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CITY COLLEGES of CHICAGO

Education that Works

December 23, 2013

Dear Colleague:

City Colleges of Chicago is pleased to present the Comprehensive Annual Financial Report (CAFR) for its Fiscal Year 2013. This comprehensive report reflects detailed financial information and statistics. Additional copies of these reports are available from the Office of Finance at 312-553-3330 or on our website at <http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports-.aspx>.

Melanie A.J. Shaker Vice Chancellor, Finance
and CFO

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ADOPTED - BOARD OF TRUSTEES COMMUNITY COLLEGE
DISTRICT NO. 508 NOVEMBER 7, 2013

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

RESOLUTION

TO TRANSMIT FISCAL YEAR 2013 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 2013 was completed by McGladrey LLP, which found that there was a reasonable basis for rendering an unqualified 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 2013;

NOW, THEREFORE BE IT RESOLVED, that McGladrey LLP has submitted the Fiscal Year 2013 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.

November 7, 2013 - Office of Finance

City Colleges of Chicago

Richard J. Daley | Kennedy-King | Malcolm X | Olive-Harvey | Harry S Truman | Harold Washington | Wilbur Wright

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Fiscal Year Ended June 30, 2013

Comprehensive Annual Financial Report

CITY COLLEGES' of CHICAGO

Education that Works

Paula Wolff
Board Chair

Board of Trustees of Community College

District No. 508 Cook County, State of Illinois

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

♦District Office

CITY COLLEGES of CHICAGO

Education that Works

COMMUNITY COLLEGE DISTRICT NO. 508

Chicago, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2013

Prepared by: Office of Finance

Paula Wolff, Board Chair Cheryl L. Hyman, Chancellor

Board of Trustees of Community College District No. 508

County of Cook and State of Illinois

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Mayor, City of Chicago, Illinois

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Chief Operating Officer Craig Lynch,

Chief of Staff /Enterprise Services /Information Technology Vernese Edghill-Walden,

Provost & Chief Academic Officer Diane Minor,

Vice Chancellor, Administrative Services &

Procurement Joyce Carson,

Vice Chancellor, Business Enterprises Laurent Pernot,

Executive Vice Chancellor Melanie A.J. Shaker,

Vice Chancellor, Finance and CFO Stephanie Tomino,

Vice Chancellor, Human Resources & Staff

Development Thomas Wheeler,

Vice Chancellor, Safety and Security Daryl J. Okrzesik,

Associate Vice Chancellor, Treasurer Rasmus Lynnerup,

Vice Chancellor, Strategy, Research &

Organizational Effectiveness Eugene Munin,

General Counsel John Gasiorowski,

Inspector General Roberto Concepcion,

Director, Internal Audit Christine Aguila,

Faculty Council President

CITY COLLEGES of CHICAGO

I Education that Works

District Office 226 West Jackson Boulevard Chicago, Illinois 60606

(312)553-2500 www.ccc.edu <<http://www.ccc.edu>>

Jose Aybar, President, Daley College Donald J. Laackman, President, Harold

Washington College Arshele Stevens, Interim President,

Kennedy-King College Anthony E. Munroe, President, Malcolm X College Craig T. Follins,
President, Olive-Harvey College Reagan Romali, President, Truman College David Potash,
President, Wright College

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City Colleges of Chicago for the fiscal year ended June 30, 2013. This report offers a comprehensive analysis of our financial conditions and activities and reflects our efforts to deliver the highest quality, most affordable education to ensure the success of our 115,000 students while remaining a responsible steward of taxpayer dollars.

As you will see in the enclosed report, City Colleges maintains a strong financial position with total net assets of \$882 million, which is an increase of \$21 million over fiscal year 2012. These financial results are coupled with strong student outcome gains - this past year City Colleges awarded nearly 4,000 degrees - the highest in our history.

These results come in the context of prudent fiscal management, through which City Colleges has saved \$51 million in administrative costs over the last three years that are being redirected to the classroom. Key operations at the District Office have been centralized, management budgets have been cut, and overall, efficiencies boosted. The revenue stream has been improved by streamlining business enterprise operations - including our television and radio stations, food catering services, daycare centers and bookstores. We have saved millions of dollars through changes in newly negotiated labor contracts, and a reduction in our benefits liability of more than \$1 million a year. New business and accounting standards have been implemented, including zero-based budgeting. Moreover, we continue to link our strategic goals and annual planning with the budgetary process.

Efficiencies and new revenues enable us to invest in areas that support student success. City Colleges is in the midst of a five-year, \$555 million capital plan to provide students at all of our colleges access to new and improved facilities including modern classrooms, laboratories, tutoring centers and libraries. This includes a new \$251 million campus with an Allied Health Academy for Malcolm X College and a \$45 million Transportation, Distribution and Logistics (TDL) Center at Olive-Harvey College as part of the College to Careers program, and other upgrades across our seven college system. To finance a portion of the capital program, City Colleges of Chicago successfully sold \$250 million in tax-exempt bonds, which received strong ratings of AA stable and AA- stable from two major international credit rating agencies.

As we prepare our students for fast-growing careers, we are working to ensure our occupational programs are relevant to employer demand. Mayor Rahm Emanuel and I launched our College to Careers initiative to revamp our occupational programs - in Healthcare at Malcolm X College, TDL at Olive-Harvey College, Business, Entrepreneurship and Professional Services at Harold Washington College, Information Technology at Wilbur Wright College, Advanced Manufacturing at Richard J. Daley College, and Culinary and Hospitality at Kennedy-King College. Together, these programs will allow us to better prepare our students for high-growth careers and help our region fight unemployment by addressing the area's skills gap.

Enhanced student supports have helped us attract and retain new students. We have doubled the number of advisors, added tutors and mentors, introduced early alert technology that

partners faculty, advisors and students in creating plans for student success, launched wellness centers across the system to provide social and emotional support resources, veterans centers to link returning service men and women to college and career resources as well as transfer and career centers to support all of our students in reaching their ultimate goals.

We reversed the trend of declining adult education enrollment by better aligning our adult education locations with community need. Adult education enrollment increased 5 percent over the last fiscal year, including an increase in retained and new student enrollment. The rate of student transition from adult education to college credit increased by 33 percent and our GED attainment increased 21% over the same time period.

Partnerships with the K-12 system continue to expand to ensure students are ready to hit the ground running when they enter college. Working with Chicago Public Schools, we have expanded the size of our dual enrollment program and dual credit programs that allow CPS students to take college classes for free while they are still in high school and we partner on the development of five early college STEM high schools. We are also working on targeted approaches to prepare students for college-level work and move students more quickly through remedial coursework.

Working together, our faculty and staff are developing a Student GPS system that will give students clear pathways through our institution from the day they enter our doors until they leave headed off to further college and careers.

Through the continued hard work of our faculty and staff and strategic decisions reflected in this document, City Colleges moves closer towards becoming a world-class community college system, responsible to both students and taxpayers alike.

Cheryl L. Hyman Chancellor
City Colleges of Chicago

Sincerely,

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

**Comprehensive Annual Financial Report Fiscal
year ended June 30, 2013**

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City Colleges of Chicago Community College

District No. 508

**Comprehensive Annual Financial Report Fiscal year
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**City Colleges of Chicago Community
College District No. 508**

**Comprehensive Annual Financial Report Fiscal year
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Transmittal Letter

October 14, 2013

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of City Colleges of Chicago, Community College District No. 508 (City Colleges or the District), for the fiscal year ended June 30, 2013. It has been prepared in accordance with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

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

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

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

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PROFILE OF THE CITY COLLEGES OF CHICAGO

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

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 a population of approximately 2,714,856.

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

In fiscal year 2013, City Colleges awarded 10,017 degrees and certificates. The vision for City Colleges is to transform the District into a world-class institution that not only prepares students to move into higher education, but also ensures that they have the skills to make them employable. All this will need to be accomplished while enhancing and maintaining efficient and effective operations that are not only customer focused but also fiscally responsible.

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REINVENTION

Upon her arrival in 2010, Chancellor Cheryl L. Hyman launched Reinvention, a comprehensive review and overhaul of the District's programs and processes to ensure its students successfully complete and move on to further college and careers. Reinvention has four primary academic goals: (1) to increase the number of students earning college credentials of economic value; (2) to increase the rate of transfer to Bachelor's degree

programs following graduation; (3) to dramatically improve outcomes for students in need of remediation; and (4) to increase the number and share of adult basic education students who advance to and succeed in college-level courses. Since the launch of Reinvention, the graduation rate has increased 71% and the number of degrees awarded has increased by nearly 80% to the highest level in the District's history.

In December 2011, Mayor Emanuel and Chancellor Hyman launched the College to Careers (C2C) program, which partners more than 100 industry leaders with the District's faculty and staff to better align City Colleges curricula with employment demands in the growing fields of transportation, distribution and logistics (TDL); culinary and hospitality; advanced manufacturing; healthcare; information technology; and business and professional services. These partnerships provide City Colleges' students access to real-world experience via teacher-practitioners, internships and top-notch facilities. More than 700 City Colleges' students have secured jobs in relevant fields since the launch of C2C. C2C is helping to inform capital investments being made across the district, such as the new Malcolm X College campus and the new TDL Training Center at Olive-Harvey College.

In addition, Reinvention has an operational component to ensure that students are in conducive learning environments and working with the best faculty and staff. As a result, City Colleges has fostered an environment of teamwork focused on efficient use of resources. With a careful eye on targets through a zero-based budgeting process and monthly spending monitoring, the District's management team has made strides in ensuring effective financial management, tying all budget expenses to one of the District's organizational goals. As noted in the fiscal year 2014 budget, the District has realized \$51 million in operational efficiencies and redeployed this money towards attainment of its educational goals.

Through Reinvention, the District is accelerating this progress as college-based task forces are working to ensure each and every student has a clear path through the institution and receives detailed guidance to complete their programs, maximizing students' time and resources before they move on to four-year colleges or careers.

ECONOMIC CONDITION AND OUTLOOK

The Federal Reserve Bank forecasts the economy to grow at a solid pace in 2013 and at a somewhat faster pace in 2014. The growth rate of real gross domestic product (GDP) is predicted to be 2.3% in 2013 and 2.9% in 2014. The unemployment rate is predicted to fall to 7.3% by the fourth quarter of 2013 and then ease to a still very high 6.9% by the final quarter of 2014. Inflation, as measured by the Consumer Price Index (CPI) is expected to stay fairly close

to its 2012 level this year and next; 1.8% in 2013 and 2.0% in 2014. Real personal consumption expenditures are forecasted to expand at a solid rate of 2.7% this year and in 2014. Light vehicle sales are expected to rise to 15.3 million units this year and then improve to 15.8 million units next year. Real business fixed investment is predicted to record solid growth rates of 3.5% in 2013 and 4.6% in 2014. The housing sector is predicted to improve over the forecast horizon and real residential investment is anticipated to expand at a rate of 13.9% in

2013 and 15.1% in 2014. The long term interest rate (ten-year treasury rate) is forecasted to increase 29 basis points in 2013, to 2.00%, and 47 basis points in 2014, to 2.47%. The short term interest rate (one year treasury rate) is expected to remain unchanged this year, at 0.17% and increase 13 basis points in 2014, to 0.30%.

World Business Chicago, in July 2013, estimated that 454,407 people in the 14-county Chicago Metropolitan Statistical Area (MSA) were unemployed out of a labor force of approximately 4.897 million, resulting in a preliminary unemployment rate of 9.3%. The July rate was down from the June 2013 rate of 9.4%, but up from the July 2012 rate of 8.8%. Between June 2013 and July 2013, the Chicago MSA gained an estimated 4,788 employed residents, increasing the total regional employment to approximately 4.443 million. From June 2012 through June 2013, the Chicago area economy has added 58,300 jobs, led by large gains in professional and business services (+29,000) and education and health services (+9,000). The Consumer Confidence Index continued its increase, reaching the highest level since the recession. At 82.1, the index was up 7.8 percentage points from the previous month and up 19.4 percentage points from June 2012.

The Chicago Federal National Activity Index edged up to -0.15 in July 2013 from -0.23 in June 2013 due to positive contributions of sales and consumption and Midwest manufacturing output decreased in July 2013 due to negative contributions of auto and machinery sectors. In the Chicago region, employment in manufacturing and nonmanufacturing rose in July 2013, while employment in construction decreased. Retail sales are estimated to have risen 1.4% in July 2013. The Chicago Business Activity Index estimates that in the coming months, the national economy is likely to maintain its modest recovery trend.

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

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

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

- Annual health care costs are rising at 6%. The expected rise in health care cost will be partly offset by the purchase of stop loss insurance coverage planned in fiscal year 2014. City Colleges expects benefits to grow at more than this rate due to new coverage to be provided for part-time employees per federal legislation.

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- The \$1.2 trillion in across-the-board federal budget cuts known as sequestration would include federal grants for education made to states and ultimately passed through to community colleges. Due to the Federal sequester, City Colleges is looking at a potential decrease in Federal grant funding that cannot be easily quantified.
- The Chicago Transit Authority (CTA) adopted an increase in the Ventra Program that provides unlimited

rides on CTA buses and trains to eligible full-time students. While a portion of Ventra is recouped through student fees, this new increase will be absorbed by City Colleges, with a potential impact increase of 30%.

- State of Illinois funding for community colleges remains one of the most difficult challenges facing City Colleges. The uncertainty of appropriated funding, planned cuts to the State budget and timing of actual cash payments have serious negative consequences for sound long-term financial planning. State funding has not kept pace with inflation and remains well below fiscal year 2003 levels. See the table below.

Community College State Funding

Fiscal Year

2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

Amount

\$315,173,838 \$289,136,198 \$295,486,740 \$296,555,599 \$302,035,040 \$297,698,600 \$287,664,558 \$308,471,029 \$295,401,900
\$295,521,900 \$282,421,700

City Colleges continues its planned five-year, \$555 million capital plan as shown in the fiscal year 2014 Budget, which included investments in system-wide academic and student-facing technology enhancements (i.e., smart classrooms, science classrooms, libraries, labs, and student support centers). A new Transportation, Distribution and Logistics Center at Olive-Harvey College is on track for a 2015 opening. Pre-construction work is underway on a new Malcolm X College campus, including a new Allied Health Academy to support College to Careers near the heart of the Illinois Medical District. That facility is slated to be completed in December 2015. City Colleges issued \$250,000,000 in alternate revenue bonds in early October 2013 to partially fund these capital projects.

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PROSPECTS FOR THE FUTURE

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

STUDENT ENROLLMENT HEADCOUNT & FULL-TIME EQUIVALENT

(5-YEAR TREND)

<u>Fiscal Year</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
--------------------	-------------	-------------	-------------	-------------	-------------

Total Headcount	114,255	116,765	119,449	127,517	120,938				
Total Full-Time Equivalent	46,589	46,143	47,254	47,774	43,366	Total FTE	Credit Courses		
31,044	29,602	29,194	27,347	23,218					

Source: College Records

While total headcount has slightly decreased from the previous year, full time equivalent headcount and credit enrollment have both increased; and at the same time continuing education and special interest courses have decreased. City Colleges is offering new programs focused on career and transfer opportunities, and enhancing its methods of delivering educational services.

In September 2013, City Colleges' Washburne Culinary Institute, which offers an affordable, high-quality culinary education launched the new Washburne Cafe restaurant located at the District office for its culinary students who want to open their own business. City Colleges' Certificate and Associate Degree programs prepare our graduates with skills for immediate employment and lifelong goals that are instrumental in contributing to the local and worldwide economy.

COST CONTAINMENT STRATEGIES

City Colleges has spent a significant amount of time and effort to maximize its share of state funding over the past several years. Through continuous evaluation of expenditures, management continues to look for innovative ways to contain costs through contract negotiations, audits, energy savings programs and avoidance initiatives. As a result, City Colleges has focused on reducing expenses through cost containment initiatives, as follows:

- Library Association/Consortia Memberships and Sole Purchases for all Libraries - All of City Colleges' Libraries will benefit from membership in the Library Association/Consortia. Participation will provide centralization of the management and acquisition of library system support services and resources, increased efficiency of library access, leverage in the role of negotiating lower costs with library vendors, assistance in collection and development of print and electronic resources, (databases and e-books). This will allow access to online services for libraries at all colleges and satellite campuses for students, faculty and staff and will increase diversity of electronic resources at a total cost not to exceed \$465,000, which represents a 13% savings compared to fiscal year 2012 expenditures.

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- External Audit Services - City Colleges issued a request for proposal and entered into a new external audit professional services agreement that is approximately \$150,000 less than the amount paid for its fiscal year 2012 audit. This new professional services agreement provides for an October 15th completion of all required reports, which will be earlier than prior audits and with an estimated savings of \$450,000 for fiscal years 2013 through 2015.
- Internet Services - City Colleges has entered into an agreement with Illinois Department of Central

Management Services owner and operator of Illinois Century Network (ICN), to provide dedicated internet access to the District for fiscal year 2014, at a total cost not to exceed \$80,800 which represents a cost savings of approximately 65% from fiscal year 2013. For fiscal year 2013, ICN provided dedicated internet access to the District at a cost of \$259,200, which was down 10% from fiscal year 2012.

- Energy Rebates: City Colleges has participated in the "voluntary curtail program" through Commonwealth Edison for the fourth consecutive year. Participation checks received in fiscal year 2013 were \$125,329.
- Utility Purchase Reduction: City Colleges' electricity purchases were reduced by \$0.01 per kilowatt-hour resulting in cost savings of \$600,000 and \$1,000,000 for fiscal year 2012 and 2013, respectively. A three year agreement lasting through 2016 has been consummated with the electricity service provider.
- Locking in Gas Rates: The District has been closely tracking the decrease in gas prices and in an effort to contain costs it has locked in a gas price of \$0,399 per therm which is \$0,084 less than last year's lock in rate.
- Collection of Old Debt: In fiscal year 2013, the District collected over \$200,000 on a debt that was over seven years old.

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 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).

X

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

Board approval is required for all purchases or exchanges of goods and services over \$25,000 from a single

vendor during the fiscal year. In addition, proper segregation of duties exist both operationally and technologically to ensure that purchase orders are properly authorized with appropriate checks and balances.

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

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.

FUND GROUP

Current Unrestricted

INDIVIDUAL FUND

Education

Operations and Maintenance Auxiliary / Enterprise

Restricted Purpose Audit

Liability, Protection and Settlement Working Cash

Operations and Maintenance (Restricted)

Investment in Plant

Estimated assessed value of taxable property for tax year 2012 collectible in fiscal year 2013 is \$65,221,057,665. Estimated assessed value of taxable property for tax year 2011 collectible in fiscal year 2012 was \$75,087,804,739. City Colleges' average collection rate over the past five years has been over 97%.

Debt Administration: There was no outstanding long-term debt at June 30, 2013; however, City Colleges issued bonds in early October 2013 (which are due to close by the end of October 2013), and a new debt policy was adopted on October 3, 2013.

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Cash Management: Cash and investments are controlled by the City Colleges' Treasurer or Vice Chancellor of Finance/Chief Financial Officer. Treasury is governed by provisions within the Illinois Public Community College Act (Illinois Compiled Statutes Chapter 110, Act 805) and the Illinois Public Funds Investment Act (Illinois Compiled Statutes Chapter 30, Act 235). Fiduciary responsibility for investments is entrusted to the City 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. Investment income for fiscal year 2013 totaled \$.6 million.

Risk Management: City Colleges' risk managers actively assess and review the types of risk and exposures the District may encounter and strives to mitigate the potential impact on the organization. Risk Management purchases commercial insurance to cover significant property and non-property losses for amounts in excess of self-insured amounts. Based upon this review and assessment, risk management will elect a comprehensive commercial insurance program with significant retention levels on the property, general liability, workers' compensation and educators legal liability with deductibles of \$10,000, \$250,000, \$500,000 and \$250,000 per claim, respectively.

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

OTHER INFORMATION

Independent Audit: State statutes require an annual audit by independent certified public accountants. The City Colleges of Chicago Board of Trustees selected the audit firm of McGladrey LLP as its independent certified public accountants for fiscal year 2013. The independent auditors' report of McGladrey LLP on the basic financial statements and supplementary schedules is included in the financial section of this report.

Awards: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to City Colleges for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

City Colleges has also earned GFOA's Award for Distinguished Budget Presentation for its

annual budget for the fiscal year beginning July 1, 2012. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device.

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

Daryl J. Okrzesik

Associate Vice Chancellor, Treasurer

Respectfully submitted,

Melanie A.J. Shaker Vice Chancellor of Finance/CFO

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**CITY COLLEGES OF CHICAGO COMMUNITY COLLEGE
DISTRICT NO. 508 PRINCIPAL OFFICIALS Year Ended June 30,
2013**

BOARD OF TRUSTEES

Paula Wolff, Chair Ellen Alberding, Vice Chair Larry R. Rogers, Sr., Secretary
Charles Jenkins, Trustee Marisela Lawson, Trustee Everett Rand, Trustee Timakia
Hobbs, Student Member Leah Heinecke-Krumhus, Advisor to the Board of
Trustees Candace Montgomery, Assistant Secretary

ADMINISTRATIVE OFFICERS

Cheryl L. Hyman, Chancellor James Frankenbach, Chief Operating Officer Craig Lynch, Chief of
Staff / Enterprise Services / Information Technology Vemese Edghill-Walden, Provost & Chief
Academic Officer Diane Minor, Vice Chancellor, Administrative Services & Procurement Joyce
Carson, Vice Chancellor, Business Enterprises

Laurent Pernot, Executive Vice Chancellor Melanie A.J. Shaker, Vice Chancellor of Finance/CFO
Stephanie Tomino, Vice Chancellor, Human Resources & Staff Development
Thomas Wheeler, Vice Chancellor, Safety and Security J. Randall Dempsey, Associate Vice Chancellor,
Financial Managerial Reporting Daryl J. Okrzesik, Associate Vice Chancellor, Treasurer Rasmus Lynnerup,
Vice Chancellor, Strategy, Research & Organizational Effectiveness
Eugene Munin, General Counsel John Gasiorowski, Inspector General Roberto
Concepcion, Director, Internal Audit Jose Aybar, President, Richard J. Daley
College Donald J. Laackman, President, Harold Washington College Arshele
Stevens, Interim President, Kennedy-King College Anthony E. Munroe, President,
Malcolm X College Craig T. Follins, President, Olive-Harvey College Reagan
Romali, President, Harry S. Truman College David Potash, President, Wilbur
Wright College

REPORT ISSUED BY

Office of Finance

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City Colleges of Chicago Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

Executive Director/CEO

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June 30, 2012

Financial Section

McGladrey LLP

McGladrey

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of City Colleges of Chicago, Community College District No. 508 (City Colleges) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to

financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of City Colleges of Chicago, Community College District No. 508, as of June 30, 2013, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Member of the RSM International network of independent accounting, tax and consulting firms.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Uniform Financial Statements and Certificate of Chargeback Reimbursement, as required by the Illinois Community Colleges Board and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Uniform Financial Statements and Certificate of Chargeback Reimbursement are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Uniform Financial Statements and Certificate of Chargeback

Reimbursement are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

Chicago, Illinois October 14, 2013

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2013 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City Colleges' internal control over financial reporting and compliance.

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Management Discussion and Analysis (MD&A)

CITY COLLEGES
of CHICAGO

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

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, 2013. This discussion and analysis focuses on current activities, currently known facts and related changes. The management of City Colleges encourages readers to consider the information being presented herein in conjunction with the transmittal letter that precedes this section and the basic financial statements and accompanying notes (which immediately follow this section) to enhance their understanding of City Colleges' financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current and prior year is required to be presented in the Management Discussion and Analysis (the "MD&A"). Responsibility for the completeness and fairness of the information presented here rests with City Colleges.

Using This Annual Report

The basic financial statements focus on City Colleges as a whole. The accompanying basic financial statements are designed to emulate the presentation model of private sector business-type activities, whereby all City Colleges' activities are consolidated into one total. The Statement of Net Position combines and consolidates all financial resources with long-term capital assets. 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

The total net position as of June 30, 2013 increased by \$21.3 million to \$882.3 million. Current assets increased by \$27.2 million over fiscal year 2012.

Capital assets increased by \$36.2 million over fiscal year 2012 due to a \$13.9 million increase in buildings and additions, \$21.5 million increase in construction in progress, and a \$.8 million increase in land and equipment.

Overview of Financial Statements

Current assets increased by \$27.2 million while non-current assets (other than capital assets) decreased by \$15.7 million, mainly due to a shift in the maturity dates of the instruments invested.

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**CITY COLLEGES
of CHICAGO**
Education that Works

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

Total current liabilities increased by \$4.4 million due primarily to a liability of \$9.6 million for prior year pension payments, which was offset by a \$6.0 million reduction of the liability to the Department of Education and a \$.8 million increase in other liabilities. Total non-current liabilities increased by \$6.3 million mainly due to an increase of \$4.6 million in other post-employment benefits and a \$2.0 million increase in accrued compensated absences, sick leave benefits, and accrued property tax refunds offset by a decrease of \$.3 million in the current portion of non-current liabilities. The deferred inflows of resources are the deferred property tax revenue that has been presented separately in the financial statements to conform to GASB Statement No. 65.

Net investment in capital assets increased by \$20.8 million due to ongoing capital projects during the year, offset by annual depreciation.

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

Change

Current assets Non-current assets

Capital assets

Less accumulated depreciation Other assets

Total assets

Current liabilities Non-current liabilities

Total liabilities

Deferred inflows of resources

Net position

Net investment in capital assets Restricted for specific purposes Unrestricted

Total net position

338.0

866.9 (266.6) 100.7

365.2 \$

903.1 (282.0) 85.0

60.8 58.0

1,071.3 \$ 1,039.0 \$

118.8

65.2 64.3

59.5 \$

129.5 \$

621.1 6.7 254.5

59.2

861.0

600.3 2.9 257;8

882.3 \$

27.2

36.2 (15.4) (15.7)

32.3

4.4 6.3

10.7

0.3

20.8 3.8 (3.3)

21.3

"■Certain reclassifications have been made to conform to the current year presentation, with no impact on net position.

**CITY COLLEGES
of CHICAGO**

KducKtion that Works

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

Net position has increased \$21.3 million over the previous year. The increase in operating expenses is mainly due to increases in salary expenses as well as increases in pension related expenses renegotiated union contracts for full-time and adult education faculty, clerical staff cost-of-living increases, and the reinvention initiative which was fully rolled out. Net non-operating revenues increased by \$6.1 million, which was due to a \$20 million increase in on-behalf payments made by the State of Illinois for pension costs and offset by decreases of \$10.3 million in state and base operating grants, \$3.6 million in local property taxes, federal aid and grants and investment income. Capital contributions revenue increased by \$24.2 million primarily due to \$15.5 million from the State of Illinois and \$10 million from the City of Chicago's Tax Increment Financing program offset by a decrease of \$1.3 million in other capital contributions.

Table 2

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

Operating

Revenues Expenses

Operating loss
2013

55.9 (477.3)

(421.4)

2012*

51.8 (427.5)

(375.7)

Change

4.1 (49.8)

(45.7)

Non-operating

Revenues Net non-operating revenues

Income (loss) before capital contributions Capital contributions

Change in net position

Net position, beginning of year

Net position, end of year

411.1		
417.2		
		35.4 1.4
417.2		
21.3 861.0		
(4.3) 25.6		
	36.8 824.2	
882.3 \$ 861.0 \$		
6.1		
(39.7) 24.2		
(15.5) 36.8		
21.3		

*Certain reclassifications have been made to conform to the current year presentation, with no impact on net position.

Student tuition and fees revenue decreased by \$3.6 million while scholarship allowances (excluding direct loans) decreased by \$4.8 million which corresponds to changes in student enrollment and full time equivalent headcount and credit enrollment. State apportionment and equalization revenues have decreased by \$4.5 million due to the decrease in funding by the State of Illinois. Other state grants and contracts have increased by \$14.1 million primarily due to a \$20 million increase in on-behalf pension payments.

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City of Chicago
Office of the City Clerk
City of Chicago

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

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

Operating revenues	2013	2012*Change
Student tuition and fees	\$ 111.9	\$ 115.5\$ (3.6)
Less scholarships	(66.4)	(71.2)4.8
Other operating		HL47^5 2.9
Total operating revenues	55.9	51.84.1
Non-operating revenues		
State apportionment and equalization	44.2	48.7(4.5)
Other state grants and contracts	101.4	87.314.1

Local grants and contracts	5.6	5.20.4		
Local property taxes	120.2	121.8(1.6)		
Personal property replacement tax	14.1	12.31.8		
Federal grants and contracts	131.1	134.2(3.1)		
Investment income		0^6L6 (1.0)		
Total non-operating revenues	417.2	411.16.1		
<u>Capital appropriations and grants</u>		<u>25.6L4 24.2</u>		
Total revenues	\$ 498.7	\$ 464.3	\$ 34.4	

*Certain reclassifications have been made to conform to the current year presentation, with no impact on net position.

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Operating and Non-operating Revenue by Source For the year ended
June 30, 2013



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

Table 4
Operating Functional Expenses (in millions of dollars)

Change

Operating expenses Instruction Academic support Student services Public service Organized research Operations and maintenance of plant
Institutional support Financial aid Auxiliary Depreciation

Total operating expenses

157.1 27.4 41.5 3.9 0.9 66.1 86.9 62.3 11.6 19.6

477.3

133.8 34.3 36.9 7.7 0.4 51.9 67.9 66.0 8.8 19.8-

427.5 \$

23.3 (6.9)

4.6 (3.8)

0.5 14.2 19.0 (3.7)

2.8 (0.2)

49.8

""Certain reclassifications have been made to conform to the current year presentation, with no impact on net position.

	Operating 30, 2013	Functional	Expenses	For	the	year	ended	June
			Auxiliary 2%					
Operations and maintenance of plant 14%								
Depreciation .4%								
Organized research 0%								
			Instruction 33%					
Student services 9%								
			Academic support 6%					
Public service 1%								

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CITY COLLEGES
of CHICAGO

Education that Works

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

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

	2013	2012	Change
Capital Assets			
Land	\$ 50.6	\$ 50.0	\$ 0.6
Buildings and improvements	725.2	711.3	13.9
Construction in progress	80.2	58.7	21.5
Equipment	17.1	16.9	0.2
Software	30.0	30.0	-
Total	903.1	866.9	36.2
Less accumulated depreciation	(282.0)	(266.6)	(15.4)
Net capital assets	\$ 621.1	\$ 600.3	\$ 20.8

As of June 30, 2013, City Colleges had \$903.1 million in capital assets and \$282 million in accumulated depreciation, resulting in \$621.1 million in net capital assets. This investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles and software. The total increase in City Colleges' net capital assets for the current fiscal year is \$20.8 million. (See Note 5)

Major capital asset events during fiscal year 2013 included the following:

- A net increase of \$13.9 million in buildings and improvements was due to public announcement system upgrades at the campuses, technology improvements via upgrades in computers, software, audio visual equipment to enhance student learning across campuses, and sprinkler and electrical system upgrades in the District Office. These building improvements improved wireless connectivity coverage and replaced and upgraded outdated infrastructure for the biology, physics and chemistry labs.
- Construction in progress costs of \$21.5 million was attributable to Kennedy-King's new dental hygiene clinic, Truman's Student Services Center and parking garage, Olive-Harvey's exterior facade and parking lot, Wright's demolition and renovation of teaching labs and continued renovation of the District Office building.

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o/ CHICAGO CITY COLLEGES Community College District No. 508
Education that Works Management's Discussion and Analysis

Total non-current liabilities increased by \$6.3 million to \$64.3 million. The increases includes \$4.6 million for other post-employment benefits, \$1.2 million for accrued property tax refunds, \$.5 million for accrued compensated absences, \$.3 million for sick leave benefits which was offset by \$.3 million attributed to current portion.

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

	Accrued compensated absences	Accrued property tax refunds	Sick leave benefits	Other post-employment benefits
Sub-total				
Less current portion				
	2013	2012	Change	
\$	3.2	\$ 2.7	\$ 0.5	
	10.8	9.6	1.2	
	17.8	17.5	0.3	

35.4	30.8	46
67.2	60.6	6.6
(2_9)	Qfi	(03)
\$ 64.3	\$ 58.0	\$ 6.3

*Certain reclassifications have been made to conform to the current year presentation, with no impact on net position.

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 Vice Chancellor of Finance/Chief Financial Officer, City Colleges of Chicago, 11th Floor, 226 West Jackson Boulevard, Chicago, IL 60606.

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Basic Financial Statements

City Colleges of Chicago Community College District No. 508 Statement of Net Position June 30, 2013

Assets

Current assets:

- Cash and cash equivalents
- Short-term investments
- Property tax receivable, net
- Personal property replacement tax receivable
- Other accounts receivable, net
- Prepaid items and other assets
- Total current assets

2013

88,029,995 178,811,936 58,522,085 2,584,455 37,204,114 90,691

365,243,276

Non-current assets: Restricted cash

Funds held by others - restricted

Long-term investments

Capital assets not being depreciated

Capital assets being depreciated, net Total non-current assets Total assets

894,142 79,652 83,992,237 130,766,316 490,373,415 706,105,762 1,071,349,038

Liabilities

Current liabilities: Accounts payable Accrued payroll Other accruals

Deposits held in custody for others Unearned tuition and fees revenue Unearned grant revenue Other liabilities

Current portion of non-current liabilities Total current liabilities

31,427,735 3,438,653 896,173 1,414,048 6,388,429 1,037,895

17,639,761 2,933,228

65,175,922

Non-current liabilities:

Accrued compensated absences

Accrued property tax refunds

Sick leave benefits

Other post-employment benefits

Less current portion of non-current liabilities Total non-current liabilities Total liabilities

Deferred inflows of resources

Deferred property tax revenue

Net position

Net investment in capital assets Restricted for specific purposes: Audit

Liability, protection, and settlement PBC operations and maintenance

Unrestricted

Total net position

3,165,710 10,737,144 17,833,993 35,459,799 (2,933,228)

64,263,418 129,439,340

59,542,677

621,139,731

64,118 6,007,472 607,045 254,548,655 882,367,021

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

Revenues

Operating revenues:

Student tuition and fees: Resilient tuition Nonresident tuition Fees

Less: Scholarship allowances Net student tuition and fees Other operating revenues Total operating revenues

2013

		82,619,402	7,826,201	21,461,781	(66.382.528)
45,524,856	10,407,332	55,932,188			

Expenses

Operating expenses: Instructional salaries Non-instructional salaries Fringe benefits Supplies

Professional development Equipment not capitalized Utilities

Contractual services Depreciation

Financial aid, exclusive of scholarship allowances

Other expenses Total operating expenses Operating loss

97,927,822	103,702,031	116,384,988	14,673,596	1,272,691	8,030,169	9,041,755	39,843,034	19,605,043	62,302,469	4,572,743	477,356,341
											(421,424,153)

Non-operating revenues:

State apportionment and equalization

Other state grants and contracts

Local grants and contracts

Local property taxes

Personal property replacement tax

Federal grants and contracts

Investment income

Non-operating revenues, net

Loss before capital appropriations and grants Capital appropriations and grants Change in net position Net position, beginning of year Net position, end of year

44,243,857	101,432,160	5,573,604	120,202,490	14,076,439	131,057,829	579,765	417,166,144
							(4,258,009)
							25,632,166
							21,374,157
							860.992.864
							S 882,367,021

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

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City Colleges of Chicago Community College District No.
508 Statement of Cash Flows For the Fiscal year ended June
30, 2013

Cash flows from operating activities

Tuition and fees Payments to suppliers Payments to employees Payments to students Other operating receipts Net cash used for operating activities

Cash flows from noncapital financing activities

Local property taxes State apportionment Personal property replacement tax Grants and contracts Net cash provided by noncapital financing activities

Cash flows from capital and related financing activities

Capital appropriations and grants Purchases of capital assets Payment received on note receivable Net cash used for capital and related financing activities

Cash flows from investing activities

Proceeds from sales and maturities of investments Purchases of investments Interest received on investments Net cash used for investing activities

Net decrease in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year

Cash and cash equivalents Restricted cash
2013

i i

S 45,701,561 >
(122,121,889)
(205,522,987) i (62,302,469) j
10,407,332
(333,840,452)

120,673,709 81,895,671 13,199,255 146,591,319 362,359,954

28,651 (19,523,248) 1,093,993 (18,400,604)

587,638,829 (613,522,035)
1,066,238
(24,816,968)

(14,698,070) 103,622,207 \$ 88,924,137

S 88,029,995
894,142
S 88,924,137

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

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City Colleges of Chicago Community College District No. 508 Statement of Cash Flows
(Continued) For the fiscal year ended June 30, 2013

Reconciliation of operating loss to net cash used by operating activities

Operating loss Depreciation

State payment for retirement obligation Increase in allowance for uncollectible receivables Changes in assets and liabilities: Receivables

(repaid items and other assets Accounts payable Accrued payroll Other accruals

Deposits held in custody for others Unearned tuition and fees revenue Other liabilities

Accrued compensated absences

Sick leave benefits

Other post employment benefits

Net cash used for operating activities

2013

\$ (421,424,153) 19,605,043 63,780,346 327,564

(614,103) 98,472 4,776,648 (546,465) (744,190) 11,496 (23,229) (4,566,334) 509,316

329,409 4,639,728

\$ (333,840,452)

Non-cash Transactions

Increase in fair value of investments State of Illinois contributed capital assets Note receivable from City of Chicago Capital assets in accounts payable

2,338,799 15,475,822 10,000,000

5,410,627

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

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Notes to Basic Financial Statements

City Colleges of Chicago Community College
District No. 508

Notes to Basic Financial Statements June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

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

Notes to Basic Financial Statements June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

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

The accounting policies of City Colleges conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities, as well as those prescribed by the Illinois Community College Board (ICCB). City Colleges' reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

C. Cash and Cash Equivalents

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

D. Investments

Investments are reported at fair value based upon quoted market prices. Changes in the carrying value of investments, resulting in realized and unrealized gains or losses, are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

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.

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

Notes to Basic Financial Statements June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Receivables

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

F. Allowance for Uncollectible

City Colleges provides allowances for uncollectible student accounts and student loans for any outstanding receivable balances greater than 365 days.

G. Property Taxes

City Colleges' property taxes are levied each calendar year on all taxable real property located in City Colleges' district. Property taxes are collected by the Cook and DuPage County Collectors and are submitted to each county's respective treasurer, who remits to the units their respective shares of the collections. Cook County taxes levied in one year become generally due and payable in two installments 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.

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 .175%, .05%, and .005%, respectively, of the equalized assessed valuation (EAV).

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2012 tax year and collected in 2013 are recorded as revenue in fiscal year 2013. The remaining revenue related to the 2012 tax year extension is deferred and will be recorded as revenue in fiscal year 2014. Based upon collection histories, City Colleges recorded property taxes at 97% of the 2012 extended levy.

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City Colleges of Chicago Community College District No. 508

Notes to Basic Financial Statements June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Personal Property Replacement Tax Revenue

Personal property replacement taxes are recognized as revenue when these amounts are 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 in trust for the purchase or construction of capital or other non-current assets, are classified as non-current assets in the Statement of Net Position.

K. Capital Assets

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

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

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

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

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City Colleges of Chicago Community College District No. 508

Notes to Basic Financial Statements June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

Renovations that increase the value of the structure are depreciated according to its 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. Capital assets are depreciated beginning at the first day of the month after they were acquired using the straight-line method over the following useful lives:

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

L. Unearned Revenue and Deferred Inflows of Resources

Deferred inflows include property tax revenues restricted for the subsequent fiscal year in accordance with GASB Statement No. 65. Amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that are related to the subsequent fiscal year and amounts received from grant and contract sponsors that have not yet been earned are classified as unearned revenue within current liabilities.

M. Other Liabilities

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

N. Non-Current Liabilities

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

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City Colleges of Chicago Community College District No. 508

Notes to Basic Financial Statements June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Accrued Property Tax Refunds

Accrued property tax refunds were reclassified in 2013 and are now included in non-current liabilities. These are estimates of property taxes that may be refunded to taxpayers in the future.

P. Net Position

City Colleges' net position is classified as follows: Net Investment

in Capital Assets

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

Restricted 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. 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. At June 30, 2013, City Colleges had a portion of its net position restricted for audit, tort liability, and operations and maintenance.

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.

Q. Classification of Revenues and Expenses

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

Operating Revenue and Expenses

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

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

Notes to Basic Financial Statements

June 30, 2013

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j

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

Classification of Revenues and Expenses (Continued)

Non-Operating Revenue and Expenses

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

R. 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 is recognized when the educational services are performed.

S. Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles

generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

T. New Accounting Standards

GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, was effective for financial statements for periods beginning after December 15, 2011. The adoption of GASB No. 60 had no impact on the financial statements or note disclosures.

GASB Statement No. 61, The Financial Reporting Entity: Omnibus; an amendment of GASB Statement No. 14 and 34, was effective for financial statements for periods beginning after June 15, 2012. The adoption of GASB No. 61 had no impact on the financial statements or note disclosures.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) T. New Accounting

Standards (Continued)

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, was effective for financial statements for periods beginning after December 15, 2011. The adoption of GASB No. 62 had an insignificant impact on the financial statements and note disclosures.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, was effective for financial statements for periods beginning after December 15, 2011. In fiscal year 2013, City Colleges implemented this standard, which resulted in terminology changes on the face of the basic financial statements.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, is effective for financial

statements for periods beginning after December 15, 2012. In fiscal year 2013, City Colleges implemented this standard early, which resulted in a reclassification of deferred property tax revenues to deferred inflows of resources.

GASB Statement No. 66, Technical Corrections - 2012; an amendment of GASB Statements No. 10 and No. 62, is effective for financial statements beginning after December 15, 2012. Management does not feel this will result in a significant impact on the financial statements or note disclosures and will be adopted in fiscal year 2014.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27; is effective for financial statements for fiscal years beginning after June 15, 2014. This standard may have a significant impact on the financial statements and note disclosures.

DEPOSITS AND INVESTMENTS

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

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City Colleges of Chicago Community College District No. 508

Notes to Basic Financial Statements June 30, 2013

2. DEPOSITS AND INVESTMENTS (Continued)

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

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.

Deposits

Custodial credit risk - with regards to deposits with financial institutions, custodial credit risk is the risk that in the event of bank failure, City Colleges' deposits may not be returned. City Colleges' investment policy requires that investments made in excess of any applicable deposit insurance be secured by a corporate surety bond written by a surety company authorized to do business in the State of Illinois that is rated at least AA by Standard and Poor's or Aa3 by Moody's, or by an undertaking from the depository supported by a pledge of securities having a market value that is at all times equal to or greater than the uninsured amount on deposit. At June 30, 2013, City Colleges had cash and cash equivalents of over \$88 million.

Investments

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

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City Colleges of Chicago Community College District No. 508

Notes to Basic Financial Statements June 30, 2013

2. DEPOSITS AND INVESTMENTS (Continued)

Government. However, City Colleges' investment policy does not specifically limit City Colleges to these types of investments, as noted above.

Custodial credit risk - as it relates to investments, custodial credit risk is the risk that in the event of the failure of the counterparty to the investment, City Colleges will not be able to recover the value of its investments held by an outside party. To limit its exposure, counterparties are limited to banks or trust companies authorized to do business in the State of Illinois that are member banks of the Federal Reserve System; and only to registered primary reporting dealers who are registered as broker-dealers with the Securities and Exchange Commission.

Concentration of credit risk - At June 30, 2013, City Colleges had the following investments that exceeded 5% of the investment portfolio; Federal Home Loan Bank of \$23,883,091, Federal Home Loan Mortgage Corporation of \$52,633,152 and Federal National Mortgage Association of \$13,485,553.

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

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

The State Treasurer maintains the Illinois Funds at cost (2a7 like pool) through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of City Colleges' investment in the funds is the same as the value of the pool shares. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30ILCS 235. The Illinois Funds is rated AAAm by Standard and Poor's.

The carrying amount of its investments at June 30, 2013, which approximates fair value, is \$262,804,173.

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City Colleges of Chicago Community College
District No. 508

Notes to Basic Financial Statements June 30,
2013

2. DEPOSITS AND INVESTMENTS (Continued)

City Colleges' investments are shown in the following tables:

Investment Type

US Treasury Bond / Note Federal Agency Discount Note Federal Agency Bond / Note Illinois Trust CD Program Illinois Portfolio, IIT Class
Commercial Paper Commercial Paper Total investments

Illinois Funds (Money Market) Total investments

S&P Rating

AA+
A-1 +
AA+
AAAm
AAAm
A-1
A-1 +

AAAm

Fair Value

Investment Maturities (in years)

1 -5

65,331,162 8,795,774 83,371,134 23,554,000 1,372,574 42,484,417 37,887,121

Less Than 1

\$ 45,614,668

38,130,569 247,000

19,716,494 8,795,774 45,240,565 23,307,000 1,372,574 42,484,417 37,887,121

7,991

\$ 262,796,182 \$ 178,803,945 \$ 83,992,237

83,992,237

7,991

\$ 262,804,173 \$ 178,811,936

3. OTHER ACCOUNTS RECEIVABLE

City Colleges' other accounts receivable consists of the following:

Student	\$ 13,227,696
Grants	7,932,171
State of Illinois	7,424,285
City of Chicago - TIF	8,906,007
<u>Other</u>	<u>3,403,482</u>
Gross other accounts receivable	40,893,641
Less: Allowance for uncollectibles(3,689,527)	
Other accounts receivable, net	\$ 37,204,114

4. RESTRICTED ASSETS

City Colleges' restricted assets consist of the following:

\$ 894,142 79,652 \$ 973,794

Restricted for:

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

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is summarized as follows:

	Additions and Retirements and		
	July 1, 2012	Transfers In	Transfers Out June 30, 2013
Capital assets not being depreciated:			
Land	\$ 49,959,334	\$ 628,712	\$ -50,588,046
Construction work in progress	58,677,994	42,627,191	(21,126,915)80,178,270
Subtotal	108,637,328	43,255,903	(21,126,915)130,766,316
Capital assets being depreciated:			
Equipment	16,930,530	133,846	-17,064,376
Software	30,035,011	--30,035,011	
Buildings and improvements	711,320,407	19,265,643	(5,329,639)725,256,411
Subtotal	758,285,948	19,399,489	(5,329,639)772,355,798
Total capital assets	866,923,276	62,655,392	(26,456,554)903,122,114
Accumulated depreciation:			
Equipment	12,190,884	1,052,351	-13,243,235
Software	29,150,047	317,686	-29,467,733
Buildings and improvements	225,247,268	18,235,006	(4,210,859)239,271,415
Total accumulated depreciation	266,588,199	19,605,043	(4,210,859)281,982,383
Capital assets, net	\$ 600,335,077	\$ 43,050,349	\$ (22,245,695)\$ 621,139,731
Cost of buildings and improvements acquired under capital leases (included in total capital assets above)	\$ 391,825,192	\$	\$ 391,825,192

6. NET POSITION

City Colleges' net position includes restricted and unrestricted resources. Unrestricted resources may be used at the discretion of the governing board to meet current expenses for any purpose. The Board of Trustees of City Colleges has designated over \$86 million in unrestricted resources for capital projects. Net position also includes \$66 million of working cash. 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.

Notes to Basic Financial Statements June 30, 2013

7. LEASES

Operating Leases

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

Operating lease expense was \$2,022,769 for the year ended June 30, 2013.

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

2014	\$ 641,761	
<u>2015</u>	<u>161,979</u>	
		<u>\$ 803,740</u>

8. OTHER ACCRUALS AND OTHER LIABILITIES

City Colleges' other accruals and other liabilities consist of the following as of June 30, 2013:

Other accruals

Accrued for services	\$ 652,020	
Other accruals		244,153
<u>Total other accruals</u>	<u>\$</u>	<u>896,173</u>

Other liabilities

Selfinsurance	\$ 7,272,844	
Unclaimed property	3,717,984	
Federal Government	4,548,078	
Other	2J 00,855	
<u>Total other liabilities</u>		<u>\$ 17,639,761</u>

"Federal Government" refers to the U. S. Department of Education's conducted audit of compliance with Title IV federal financial aid regulations at Kennedy-King and Malcolm X Colleges in fiscal year 2011. The Department of Education issued a determination of \$4.5 million, which City Colleges has appealed and fully reserved for and included in other liabilities.

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

Notes to Basic Financial Statements June 30, 2013

9. PROPERTY TAXES

The taxes levied for education, operations and maintenance, liability, protection and settlement and audit are based on the district's estimated requirements for such purposes. Recent equalized assessed valuations for tax levies are as follows:

<u>December</u>	<u>Cook County</u>	<u>DuPage County</u>
2012	\$65,214,351,605	\$6,706,060
2011	75,082,805,968	4,998,771
2010	82,046,916,439	5,306,256
2009	84,545,026,609	5,478,653
2008	80,923,884,233	5,696,291
2007	73,605,314,512	5,841,665
2006	69,473,229,020	6,071,637
2005	59,268,296,045	6,296,295
2004	55,302,579,309	6,543,343

Accrued property tax refunds represent City Colleges' estimate of taxes which may be refunded in the future. Accrued property tax refunds at June 30, 2013 are \$10,737,144.

10. ACCRUED COMPENSATED ABSENCES

At June 30, 2013, City Colleges had recorded a liability of \$3,165,710 for compensated absences, and estimated that \$214,031 of these liabilities is current and due within one year. (See Note 12)

11. 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 3 to 5 year period an amount equal to a percentage of the individual's accumulated unused sick days in the form of a termination benefit. Eligible employees include administrative employees and certain union-represented employees who have served continuously for 10 years or more and are eligible for an annuity under the State University Retirement System (SURS), generally at age 55. The method of calculating the estimated present value of an eligible employee's termination benefit liability uses the following assumptions: (1) estimated average annual salary increments of 4.0%, (2) future

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

Notes to Basic Financial Statements June 30, 2013

11. SICK LEAVE BENEFITS (Continued)

payments discounted by a 4.5% interest factor in 2012 and (3) estimated rates of retention as adopted from the Actuary's Pension Handbook adjusted for mortality in accordance with published mortality tables.

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

At June 30, 2013, City Colleges accrued \$12,027,323 for the estimated present value of these future retiree benefits for current employees and \$5,806,670 in benefits payable to retired employees for a total of \$17,833,993. (See Note 12)

12. CHANGES IN NON-CURRENT LIABILITIES

Changes in non-current liabilities for the year ended June 30, 2013 include a reclassification of accrued property tax refunds from current to non-current liabilities. These are estimates of property taxes that may be refunded in the future. See the table below:

	July 1, 2012	Additions	Reductions/Amounts due Adjustments	June 30, 2013	within one year
Accrued compensated absences	\$ 2,656,394	\$ 3,829,558	\$ (3,320,242)	\$ 3,165,710	\$ 214,031
Accrued property tax refund	9,671,585	7,365,842	(6,300,283)	10,737,144	
Sick leave benefits	17,504,584	1,862	327,547	17,833,993	32,719,197
Other post-retirement benefits	30,820,071	11,413,965	(6,774,237)	35,459,799	
	\$ 60,652,634	\$ 22,611,227	\$ (16,067,215)	\$ 67,196,646	\$ 2,933,228

City Colleges of Chicago Community College District
No. 508

Notes to Basic Financial Statements June 30, 2013

13. EMPLOYEE RETIREMENT PENSION PLAN

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

Funding Policy: Plan members are required to contribute 8.0% of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate for fiscal year 2014 is 35.20% of annual covered payroll and was 34.51% and 24.21% for fiscal years 2013 and 2012, respectively. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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

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

Fiscal Year Amount

2013	\$ 22
2012	4,035
2011	25,165

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

Notes to Basic Financial Statements June 30, 2013

OTHER POST-EMPLOYMENT BENEFITS

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

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

Membership: As of June 30, 2013, 2012, and 2011, membership consisted of:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Retirees and beneficiaries currently receiving benefits	660	668	654
<u>Active employees - vested</u>	<u>1,700</u>	<u>1,726</u>	<u>1,594</u>
<u>TOTAL</u>	<u>2,360</u>	<u>2,394</u>	<u>2,248</u>

Participating Employers III

Funding Policy: Currently, City Colleges provides subsidized coverage for medical, dental and vision insurance for a period of 10 years from an 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 90% of the cost of the premiums and retirees pay approximately 10% 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 2013. The actuarial valuation is used to determine the total actuarial liability and annual required contribution for the post-retirement medical and life insurance benefits provided for purposes of GASB Statement No. 45. For the fiscal year ended June 30, 2013 City Colleges contributed \$6,774,237.

City Colleges of Chicago Community College
District No. 508

Notes to Basic Financial Statements June 30, 2013

14. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB costs and the Net OPEB Obligation are based on the calculations and parameters prescribed in GASB Statement No. 45. A valuation date of July 1, 2013 and the Projected Unit Credit actuarial cost method was used. The annual required contribution is calculated as the normal cost plus a 30-year amortization of the unfunded actuarial liability as a level-dollar amount. The assumptions also include data regarding demographic and mortality rates, an inflation rate of 3.0% per year, an interest rate assumption of 4.5% per year, a medical trend rate assumption that starts at 8.0% in 2014, and gradually declines to 5.0% by the year 2020. This valuation also considers projections and estimates of future retiree health care benefits based on actuarial standards issued by the Actuarial Standards Board. In performing the actuarial valuation of the OPEB programs, the actuarial assumptions for fiscal year 2013 included premium rates, payroll, data, variation of health care costs, census data regarding participants and age factors in each plan.

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 fully advance-funded its obligation. However, City Colleges has \$32 million in investments designated for this obligation in 2013. Based upon the above valuations, City Colleges' annual OPEB costs and Net OPEB Obligation shown in the tables below discloses the actuarial calculations of the OPEB plan and its actuarial accrued funding status for fiscal years 2013, 2012, and 2011.

Annual OPEB Costs and Net OPEB Obligation

Percentage of

Fiscal Year Ended

Annual OPEB Cost

Employer Contributions

Annual

OPEB Cost Contributed

June 30,2013 June 30,2012 June 30,2011
 \$ 11,413,965 11,593,396 11,029,375
 6,774,237 7,485,562 6,625,444
 59.4% 64.6% 60.1%
 \$ 35,459,799 30,820,071 26,712,237

31

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

Notes to Basic Financial Statements June 30, 2013

14. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual Required Contribution \$ 11,874,427
 Interest on Net OPEB Obligation 1,386,903
 Adjustment to Annual Required Contribution(1,847,365)

Annual OPEB Cost 11,413,965
 Contributions Made (6,774,237)

Increase in Net OPEB Obligation 4,639,728
Net OPEB Obligation Beginning of Year30,820,071

Net OPEB Obligation End of Year \$ 35,459,799

The actuarially determined funded status of the plan as of June 30 is as follows:

Actuarial Value of Assets

Actuarial Liability

Unfunded Actuarial Liability

Funded Ratio (actuarial value of assets/AAL)

Covered Payroll (active plan members)

UAAL as a Percentage of Active Member Payroll

	2013	2012	2011
\$ - \$ - \$			
\$ 112,458,352	\$ 119,275,116	\$ 124,498,937	
\$ 112,458,352	\$ 119,275,116	\$ 124,498,937	
0% 0% 0%			
\$ 107,485,980	\$ 110,092,137	\$ 99,595,638	
104.6% 108.3% 125.0%			

15. RISK MANAGEMENT

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

A. General Liability - Self-Insurance

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

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City Colleges of Chicago Community College District No. 508

Notes to Basic Financial Statements June 30, 2013

15. RISK MANAGEMENT (Continued)

The District procures an Educators Legal Liability Policy (ELL) to cover a broad range of non-bodily injury or non-property damage liability claims made against the District, administrators, employees and staff. Claims associated with ELL matters are managed by the Office of the General Counsel with cooperation of the Office of Risk Management. Policy limits of \$5,000,000 in the aggregate and \$5,000,000 per occurrence apply, with retention of \$250,000.

City Colleges follows the practice of recognizing the expenses for general liability claims in the year such settlements become probable and estimable. City Colleges has accrued funds for estimated future claims of \$917,400 as of June 30, 2013.

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. Workers' Compensation - Self-Insurance

City Colleges retains a portion of workers' compensation risk and maintains an excess commercial policy for individual claims exceeding \$500,000 up to the statutory limit. The amount of liability of City Colleges is further limited by the "Local Government and Governmental Employees Tort Immunity

Act." This Act gives City Colleges the authority to levy a special judgment tax or to issue bonds to pay any workers' compensation awards.

City Colleges estimates future claims based on a loss development factor and a specific claim reserve. City Colleges has accrued for estimated future claims of \$3,154,158 as of June 30, 2013. This amount is reported with "Other liabilities - Self-insurance reserves". 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.

C. Health Insurance - Self-Insurance

City Colleges self-insures for a portion of its health costs for eligible employees. Future claims are estimated based on historical charges and lag periods. City Colleges has accrued estimated medical expenses of \$3,201,286 as of June 30, 2013 that have been incurred, but not claimed. These amounts are recorded on the Statement of Net Position in Current Liabilities - Other liabilities. (See Note 8)

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City Colleges of Chicago Community College District No. 508

Notes to Basic Financial Statements June 30, 2013

15. *RISK MANAGEMENT (Continued)*

Summary of Changes in Self-Insurance

	<u>June 30, 2012</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2013</u>	<u>Amounts due within one year</u>
General liability Workers' compensation Health insurance					
General liability Workers' compensation Health insurance					
S 944,000 S 137,726		\$ (164,326)	\$ 917,400	\$ 917,400	
3,629,864 468,613		(944,319) 3,154,158	3,154,158		
<u>1,246,314 29,532,384</u>		<u>(27,577,412) 3,201,286</u>	<u>3,201,286</u>		
\$ <u>5,820,178</u> \$ <u>30,138,723</u>		\$ <u>(28,686,057)</u>	\$ <u>7,272,844</u>	\$ <u>7,272,844</u>	

Incurred Payment Amounts due

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

16. COMMITMENTS AND CONTINGENCIES

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

As of June 30, 2013, City Colleges had \$13.9 million in commitments for its capital plan, all of which are being funded by City Colleges.

17. SUBSEQUENT EVENT

The Board of Trustees of Community College District No. 508 (the Board) has determined that it is in the best interests of City Colleges to engage in a five-year, \$555 million capital plan that will address needs in every facility across all campuses, including long deferred maintenance, preventative maintenance; the construction of a Transportation, Distribution and Logistics (TDL) facility at Olive-Harvey College; and the construction of Malcolm X College campus, including an Allied Health Academy (collectively called the Project). The capital plan will be financed through a combination of cash and alternate revenue bonds as

well as any other available revenue the Board deems appropriate.

The Board reasonably expects that the District will reimburse itself from the proceeds of the bonds for certain capital expenditures made in connection with the planning, design, acquisition, construction and equipping of the project. Such capital expenditures will be undertaken or incurred prior to the execution and delivery of the bonds. The bonds were issued in the amount of \$250,000,000 on October 8, 2013 and are expected to close on October 22, 2013. The bonds have been assigned the ratings of "AA" (stable outlook) by Standard & Poor's rating services, a business of Standard & Poors Financial Services LLC, and "AA-" (stable outlook) by Fitch Ratings.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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City Colleges of Chicago
Community College District No. 508

Table E

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

2012

Taxpayer

Willis Tower (formerly Sears Tower)
AON Building
Prudential Plaza
HCSC Blue Cross A Pini
Water Tower Place
Chase Tower
AT&T Corporate Center 1
Three First National Plaza
131 S. Dearborn
300 Lasalle LLC
Northwestern Atrium (formerly Citicorp) Equity Office Properties Leo Burnett Buildina

Taxable Assessed Value

354,518 255,347 234,964 205,275 201,246 200,708 192,985 187,449 184,596 174,193

\$ 2.191,281

Rank

1

2 3 4 5 6 7 8 9 10

Percentage of Total Assessed
Valuation

0.54% 0.39% 0.36% 0.31% 0.31% 0.31% 0.30% 0.29% 0.28% 0.27%

3.36%.

Taxable Assessed Value

489,383 322,214 279,002

172,706 244,202 253,156 179,451

193,957 168,886 177,450 \$ 2,480,407

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

Table I

Debt Capacity
Computation of Direct and Overlapping Debt (Unaudited)

(Thousands \$)

Overlapping Debt City of Chicago Chicago Board of Education Chicago Park District
Metropolitan Water Reclamation District of Greater Chicago Cook County
Cook County Forest Preserve District

Net Direct Long-term Debt (1)

\$ 7,939,682 6,365,573 874,710 2,515,375 3,709,530 187,950 \$ 21,592,820

As of June 30, 2013

% Applicable to District

100.00% 100.00% 100.00% 50.40% 48.08% 49.40%

Amount Applicable to District

7,939,682 6,365,573 874,710 1,267,749 1,783,542 92,847

18,324,103

Direct Debt

City Colleges of Chicago

Net Direct and Overlapping Long-Term Debt

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

45

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

Table J

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

<u>Year</u>	<u>Population</u>	Capita		
		Personal Fiscal	(A)	Income Income (B) Unemployment
		(in thousands)	(in thousands)	Rate (C)
2013		Not Available		
2012	2,714,856 *	\$ 140,013,268	* \$ 51,573	* 10.10%
2011	2,707,120	136,141,065	50,290	10.40%
2010	2,695,598	123,881,697	45,311	10.50%
2009	2,851,268	131,617,382	46,161	10.90%

2008	2,853,114	132,598,473	46,4757.00%
2007	2,836,658	128,302,041	45,2305.60%
2006	2,833,321	118,979,649	41,9935.30%
200S	2,860,646	113,799,359	39,7817.00%
2004	2,875,842	108,442,250	37,7087.50%

Sources: (A) US Census Bureau. The census is conducted decennially at the start of each decade. *Estimated.
B) Bureau of Economic Analysis. These rates are for Cook County. *2012 Advance estimates of per capita income by metropolitan area.
C) Illinois Workforce Info Center Website, prior information has been updated to reflect the most current data available.

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City Colleges of Chicago Community College District No. 508

Table L

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

2012 2013

Faculty	2,784	2,724
Custodial/Maintenance	748	778
Professional/Technical Staff	545	673
Academic Support	464	516
Clerical	631	601
Administrators	342	368
Student Workers	163	194
Supervisors	27	24
Other	53	59
TOTAL	5,757	5,937

Data Source: College records

Note: These amounts represent filled positions.

**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) Ten years ended June 30

Fiscal Year	Total	Baccalaureate	Occupational Business	Technical	Health	Adult Basic	
						Remedial Secondary Development Education	Education
2013	1,209,973	532,810	53,069	71,637	47,413	132,728	372,316
2012	1,190,902	518,328	55,799	69,998	51,460	139,422	355,895
2011	1,207,136	505,897	54,590	72,682	51,648	136,247	386,072
2010	1,260,579	476,794	47,756	82,551	54,920	144,347	454,211
2009	1,136,523	408,681	41,510	77,907	48,517	122,788	437,120
2008	1,050,801	375,014	42,368	75,633	43,777	105,781	408,228
2007	1,064,630	364,616	42,264	68,539	49,603	107,499	432,109
2006	1,085,936	364,953	46,687	63,597	50,544	105,785	454,370
2005	1,164,887	380,301	46,941	60,499	49,154	113,057	514,935
2004	1,070,621	379,815	46,876	68,684	56,028	114,422	404,796

Data Source: College records

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City Colleges of Chicago Community College District No. 508

Table O

Operating Information (Unaudited) Miscellaneous Statistics

Accreditation by North Central Association of Colleges and Schools

Most Recent

Accreditation Next Review

Daley	2011-12 2021-22
Harold Washington	2008-09 2018-19
Kennedy-King	2005-06 2015-16
Malcolm X	2007-08 2017-18
Olive-Harvey	2010-11 2020-21
Truman	2009-10 2019-20
Wright	2001-02 2015-16

Current gross square footage 4,397,099

Size of district 228.5 square miles

Counties served	Cook and DuPage
Population of district	2,714,856
Number of faculty	2,724
Number of custodial / maintenance staff	778
Number of professional / technical staff	673
Number of academic support staff	516
Number of clerical staff	601
Number of administrators	368
Number of student/workstudy staff	194
Number of supervisors	24
Degrees and certificates awarded (Fiscal year 2012)	9,689

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

Fiscal year ended June 30, 2013

Fixed Asset/Debt Account Groups July 1,2012

Deletions and Transfers

Fixed Asset/Debt Account Groups June 30, 2013

Fixed Assets

Land	S 49,959,334	\$ 628,712	\$ - \$ 50,588,046
Construction work-in-progress	58,677,994	42,627,191	21,126,915 80,178,270
Buildings and Improvements	711,320,407	19,265,643	5,329,639 725,256,411
Equipment	16,930,530	133,846-	17,064,376
Software	30,035,011	--30,035,011	
<u>Accumulated Depreciation</u>	<u>(266,588,199)</u>	<u>(19,605,043)</u>	<u>(4,210,859)(281,982,383)</u>
Net Fixed Assets	\$ 600,335,077	S 43,050,349	\$ 22,245,695 \$ 621,139,731

55

City Colleges of Chicago Community College District No. 508 Operating** Funds Revenues And Expenditures Uniform Financial Statement #3 Fiscal year ended
June 30, 2013

Operations	Education Fund
	and Maintenance Fund
	Total Operating Funds

Local Government Revenue:
Local Taxes TOTAL LOCAL GOVERNMENT

State Government:
ICCB Base Operating Grant Other ICCB Grants
TOTAL STATE GOVERNMENT

Federal Government:
Dept. of Education

79,950,251 79,950,251

44,243,857 15,515,172
59,759,029

6,480,256

31,668,849 S 111,619,100
111,619,100

44,243,857 15,515,172
59,759,029

6,480,256

TOTAL FEDERAL GOVERNMENT

Student Tuition and Fees Tuition Fees
6,480,256

88,375,966 23,531,418
6,480,256

88,375,966 23,531,418

TOTAL TUITION AND FEES

Other Sources

Sales and Service Fees Facilities Revenue Investment Revenue Other
111,907,384

111,907,384

208,857 127,804 999,792 1,549,089

208,857 2,577,697
999,792 1,549,089

TOTAL OTHER REVENUE

**TOTAL REVENUE OPERATING EXPENDITURES
BY PROGRAM**

Instruction
Academic Support
Student Services
Organized Research
Auxiliary Services
Operations and Maintenance
Institutional Support
Scholarships, Grants, Waivers TOTAL EXPENDITURES
Transfers to Non-Operating Funds ADJUSTED EXPENDITURES

BY OBJECT

Salaries
Employee Benefits
Contractual Services
General Materials and Supplies
Professional Development
Fixed Charges
Utilities
Other
Student Grants & Scholarships** TOTAL EXPENDITURES Less Non-Operating Items*
Transfers from Non-Operating Funds ADJUSTED EXPENDITURES

2,449,893

260,982,462

5,335,435

\$ 34,118,742 S 295,101,204
29,454,169 445,731

29,899,900 4,218,842

112,644,665 14,129,152 30,632,828 655,868 5,232,689 45,565,899 62,028,765
4,963,387

275,853,253

23,700,725

\ \$ 34,118,742 S 299,553,978

\$ 166,235,830 \$ 13,727,325 S 179,963,155
43,142,320 2,509,292 45,651,612
15,769,651 2,959,787 18,729,438

10,495,982	1,560,675	12,056,657			
933,548	2,104	935,652			
1,265,911	629,864	1,895,775			
664,388	8,377,197	9,041,585			
2,328,762	133,656	2,462,418			
<u>5,116,961</u>	<u>-5,116,961</u>				
		245,953,353	29,899,900	275,853,253	
		<u>19,481,883</u>	<u>4,218,842</u>	<u>23,700,725</u>	
\$ 265,435,236	\$ 34,118,742	\$ 299,553,978			

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City Colleges of Chicago Community College District No. 508 Restricted Purposes Fund Revenues And Expenditu Uniform
Financial Statement #4 Fiscal year ended June 30, 2013

REVENUE BY SOURCE:

TOTAL LOCAL GOVERNMENT

State Government *

ICCB - Adult Education Other

TOTAL STATE GOVERNMENT

Federal Government

Dept. of Education Other

TOTAL FEDERAL GOVERNMENT Other

TOTAL OTHER SOURCES

TOTAL RESTRICTED PURPOSES FUND REVENUES

EXPENDITURES BY PROGRAM * Instruction Academic Support Student Services

Public Service/Continuing Education Organized Research Auxiliary Services Operations and Maintenance

Institutional Support Scholarships, Grants and Waivers

TOTAL RESTRICTED PURPOSES FUND EXPENDITURES

EXPENDITURES BY OBJECT * Salaries

Employee Benefits

Contractual Services

Genera! Materials and Supplies

Professional Development

Fixed Charges

Utilities

Capital Outlay

Other

Scholarships, Grants, Waivers* TOTAL RESTRICTED PURPOSES FUND EXPENDITURES * Excludes SURS

contribution of \$63,780,346.

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City Colleges of Chicago Community College District No. 508 Current Funds * Expenditures**
by Activity Uniform Financial Statement #5 Fiscal year ended June 30, 2013

INSTRUCTION

<u>Instructional Programs</u>	<u>\$ 125,862,121</u>
Total Instruction	125,862,121

ACADEMIC SUPPORT

Library Center	656,839
Instructional Materials Center	354,608
Academic Computing Support	55,402
Academic Administration and Planning	15,381,709
<u>Other</u>	<u>6,017,822</u>
Total Academic Support	22,466,380

STUDENT SERVICES SUPPORT

Admissions and Records	5,183,060
Counseling and Career Services	11,210,801
Financial Aid Administration	4,526,251
<u>Other</u>	<u>13,075,977</u>
Total Student Services Support	33,996,089

PUBLIC SERVICE/CONTINUING EDUCATION

Community Education	3,382
Community Services	1,914,722
<u>Other</u>	<u>1,695,623</u>
Total Public Service/Continuing Education	3,613,727

ORGANIZED RESEARCH

720,683

AUXILIARY SERVICES

9,721,634

OPERATIONS AND MAINTENANCE OF PLANT

Maintenance	11,983,765
Custodial Services	7,161,662
Grounds	13,776
Campus Security	13,332,793
Transportation	989
Utilities	9,066,801
Administration	2,787,099
<u>Other</u>	<u>2,949,052</u>
Total Operations and Maintenance of Plant	47,295,937

INSTITUTIONAL SUPPORT

Executive Management	8,048,460
Fiscal Operations	8,598,978
Community Relations	4,217,102
Administrative Support Services	22,644,312
Board of Trustees	210,418
General Institutional	6,785,479
Institutional Research	360,389
Administrative Data Processing	8,592,263
<u>Other</u>	<u>8,354,655</u>
Total Institutional Support	67,812,056

SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS

131,733,123

TOTAL CURRENT FUNDS EXPENDITURES

\$ 443,221,750

Current Funds include the Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; Liability, Protection, and Settlement; and PBC Operations and Maintenance funds.

Excludes SURS Contribution of \$63,780,346

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CITY COLLEGES of CHICAGO

Education that Works

City Colleges of Chicago Community College District No. 508

Certification of Chargeback Reimbursement for Fiscal Year 2014

All fiscal year 2013 non-capital operating expenses from the following funds: Education Fund
Operations and Maintenance Fund Restricted Purposes Fund Audit Fund
Liability, Protection and Settlement Fund

TOTAL NON-CAPITAL EXPENDITURES

PLUS DEPRECIATION FOR EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES

PLUS DEPRECIATION ON BUILDINGS AND FIXED EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES

EQUALS TOTAL QUALIFIED EXPENDITURES

LESS ALL FISCAL YEAR 2013 STATE AND FEDERAL OPERATING GRANTS FOR NON-CAPITAL EXPENDITURES, EXCEPT ICCB GRANTS

EQUALS ADJUSTED QUALIFIED EXPENDITURES

DIVIDED BY TOTAL CREDIT HOURS FOR FISCAL YEAR 2013

EQUALS COST PER SEMESTER CREDIT HOUR

LESS DISTRICT'S AVERAGE GRANT RATE FOR FISCAL YEAR 2013

LESS STUDENT TUITION PER SEMESTER CREDIT HOUR FOR FISCAL YEAR 2014

EQUALS CHARGEBACK REIMBURSEMENT RATE PER SEMESTER CREDIT HOUR

245,953,353 29,899,900 153,145,435 635,504 5,035.618

434,669,810 1,440,831

14.120.168

S 450,230,809

148,085,261

302,145,548 1.209.972.5

249.71

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McGladrey LLP

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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed (the Schedule) of City Colleges of Chicago, Community District No. 508 (City Colleges) for the year ended June 30, 2013. City Colleges' management is responsible for the Schedule. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed is fairly presented in all material respects, in accordance with the provisions of the Illinois Community College Board's Fiscal Management Manual.

Chicago, Illinois October 14, 2013

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**City Colleges of Chicago Schedule of Enrollment Data and Other Bases On Which Claims are Filed (Continued) For
the year ended June 30, 2013**

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

Attending In-District

Attending Out-of-District on Chargeback or Cooperative/ Contractual Agreement

Unrestricted in-district resident hours Restricted in-district residents hours Semester credit hours (all terms)
1,108,482.5 52,677.0
1,161,159.5

District prior year equalized assessed evaluation (Preliminary)

Total Credit Hours

Total Credit Hours Certified by ICCB

In-district residents

Out-of-district (chargeback/contractual agreement) Total

1,162,643.0

1,162,643.0

1,161,159.5 1,483.5

1,161,159.5 1,483.5

Schedule 9

Student Residency Verification Process

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

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

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

Non-resident tuition and fees will be charged to:

- Students residing outside Chicago or occupying a Chicago dwelling for purposes of attending a post-secondary educational institution
- All international students holding student 1-20 visas

Summary of Assessed Valuations

Tax Lev Year

2012 2011 2010 2009 2008 2007 2006 2005 2004

Equalized Assessed Valuation

\$65,221,057,665	75,087,804,739	82,052,222,695	84,550,505,262	80,929,580,524	73,611,156,177
69,479,300,657	59,274,592,340	55,309,122,652			

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State Grant Compliance Section

McGladrey LLP

McGladrey

Independent Auditor's Report on the Grant Program Financial Statements

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants, Early School Leavers Grant Program, Career and Technical Education Program Improvement Grant and Accelerating Opportunity Grant Program (the Grant Programs) of City Colleges of Chicago, Community District No. 508 (City Colleges) as of and for the year ended June 30, 2013 and the related notes to the financial statements - grant programs, which collectively comprise City Colleges' grant program financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these grant program financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the guidelines of the Illinois Community College Board's Fiscal Management Manual. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Member of the RSM International network of Independent accounting, tax and consulting firms.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of City State Adult Education and Family Literacy Grants, Early School Leavers Grant Program, Career and Technical Education Program Improvement Grant and Accelerating Opportunity Grant Program as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The grant program financial statements present only the Grant Programs referred to above and do not purport to, and do not present the financial position of City Colleges as of June 30, 2013, 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 opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the grant program financial statements of City Colleges. The ICCB Compliance Statement on page 69 is presented for purposes of additional analysis and is not a required part of the grant program financial statements.

The ICCB Compliance Statement on page 69 is the responsibility of management and was derived from and relate 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 audits 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 on page 69 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

Chicago, Illinois October 14, 2013

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2013 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City Colleges' internal control over financial reporting and compliance.

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McGladrey LLP

McGladrey

Independent Auditor's 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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board Fiscal Management Manual, the financial statements of the State Adult Education and Family Literacy Grants, Early School Leavers Grant Program, Career and Technical Education Program Improvement Grant and Accelerating Opportunity 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, 2013, and the related notes to the financial statements - grant programs, and have issued our report thereon dated October 14, 2013.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the grant program 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 a 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 may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

Chicago, Illinois October 14, 2013

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.

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Grant Program Financial Statements

City Colleges of Chicago Community College District No. 508 State Adult Education and Family
Literacy Grant Program i Combined Balance Sheet

As of June 30, 2013 |
|.

				State Performance Total		
\$	84,713	\$	385,598			
\$	84,713	\$	385,598			
				State Basic	Public Aid	
				Assets		
Accounts Receivable	\$	169,795	\$	131,090		
Total assets				\$	169,795	\$ 131,090
Liabilities and Fund balance						
Accounts payable						
Accrued expenditures						
Due to City Colleges of Chicago						
Total Liabilities						
				<u>38,245 28,469 103,081</u>		
169,795						
12,061 19,158 99,871						
131,090						
11,241 13,260 60,212						
84,713						

61,547 60,887 263,164

385.598

Fund balance

Total Liabilities and Fund Balance

**Combined Statement of Revenues,
Expenditures and Changes in Fund Balance
For the year ended June 30, 2013**

State Performance

Revenue

State sources

Expenditures by program

Instruction

Social Work Services Guidance Services Assessment and Testing Student Transportation Services Subtotal Instructional and Student Services

1,317,545 456,426 66,763 147,655

1,988,389

887,052 357,966 32,784 190,088

1,467,890

244,257 172,480 81,185 65,877 43,861

607,660

2,448,854 986,872 180,732 403,620 43,861

4,063,939

Program support

Improvement of Instructional Services

General Administration

Operation & Maintenance of Plant Services

Data and Information Services Subtotal Program Support Total Expenditures

540 14,555

34,058

49,153

2,037,542

35,202 69,989

105,191

1,573,081

211,911 106,045 7,794 83,143

408,893

1,016,553

212,451 155,802 7,794 187,190 563,237 4,627,176

Excess of Revenue over Expenditures

Fund Balance - July 1,

2012 Fund Balance -

June 30, 2013

See accompanying notes to grant program financial statements.

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**City Colleges of Chicago Community College District No. 508 ICCB Compliance
Statement for the Adult Education and Family Literacy Grant Program
Expenditure Amounts and Percentages for ICCB Grant Funds Only For the year
ended June 30, 2013**

State Basic

Instruction

General Administration

Expenditure Amount

\$ 1,317,545 \$ 14,555

Allowed Expenditure Percentage

Minimum 45% Maximum 9%

Actual Expenditure Percentage

65% 1%

State Public Assistance

Instruction

General Administration

\$ 887,052 \$ 35,202

Minimum 45% Maximum 9%

56% 2%

State Performance

General Administration

See accompanying notes to grant program financial statements.

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**City Colleges of Chicago Community College District No. 508 Early School Leavers
Grant Program Balance Sheet As of June 30, 2013**

Assets

Cash	\$ 5,515
------	----------

Liabilities and fund balance

Accounts payable	\$ 5,515
------------------	----------

Total liabilities 5,515

Total fund balance

Total liabilities and fund balance	\$ 5,515
------------------------------------	----------

Statement of Revenues, Expenditures, and Changes in Fund Balance For the year ended
June 30, 2013

Revenue

State sources	\$ 80,000
---------------	-----------

Expenditures

Salaries	\$ 42,645
Employee Benefits	8,136
Materials and supplies	21,206
Student Support Services	6,195
Travel and professional development	1,251
<u>Purchased services</u>	<u>567</u>
<u>Total expenditures</u>	<u>\$ 80,000</u>

Excess of Revenue over Expenditures \$

Fund Balance - July 1,2012

Fund Balance - June 30,2013 \$

See accompanying notes to grant program financial statements.

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City Colleges of Chicago Community College District No. 508 Career and Technical Education -
Program Improvement Balance Sheet As of June 30, 2013

\$ 22.822

Liabilities and Fund Balance

Accounts payable Accrued payroll Total liabilities

\$ 22,159 663 22,822

Total Fund Balance

Total Liabilities and Fund Balance

Statement of Revenues, Expenditures and Changes in Fund Balance For the year
ended June 30, 2013

Revenue

State sources

Expenditures

Salaries

Instructional equipment Materials and supplies Staff development Total Expenditures

\$ 53,924 28,993 24,395 6,857

\$ 114,169

Excess of Revenue Over (Under) Expenditures

Fund Balance - July 1, 2012 Fund Balance - June 30, 2013

See accompanying notes to grant program financial statements.

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City Colleges of Chicago Community College District No. 508 Accelerating Opportunities
Implementation Grant Program Balance Sheet As of June 30, 2013

Assets

Accounts Receivable \$ 31,250

Liabilities and Fund Balance

Accounts payable \$ 7,830

Due to City Colleges of Chicago 23,420

Total liabilities 31,250

Total Fund Balance

Total Liabilities and Fund Balance

\$ 31,250

Statement of Revenues, Expenditures and Changes in Fund Balance For the
year ended June 30, 2013

Revenue

State sources \$ 62,500

Expenditures

Salaries \$ 6,731

Student support 31,206

Materials and supplies 20,489

Travel and meeting 542

Marketing and printing 407

Indirect cost 3,125

Total Expenditures \$ 62,500

Excess of Revenue Over (Under) Expenditures \$

Fund Balance - June 30, 2012 =

Fund Balance - June 30, 2013 \$ -

See accompanying notes to grant program financial statements.

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Grant Program Notes to w
City's financial 5**

City Colleges of Chicago Community College District No.
508

Notes to Grant Program Financial Statements June 30, 2013

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. Adult Education and Family Literacy Grants

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

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

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

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. Career and Technical Education - Program Improvement Grant

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

1. *PROGRAM DESCRIPTIONS (Continued)*

D. Accelerating Opportunities

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Reporting

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

The statements have been prepared on the full accrual basis. Grant revenues are reported in these grant program financial statements when allowable grant expenditures are made. Expenditures are allowable if they comply with "Policy Guidelines for Restricted Grant Expenditures and Reporting" set for in the ICCB Fiscal Management Manual.

The grant funds shall be expended or obligated prior to June 30 each year, the last day of the fiscal year. Grant funds should be accounted for in the same period as in the credit hour claiming process. Unexpended funds 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, the Career and Technical Education program, and the Accelerating Opportunities grant program were fully expended within the grant period.

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

Notes to Grant Program Financial Statements June 30, 2013

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, Early School Leavers, the Career and Educational grant, and the Accelerating Opportunities program are pooled with City Colleges.

C. Capital Outlay

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

D. Uses of Estimates

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

year ended June 30, 2013: <[http://www.ccc.edu/departments/Pages/](http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports/CAFR)>Annual-Finance-and-Budget-Reports/CAFR.

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

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**CITY COLLEGES
of CHICAGO**

Education that Works