	-	-	-	-	-	10	14,000	0.51%	10	14,000	0.51%
	-	224,956	8.32%	-	225,480	8.29%	-	229,644	8.44%	-	233,516	8.59%	-	234,313	8.62%

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

Table L

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

Functional Job Type	Full-time FTE			Part-time FTE			Total FTE		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Faculty	549	550	550	964	1,017	1,039	1,513	1,567	1,589
Professional/Technical Staff	322	311	320	31	34	38	353	345	358
Administrators	333	316	323	-	-	-	333	316	323
Clerical	200	208	214	14	10	11	214	218	225
Front-Line Direct Support (Custodial/Maintenance/Security)	236	227	234	171	152	175	407	379	409
Academic Support/Direct Student-Facing Personnel	331	362	372	237	222	236	568	584	608
Student Workers	-	-	-	19	13	18	19	13	18
Totals	1,971	1,974	2,013	1,436	1,448	1,517	3,407	3,422	3,530

Note: FY19-20 Academic Support & Faculty FTE's adjusted by 160 FTE after review of titles, job families and functionality.

Data Source: City Colleges of Chicago Budget Department - Full-Time Equivalent by Position (FTE)

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

Table M
Demographic and Economic Information
Student Enrollment Demographic Statistics
Student Enrollment Credit Hours by Category (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Total	Baccalaureate	Occupational			Remedial Development	Adult Basic Secondary Education
			Business	Technical	Health		
2022	596,893.5	314,615.0	35,686.5	25,767.0	28,062.5	33,624.0	159,138.5
2021	653,576.0	357,564.5	36,886.0	25,821.0	25,340.5	34,407.0	173,557.0
2020	750,937.0	396,941.0	40,124.0	30,744.5	29,389.0	49,979.0	203,759.5
2019	791,761.5	427,442.0	34,142.0	37,525.5	28,703.0	51,409.0	212,540.0
2018	821,349.0	447,130.0	33,480.0	38,827.5	28,755.0	51,423.0	221,733.5
2017	904,038.0	455,404.0	33,621.0	56,363.5	25,955.0	59,925.0	272,769.5
2016	983,907.0	489,438.0	36,204.0	59,245.5	32,958.5	72,423.0	293,638.0
2015	1,098,557.5	536,289.0	44,735.0	68,863.0	36,548.5	107,093.0	305,029.0
2014	1,184,165.0	536,233.0	51,231.0	79,220.0	45,666.0	123,339.0	348,476.0
2013	1,209,972.5	532,810.0	53,069.0	71,636.5	47,413.0	132,728.0	372,316.0

Data Source: College records

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

Table N

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

Capital Asset Type	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Land	\$ 50,588,046	\$ 53,616,391	\$ 55,421,960	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464
Construction in progress	80,178,270	103,111,151	269,626,926	88,290,037	41,526,514	58,259,377	5,906,563	6,320,470	5,657,131	1,761,874
Leased assets	-	-	-	-	-	-	-	-	-	12,198,706
Equipment	17,064,376	17,525,902	20,378,093	52,985,078	63,800,500	64,058,673	64,301,331	64,817,510	64,817,510	64,876,508
Buildings and improvements	725,256,411	786,947,003	824,248,668	1,097,180,326	1,083,419,269	1,091,365,536	1,192,565,831	1,103,821,256	1,105,655,491	1,108,439,948
Software	30,035,011	30,035,011	30,852,286	62,395,481	69,966,816	72,588,654	42,553,643	42,883,798	47,878,119	48,303,665
Total Capital Assets	903,122,114	991,235,458	1,200,527,933	1,352,227,386	1,310,089,563	1,337,648,704	1,356,703,832	1,269,219,498	1,275,384,715	1,296,957,765
Less Accumulated depreciation and amortization	(281,982,383)	(299,962,533)	(336,310,200)	(380,512,960)	(358,250,800)	(419,672,387)	(435,368,507)	(431,067,638)	(464,903,109)	(498,403,198)
Net Capital Assets	\$ 621,139,731	\$ 691,272,925	\$ 864,217,733	\$ 971,714,426	\$ 951,838,763	\$ 917,976,317	\$ 921,335,325	\$ 838,151,860	\$ 810,481,606	\$ 798,553,967
Board Obligations	\$ -	\$ 250,000,000	\$ 250,000,000	\$ 245,995,000	\$ 241,830,000	\$ 315,560,000	\$ 311,010,000	\$ 306,235,000	\$ 301,220,000	\$ 295,955,000

Data Sources: Summary of Capital Assets Schedule, (See Note 4)
and prior-year Annual Comprehensive Financial Reports

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

Table O
Operating Information
Miscellaneous Statistics (*Unaudited*)

<i>Founded</i>	<i>1911</i>	
Accreditation by North Central Association of Colleges and Schools	<u>Most Recent Accreditation</u>	<u>Next Review</u>
Daley	2021-22	2031-32
Harold Washington	2018-19	2028-29
Kennedy-King	2015-16	2025-26
Malcolm X	2017-18	2027-28
Olive-Harvey	2020-21	2030-31
Truman	2019-20	2029-30
Wright	2020-21	2029-30
Current gross square footage		4,023,409
Size of district		228.5 square miles
Counties served		Cook and DuPage
Population of district		2,696,555
Number of faculty		1,589
Number of professional / technical staff		358
Number of administrators		323
Number of clerical staff		225
Number of custodial / maintenance staff		409
Number of academic support staff		608
Number of student/work study staff		18
Degrees and certificates awarded (fiscal year 2022)		7,758

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

**Table P
Community College State Funding
Last Ten Fiscal Years**

Fiscal Year	State Funding to All State Community Colleges	ICCB Funding to the District
2013	\$ 282,421,700	\$ 58,314,908
2014	284,916,500	58,700,515
2015	278,773,899	55,231,784
2016	74,142,300	14,370,863
2017	114,525,000	22,463,354
2018	409,595,700 *	80,276,413 *
2019	257,111,600	47,594,594
2020	269,222,284	45,566,809
2021	269,222,286	44,107,140
2022	278,178,388	45,311,205

Source: *Illinois Community College Board*

**Amounts include the appropriations from Illinois
Senate Bill 6 passed on July 6, 2017.*

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

Table Q

**Operating Information
Revenues and Expenditures by Campus (Unaudited)
Fiscal Year Ended June 30, 2022**

	Daley	Harold Washington	Kennedy-King	Malcolm X	Olive-Harvey	Truman	Wright	District Office	Total
Revenues:									
Local Tax Revenue	\$ 14,002,544	\$ 13,033,834	\$ 27,337,213	\$ 39,583,720	\$ 19,972,868	\$ 18,515,737	\$ 17,844,165	\$ 35,000,000	\$ 185,290,081
All Other Local Revenue	94,854	-	-	-	1,052,151	4,886,706	-	195,945	6,229,656
ICC'B Grants	782,148	-	321,814	306,603	351,840	1,066,877	849,286	48,534,975	52,213,543
All Other State Revenue	13,693,271	17,214,776	14,800,853	23,319,098	12,420,993	16,764,616	18,275,099	15,522,574	132,011,280
Federal Revenue	14,053,433	28,467,975	11,065,655	31,634,382	8,179,570	18,928,961	24,800,418	2,492,775	139,623,169
Student Tuition and Fees	10,536,934	13,659,469	5,436,869	12,225,262	4,448,117	10,493,101	16,563,436	-	73,363,188
All Other Revenue	258,063	1,102,047	1,442,200	557,097	1,357,911	234,631	1,132,687	4,593,517	10,678,153
Total Revenue before Capital Appropriations	53,421,247	73,478,101	60,404,604	107,626,162	47,783,450	70,890,659	79,465,091	106,339,786	599,409,070
Capital Appropriations	2,650,192	329,933	528,301	109,348	681,651	71,547	695,948	-	5,066,920
Total Revenue	\$ 56,071,439	\$ 73,808,034	\$ 60,932,905	\$ 107,735,510	\$ 48,465,101	\$ 70,962,176	\$ 80,161,039	\$ 106,339,786	\$ 604,475,990
Expenditures by program									
Instruction	\$ 17,076,575	\$ 28,004,965	\$ 16,146,915	\$ 31,116,108	\$ 14,048,301	\$ 22,332,167	\$ 26,435,588	\$ 617,455	\$ 155,778,074
Academic Support	2,666,309	3,830,400	5,624,574	9,579,926	3,914,564	4,979,351	5,728,496	4,637,161	40,960,781
Student Services	6,098,658	7,635,733	5,305,703	8,598,506	4,600,963	12,384,499	8,537,156	4,614,202	57,775,420
Public Service/Continuing Education	531,101	51,210	559,023	308,247	174,705	238,244	276,614	2,179,458	4,318,602
Auxiliary Services	937,668	1,144,977	1,967,009	1,081,607	865,245	1,386,613	207,980	5,001,415	12,592,514
Operations and Maintenance	12,603,646	5,919,106	16,059,265	18,051,147	9,359,439	9,150,327	10,485,188	21,205,992	102,834,110
Institutional Support	3,819,043	4,204,368	4,238,830	7,386,085	5,519,289	4,642,369	4,698,803	58,778,170	93,286,957
Scholarships, Grants, Waivers	10,326,516	20,617,603	7,853,792	28,181,026	7,477,666	12,510,804	20,728,442	8,756,329	116,452,378
Total Expenditures	\$ 54,059,516	\$ 71,408,362	\$ 57,755,111	\$ 104,302,652	\$ 45,960,172	\$ 67,624,374	\$ 77,098,267	\$ 105,790,382	\$ 583,998,836

Statement of Purpose The City Colleges of Chicago Revenues and Expenditures by College for the year ended June 30, 2022, 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.

SPECIAL REPORTS SECTION

State Required Reports Section

City Colleges of Chicago
Community College District No. 508
All Funds Summary
Uniform Financial Statement #1
Fiscal Year Ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Trust & Agency Fund**	Audit Fund	Liability, Protection Settlement Fund	Building Bonds Proceeds Fund	GASB 34/35 Adjustment*	Total
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund**	Fund	Fund	Fund	Adjustment*	Total
Fund Balance June 30, 2021	\$ 44,409,666	\$ 2,969,598	\$ (79,916)	\$ -	\$ (12,147,185)	\$ 2,461,883	\$ 67,013,532	\$ 1,020,227	\$ 334,907	\$ (1,621,910)	\$ 8,187,699	\$ 381,488,414	\$ 494,016,915
Revenues													
Local Tax Revenue	\$ 129,948,847	29,015,296	-	20,660,820	-	-	-	-	528,594	5,136,524	-	-	155,290,987
All Other Local Revenue	-	-	5,066,919	-	-	6,229,657	-	-	-	-	-	-	11,296,576
ICC B Grants	48,534,975	-	-	-	-	3,678,568	-	-	-	-	-	-	52,213,543
All Other State Revenue	193,244	-	-	-	-	131,818,036	-	-	-	-	-	-	132,011,280
Federal Revenue	23,943,739	-	-	-	-	115,679,430	-	-	-	-	-	-	139,623,169
Student Tuition and Fees	72,129,713	-	-	-	1,233,475	-	-	-	-	-	-	-	73,363,188
All Other Revenue	2,966,720	1,430,528	130,570	21,256	2,026,889	3,963,970	-	130,734	528,594	-	7,486	-	10,678,153
Total Revenues	377,717,258	30,445,824	5,197,489	20,682,076	3,260,364	261,309,661	-	130,734	528,594	5,136,524	7,486	-	623,275,900
Expenses													
Instruction	96,814,332	-	-	-	-	58,833,017	-	-	-	-	-	130,725	155,778,074
Academic Support	19,209,671	-	-	-	-	21,491,489	-	-	-	-	-	199,621	40,960,781
Student Services	30,834,110	-	-	-	(86,124)	26,625,395	-	138,366	-	-	-	263,673	57,775,420
Public Service/Continuing Education	62,694	-	-	-	718,332	3,622,864	-	-	-	-	-	(85,288)	1,318,602
Auxiliary Services	5,107,172	-	-	-	3,310,904	4,174,657	-	-	-	-	-	(219)	12,592,514
Operations and Maintenance	9,631,103	28,670,480	9,871,872	20,682,076	-	14,134,845	-	-	-	37,071	3,241,604	16,364,999	102,833,110
Instructional Support	56,638,753	(93,701)	3,960,758	-	111,290	25,568,221	-	-	439,000	5,631,962	3,275,384	(2,244,910)	93,286,957
Scholarships, Grants, Waivers	10,151,471	-	-	-	-	106,300,907	-	-	-	-	-	-	116,432,378
Total Expenses	228,509,306	28,576,779	13,832,630	20,682,076	4,054,402	260,751,395	-	138,366	439,000	5,669,033	6,517,248	14,525,601	383,979,531
Net Transfers	(41,000,000)	-	41,000,000	-	-	-	-	-	-	-	-	-	-
Fund Balance June 30, 2022	\$ 52,617,598	\$ 4,838,643	\$ 32,284,943	\$ -	\$ (12,941,223)	\$ 3,080,149	\$ 67,013,532	\$ 1,012,595	\$ 424,501	\$ (2,174,419)	\$ 1,677,937	\$ 366,659,813	\$ 511,494,069

* The Investment in Plant Fund and the Long-Term Debt Fund Summaries were consolidated into the GASB 34/35 Adjustment Fund Summary.

** The Trust & Agency Fund was restated for the implementation of GASB 84.

City Colleges of Chicago
Community College District No. 508
Summary of Fixed Assets and Debt
Uniform Financial Statement #2
Fiscal Year Ended June 30, 2022

	Capital Assets July 1, 2021	Additions	Deletions and Transfers	Capital Assets June 30, 2022
Fixed Assets				
Land	\$ 51,376,464	\$ -	\$ -	\$ 51,376,464
Construction in progress	5,657,131	12,705,466	(6,600,723)	11,761,874
Buildings and improvements	1,105,655,491	5,362,622	(2,578,165)	1,108,439,948
Leased assets	12,198,706	-	-	12,198,706
Equipment	64,817,510	58,998	-	64,876,508
Software	47,878,119	425,546	-	48,303,665
Accumulated depreciation and amortization	(467,840,233)	(32,105,950)	1,542,985	(498,403,198)
Net Fixed Assets	<u>\$ 819,743,188</u>	<u>\$ (13,553,318)</u>	<u>\$ (7,635,903)</u>	<u>\$ 798,553,967</u>
	Long-Term Debt July 1, 2021	Additions	Deletions and Transfers	Long-Term Debt June 30, 2022
Fixed Debt				
Bonds payable	\$ 301,220,000	\$ -	\$ (5,265,000)	\$ 295,955,000
Total Fixed Debt	<u>\$ 301,220,000</u>	<u>\$ -</u>	<u>\$ (5,265,000)</u>	<u>\$ 295,955,000</u>

City Colleges of Chicago
Community College District No. 508
Operating Funds Revenues and Expenditures
Uniform Financial Statement #3
Fiscal Year Ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUES BY SOURCE			
Local Government Revenue			
Local Taxes	\$ 103,004,523	\$ 29,015,296	\$ 132,019,819
Personal Property Replacement Tax	26,944,324	-	26,944,324
TOTAL LOCAL GOVERNMENT	129,948,847	29,015,296	158,964,143
State Government:			
ICCB Base Operating Grant	33,256,462	-	33,256,462
ICCB Equalization Grants	13,928,700	-	13,928,700
ICCB Career and Technical Education	1,349,813	-	1,349,813
Other (Include other ICCB grants not listed above)	193,244	-	193,244
TOTAL STATE GOVERNMENT	48,728,219	-	48,728,219
Federal Government:			
Department of Education	152,764	-	152,764
HEERF	23,790,975	-	23,790,975
TOTAL FEDERAL GOVERNMENT	23,943,739	-	23,943,739
Student Tuition and Fees			
Tuition	72,110,704	-	72,110,704
Fees	19,009	-	19,009
TOTAL TUITION AND FEES	72,129,713	-	72,129,713
Other Sources			
Sales and Service Fees	347,672	157	347,829
Facilities Revenue	2,888	1,429,931	1,432,819
Investment Revenue	(1,497,648)	440	(1,497,208)
Other	4,113,808	-	4,113,808
TOTAL OTHER REVENUE	2,966,720	1,430,528	4,397,248
TOTAL REVENUE	\$ 277,717,238	\$ 30,445,824	\$ 308,163,062
OPERATING EXPENDITURES BY PROGRAM			
Instruction	\$ 96,814,332	\$ -	\$ 96,814,332
Academic Support	19,269,671	-	19,269,671
Student Services	30,834,110	-	30,834,110
Public Service/Continuing Education	62,694	-	62,694
Auxiliary Services	5,107,172	-	5,107,172
Operations and Maintenance	9,631,103	28,670,480	38,301,583
Institutional Support	56,638,753	(93,701)	56,545,052
Scholarships, Grants, Waivers	10,151,471	-	10,151,471
TOTAL EXPENDITURES	228,509,306.00	28,576,779.00	257,086,085.00
Less Non-Operating Items			
Transfers to Non-Operating Funds	41,000,000	-	41,000,000
ADJUSTED EXPENDITURES	\$ 269,509,306	\$ 28,576,779	\$ 298,086,085
OPERATING EXPENDITURES BY OBJECT			
Salaries	\$ 172,559,493	\$ 14,984,473	\$ 187,543,966
Employee Benefits	24,306,291	2,505,614	26,811,905
Contractual Services	8,397,897	1,886,205	10,284,102
General Materials and Supplies	11,347,722	950,594	12,298,316
Professional Development	346,040	676	346,716
Fixed Charges	403,843	992,268	1,396,111
Utilities	579,137	7,361,759	7,940,896
Other	10,568,883	(104,810)	10,464,073
TOTAL EXPENDITURES	228,509,306	28,576,779	257,086,085
Less Non-Operating Items			
Transfers to Non-Operating Funds	41,000,000	-	41,000,000
ADJUSTED EXPENDITURES	\$ 269,509,306	\$ 28,576,779	\$ 298,086,085

Schedule 4

City Colleges of Chicago
Community College District No. 508
Restricted Purposes Fund Revenues and Expenditures
Uniform Financial Statement #4
Fiscal Year Ended June 30, 2022

REVENUE BY SOURCE:

TOTAL LOCAL GOVERNMENT	\$ 6,229,657
State Government	
ICCB - Adult Education	3,678,568
SURS - On Behalf	116,976,780
Other	14,841,256
TOTAL STATE GOVERNMENT	<u>135,496,604</u>
Federal Government	
Department of Education	50,863,901
Other	64,815,529
TOTAL FEDERAL GOVERNMENT	<u>115,679,430</u>
Other Sources	
Other	3,963,970
TOTAL OTHER SOURCES	<u>3,963,970</u>
TOTAL RESTRICTED PURPOSES FUND REVENUES	<u><u>\$ 261,369,661</u></u>

EXPENDITURES BY PROGRAM

Instruction	\$ 58,833,017
Academic Support	21,491,489
Student Services	26,625,395
Public Service/Continuing Education	3,622,864
Auxiliary Services	4,174,657
Operations and Maintenance	14,134,845
Institutional Support	25,568,221
Scholarships, Grants and Waivers	106,300,907
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 260,751,395</u></u>

EXPENDITURES BY OBJECT

Salaries	\$ 19,048,687
Employee Benefits	120,446,902
Contractual Services	4,675,190
General Materials and Supplies	6,095,964
Professional Development	197,687
Utilities	1,131,687
Capital Outlay	280,932
Other	416,619
Scholarships, Grants, Waivers	108,457,727
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 260,751,395</u></u>

City Colleges of Chicago
Community College District No. 508
Current Funds * Expenditures by Activity
Uniform Financial Statement #5
Fiscal Year Ended June 30, 2022

INSTRUCTION	
Instructional Programs	\$ 155,647,349
Total Instruction	<u>155,647,349</u>
ACADEMIC SUPPORT	
Library Center	4,817,311
Instructional Materials Center	306,964
Educational Media Services	363,951
Academic Computing Support	2,171,422
Academic Administration and Planning	22,016,422
Other	11,085,090
Total Academic Support	<u>40,761,160</u>
STUDENT SERVICES SUPPORT	
Admissions and Records	9,926,210
Counseling and Career Services	17,525,054
Financial Aid Administration	5,971,983
Other	23,950,134
Total Student Services Support	<u>57,373,381</u>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	355,868
Customized Training (Instructional)	306,936
Community Services	1,513,924
Other	2,227,162
Total Public Service/Continuing Education	<u>4,403,890</u>
AUXILIARY SERVICES	
	<u>12,592,733</u>
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	16,073,528
Custodial Services	11,124,743
Grounds	28,341
Campus Security	13,317,248
Utilities	7,361,755
Administration	2,964,660
Other	1,603,224
Total Operations and Maintenance of Plant	<u>52,473,499</u>
INSTITUTIONAL SUPPORT	
Executive Management	12,850,757
Fiscal Operations	14,770,199
Community Relations	7,035,248
Administrative Support Services	43,328,460
Board of Trustees	212,803
General Institutional	12,939,698
Institutional Research	1,123,865
Administrative Data Processing	12,351,627
Other Institutional Support	(16,317,132)
Total Institutional Support	<u>88,295,525</u>
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	
	<u>116,452,378</u>
TOTAL CURRENT FUNDS EXPENDITURES	
	<u>\$ 527,999,915</u>

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

Schedule 6

City Colleges of Chicago
ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 508

CERTIFICATE OF CHARGEBACK REIMBURSEMENT FOR FISCAL YEAR 2023

All fiscal year 2022 non-capital operating expenditures for the past year from the following funds:

Education Fund	\$ 228,450,308
Operations and Maintenance Fund	28,576,779
Bond and Interest Fund	20,682,075
Restricted Purposes Fund, excluding SURS	143,774,615
Audit Fund	439,000
Liability, Protection and Settlement Fund	5,669,033
Total noncapital expenditures	\$ 427,591,810

Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	\$ 5,922,031
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Total costs included	<u>\$ 433,513,841</u>
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Total certified semester credit hours for fiscal year 2022	596,893.50
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Per capita cost	\$ 726.28
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All fiscal year 2022 state and federal operating grants for noncapital expenditures, except ICCB grants	\$ 154,657.669
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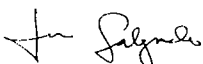
Fiscal year 2022 state and federal grants per semester credit hour	\$ 259.10
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District's average ICCB grant rate (excluding equalization grants) for fiscal year 2023	\$ 64.38
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District's student tuition and fee rate per semester credit hour for fiscal year 2023	<u>\$ 116.53</u>
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Chargeback reimbursement per semester credit hour	<u>\$ 286.27</u>
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Approved: 	<u>11/29/22</u>
Maribel Rodriguez, Chief Financial Officer	Date

Approved: 	<u>11/29/22</u>
Juan Salgado, Chancellor	Date



RSM US LLP

**Independent Accountant's Report on the Schedule of Enrollment Data
and Other Bases Upon Which Claims Are Filed**

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed (the Schedule) of City Colleges of Chicago, Community College District No. 508 (City Colleges) for the year ended June 30, 2022. City Colleges' management is responsible for preparing the Schedule in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule presented is in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule is presented in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects.

The other information included in Schedule 9 discusses City Colleges' residency policy and provides a summary of assessed valuations and is the responsibility of City Colleges' management. This information has not been subjected to the examination procedures applied in the examination of the Schedule and, accordingly, we do not express an opinion or provide any assurance on it.

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

RSM US LLP

Chicago, Illinois
November 30, 2022

City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases on Which Claims are Filed
Year ended June 30, 2022

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

Categories	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate Transfer	38,957.0	-	146,447.0	-	129,211.0	-	314,615.0	-
Business Occupational	4,135.5	-	17,038.0	-	14,513.0	-	35,686.5	-
Technical Occupational	2,491.0	-	11,627.5	-	11,648.5	-	25,767.0	-
Health Occupational	2,902.0	-	12,972.0	-	12,188.5	-	28,062.5	-
Remedial/Developmental	2,191.0	-	20,607.0	-	10,826.0	-	33,624.0	-
Adult Basic/Secondary Education	39,510.0	2,169.0	46,238.0	12,197.0	40,561.0	18,473.5	126,299.0	32,839.5
Total	90,186.5	2,169.0	254,919.5	12,197.0	218,948.0	18,473.5	564,054.0	32,839.5

Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2022

Categories	Unrestricted		Restricted	
	Total Credit Hours	Total Credit Hours Certified by ICCB	Total Credit Hours	Total Credit Hours Certified by ICCB
Baccalaureate Transfer	314,615.0	314,615.0	-	-
Business Occupational	35,686.5	35,686.5	-	-
Technical Occupational	25,767.0	25,767.0	-	-
Health Occupational	28,062.5	28,062.5	-	-
Remedial/Developmental	33,624.0	33,624.0	-	-
Adult Basic/Secondary Education	126,299.0	126,299.0	32,839.5	32,839.5
Total	564,054.0	564,054.0	32,839.5	32,839.5

Summary of Certified Dual Credit and Dual Enrollment Hours

	<u>Dual Credit</u>	<u>Dual Enrollment</u>
Reimbursable Semester Credit Hours (All Terms)	26,230.0	10,208.0

Schedule 8

**City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases on Which Claims are Filed (Continued)
Year ended June 30, 2022**

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

	Attending In-District	Attending Out-of-District on Chargeback or Cooperative/ Contractual Agreement	Total
Unrestricted in-district resident hours	543,721.0		
Restricted in-district resident hours	<u>29,979.0</u>		
Semester credit hours (all terms)	573,700.0	1,131.5	574,831.5

District prior-year equalized assessed evaluation* \$ 96,868,463,441

	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference
In-district resident	573,700.0	573,700.0	-
Out-of-district (chargeback/contractual agreement)	<u>1,131.5</u>	<u>1,131.5</u>	-
Total	<u>574,831.5</u>	<u>574,831.5</u>	-

*The evaluation has not been received from the County as of yet. The figure will be added once it is available.

Schedule 9

Student Residency Verification Process (Unexamined)

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)
- Students who live out of district may qualify for in-district tuition if they work more than 35 hours per week in the City of Chicago. Proof of full-time employment must be shown at registration.

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 (Unexamined)

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2021	\$96,868,463,441
2020	89,478,355,786
2019	87,776,056,332
2018	86,286,411,094
2017	76,722,182,440
2016	73,984,605,433
2015	70,924,421,349
2014	64,879,908,794
2013	62,337,066,955
2012	65,221,057,665

State Grant Compliance Section



Independent Auditor's Report on Audits of Grant Programs Financial Statements

RSM US LLP

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

Opinions

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grant Program, the Early School Leavers Grant Program, the Innovative Bridge and Transition Grant Program, and the Workforce Equity Initiative Grant Program (the Grant Programs) of City Colleges of Chicago, Community College District No. 508 (City Colleges), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Grant Programs, as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Our responsibilities under those standards and guidelines are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Colleges and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 2, the grant programs financial statements present only the Grant Programs referred to above and do not purport to, and do not, present fairly the financial position of City Colleges as of June 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the grant program financial statements of City Colleges. The ICCB Compliance Statement on page 105 is presented for purposes of additional analysis and is not a required part of the grant program financial statements.

The ICCB Compliance Statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the grant program financial statements. Such information has been subjected to the auditing procedures applied in the audit of the grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statement is fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of City Colleges' internal control over financial reporting of the Grant Programs and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City Colleges' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Colleges' internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
November 30, 2022

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Grant Program Financial Statements
Performed in Accordance with *Government Auditing Standards***

RSM US LLP

Independent Auditor's Report

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

We have audited, in accordance with the 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 and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the State Adult Education and Family Literacy Grant Program, the Early School Leavers Grant Program, the Innovative Bridge and Transition Grant Program, and the Workforce Equity Initiative Grant Program (the Grant Programs) of City Colleges of Chicago, Community College District No. 508 (City Colleges) as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the grant program financial statements, we considered City Colleges' internal control over financial reporting (internal control) as a basis of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control. Accordingly, we do not express an opinion on the effectiveness of City Colleges' internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM VS LLP

Chicago, Illinois
November 30, 2022

Grant Program Financial Statements

**City Colleges of Chicago
Community College District No. 508
State Adult Education and Family Literacy Grant Program
Statement of Net Position
June 30, 2022**

	State Basic	State Performance	Total
Assets			
Due from City Colleges of Chicago	\$ 6,460	\$ 12,510	\$ 18,970
Total Assets	<u>6,460</u>	<u>12,510</u>	<u>18,970</u>
Liabilities and Net Position			
Accrued payroll	6,460	12,510	18,970
Total Liabilities	<u>6,460</u>	<u>12,510</u>	<u>18,970</u>
Net Position	-	-	-
Total Liabilities and Net Position	<u>\$ 6,460</u>	<u>\$ 12,510</u>	<u>\$ 18,970</u>

**Statement of Revenues, Expenses
and Changes in Net Position
Year ended June 30, 2022**

Revenue			
State Sources	\$ 2,338,004	\$ 1,340,564	\$ 3,678,568
Expenses by Program			
Instruction	1,584,885	285,655	1,870,540
Social Work Services	35,820	94,875	130,695
Guidance Services	294,367	111,362	405,729
Assessment and Testing	<u>153,306</u>	<u>218,410</u>	<u>371,716</u>
Subtotal Instructional and Student Services	2,068,378	710,302	2,778,680
Program Support			
Improvement of Instructional Services	-	69,319	69,319
General Administration	234,129	410,521	644,650
Data and Information Services	<u>35,497</u>	<u>150,422</u>	<u>185,919</u>
Subtotal Program Support	<u>269,626</u>	<u>630,262</u>	<u>899,888</u>
Total Expenses	<u><u>2,338,004</u></u>	<u><u>1,340,564</u></u>	<u><u>3,678,568</u></u>
Excess of Revenue Over Expenses			
Net Position - July 1, 2021	-	-	-
Net Position - June 30, 2022	<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
Expense Amounts and Percentages for ICCB Grant Funds Only
Year ended June 30, 2022

	<u>Expense Amount</u>	<u>Allowed Expense Percentage</u>	<u>Actual Expense Percentage</u>
State Basic			
Instruction	\$ 1,584,885	Minimum 45%	68%
General Administration	\$ 234,129	Maximum 15%	10%

See accompanying notes to grant program financial statements.

**City Colleges of Chicago
Community College District No. 508
Early School Leavers Grant Program
Statement of Net Position
June 30, 2022**

Assets

Due from City Colleges of Chicago	\$ 3,388
Total Assets	<u>3,388</u>

Liabilities and Net Position

Accounts payable	2,413
Unearned revenue	<u>975</u>
Total Liabilities	<u>3,388</u>

Net Position

Total Liabilities and Net Position	<u>\$ -</u> <u>3,388</u>
------------------------------------	-----------------------------

**Statement of Revenues, Expenses
and Changes in Net Position
Year ended June 30, 2022**

Revenue

State sources	<u>\$ 59,025</u>
---------------	------------------

Expenses

Salaries	49,496
Employee benefits	<u>9,529</u>
Total Expenses	<u>59,025</u>

Excess of Revenue Over Expenses

Net Position - July 1, 2021	<u>-</u>
Net Position - June 30, 2022	<u>\$ -</u>

See accompanying notes to grant program financial statements.

City Colleges of Chicago
Community College District No. 508
Innovative Bridge and Transition Program
Statement of Net Position
June 30, 2022

	Innovative Bridge I	Innovative Bridge II	Total
Assets			
Receivables	\$ -	\$ 170,637	\$ 170,637
Total Assets	-	170,637	170,637
Liabilities and Net Position			
Due to City Colleges of Chicago	-	170,637	170,637
Total Liabilities	-	170,637	170,637
Net Position	-	-	-
Total Liabilities and Net Position	\$ -	\$ 170,637	\$ 170,637

Statement of Revenues, Expenses
and Changes in Net Position
Year ended June 30, 2022

Revenue			
State sources	\$ 92,739	\$ 129,363	\$ 222,102
Expenses			
Salaries	18,250	81,938	100,188
Employee benefits	113	957	1,070
Purchased services	119	40,000	40,119
Materials and supplies	73,657	5,568	79,225
Scholarships	600	900	1,500
Total Expenses	92,739	129,363	222,102
Excess of Revenue Over Expenses			
Net Position - July 1, 2021	-	-	-
Net Position - June 30, 2022	\$ -	\$ -	\$ -

See accompanying notes to grant program financial statements.

**City Colleges of Chicago
Community College District No. 508
Workforce Equity Initiative
Statement of Net Position
June 30, 2022**

	<u>WEI 2</u>	<u>WEI 3</u>	<u>Total</u>
Assets			
Intrafund	\$ -	\$ 4,927,205	\$ 4,927,205
Total Assets	<u>-</u>	<u>4,927,205</u>	<u>4,927,205</u>
Liabilities and Net Position			
Accounts payable	-	96,607	96,607
Accrued payroll	-	61,178	61,178
Unearned Revenue	-	4,769,420	4,769,420
Total Liabilities	<u>-</u>	<u>4,927,205</u>	<u>4,927,205</u>
Net Position	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 4,927,205</u>	<u>\$ 4,927,205</u>

**Statement of Revenues, Expenses
and Changes in Net Position
Year ended June 30, 2022**

Revenue			
State sources	<u>\$ 3,812,422</u>	<u>\$ 973,772</u>	<u>\$ 4,786,194</u>
Expenses			
Salaries	473,100	221,907	695,007
Employee benefits	54,717	29,802	84,519
Equipment	385,321	66,751	452,072
Purchased services	852,185	54,664	906,849
Materials and supplies	548,370	34,313	582,683
Consultants	71,849	62,671	134,520
Conference and meeting expenses	13,868	1,346	15,214
Scholarships	<u>1,413,012</u>	<u>502,318</u>	<u>1,915,330</u>
Total Expenses	<u>3,812,422</u>	<u>973,772</u>	<u>4,786,194</u>
Excess of Revenue Over Expenses			
Net Position - July 1, 2021	-	-	-
Net Position - June 30, 2022	<u>\$ -</u>	<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, 2022

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. State Adult Education and Family Literacy Grants

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

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

The ICCB provides funding for Adult Education and Family Literacy from State and Federal sources in fiscal year 2022. State funds include two categories: (1) State Basic and (2) State Performance. Federal funds include one category in fiscal year 2022, (1) Federal Basic. Funding is allocated through a competitive process. The funding source determines the applicable statutory regulations, policies, and guidelines including allowable costs.

B. 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.

C. Innovative Bridge and Transition Program Grant

The City Colleges of Chicago’s Career Bridge programs are offered in six different career sectors across six campuses. The program is designed as an Integrated Education and Training (IET) program, which means that students will receive contextualized instruction in a career area and will be co-enrolled in Adult Education along with credit classes for industry credentials. The goals of Career Bridge are: obtainment of an industry credential allowing entry into the workforce; to improve reading, writing, math and/or English language skills, and preparation for the high school equivalency, if needed.

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2022

1. PROGRAM DESCRIPTIONS *(Continued)*

D. Workforce Equity Initiative Grants

The purpose of these grants is to create, support, or expand short-term workforce (credit and/or noncredit) training opportunities in high-need communities focused on specific sectors with identified workforce gaps. Programs will be monitored throughout the year on the following outcomes:

- Employment after completion of the credential aligned with regional workforce gaps that provides a full-time job paying at least 30% above the regional living wage or is on a pathway to a family sustaining wage;
- Accelerated time for the targeted population to enter and succeed in postsecondary education/training programs that lead to employment in high skilled, high wage and in-demand occupations;
- The degree to which the programs comply with ICCB, state guidelines;
- The degree to which 60% of the eligible participants served are African Americans;
- The ability to achieve the outcomes and objectives as initially indicated by the program.

All programs developed should be a part of a career pathway that allows participants to obtain an industry recognized credential and/or a community college certificate (credit or noncredit) in the shortest possible time while maintaining quality instruction and enhancing the participant's eligibility for employment in the identified sectors.

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. Expenses are reported when services are rendered, or when goods are received.

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

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2022

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

A. Basis of Reporting *(continued)*

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 State Adult Education and Family Literacy programs, the Early School Leavers program, and the Innovative Bridge and Transition program were fully expended within the grant period.

The grant funds for the Workforce Equity Initiative cover the periods of November 1, 2020 through March 31, 2022 for WEI 2 and December 1, 2021 through June 30, 2023 for WEI 3. Revenue is recognized when expenditure requirements have been met. The Workforce Equity Initiative 3 program has unearned revenue of \$4,769,420 at June 30, 2022 which represents grant monies received but not yet expended.

These grant program financial statements cover only the State Adult Education and Family Literacy, the Early School Leavers, the Innovative Bridge and Transition program and the Workforce Equity Initiative for Year 2 and Year 3. It is not intended to and does not represent 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 State Adult Education and Family Literacy, the Early School Leavers program, the Innovative Bridge and Transition program and the Workforce Equity Initiative is pooled with City Colleges.

C. Accounts Receivable

A receivable is recorded for the funds to be received from the ICCB at June 30, 2022 for reimbursement of the allowable expenditures incurred during the fiscal year.

D. Due to City Colleges of Chicago

Due to City Colleges of Chicago represents the amount to be reimbursed to City Colleges for the use of resources to pay for the expenses incurred by the grant program prior to the receipt of the grant monies.

**City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2022**

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

E. Unearned Revenue

Unearned revenue represents grant funds received that have not yet been earned.

F. 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.

**Single Audit Act Supplementary
Financial and Compliance
Report Section**

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City Colleges' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Colleges' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
November 30, 2022

**Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

RSM US LLP

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City Colleges of Chicago, Community College District No. 508's (City Colleges) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on City Colleges' major federal program for the year ended June 30, 2022. City Colleges' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City Colleges complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City Colleges and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of City Colleges compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City Colleges' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City Colleges' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City Colleges' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City Colleges' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City Colleges' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002 and 2022-003. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on City Colleges' responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City Colleges' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on City Colleges' responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City Colleges' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely presented component unit of City Colleges as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements. We issued our report thereon dated November 30, 2022, which contained unmodified opinions on those financial statements. Our report included an emphasis of matter paragraph relative to a restatement to the beginning net assets, as of July 1, 2021, of City Colleges of Chicago Foundation as a result of an error related to the revenue recognition of multi-year grant agreements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Chicago, Illinois
November 30, 2022

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022**

Program or Cluster Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Education -					
Student Financial Assistance Cluster:					
Federal Pell Grant Program	84.063			\$ 46,204,441	\$ -
Federal Work-Study Program	84.033			1,448,541	-
Federal Supplemental Educational Opportunity Grants	84.007			2,565,564	-
Federal Direct Student Loans	84.268			2,894,418	-
Total Student Financial Assistance Cluster:				53,112,964	-
TRIO Cluster:					
TRIO - Student Support Services					
Student Support Services	84.042A		P042A200869-20	35,356	-
Student Support Services	84.042A		P042A200869-21	229,942	-
Student Support Services	84.042A		P042A201422-20	29,928	-
Student Support Services	84.042A		P042A201422-21	203,366	-
Student Support Services	84.042A		P042A201393-20	42,333	-
Student Support Services	84.042A		P042A201393-21	190,057	-
Subtotal	84.042A			730,982	-
TRIO - Talent Search					
Talent Search	84.044A		P044A160557-20	37,768	-
Talent Search	84.044A		P044A160557-21	20,710	-
Talent Search	84.044A		P044A210621-21	258,374	-
Subtotal	84.044A			316,852	-
TRIO - Educational Opportunity Centers					
Educational Opportunity Centers	84.066A		P066A160284-20	33,139	-
Educational Opportunity Centers	84.066A		P066A160284-21	22,715	-
Educational Opportunity Centers	84.066A		P066A210039-21	190,486	-
Subtotal	84.066A			246,340	-
Total TRIO Cluster				1,294,174	-
Adult Education - Basic Grants to States					
Passed through the Illinois Community College Board					
Adult Education - Basic Grants to States	84.002A	F5080022		1,706,119	-
Subtotal	84.002A			1,706,119	-

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022

Program or Cluster Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Education - (Continued)					
Higher Education Institutional Aid					
Title V Northeastern Illinois University Cooperative	84.031S		P031S180151-20	\$ 21,314	\$ -
Title V Northeastern Illinois University Cooperative	84.031S		P031S180151-21	198,136	-
Mathematics, Engineering, Technology, Apoyo, and Science (META)	84.031C		P031C210013-21	243,572	-
Predominantly Black Institutions Program - Formula Grants	84.031P	N/A	P031P210009-21	65,844	-
HSJ STEM and Articulation	84.031C	21061-210822-1-HWC	P031C210111	10,831	-
Subtotal	84.031			539,697	-
Career and Technical Education - Basic Grants to States (Perkins V)					
Passed through the Illinois Community College Board					
Perkins III Grant	84.048	CTE50821		249,590	-
Perkins III Grant	84.048	CTE50822		1,054,136	-
Perkins Leadership Grant	84.048	LEAD50822		107,368	-
Subtotal	84.048			1,411,094	-
COVID-19 Education Stabilization Fund					
Higher Education Emergency Relief Fund (HEERF)					
COVID 19 - HEERF Student Aid Portion	84.425E		P425E2026	35,540,986	-
COVID 19 - HEERF Institutional Portion	84.425F		P425F2032	35,150,652	-
COVID 19 - Minority Serving Institutions	84.425L		P425L2002	5,950,351	-
Total Higher Education Relief Fund	84.425			76,641,989	-
Passed through the Illinois Community College Board					
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	684-00-2455	GEER-508	968,860	-
COVID-19 Governor's Emergency Education Relief Fund (GEER II)	84.425C	684-00-2727	GEERII-50822	55,051	-
	84.425			1,023,911	-
Passed through the Illinois Community College Board					
COVID-19 Maximizing On-Site and Virtual Experiences	84.425P	N/A	P425P200340	406,142	-
Subtotal	84.425				
Total COVID-19 Education Stabilization Fund				78,072,042	-
Strengthening Minority-Serving Institutions					
Olive Harvey College	84.382A		P382A150033-20	155,072	-
Olive Harvey College	84.382A		P382A150033-21	258,512	-
Pipeline to Careers in Healthcare	84.382A		P382A150024-20	102,164	-
Pipeline to Careers in Healthcare	84.382A		P382A150024-21	515,386	-
Subtotal	84.382A			1,031,134	-
Education Research					
Passed through Teachers College, Columbia University					
Exploring the Experiences and Outcomes of English Learners in Community College	84.035A	N/A	R305A190495	97,709	-
Total Expenditures - U.S. Department of Education				137,264,933	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022**

Program or Cluster Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Health and Human Services -					
Head Start Cluster					
Passed through the City of Chicago Department of Family and Support Services:					
Head Start Program	93.600	122407-5		\$ 5,578	\$ -
Head Start Program	93.600	174540		123,688	-
Head Start Program	93.600	181584		268,282	-
Early Head Start	93.600	174539		163,621	-
Early Head Start	93.600	181584		379,354	-
Early Head Start CCP IGA	93.600	164097-5		47,334	-
Head Start IGA	93.600	164097-6		116,502	-
CELWS Head Start IGA	93.600	189414		207,750	-
Early Head Start IGA	93.600	164097-4		21,667	-
Total Headstart Cluster	93.600			1,333,776	-
Coronavirus Relief Fund					
Passed through the City of Chicago Department of Family and Support Services:					
COVID-19 Coronavirus Relief Fund	21.019	172649		228,760	-
Public Health Service Act					
Passed through Health Resources and Services Administration:					
Mental and Behavioral Health Education and Training Grants					
Opioid Family Support	93.732	T26HP39443		401,092	-
Total Expenditures - U.S. Department of Health and Human Services				1,963,628	-
U.S. Department of Agriculture -					
Passed through the Illinois State Board of Education:					
Child and Adult Care Food Program	10.558	15016508051		13,959	-
Child and Adult Care Food Program	10.558	15016508051		143,643	-
Subtotal	10.558			157,602	-
Total Expenditures - U.S. Department of Agriculture				157,602	-

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022

Program or Cluster Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Labor -					
Passed through the American Association of Community Colleges					
Apprenticeship USA Grants - Expanding Community College					
Apprenticeships Initiative (ECCA)	17.285	AP330251975A11		\$ 156,940	-
Subtotal	17.285			156,940	-
Passed through the Illinois Community College Board					
II-IB Job Training Grants - CAP-IT Apprenticeship Grant	17.268	AG-50822		190,790	-
Total Expenditures - U.S. Department of Labor				347,730	-
National Science Foundation -					
Research and Development Cluster					
Education and Human Resources					
Passed through Chicago State University:					
Louis Stokes STEM Pathways & Research Alliances (LSAMP)	47.076	HRD1911341		9,500	-
Exploring the Impact of Cultural Wealth and Scholarships					
S-STEM Scholars Program	47.076	DUE-1833435		177,859	-
Building Capacity: Building Bridges into Engineering and					
Computer Science	47.076	DUE-1832553		209,891	-
Passed through Northeastern Illinois University:					
Chicago STEM Teaching Collaborative: Developing a STEM					
Master Teachers Program					
Northeastern Illinois University Noyce	47.076	DUE-2050564		13,201	-
Developing a Biotechnology Degree Program to Train Skilled					
Biotechnicians in Chicago	47.076	DUE-2100370		61,863	-
Total Research and Development Cluster				472,314	-
Total Expenditures - National Science Foundation				472,314	-
U.S. Department of Transportation -					
Passed through the Illinois Department of Transportation					
Highway Planning and Construction (Federal-Aid Highway Program) Cluster					
Federal Highway Administration					
Highway Planning and Construction (Federal-Aid					
Highway Program)	20.205	S-HCCTP-509		272,863	-
Total Highway, Planning and Construction Cluster				272,863	-
Total Expenditures - U.S. Department of Transportation				272,863	-

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022

Program or Cluster Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
National Endowment for the Humanities -					
Passed through Illinois Humanities Art for Justice Fund:					
Promotion of the Humanities Federal/State Partnership					
Envisioning Justice	45.129	GR-EJ34-00		\$ 455	-
Total Expenditures - National Endowment for the Humanities				455	-
U.S. Department of Justice -					
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus					
Office on Violence Against Women					
Project SAFE	16.525		2020-WA-AX-0008	136,612	-
Passed through the Illinois Criminal Justice Information Authority					
Victim of Crime Act	16.525	219027		715,952	-
Victim of Crime Act	16.525	219027		29,745	-
Total Expenditures - U.S. Department of Justice				882,309	-
U.S. Department of Defense					
Passed through the Office of Naval Research					
National Defense Education Program					
Advancing Opportunities for Women in STEM	12.006	N/A	HQ00342110010	242,354	-
Total Expenditures - U.S. Department of Defense				242,354	-
U.S. Department of Energy					
Passed through Illinois Green Economy Network (IGEN):					
State Energy Program - Expanding the Solar Workforce through the Illinois Community College System	81.041	DE-EE0008576		20,798	-
National Aeronautics and Space Administration					
Passed through University of Illinois Urbana-Champaign:					
Office of Stem Engagement (OSTEM) - Illinois Space Grant Consortium - Higher Education Incentives	43.008	099286-18087	80NSSC20M0046	2,600	-
Total Expenditures - U.S. Department of Energy				23,398	-
Total Expenditures of Federal Awards				\$ 141,627,586	\$ -

See Notes to the Schedule of Expenditures of Federal Awards.

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Scope of Entity

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 seven colleges are Richard J. Daley College, Harold Washington College, Kennedy-King College, Malcolm X College, Olive-Harvey College, Harry S. Truman College, and Wilbur Wright College. The Board of Trustees, appointed by the Mayor of the City of Chicago and ratified by the City Council of Chicago, is responsible for establishing the policies and procedures by which City Colleges is governed. The U.S. Department of Education has been designated as the City Colleges' cognizant agency for the audit performed in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Fiscal period audited: Single Audit testing procedures were performed for program transactions that occurred during the fiscal year ended June 30, 2022.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of City Colleges under programs of the federal government and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of City Colleges, it is not intended to and does not present the financial position changes in net position, or cash flows of City Colleges.

Note 3. Indirect Costs

Cost allocation: City Colleges has a plan for allocation of common and indirect costs related to grant programs in accordance with the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The indirect cost rate used to allocate amounts to grant programs during the fiscal year ended June 30, 2022 is primarily based on a federally negotiated higher education rate agreement of 53%. Because City Colleges negotiated an indirect cost rate, it cannot elect to use the 10% de minimis rate.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*

Note 4. Federal Student Loan Programs

Loans made under the Federal Direct Student Loan program (Assistance Listing Number 84.268) issued to eligible students of City Colleges during the fiscal year ended June 30, 2022, are summarized as follows:

Guaranteed Loan Programs:	
Subsidized	\$ 1,456,701
Unsubsidized	<u>1,437,717</u>
Total Federal Student Loan Programs	<u>\$ 2,894,418</u>

The loan programs include subsidized and unsubsidized loans. The value of loans issued for the Federal Student Loan Program is based on disbursement amounts. The loan amounts issued during the year are disclosed on the schedule. City Colleges is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in City Colleges' basic financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of City Colleges at June 30, 2022.

Note 5. Amount of Federal Insurance in Effect During the Year

No federal insurance was received by City Colleges during the year ended June 30, 2022.

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major program:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☒ Yes ☐ None Reported

Type of auditor's report issued on compliance for the major federal program: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? ☒ Yes ☐ No

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Identification of major program:

Assistance Listing Numbers

84.425E, 84.425F, 84.425L, 84.425C,
84.425P

Names of Federal Programs or Cluster

COVID Education Emergency Relief Fund
Education Stabilization Fund:
Higher Education Emergency Relief Fund (HEERF)
COVID-19: HEERF Student Aid Portion
COVID-19: HEERF Institutional Portion
COVID-19: HEERF Minority Serving Institution
COVID-19: Governor's Emergency Education
Relief Fund (GEER)
COVID-19: Maximizing On-Site and Virtual
Experiences

Dollar threshold used to distinguish between
type A and type B programs

\$3,000.000

Auditee qualified as low-risk auditee?

☐ Yes

☒ No

Finding 2022-001 – COVID-19 Education Stabilization Fund: Higher Education Emergency Relief Fund Reporting

Repeat Finding: Partial

Federal Program Title – U.S. Department of Education

COVID-19 Education Stabilization Fund

Higher Education Emergency Relief Fund (HEERF)

COVID-19: HEERF Student Aid Portion: 84.425E

COVID-19: HEERF Minority Serving Institutions (MSI): 84.425L

Federal Award Year 2021-2022

Condition

City Colleges did not have sufficient documentation that internal controls were in place and operating effectively relative to the following areas:

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

- HEERF Student Reporting: City Colleges did not have sufficient supporting evidence that review controls were performed over the July 1, 2021 – September 30, 2021 quarterly student report prior to submission.
- HEERF MSI Reporting: City Colleges did not have sufficient supporting evidence that review controls were performed over the July 1, 2021 – September 30, 2021 quarterly student report prior to submission.

City Colleges did not publicly post certain required reports accurately. The following instance of noncompliance was identified:

- HEERF Student Portion: City Colleges posted a report on July 8, 2022 for Wilbur Wright for the period of April 1, 2022 – June 30, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$307,750.

Criteria

There are three components to reporting for HEERF: (1) public reporting on the (a)(1) Student Aid Portion; (2) public reporting on the (a)(1) Institutional Portion, (a)(2), and (a)(3) subprograms, as applicable; and (3) the annual report.

The institutional quarterly portion reporting requirements involve publicly posting completed forms on City College's website. The forms must be conspicuously posted on City College's primary website on the same page the reports of City College's activities as to the emergency financial aid grants to students (Student Aid Portion) are posted.

A new, separate form must be posted covering aggregate amounts spent for HEERF I, HEERF II, and HEERF III funds each quarterly reporting period (September 30, December 31, March 31, June 30), concluding after an institution has expended and liquidated all (a)(1) Institutional Portion, (a)(2), and (a)(3) funds and checks the "final report" box. City Colleges must post this quarterly report form no later than 10 days after the end of each calendar quarter (October 10, January 10, April 10, July 10) apart from the first report, which was due October 30, 2020, and the report covering the first quarter of 2021, which was due July 10, 2021.

**City Colleges of Chicago
Community College District No. 508
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

According to an electronic announcement (EA) by the Department of Education (ED) on May 6, 2020, ED required institutions that received a HEERF 18004(a)(1) Student Aid Portion Aid award to publicly post certain information on their website no later than 30 days after award, and update that information every 45 days thereafter by posting a new report. On August 31, 2020, ED revised the EA with 85 FR 53802, which decreased the frequency of subsequent reporting from every 45 days to every calendar quarter.

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure the timely and accurate posting of reports.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

City Colleges did not have effective internal controls in place to ensure reports were posted accurately due to the newness of the program and how quickly it was rolled out.

Prevalence

Infrequent. 63 reports were required to be submitted in fiscal year 2022 relative to HEERF Student, Institutional, MSI and Annual reporting. One report was inaccurate and 14 did not have sufficient evidence of review.

Effect

The submission of inaccurate reports is noncompliance with the requirements of the grant award and could result in loss of funding or other penalties.

Recommendation

We recommend City Colleges implement internal controls to ensure reports are posted accurately.

Views of responsible officials

We agree with this finding. See corrective action plan.

City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Finding 2022-002 – Return of Title IV Funds – Enrollment Reporting

Repeat Finding: Yes

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Pell Grant Program: 84.063
Federal Direct Student Loans: 84.268
Federal Award Year 2021-2022

Condition

- For two out of sixty students tested (3%) who withdrew from City Colleges, the students' withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records. The student's status change at the campus level and program were not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For two out of sixty students tested (3%) who withdrew from City Colleges, the students' status change at the campus level and program level were not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For nine out of sixty students tested (15%) who withdrew from City Colleges, the students' status change at the campus level and program level was never reported the National Student Loan Data System (NSLDS).
- For six out of sixty students tested (10%) who withdrew from City Colleges, the students' status change at the program level was never reported the National Student Loan Data System (NSLDS).
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's status change at the program level was not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's status change at the campus level was not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For four out of sixty students tested (7%) who withdrew from City Colleges, the students' withdrawal status reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.

**City Colleges of Chicago
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Fiscal year ended June 30, 2022**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Criteria

CFR section 685.309 and 690.83(b)(2) requires City Colleges to notify the NSLDS within 30 days of a change in student status or include the change in status in a response to an enrollment reporting roster within 60 days of the student's date of determination of withdrawal.

Questioned Costs

There were no questioned costs related to testing of enrollment reporting.

Cause

The financial aid office does not have an effective system in place to ensure all official student status changes are reported to the lender in a timely manner.

Prevalence

Frequent. Twenty out of sixty students selected for testing.

Effect

Failure to report status changes timely is noncompliance with Federal regulation and could result in loss of future funding.

Recommendation

We recommend City Colleges implement monitoring procedures which will promptly notify the financial aid office of any student status changes. A system of monitoring procedures and/or controls will ensure the College is reporting any status changes to the lender in a timely manner. City Colleges should implement a review process to ensure all status changes are addressed by the financial aid office.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2022-003 – Short-Term Program Placement Rate

Repeat Finding: Yes

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Direct Student Loans: 84.268
Federal Award Year 2021-2022

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2022**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Condition

The College cannot demonstrate compliance with the gainful employment placement rate calculation of 70% for the short-term program at a post-secondary vocational institution.

Criteria

For the Direct Loan Program, short-term eligible programs at a postsecondary vocational institution must be between 300 - 599 clock hours. They must have been provided for at least one year and must have a substantiated completion and placement rate of at least 70 percent for the most recently completed award year. 34 CFR Section 668.8(f) and (g) requires the college to have documentation supporting its placement rates for each student showing that the student obtained gainful employment in the recognized occupation for which he or she was trained or in a related comparable recognized occupation.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

The financial aid office did not follow-up on the gainful employment of students.

Prevalence

Frequent. Five out of five students tested did not have sufficient support for the placement rate calculation.

Effect

Failure to calculate the placement data for each student is noncompliance with Federal regulation and could result in loss of future funding

Recommendation

We recommend City Colleges enhance their policies and procedures to ensure that calculation of placement rates is being maintained.

Views of responsible officials

We agree with this finding. See corrective action plan.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

Identifying Number: 2021-001– COVID-19 Education Stabilization Fund: Higher Education Emergency Relief Fund and Governor’s Emergency Education Relief Fund Internal Controls for Activities Allow or Unallowed, Allowable Costs / Cost Principles and Period of Performance

Audit Finding: City Colleges did not have sufficient documentation that internal controls were in place and operating effectively. Although City Colleges was able to provide some email correspondence noting approvals, there was no formal documentation of the control process and the emails were not consistent to indicate approvals. Issues relative to the following areas were noted:

- MSI: City Colleges did not have sufficient supporting evidence that review controls were performed over the awarding of MSI student awards nor over the determination that awards were utilized before the end of the period of performance.
- HEERF Student Aid Portion: For eight out of sixty students, City Colleges determined the students to be eligible for a HEERF award based on established criteria, however, City Colleges did not have sufficient supporting evidence that students were approved to be awarded funding nor over the determination that awards were utilized before the end of the period of performance.
- GEER: City Colleges did not have sufficient supporting evidence that review controls were performed over the awarding of GEER student awards nor over the determination that awards were utilized before the end of the period of performance.

Status: Corrected.

Corrective Action Taken:

Student Financial and the Financial Aid Office will continue to fine-tune the review & approval process for all quarterly and annual reports. Part-Time Project Manager for Finance.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022 *(continued)*

Identifying Number: Finding 2021-002 – COVID-19 Education Stabilization Fund: Higher Education Emergency Relief Fund Reporting

Audit Finding: City Colleges did not have sufficient documentation that internal controls were in place and operating effectively relative to the following areas:

- HEERF Student Reporting: City Colleges did not have sufficient supporting evidence that review controls were performed over student reports prior to submission.
- HEERF Annual Report: City Colleges did not have sufficient supporting evidence that review controls were performed over annual reports prior to submission.
- HEERF Reporting: City Colleges did not have controls in place to appropriately track reporting deadlines.

City Colleges did not publicly post certain required reports accurately or on a timely basis. The following instances of noncompliance were identified:

Required Reports not Submitted

- HEERF I Student Portion: None of the required seven colleges' first quarter reports for the period of July 1, 2020 through September 30, 2020 were submitted.
- HEERF I Student Portion: None of the required seven colleges' third quarter reports for the period of January 1, 2021 through March 31, 2021 were submitted.
- HEERF II Student Portion: None of the required seven colleges' fourth quarter reports for the period of April 1, 2021 through June 30, 2021 for were submitted.
- HEERF III Student Portion: City Colleges did not submit the required fourth quarter report for the period of April 1, 2021 through June 30, 2021 for Malcolm X college.

Inaccurate Reports

- HEERF I Student Portion: City Colleges posted a report on July 29, 2020 for Malcolm X college which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$46,746.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022 *(continued)*

- HEERF I Student Portion: City Colleges posted a report on August 28, 2020 for Malcolm X college which did not reconcile to the underlying detail as of the date of the report. The difference was \$298,000.
- The Annual Report 2020: City Colleges posted the annual report for Daley college on February 1, 2021 which did not reconcile to the underlying expense detail for total annual expenditures. The total difference was \$426,872.
- The Annual Report 2020: City Colleges posted the annual report for Kennedy King college on February 4, 2021 which not reconcile to underlying expense detail for total student expenditures due to a figure incorrectly reported for student count. The total difference was \$62,229.
- HEERF I MSI Portion: The first quarter report for the period of July 1, 2020 through September 30, 2020 did not reconcile to underlying expense detail for each of the seven colleges. The total difference for all colleges was \$386,892.
- HEERF I MSI Portion: The second quarter report for the period of October 1, 2020 through December 31, 2020 did not reconcile to underlying expense detail for each of the seven colleges. The total difference for all colleges was \$89,642.
- HEERF I MSI Portion: the fourth quarter report for the period of April 1, 2021 through June 30, 2021 did not reconcile to underlying expense detail for Harold Washington college. The difference was \$30,144.

Status: Uncorrected. Repeat finding in fiscal year 2022. See finding 2022-001.

Corrective Action Taken:

The Department of Education has given the institution the authorization to amend prior quarterly and annual reports that were posted in error. Student Financial and the Financial Aid Office will continue to fine-tune the review & approval process for all quarterly and annual reports. The Part-Time Project Manager for Finance will continue to monitor the Department of Education for any HEERF updates while validating all review and approval documents.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022 *(continued)*

Identifying Number: 2021-003 – Short-Term Programs

Audit Finding: 34 CFR Section 668.8(e) states that students enrolled in short-term programs are not eligible to receive Pell or SEOG Grant funds. For two out of sixteen students tested (12.5%), City Colleges improperly disbursed Pell Grants to students enrolled in short-term programs.

Status: Corrected.

Corrective Action Taken:

The PeopleSoft system has been configured to hold all disbursements for short-term programs until Title IV is verified. All Pell and SEOG Disbursements were returned.

Identifying Number: 2021-004 – Short-Term Programs Placement Rates

Audit Finding: 34 CFR Section 668.8(e) states that students enrolled in short-term programs are not eligible to received Pell or SEOG Grant funds. For ten out of twelve students tested, City Colleges improperly disbursed Pell and SEOG Grants to students enrolled in short-term programs.

Status: Uncorrected. Repeat finding in fiscal year 2022. See finding 2022-003.

Corrective Action Taken:

The Financial Aid Office will work with campus leadership to develop a gainful employment reporting process at Daley College and Wright College for short term programs. The reporting structure will include an outreach protocol to be completed and report on currently enrolled during the end of term processing for each semester.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022 *(continued)*

Identifying Number: 2021-005 – Enrollment Reporting

Audit Finding: CFR section 685.309 and 690.83(b)(2) requires City Colleges to notify the NSLDS within 30 days of a change in student status or include the change in status in a response to an enrollment reporting roster within 60 days of the student's date of determination of withdrawal. Four out of sixty students tested (7%) who withdrew from City Colleges for which status changes were not properly reported to the National Student Loan Data System (NSLDS) within the 60-day requirement. The status change reports were between 95 and 256 days late. Additionally, one out of sixty students tested withdrew from City Colleges for which status changes were never reported to the National Student Loan Data System (NSLDS).

Status: Uncorrected. Repeat finding in fiscal year 2022. See finding 2022-002.

Corrective Action Taken:

The enrollment reporting functions are housed in the college's registrar office and separate from financial aid. An enrollment file is generated at the district level and uploaded quarterly.

The Registrar's Office & Financial Aid Office will create a weekly meeting to update its enrollment reporting procedures and create a reconciliation process to ensure all students are reported to NSLDS.

Identifying Number: 2021-006 – Direct Loan Quality Assurance System

Audit Finding: 34 CFR Section 685.300(b) (9) require schools to implement and document a quality assurance process to ensure that City Colleges is complying with program requirements and meeting program objectives. During the prior year audit, it was determined that City Colleges did not have a formally documented direct loan quality assurance process. During the current fiscal year, City Colleges documented a formal direct loan quality assurance process, however, the process was not documented for the entire fiscal year. The documentation was completed in August 2020.

Status: Corrected.

Corrective Action Taken:

All Financial Aid manuals and policies go through a bi-annual review to ensure timely updates.

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CORRECTIVE ACTION PLANS

Finding 2022-001 – COVID-19 Education Stabilization Fund: Higher Education Emergency Relief Fund Reporting

Condition

City Colleges did not have sufficient documentation that internal controls were in place and operating effectively relative to the following areas:

- HEERF Student Reporting: City Colleges did not have sufficient supporting evidence that review controls were performed over the July 1, 2021 – September 30, 2021 quarterly student report prior to submission.
- HEERF MSI Reporting: City Colleges did not have sufficient supporting evidence that review controls were performed over the July 1, 2021 – September 30, 2021 quarterly student report prior to submission.

City Colleges did not publicly post certain required reports accurately. The following instance of noncompliance was identified:

- HEERF Student Portion: City Colleges posted a report on July 8, 2022 for Wilbur Wright college for the period of April 1, 2022 – June 30, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$307,750.

Cause

City Colleges did not have effective internal controls in place to ensure reports were posted accurately and timely. Student Finance and FAO created a new Review & Approval Process for HEERF Reporting that was not implemented until January 2022.

Corrective Action Taken or Planned

The Department of Education has given the institution the authorization to amend prior quarterly and annual reports that was posted in error. Student Financial and the Financial Aid Office will continue to fine-tune the Review and Approval Process for all quarterly and annual reports. The Part-Time Project Manager for Finance will continue to monitor the Department of Education for any HEERF updates while validating all review and approval documents.

CORRECTIVE ACTION PLANS *(Continued)*

Contact Person: Associate Vice Chancellor, Financial Aid & Scholarships – Richard Hayes

Anticipated Completion Date: January 2023

Finding 2022-002 – Return of Title IV Funds – Enrollment Reporting

Condition

- For two out of sixty students tested (3%) who withdrew from City Colleges, the students' withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records. The student's status change at the campus level and program were not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For two out of sixty students tested (3%) who withdrew from City Colleges, the students' status change at the campus level and program level were not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For nine out of sixty students tested (15%) who withdrew from City Colleges, the students' status change at the campus level and program level was never reported the National Student Loan Data System (NSLDS).
- For six out of sixty students tested (10%) who withdrew from City Colleges, the students' status change at the program level was never reported the National Student Loan Data System (NSLDS).
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's status change at the program level was not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's status change at the campus level was not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For four out of sixty students tested (7%) who withdrew from City Colleges, the students' withdrawal status reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.

CORRECTIVE ACTION PLANS *(Continued)*

Cause

The Academic Systems & Registrar Office does not have an effective system in place to ensure all official student status changes are reported to the lender in a timely manner.

Corrective Action Taken or Planned

The enrollment reporting functions are housed in the college's registrar office and separate from financial aid. An enrollment file is generated at the district level and uploaded quarterly. The Registrar's Office and Financial Aid Office will create a weekly meeting to update its enrollment reporting procedures and create a reconciliation process to ensure all students are reported to NSLDS.

Contact Person: Associate Vice Chancellor, Academic Systems – Laura Clark. Associate Vice Chancellor, Financial Aid & Scholarships – Richard Hayes

Anticipated Completion Date: January 2023

Finding 2022-003 – Short Term Program Place Rate

Condition

The College cannot demonstrate compliance with the gainful employment placement rate of 70% calculation for the short-term program at a post-secondary vocational institution.

Cause

The financial aid office did not follow-up on the gainful employment of students. Currently the Financial Aid Office does not manage the Short-Term Program Gainful Employment Requirement at the campus level. That process is managed by the campus.

Corrective Action Taken or Planned

City Colleges currently has two short term programs:

- Computer Numerical Machining (Daley College, Wright College)

CORRECTIVE ACTION PLANS *(Continued)*

The Financial Aid Office will work with campus leadership to develop a gainful employment reporting process at Daley College and Wright College for short term programs. The reporting structure will include an outreach protocol to be completed and reported on currently enrolled during End of Term Processing for each semester.

Contact Person: Associate Vice Chancellor, Financial Aid & Scholarships – Richard Hayes

Anticipated Completion Date: January 2023

Please contact us if you would like additional copies of the Annual Comprehensive Financial Report for the year ended June 30, 2022: <http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports>

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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