



# **CITY COLLEGES OF CHICAGO**

## **Comprehensive Annual Financial Report**

*Fiscal Year Ended June 30, 2008*

**Board of Trustees**

**Community College District No. 508**

**County of Cook, State of Illinois**

**226 West Jackson Boulevard**

**Chicago, Illinois 60606**

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

**Daley College**

**Harold Washington College**

**Kennedy-King College**

**Malcolm X College**

**Olive-Harvey College**

**Truman College**

**Wright College**





**COMMUNITY COLLEGE DISTRICT NO. 508**

Chicago, Illinois

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**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

For the fiscal year ended June 30, 2008

*Prepared by:  
Office of Finance*

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James C. Tyree, Board Chairman  
Wayne D. Watson, Chancellor

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of  
Community College  
District No. 508  
County of Cook and  
State of Illinois**

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Ghingo Brooks,  
Interim President, Malcolm X College

Valerie Roberson,  
President, Olive-Harvey College

Lynn Walker,  
Interim President, Truman College

Charles Guengerich,  
President, Wright College



District Office  
226 West Jackson Boulevard  
Chicago, Illinois 60606  
(312) 553-2500

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

December 22, 2008



"The City Colleges of Chicago has always represented hope and opportunity for the citizens of Chicago. We are the "People's College" with the mission to provide quality education, accessible to all. "

- Wayne D. Watson, Ph.D. Chancellor

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

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This document presents the results of the District's financial operation and its financial condition for the year just ended.

As in the past three years, I am proud to report that the District received the Government Financial Officers Association (GFOA) Certificate of Excellence Award in Financial Reporting for our fiscal year 2007 CAFR. We have also received the GFOA Distinguished Budget Preparation Award for fiscal year 2008.

In fiscal year 2008, the District continued to demonstrate its prudent use of the available resources in serving its constituents in the delivery of the academic mission which includes 36,079 Baccalaureate Transfers students, 30,345 Workforce Development students, 38,186 Adult Education students, and 8,667 Life Long Learning students. The District generated approximately 1,051,000 credit hours and has partnered with a number of businesses in providing contract training to more than 19,530 employees and 97 companies.

The District has maintained a healthy financial condition and continued to protect the use of public tax dollars, as shown in the accompanying audited financial statements and operational reports of City Colleges of Chicago for fiscal year 2008.

A decade ago, the District's financial condition began with an operating fund balance of approximately \$200 thousand and working cash fund balance of approximately \$28 million. Ten years later; the unrestricted fund balance is over \$23 million, after transferring approximately \$50 million for capital improvements from savings due to operational efficiencies. The working cash bonds have been retired and the fund has been restored to a current balance of \$66 million. The fiscal year 2008 unrestricted and working cash fund balances combined total over \$89 million compared to \$28 million in fiscal year 1998.

The District-wide programs and policies focus on establishing an institution of higher education with excellence and outcomes. In doing so, it has achieved the following accomplishments:

- An updated Fiscal Management Policy that fosters improved internal controls and financial processes that are more efficient and transparent;
- Excellent academic standards that have allowed the District to receive the highest accreditation status for 10 years awarded by the Higher Learning Commission of the North Central Association of Colleges and Schools for all seven colleges;
- Designed and implemented a unique Master Faculty Program and conduct periodic Faculty Development Seminars in all District mission areas to ensure the highest quality instruction;
- Established a Study Abroad Program for students and faculty to open global view;

- Revitalized and expanded the Washburne Culinary Institute to increase career opportunities for students;
- Established a comprehensive Construction Trades Program opening access to the construction trades in Chicago;
- Implemented strong alliances with government agencies and the business community;
- Implemented the Annual Program and Service Analysis (APSA) evaluation process to measure the success of academic programs and student support services;
- Created Vision 2011 Strategic Plan for implementation in academic years 2007 to 2011;
- Initiated successful modification of the State's Credit Hour Reimbursement Formula that increased the reimbursement rate for Adult Education from less than \$10/credit hour to over \$50/credit hour;
- Built a new state-of-the-art campus for Kennedy-King College and improved other facilities;
- Created a Leadership Academy to train future executives in order to address concerns of succession planning, and,
- Collaborated on an unprecedented 5-year labor agreement with the Cook County Teachers Union (CCCTU) Local 1600 that ensures six years of instructional continuity.

As I reflect on the last ten years, I have a strong feeling of gratitude and a great sense of fulfillment that the District is in stable financial condition as reported by this CAFR. This financial state is possible due to the support of students, faculty and staff, the Board of Trustees and our various external partners. We were successful in maximizing our revenue streams and controlling costs along the way. Thus, I would like to express my sincerest appreciation to the students for entrusting their education to the City Colleges of Chicago, to the faculty and staff for their commitment in delivering excellent services, to the Board of Trustees for its unwavering support and to our external partners for their commitment in carrying out the mission of the District.

As I start a new phase of my life and leave the job that I love and am passionate about, I will be comforted by the fact that this annual report shows that the District is financially stable and will be able to continue to provide the quality education to the citizens of Chicago. It is my hope that the District remains an open-door institution that serves large numbers of ethnic minorities, working adults, single parents and individuals from all economic strata.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wayne D. Watson', with a large, sweeping flourish extending to the right.

Wayne D. Watson  
Chancellor

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# **Introductory Section**



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

**Comprehensive Annual Financial Report  
Fiscal year ended June 30, 2008**

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## Transmittal Letter

December 22, 2008

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City Colleges of Chicago, Community College District No. 508 (City Colleges), for the fiscal year ended June 30, 2008. It has been prepared in accordance with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

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

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

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

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

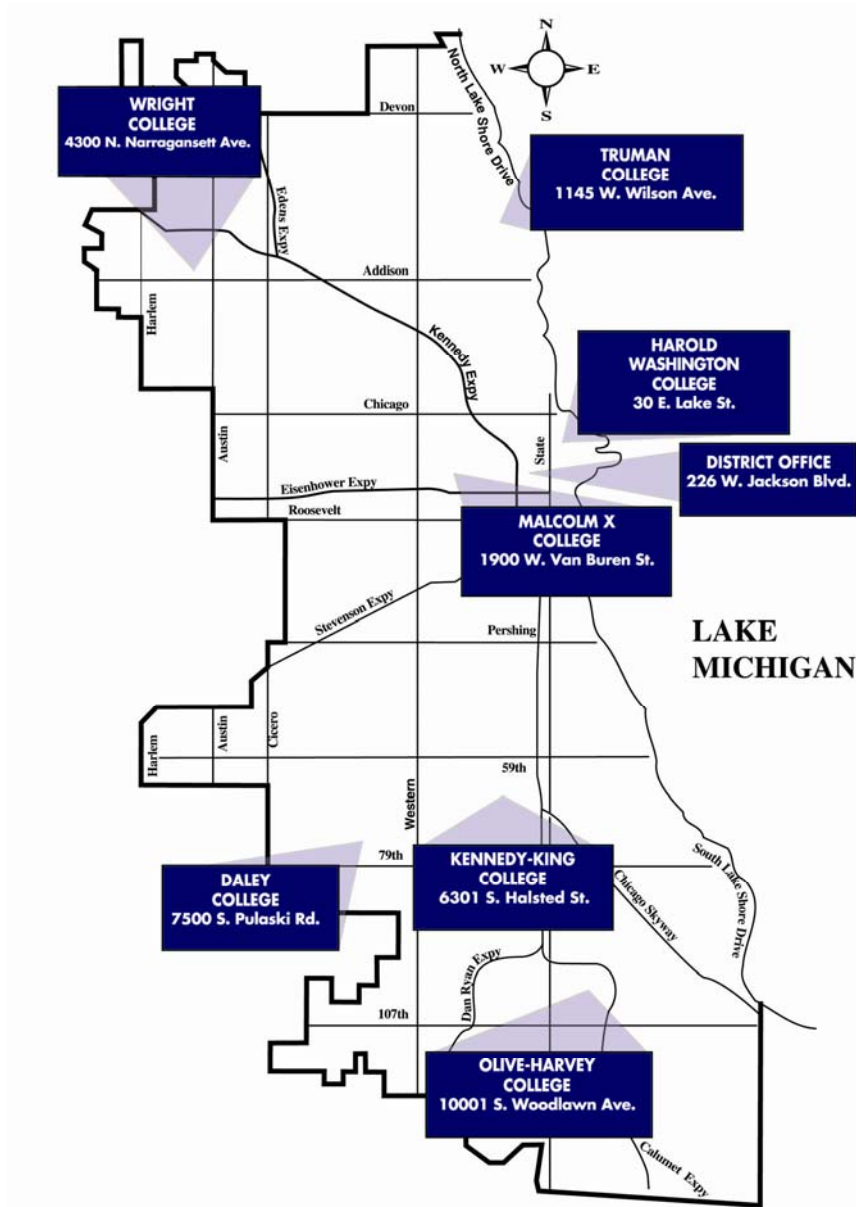
The City Colleges is a body politic and corporate, and a community college district of the State of Illinois having boundaries coterminous with the City of Chicago. The City Colleges is established under and governed by the Illinois Public Community College Act. The City Colleges is not a home rule unit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

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

The District is coterminous with the City of Chicago, which currently occupies a land area of approximately 228.5 square miles, and serves a population of approximately 2,836,000.

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

## City Colleges of Chicago



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

\*District Office

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

The City Colleges' current strategic plan, strategic goals, and tactical plans were developed by a team from the campuses and district office, and are reviewed and updated annually. City Colleges' strategic planning initiative, Vision 2011, calls for assessment of all aspects of CCC curricula and our delivery systems to ensure that our students are not only able to compete but to thrive in the global marketplace.

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

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

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

Goal 1: Solidify commitment to student learning/effective teaching

Goal 2: Generate awareness and access

Goal 3: Strengthen relationships with external constituents

Goal 4: Develop and retain the highest quality CCC workforce

Goal 5: Enhance student support services

Goal 6: Declare commitment to the key markets CCC serves

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

## **ECONOMIC CONDITION AND OUTLOOK**

Chicago continues to have one of the strongest regional economies in the country, and is noted for its business diversity and resilience. Fiscal year 2008 has proven to be a year of mixed economic activity. The city's sales tax collections are weakening somewhat as real estate market values are growing at a slower rate than in the past.

The Chicago Business Activity Index (CBAI) was at 65.5 in July, 2008 and at 65.3 in June, 2008. Prior to that month, the index has been below the long-term trend in ten consecutive readings since August 2007. In July, manufacturing production increased by 0.4%. However, construction and retail sales decreased 0.24 percent and 0.58 percent, respectively. As of 2007, the gross regional product (GRP) of the Chicago metro area totaled \$470 billion, and between 2000 and 2007, GRP grew by 9%, according to World Business Chicago.

Few other major metropolitan centers have the diverse economy, workforce, infrastructure, and distribution channels needed to compete with Chicago. The headquarters for 20 of the Fortune 500 companies are located in Chicago, second only to New York.

According to several positive economic indicators, Chicago remains a thriving center of tourism and conventions. The city hosts various festivals which attract millions of visitors – Taste of Chicago, Chicago Blues Festival, Air and Water Show, etc. The city has been and continues to be the choice for major conventions by hundreds of companies. In addition, it is home to some of the world's best museums, renowned architecture, vibrant theatre district, restaurants and shopping destinations which contribute to the growing local economy. Finally, Chicago is a candidate to host the 2016 Summer Olympics.

The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, a high degree of uncertainty surrounds future economic developments, largely due to the financial market unrest and high energy prices. Analysts expect that the regional economic growth will be below its historical trend largely due to the sluggish national economic activity.

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



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

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

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

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

- Basic infrastructure and equipment are old and inadequate, requiring high maintenance and repair costs. Due to aging building infrastructure at the City Colleges of Chicago, it is becoming increasingly difficult to attract students. A five year, \$1.1 billion capital improvement plan was approved by the Board of Trustees. However, only \$124 million in funding is currently available.
- State funding for community college infrastructure has been requested in the Governor's FY 2009 budget but has not been approved by the Illinois legislature for the coming fiscal year.

## PROSPECTS FOR THE FUTURE

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

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

<u>Fiscal Year</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Total Headcount</b>	113,277	110,706	115,460	129,572	140,291
<b>Total Full-Time Equivalent</b>	39,788	39,988	41,550	45,043	48,073

Source: College Records

Overall enrollment across all mission pillars declined while Baccalaureate/Transfer increased over the five year period. This change is the result of multiple factors including the loss of facilities, program restructuring/right-sizing, demographic changes in the Chicago neighborhoods, closures of adult education off-campus sites, changes in immigration policies and patterns, discontinuation of the military program and elimination of administrative positions overseeing some course offerings due to budgetary constraints.

For fiscal year 2009, City Colleges will continue the following initiatives to improve its enrollment outlook:

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

Preliminary enrollment data for fiscal year 2009 indicate a positive increase for the current academic year.

## FINANCIAL INFORMATION

In fiscal year 2008, City Colleges ended in a good financial condition, in spite of having revenues before capital additions lower than expenditures. This year began with uncertainty over State funding, so the City Colleges budgeted prudently and controlled costs. At the end of the year, the City Colleges maintained a consistently strong financial position. The City Colleges total net assets of \$743.0 million increased by \$27.8 million over FY 2007.

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

**Budgeting Controls:** Annual budgets are prepared on a basis consistent with Generally Accepted Accounting Principles. The fiscal year begins on July 1 and ends on June 30 with annual appropriations lapsing at the fiscal year-end. Individual colleges submit budget requests based on the colleges' strategic and tactical plans as reviewed and approved by the Chancellor. Administrative units submit requests for the Chancellor's review. The Budget Office compiles requests and recommendations for submission to the Board of Trustees for appropriation. The appropriated budget is prepared by fund, department, and account.

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

The Board approved changes in the purchasing rules effective August 2008. Board approval is required for all purchases of goods and services over \$10,000 from a single vendor during the fiscal year.

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

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

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

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

Estimated assessed value of taxable property for tax year 2007 collectible in fiscal year 2008 is \$73,605,314,512. Estimated assessed value of taxable property for tax year 2006 collectible in fiscal year 2007 was \$69,479,300,657. City Colleges' average collection rate over the past five years has been approximately 96%.

## **DEBT ADMINISTRATION**

At the beginning of the fiscal year, City Colleges had one outstanding long-term debt issue in the amount of \$31,695,000, which was for a building lease obligation for the construction and maintenance of its buildings. As of June 30, 2008, there was no outstanding balance. As of June 30, 2007, \$31,695,000 was outstanding, and during the fiscal year \$22,505,000 in principal was retired.

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

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

City Colleges invests funds in various securities listed as permitted investments in the Board-approved Investment Policy. The securities include, but are not limited to, money market funds, U.S. Treasury bonds, bills, notes, certificates of deposit, and the Illinois Funds (two money market funds managed by the Illinois State Treasurer's Office for investors of public funds). Investment income for FY 2008 totaled \$11.3 million, compared to \$13.3 million in FY 2007.

**Risk Management:** City Colleges' Risk Manager actively assesses and reviews the types of risk and exposures the district may encounter and strives to mitigate the potential impacts on the organization. The risk manager purchases commercial insurance to cover significant property, liability, and workers' compensation losses for amounts in excess of self-insured amounts. The City Colleges is self-insured on the property, general liability and workers' compensation for up to \$10,000, \$250,000 and \$400,000 per claim, respectively.

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

## **OTHER INFORMATION**

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

**Awards:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to City Colleges of Chicago for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

City Colleges of Chicago has also earned GFOA's **Award for Distinguished Budget Presentation** for its annual budget for the year ended June 30, 2008. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device.

**Acknowledgements:** The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Office of Finance. We wish to express our sincere appreciation for the contributions they have made in preparing this report.

Respectfully submitted,

Kenneth Gotsch  
Vice Chancellor Finance/CFO

Dolores Javier, CPA  
Associate Vice Chancellor Finance/Treasurer

Valerie Highsmith, CPA  
Controller

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
PRINCIPAL OFFICIALS  
Year Ended June 30, 2008**

**BOARD OF TRUSTEES**

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

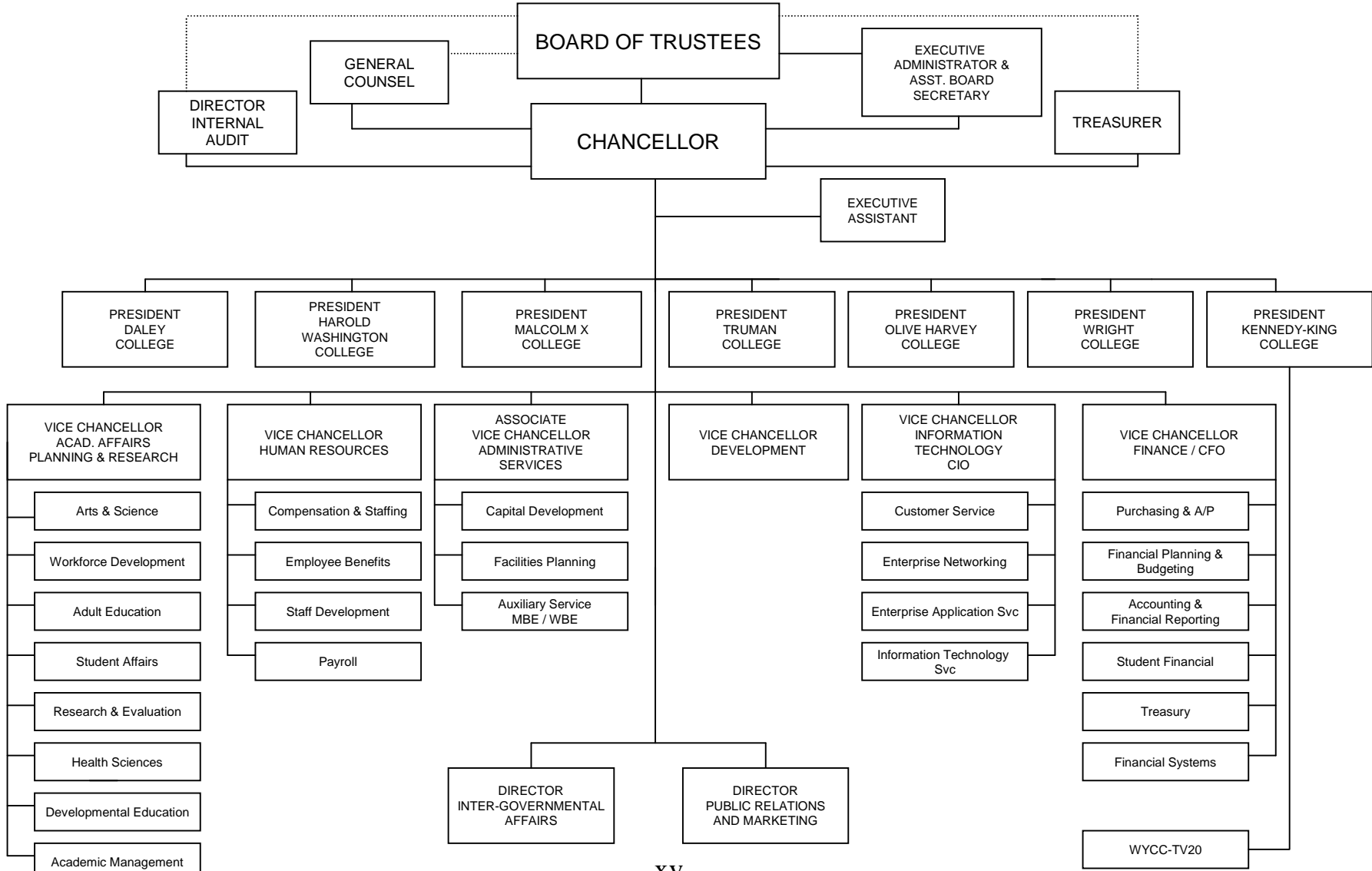
**ADMINISTRATIVE OFFICERS**

Wayne D. Watson, Chancellor  
Sylvia R. Ramos, President, Richard J. Daley College  
Clyde El-Amin, President, Kennedy-King College  
Ghingo Brooks, Interim President, Malcolm X College  
Valerie Roberson, President, Olive-Harvey College  
Lynn Walker, President, Harry S. Truman College  
John Wozniak, President, Harold Washington College  
Charles Guengerich, President, Wilbur Wright College  
James Reilly, General Counsel  
Xiomara Cortes-Metcalf, Vice Chancellor Human Resources  
Kenneth C. Gotsch, Vice Chancellor Finance / CFO  
John Dozier, Vice Chancellor Information Technology / CIO  
Angela Henderson, Vice Chancellor Academic Affairs  
Michael Mutz, Vice Chancellor Development  
Valerie Highsmith, Controller

**REPORT ISSUED BY**

Office of Finance

# City Colleges of Chicago Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City Colleges of Chicago  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director



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# **Financial Section**

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of City Colleges of Chicago, Community College District No. 508 ("City Colleges") as of and for the years ended June 30, 2008 and 2007, as listed in the foregoing table of contents. These basic financial statements are the responsibility of City Colleges' management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of City Colleges of Chicago, Community College District No. 508 as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 5–14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of City Colleges' management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on City Colleges' basic financial statements. The supplementary Uniform Financial Statements on pages 69–73, Certification of Chargeback Reimbursement on page 74, and introductory and statistical sections as listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of City Colleges' management. The Uniform Financial Statements and the Certification of Chargeback Reimbursement have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our

opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

*Deloitte & Touche LLP*

December 22, 2008

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

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

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The discussion and analysis of City Colleges of Chicago (City Colleges) financial performance provides an overall review of City Colleges' financial activities for the years ended June 30, 2008 and 2007. This discussion and analysis focuses on current activities, currently known facts and related changes. The management of City Colleges encourages readers to consider the information being presented herein in conjunction with the transmittal letter, which precedes this section, the basic financial statements and accompanying notes, which immediately follow this section, to enhance their understanding of City Colleges' financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current and prior year is required to be presented in the Management Discussion and Analysis (the "MD&A"). Responsibility for the completeness and fairness of the information presented here rests with City Colleges.

### **Using This Annual Report**

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

### **Financial Highlights**

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

**Fiscal year 2008** - Total net assets as of June 30, 2008 increased by \$27.8 to \$743.0 million.

Current assets decreased by \$77.7 million due in part to a \$45.6 million decrease in short-term investments, a \$25.9 million decrease in property tax receivable, and a \$7.1 million decrease in accounts receivable. The \$45.6 million decrease in short-term investments was primarily due to a change in the maturity dates of the instruments by our new investment management firm. The \$25.9 million decrease in property tax receivable is because City Colleges is no longer collecting taxes for lease payments. The \$7.1 million decrease in accounts receivable is due to the decrease in capital improvements receivable related to the Kennedy-King campus.

The investment in capital assets increased by \$77.7 million, which was primarily due to the completion of the new Kennedy-King campus. In fiscal year 2008, \$46.0 million in buildings and building improvements were retired, with a corresponding decrease in accumulated depreciation, in order to recognize the removal of parts of buildings that were remodeled.



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

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The other non-current assets increased by \$17.4 million due to the transfer of \$50.1 million in investments from short-term to long-term, which was offset by a \$24.2 million decrease in restricted investments as well as an \$8.6 million decrease in the funds held by the Public Building Commission of Chicago. The \$24.2 million decrease in restricted investments was due to the final lease payment made from these investments.

Total current liabilities decreased by \$46.1 million primarily due to the payoff of \$31.7 million in current leases, a \$12.0 million decrease in deferred property tax revenue, as well as a \$3.5 million decrease in accrued property tax refunds. Total non-current liabilities increased by \$3.9 million due to a \$3.4 million increase in other post-employment benefits, and a \$0.5 million increase in other liabilities.

**Fiscal year 2007** - Total net assets as of June 30, 2007 increased by \$159.4 to \$715.2 million.

Current assets increased by \$84.2 million due in part to a \$115.2 million increase in short-term investments offset by a \$31.9 million decrease in account receivable. The \$115.2 million increase in short-term investments was due to \$46.6 million in transfers from long-term to short-term investments, \$34.1 million from income before capital appropriations, and the payment of the accounts receivable of \$31.9 million noted above.

The investment in capital assets increased by \$139.4 million, which was primarily due to the continued construction of the new Kennedy-King campus. In fiscal year 2007, \$9.2 million in buildings, building improvements and equipment were retired, with a corresponding decrease in accumulated depreciation, in order to recognize the removal of parts of buildings that were remodeled.

The other non-current assets decreased by \$73.5 million, primarily due to a \$17.1 million decrease in the Funds held by PBCC for funds used for the continuing construction of the new Kennedy-King campus as well as the transfer of \$46.6 million in investments from long-term to short-term.

Total current liabilities decreased by \$1.4 million primarily due to a \$14.1 million decrease in deferred grant revenue offset by a \$12.7 million increase in remaining current liabilities. Total non-current liabilities decreased by \$32.3 million due to a \$24.4 million principal payment of lease obligations, a \$7.1 million decrease in sick leave benefits, and a \$.8 million decrease in other liabilities.

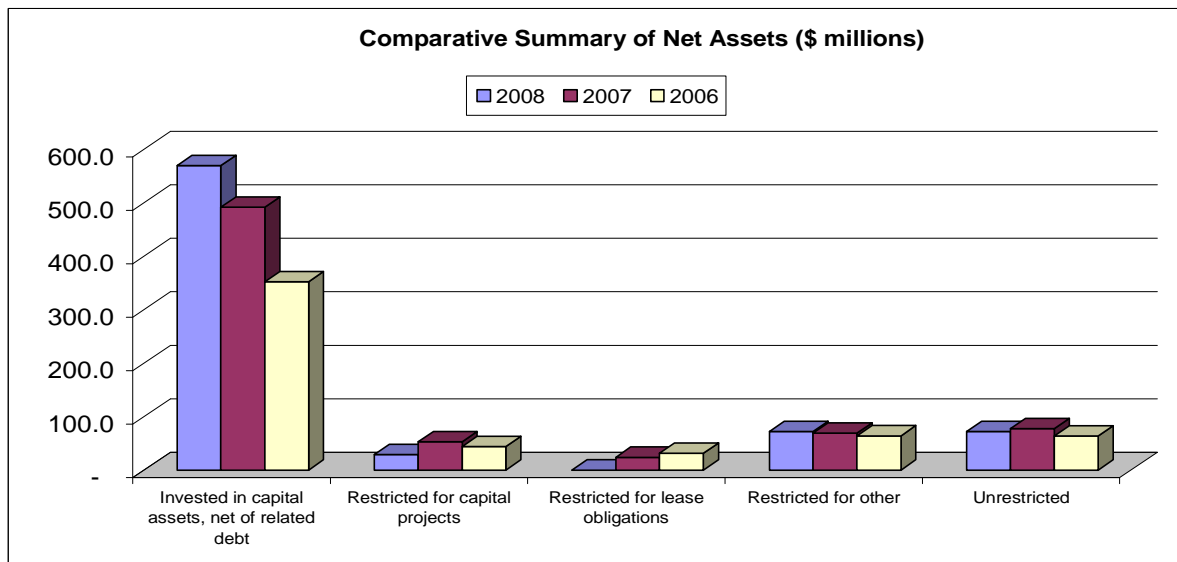




**Community College District No. 508  
Management's Discussion and Analysis**

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

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>2006</u>	<u>Increase (Decrease)</u>
Current assets	\$ 253.7	\$ 331.4	\$ (77.7)	\$ 247.2	\$ 84.2
Non-current assets					
Capital assets	756.7	729.8	26.9	603.3	126.5
Less accumulated depreciation	(187.0)	(206.1)	19.1	(194.6)	(11.5)
Other assets	77.8	60.4	17.4	133.9	(73.5)
<b>Total assets</b>	<b>\$ 901.2</b>	<b>\$ 915.5</b>	<b>\$ (14.3)</b>	<b>\$ 789.8</b>	<b>\$ 125.7</b>
Current liabilities	\$ 124.5	\$ 170.6	\$ (46.1)	\$ 172.0	\$ (1.4)
Non-current liabilities	33.6	29.7	3.9	62.0	(32.3)
<b>Total liabilities</b>	<b>\$ 158.1</b>	<b>\$ 200.3</b>	<b>\$ (42.2)</b>	<b>\$ 234.0</b>	<b>\$ (33.7)</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	\$ 569.7	\$ 492.0	\$ 77.7	\$ 352.6	\$ 139.4
Restricted for expendable:					
Capital projects	28.8	53.0	(24.2)	44.1	8.9
Lease obligation	-	23.8	(23.8)	31.1	(7.3)
Other	72.1	69.0	3.1	64.1	4.9
Unrestricted	72.4	77.4	(5.0)	63.9	13.5
<b>Total net assets</b>	<b>\$ 743.0</b>	<b>\$ 715.2</b>	<b>\$ 27.8</b>	<b>\$ 555.8</b>	<b>\$ 159.4</b>





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

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

<b>Operating</b>	<b>2008</b>	<b>2007</b>	<b>Increase (Decrease)</b>	<b>2006</b>	<b>Increase (Decrease)</b>
Revenues	\$ 44.8	\$ 42.5	\$ 2.3	\$ 48.2	\$ (5.7)
Expenses	(390.0)	(325.5)	64.5	(316.3)	9.2
Operating loss	(345.2)	(283.0)	62.2	(268.1)	14.9
<b>Non-operating</b>					
Revenues	321.4	323.9	(2.5)	305.9	18.0
Expenses	(2.0)	(6.9)	(4.9)	(12.7)	(5.8)
Net non-operating revenue	319.4	317.0	2.4	293.2	23.8
(Loss) income before capital contributions	(25.8)	34.0	(59.8)	25.1	8.9
Capital contributions	53.6	125.4	(71.8)	57.6	67.8
Change in net assets	27.8	159.4	(131.6)	82.7	76.7
Net assets, beginning of year	715.2	555.8	159.4	473.1	82.7
Net assets, end of year	<u>\$ 743.0</u>	<u>\$ 715.2</u>	<u>\$ 27.8</u>	<u>\$ 555.8</u>	<u>\$ 159.4</u>

**Fiscal year 2008** - In fiscal year 2008, income before capital contributions decreased by \$59.8 million for the year. Operating revenues increased by \$2.3 million due to an increase in net tuition and fees. Operating expenses increased by \$64.5 million due to a \$10.7 million increase in staffing costs, a \$10.1 million increase in fringe benefits, and a \$22.7 million increase in equipment not capitalized, a \$2.0 million increase in utilities, a \$8.7 million increase in contractual services, a \$6.5 increase in depreciation, and a \$6.6 million increase in financial aid. These increases caused an increase in the operating loss of \$62.2 million.

Net non-operating revenues increased by \$2.4 million due to a \$4.5 million increase in other state grants, a \$6.1 million increase in local property taxes, a \$6.6 million increase in federal grants, and a \$4.9 million decrease in lease and interest payments, which were offset by a \$1.7 million decrease in state apportionment, a \$16.2 million decrease in property taxes for lease obligations, and a \$2.0 million decrease in investment income.

**Fiscal year 2007** - In fiscal year 2007, income before capital contributions increased by \$8.9 million for the year. Operating revenues decreased by \$5.7 million due to a \$4.6 decrease in net tuition and fees and a \$1.1 million decrease in other operating revenues. Operating expenses increased by \$9.2 million due to an \$8.7 million increase in staffing costs, a \$3.1 million increase in fringe benefits, and a \$4.3 million increase in supplies, offset by a \$5.4 million decrease in financial aid, and a \$1.6 million decrease in other operating expenses. This caused an increase in the operating loss of \$14.9 million.



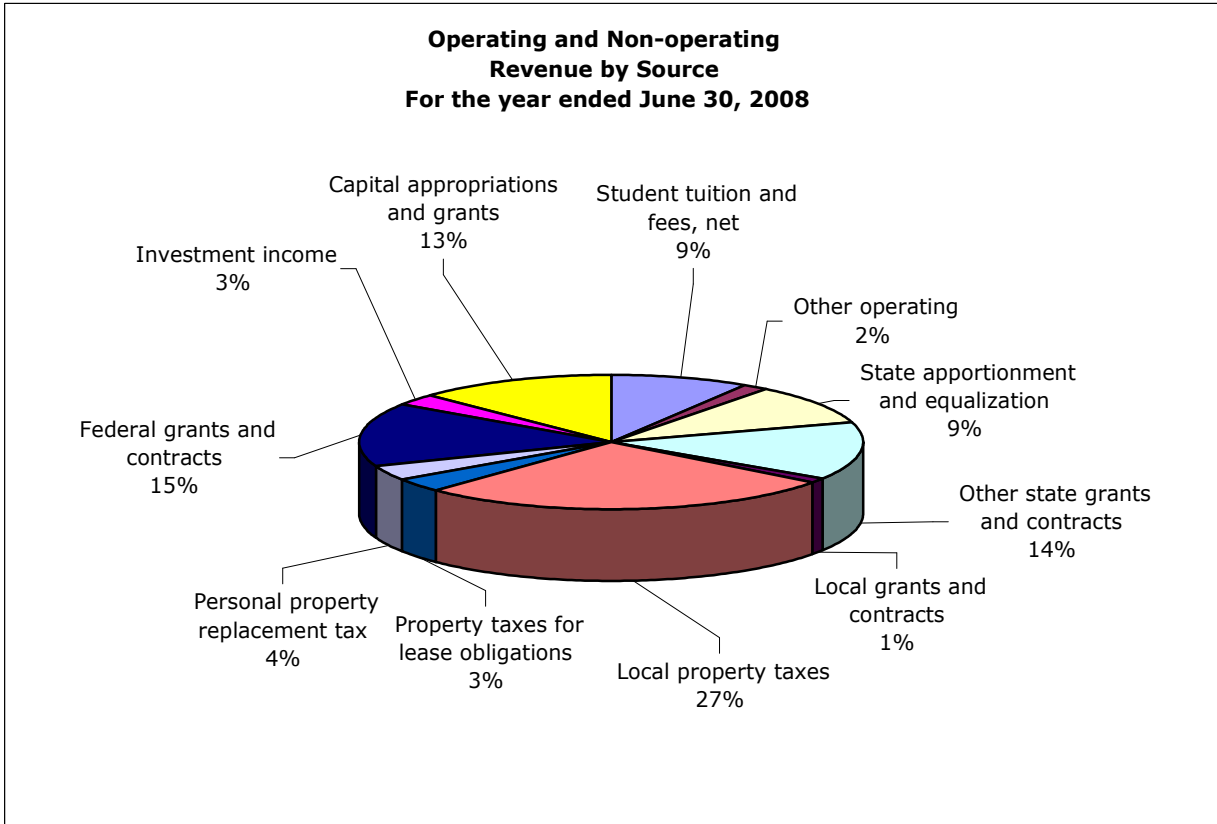
**Community College District No. 508  
Management's Discussion and Analysis**

Net non-operating revenues increased by \$23.8 million due to a \$5.8 million increase in property taxes, a \$10.9 million increase in state and local grants, a \$4.9 million decrease in federal grants, a \$5.0 million increase in investment income, a \$1.2 million increase in other non-operating revenues, offset by a \$5.8 million decrease in lease and interest payments.

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

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>2006</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>					
Student tuition and fees	\$ 75.3	\$ 69.5	\$ 5.8	\$ 67.6	\$ 1.9
Less scholarships	(37.5)	(34.1)	(3.4)	(27.6)	(6.5)
Other operating	<u>7.0</u>	<u>7.1</u>	<u>(0.1)</u>	<u>8.2</u>	<u>(1.1)</u>
Total operating revenues	44.8	42.5	2.3	48.2	(5.7)
<b>Non-operating revenues:</b>					
State apportionment and equalization	39.8	41.5	(1.7)	38.6	2.9
Other state grants and contracts	59.4	54.9	4.5	48.2	6.7
Local grants and contracts	4.1	4.9	(0.8)	3.6	1.3
Local property taxes	113.2	107.1	6.1	101.8	5.3
Property taxes for lease obligations	13.9	30.1	(16.2)	29.6	0.5
Personal property replacement tax	15.5	14.5	1.0	13.3	1.2
Federal grants and contracts	64.2	57.6	6.6	62.5	(4.9)
Investment income	<u>11.3</u>	<u>13.3</u>	<u>(2.0)</u>	<u>8.3</u>	<u>5.0</u>
Total non-operating revenues	321.4	323.9	(2.5)	305.9	18.0
Capital appropriations and grants	<u>53.6</u>	<u>125.4</u>	<u>(71.8)</u>	<u>57.6</u>	<u>67.8</u>
Total revenues	<u>\$ 419.8</u>	<u>\$ 491.8</u>	<u>\$ (72.0)</u>	<u>\$ 411.7</u>	<u>\$ 80.1</u>

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

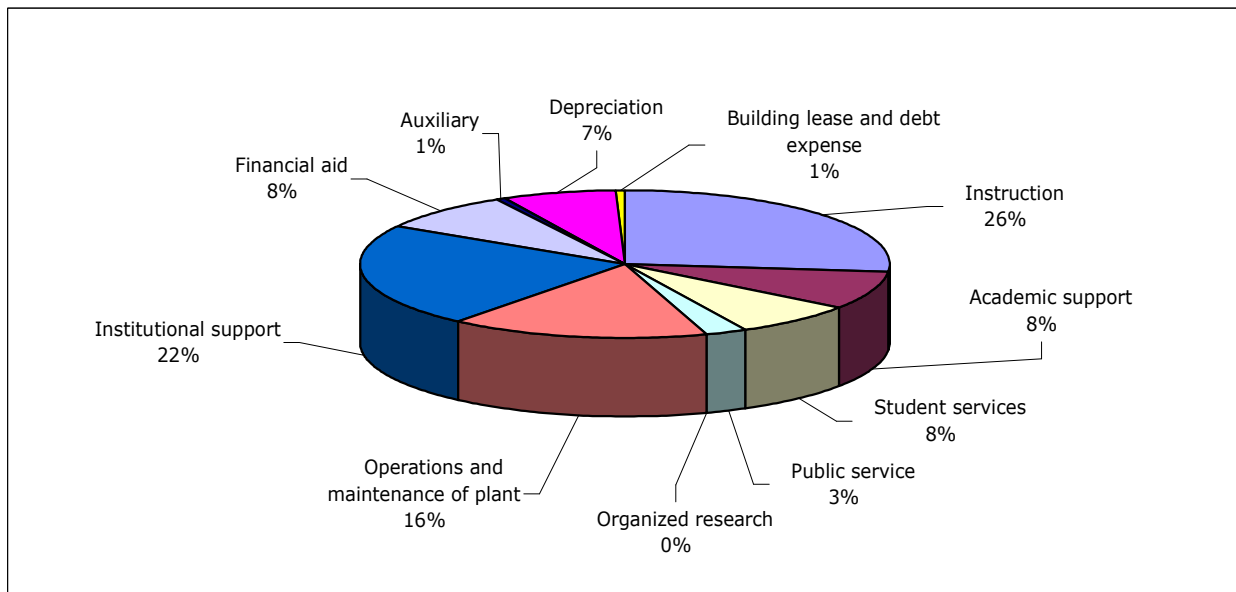




**Community College District No. 508  
Management's Discussion and Analysis**

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

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>2006</u>	<u>Increase (Decrease)</u>
<b>Operating Expense</b>					
Instruction	\$ 105.0	\$ 99.7	\$ 5.3	\$ 97.1	\$ 2.6
Academic support	31.7	30.3	1.4	27.9	2.4
Student services	29.6	28.0	1.6	25.4	2.6
Public service	9.9	10.9	(1.0)	9.4	1.5
Organized research	0.7	0.6	0.1	0.2	0.4
Operations and maintenance of plant	61.4	31.1	30.3	35.2	(4.1)
Institutional support	89.8	77.5	12.3	66.7	10.8
Financial aid	32.6	26.0	6.6	31.4	(5.4)
Auxiliary	2.1	0.7	1.4	1.2	(0.5)
Depreciation	27.2	20.7	6.5	21.8	(1.1)
<b>Total Operating Expenses</b>	<b>390.0</b>	<b>325.5</b>	<b>64.5</b>	<b>316.3</b>	<b>9.2</b>
<b>Non-operating expenses</b>					
Building lease and debt expense	2.0	6.9	(4.9)	12.7	(5.8)
<b>Total Expenses</b>	<b>\$ 392.0</b>	<b>\$ 332.4</b>	<b>\$ 59.6</b>	<b>\$ 329.0</b>	<b>\$ 3.4</b>





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

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

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>2006</u>	<u>Increase (Decrease)</u>
Capital Assets					
Land	\$ 49.0	\$ 19.6	\$ 29.4	\$ 17.4	\$ 2.2
Buildings and improvements	643.0	488.9	154.1	478.4	10.5
Construction in progress	18.4	182.7	(164.3)	70.2	112.5
Equipment	16.8	9.9	6.9	8.7	1.2
Software	28.8	28.7	0.1	28.6	0.1
Vehicles	<u>0.7</u>	<u>-</u>	<u>0.7</u>	<u>-</u>	<u>-</u>
Total	756.7	729.8	26.9	603.3	126.5
Less accumulated depreciation	<u>(187.0)</u>	<u>(206.1)</u>	<u>19.1</u>	<u>(194.6)</u>	<u>(11.5)</u>
Net capital assets	<u>\$ 569.7</u>	<u>\$ 523.7</u>	<u>\$ 46.0</u>	<u>\$ 408.7</u>	<u>\$ 115.0</u>

**Capital Assets**

**Fiscal year 2008** - As of June 30, 2008, City Colleges had \$756.7 million in capital assets, \$187.0 million in accumulated depreciation, and \$569.7 million in net capital assets. This investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles and software. The total increase in City Colleges' net capital assets for the current fiscal year was \$46.0 million, or 8.8%. **(See Note 5)**

Major capital asset events during fiscal year 2008 included the following:

- The completion of the new Kennedy-King campus. The total cost as of the close of the fiscal year reached \$250.1 million.
- A net increase of \$154.1 million in buildings and improvements was due to a \$200.1 million increase for building renovations, offset by a retirement of \$46.0 million in fully-depreciated building infrastructure.



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

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**Capital Assets** *(Continued)*

**Fiscal year 2007** - As of June 30, 2007, City Colleges had \$729.8 million in capital assets, \$206.1 million in accumulated depreciation, and \$523.7 million in net capital assets. This investment in net capital assets includes land, buildings, and improvements; construction in progress; equipment; and software. The total increase in City Colleges' net capital assets for the current fiscal year was \$115.0 million, or 28.1%. **(See Note 5)**

Major capital asset events during fiscal year 2007 included the following:

- Continued construction of the new Kennedy-King facilities. Capital construction in progress as of the close of the fiscal year had reached \$112.5 million.
- A net increase of \$10.5 million in buildings and improvements was due to a \$19.7 million increase for building renovations, offset by a retirement of \$9.2 million in fully-depreciated building infrastructure.
- Purchased a former LaSalle Bank site near Daley College for \$2.2 million.

**Non-current Liabilities**

**Fiscal year 2008** - As of June 30, 2008, City Colleges had total non-current liabilities of \$36.3 million before reduction of current maturities. This amount includes \$2.7 million for compensated absences, \$20.5 million of accumulated sick leave benefit liability for current employees and \$13.1 million of other post employment benefits for retired employees. **(See Note 13)**

**Fiscal year 2007** - As of June 30, 2007, City Colleges had total non-current liabilities of \$64.2 million before reduction of current maturities. This amount includes \$2.6 million for compensated absences, \$20.2 million of accumulated sick leave benefit liability for current employees and \$9.7 million of other post employment benefits for retired employees. The remaining debt of \$31.7 million represents capital lease obligations with the PBCC. The reduction of this debt is due to lease payments totaling \$24.4 million. **(See Note 7)**



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

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

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>2006</u>	<u>Increase (Decrease)</u>
Accrued compensated absences	\$ 2.7	\$ 2.6	\$ 0.1	\$ 2.5	\$ 0.1
Sick leave benefits	20.5	20.2	0.3	27.3	(7.1)
Other post retirement benefits	13.1	9.7	3.4	4.4	5.3
Lease obligations	<u>-</u>	<u>31.7</u>	<u>(31.7)</u>	<u>56.1</u>	<u>(24.4)</u>
Sub-total	36.3	64.2	(27.9)	90.3	(26.1)
Less current portion	<u>(2.7)</u>	<u>(34.5)</u>	<u>31.8</u>	<u>(28.3)</u>	<u>(6.2)</u>
Total non-current liabilities	<u>\$ 33.6</u>	<u>\$ 29.7</u>	<u>\$ 3.9</u>	<u>\$ 62.0</u>	<u>\$ (32.3)</u>

**Requests for Information**

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



# College-Wide Financial Statements

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**City Colleges of Chicago**  
**Community College District No. 508**  
**Statement of Net Assets**  
**June 30, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,293,309	\$ 4,224,188
Short-term investments	186,758,238	232,318,400
Property tax receivable, net	49,213,838	75,072,969
Personal property replacement tax receivable	2,342,384	2,563,249
Other accounts receivable, net	10,042,034	17,100,741
Prepaid items and other assets	4,092	104,292
Total current assets	253,653,895	331,383,839
Non-current assets:		
Restricted cash	6,031,812	5,948,146
Funds held by Public Building Commission	16,325,337	24,893,296
Long-term investments	54,467,781	4,381,941
Restricted investments	936,619	25,190,240
Capital assets	756,706,259	729,777,010
Less: Accumulated depreciation	(186,971,382)	(206,074,196)
Total non-current assets	647,496,426	584,116,437
Total assets	901,150,321	915,500,276
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	16,253,573	10,291,903
Accrued payroll	6,260,779	5,572,138
Other accruals	951,341	2,838,206
Deferred salaries	2,750,526	2,712,214
Deposits held in custody for others	1,946,979	2,126,815
Deferred tuition and fees revenue	5,053,003	4,788,373
Deferred property tax revenue	56,367,302	68,397,262
Accrued property tax refunds	14,964,344	18,498,179
Deferred grant revenue	6,280,745	12,832,655
Other liabilities	10,971,622	8,093,975
Current portion of non-current liabilities	2,691,450	34,490,360
Total current liabilities	124,491,664	170,642,080
Non-current liabilities:		
Accrued compensated absences	2,694,295	2,567,291
Sick leave benefits	20,499,936	20,194,545
Other post employment benefits	13,119,012	9,659,093
Lease obligations	-	31,695,000
Less current portion of non-current liabilities	(2,691,450)	(34,490,360)
Total non-current liabilities	33,621,793	29,625,569
Total liabilities	158,113,457	200,267,649
<b>Net assets</b>		
Invested in capital assets, net of related debt	569,734,877	492,006,098
Restricted for expendable:		
Capital projects	28,768,926	53,039,227
Lease obligations	-	23,795,853
Working Cash	66,153,427	63,733,216
Specific Purposes	6,584,970	5,299,487
Unrestricted	71,794,664	77,358,746
Total net assets	\$ 743,036,864	\$ 715,232,627

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

**City Colleges of Chicago**  
**Community College District No. 508**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the fiscal years ended June 30, 2008 and 2007**

<b>Revenues</b>	<u>2008</u>	<u>2007</u>
Operating revenues:		
Student tuition and fees:		
Resident tuition	\$ 52,611,578	\$ 51,441,016
Nonresident tuition	8,983,671	5,608,592
Fees	13,681,471	12,463,794
Less: Scholarship allowances	<u>(37,497,635)</u>	<u>(34,160,855)</u>
Net student tuition and fees	37,779,085	35,352,547
Other operating revenues	<u>6,997,724</u>	<u>7,130,296</u>
Total operating revenues	44,776,809	42,482,843
 <b>Expenses</b>		
Operating expenses:		
Instructional salaries	81,587,686	79,978,494
Non-instructional salaries	94,272,264	85,211,555
Fringe benefits	48,646,332	38,573,600
Supplies	17,756,862	18,458,080
Professional development	2,294,480	2,285,888
Equipment not capitalized	25,457,028	2,775,642
Utilities	12,565,805	10,558,453
Contractual services	45,368,250	36,639,498
Depreciation	27,231,445	20,667,118
Financial aid, exclusive of scholarship allowances	32,612,287	26,031,017
Other expenses	<u>2,203,370</u>	<u>4,255,320</u>
Total operating expenses	<u>389,995,809</u>	<u>325,434,665</u>
Operating loss	(345,219,000)	(282,951,822)
 Non-operating revenues (expenses):		
State apportionment and equalization	39,808,436	41,498,443
Other state grants and contracts	59,444,571	54,901,471
Local grants and contracts	4,073,193	4,900,467
Local property taxes	113,234,703	107,099,097
Property taxes for lease obligations	13,912,993	30,099,651
Personal property replacement tax	15,525,950	14,518,747
Federal grants and contracts	64,170,398	57,549,889
Investment income	11,293,733	13,311,136
Building lease and interest payments on debt	<u>(2,016,881)</u>	<u>(6,873,136)</u>
Non-operating revenues, net	<u>319,447,096</u>	<u>317,005,765</u>
Income before capital appropriations and grants	<u>(25,771,904)</u>	<u>34,053,943</u>
Capital appropriations and grants	<u>53,576,141</u>	<u>125,425,216</u>
Change in net assets	27,804,237	159,479,159
Net assets, beginning of year	<u>715,232,627</u>	<u>555,753,468</u>
<b>Net assets, end of year</b>	<u><u>\$ 743,036,864</u></u>	<u><u>\$ 715,232,627</u></u>

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

**City Colleges of Chicago**  
**Community College District No. 508**  
**Statement of Cash Flows**  
**For the fiscal years ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>		
Tuition and fees	\$ 38,015,686	\$ 36,832,165
Payments to suppliers	(128,520,193)	(87,797,749)
Payments to employees	(177,718,719)	(175,507,661)
Payments to students	(32,612,287)	(26,031,017)
Other	6,997,724	7,130,296
Net cash (used) by operating activities	<u>(293,837,789)</u>	<u>(245,373,966)</u>
<b>Cash flows from noncapital financing activities</b>		
Local property taxes except for capital lease payments	123,157,655	101,644,239
State appropriations	84,552,555	85,666,887
Personal property replacement tax	15,746,815	14,285,632
Grants and contracts	68,189,441	64,629,609
Net cash provided by noncapital financing activities	<u>291,646,466</u>	<u>266,226,367</u>
<b>Cash flows from capital and related financing activities</b>		
Local property taxes for capital lease payments	14,285,377	34,025,216
Capital lease principal, interest and other	(33,915,257)	(32,158,060)
Capital appropriations and grants	60,242,661	155,900,871
Purchases of capital assets	(68,766,650)	(134,718,291)
Net cash (used) provided by capital and related financing activities	<u>(28,153,869)</u>	<u>23,049,736</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	1,282,711,632	30,584,515
Purchases of investments	(1,262,983,689)	(88,168,805)
Interest received on investments	11,770,036	13,261,614
Net cash provided (used) by investing activities	<u>31,497,979</u>	<u>(44,322,676)</u>
Net increase in cash	1,152,787	(420,539)
Cash and cash equivalents at beginning of year	10,172,334	10,592,873
Cash and cash equivalents at end of year	<u>\$ 11,325,121</u>	<u>\$ 10,172,334</u>
Cash and cash equivalents	\$ 5,293,309	\$ 4,224,188
Restricted cash	6,031,812	5,948,146
	<u>\$ 11,325,121</u>	<u>\$ 10,172,334</u>
<b>Noncash Transactions</b>		
State payments on behalf of fringe benefits	14,700,452	10,733,027
State payment for construction	2,490,418	942,378
Increase (decrease) in fair market value of investments	303,085	563,529

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

**City Colleges of Chicago**  
**Community College District No. 508**  
**Statement of Cash Flows (Continued)**  
**For the fiscal years ended June 30, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	\$ (345,219,000)	\$ (282,951,822)
Depreciation	27,231,445	20,667,118
State payment for retirement obligation	14,700,452	10,733,027
Changes in net assets:		
Receivables, net	(504,332)	1,271,396
Prepaid items and other assets	100,200	739,493
Accounts payable	4,573,818	2,820,113
Accrued payroll	688,641	610,396
Other accruals	(2,302,077)	1,379,308
Deferred salaries	38,312	380,166
Deposits held in custody for others	(179,836)	(38,752)
Deferred tuition and fees revenue	264,630	208,222
Other liabilities	2,877,647	639,762
Accrued compensated absences	127,004	63,793
Sick leave benefits	305,391	(7,125,655)
Other post employment benefits	3,459,919	5,229,469
Net cash (used) by operating activities	\$ (293,837,789)	\$ (245,373,966)

The State of Illinois provided \$2,490,418 and \$942,378 of in-kind capital assets during the years ended June 30, 2008 and 2007, respectively.

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

# Notes to Financial Statements

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

**Notes to Basic Financial Statements  
June 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The accompanying financial statements include all entities for which the Board of Trustees of City Colleges has financial accountability. In defining the financial reporting entity, City Colleges has considered whether there are any potential component units.

The Public Building Commission of Chicago (PBCC) and the City Colleges of Chicago Foundation are organizations affiliated with City Colleges. These entities are not reflected in these financial statements as component units of City Colleges. The resources of PBCC are not received or held entirely or almost entirely for City Colleges, nor can City Colleges access a majority of PBCC's resources. The City Colleges of Chicago Foundation's resources are equivalent to less than 0.66% of City Colleges' net assets and, therefore, deemed not significant.

**B. Basis of Accounting**

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

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

**Notes to Basic Financial Statements**  
**June 30, 2008**

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

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

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

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

**C. Cash and Cash Equivalents**

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

**D. Investments**

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

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

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

**Notes to Basic Financial Statements**  
**June 30, 2008**

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

**E. Receivables**

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

**F. Allowance for Uncollectibles**

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

**G. Property Taxes**

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

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

In accordance with City Colleges' Board resolution, 50% of property taxes extended for the 2007 tax year and collected in 2008 are recorded as revenue in fiscal year 2008. The remaining revenue related to the 2007 tax year extension was deferred and will be recorded as revenue in fiscal year 2009. Based upon collection histories, City Colleges recorded real property taxes at 96% of the 2007 extended levy.

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

**Notes to Basic Financial Statements  
June 30, 2008**

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

**H. Personal Property Replacement Tax Revenue**

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

**I. Prepaid Items and Other Assets**

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

**J. Restricted Cash and Investments**

Cash and investments externally restricted for lease or debt service payments, or to purchase or construct capital or other non-current assets, are classified as non-current assets in the Statement of Net Assets.

**K. Capital Assets**

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

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

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

In fiscal year 2006, City Colleges changed its capitalization policy for movable property to include only items with a unit cost greater than \$25,000 and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure and are over \$200,000 are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

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

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

**Notes to Basic Financial Statements  
June 30, 2008**

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

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

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

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

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

**L. Deferred Revenues**

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

**M. Non-Current Liabilities**

Non-current liabilities include: (1) principal amounts of bonds and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences, sick leave benefits (payments to retirees for accumulated unused sick days), other post-employment benefits and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as other assets (deferred charges).

**N. Compensated Absences**

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

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

**Notes to Basic Financial Statements  
June 30, 2008**

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

**O. Net Assets**

City Colleges' net assets are classified as follows:

*Invested In Capital Assets, Net of Related Debt*

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

*Restricted Net Assets – Expendable*

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

*Unrestricted Net Assets*

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

**P. Classification of Revenues and Expenses**

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

*Operating Revenue and Expenses*

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

*Non-Operating Revenue and Expenses*

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

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

**Notes to Basic Financial Statements  
June 30, 2008**

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

**Q. Tuition and Fees**

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

**R. Income Taxes**

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

**S. Use of Estimates**

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

**T. New Accounting Standard**

GASB Statement No. 50, *Pension Disclosures* which amends GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employees*, is effective for financial statements for periods beginning after June 15, 2007. In fiscal year 2008, City Colleges implemented this standard with no financial impact.

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

**Notes to Basic Financial Statements  
June 30, 2008**

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**2. DEPOSITS AND INVESTMENTS**

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

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

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

**Deposits**

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

**Investments**

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



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

**Notes to Basic Financial Statements  
June 30, 2008**

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

**Investments** *(Continued)*

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

***Concentration of credit risk*** – At June 30, 2008 and 2007 respectively, City Colleges had greater than five percent of its overall portfolio invested in the Illinois Funds. This is in accordance with City Colleges' investment policy, which does not contain any specific guidelines on the diversification of the investment portfolio.

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

Investments are commingled in order to maximize earnings

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

The carrying amount of its investments at June 30, 2008, which approximates fair value, is \$242,162,638. The amount at June 30, 2007 was \$261,890,581.

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

**Notes to Basic Financial Statements  
June 30, 2008**

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

**Investments** (Continued)

City Colleges' investments are shown in the following tables:

Investment Type	S&P Rating	June 30, 2008	Investment Maturities (in years)	
		Fair Value	Less Than 1	Greater Than 1
US Treasury Obligations	AAA	\$ 11,903,417	\$ 694,503	\$ 11,208,914
Federal Agency Securities	AAA	57,910,317	44,877,361	13,032,956
Federal National Mortgage Assoc.	AAA	37,746,321	19,241,980	18,504,341
Illinois Funds (Money Market)	AAAm	18,437,011	18,437,011	-
Illinois Funds (Prime)	AAAm	64,035,560	64,035,560	-
Money Market Mutual Funds	n/a	936,619	936,619	-
Commercial Paper	A-1+	51,193,393	51,193,393	-
Total investments		<u>\$ 242,162,638</u>	<u>\$ 199,416,427</u>	<u>\$ 42,746,211</u>

Investment Type	S&P Rating	June 30, 2007	Investment Maturities (in years)	
		Fair Value	Less Than 1	Greater Than 1
US Treasury Obligations	AAA	\$ 30,145,298	\$ 30,145,298	\$ -
Federal Agency Securities	AAA	11,184,437	10,535,262	649,175
Federal National Mortgage Assoc.	AAA	13,207,622	9,474,855	3,732,767
Illinois Funds (Money Market)	AAAm	16,514,442	16,514,442	-
Illinois Funds (Prime)	AAAm	165,648,542	165,648,542	-
Money Market Mutual Funds	n/a	25,190,240	25,190,240	-
Total investments		<u>\$ 261,890,581</u>	<u>\$ 257,508,639</u>	<u>\$ 4,381,942</u>

n/a - not available

Per Statement of Net Assets:

	June 30, 2008	June 30, 2007
Investments:		
Short-term investments	\$ 186,758,238	\$ 232,318,400
Long-term investments	54,467,781	4,381,941
Restricted investments	936,619	25,190,240
Total Investments	<u>\$ 242,162,638</u>	<u>\$ 261,890,581</u>

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

**Notes to Basic Financial Statements  
June 30, 2008**

**3. OTHER ACCOUNTS RECEIVABLE**

City Colleges' other accounts receivable consist of the following:

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Student	\$ 7,171,821	\$ 9,367,314
Grants	5,731,781	5,880,134
Capital improvement	-	6,938,384
Other	1,386,920	1,345,241
Gross other accounts receivable	14,290,522	23,531,073
Less: Allowance for uncollectibles	(4,248,488)	(6,430,332)
Net other accounts receivable	\$ 10,042,034	\$ 17,100,741

**4. RESTRICTED ASSETS**

City Colleges' restricted assets consist of the following:

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
(A) Cash	\$ 6,031,812	\$ 5,948,146
(B) Funds held by PBCC	16,325,337	24,893,296
(C) Restricted investments	936,619	25,190,240
Total restricted assets	\$ 23,293,768	\$ 56,031,682

Restricted for:

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

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

**Notes to Basic Financial Statements  
June 30, 2008**

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**5. CAPITAL ASSETS**

On August 8, 2000, the City of Chicago agreed to provide the funds for a capital improvement program, which included the construction of Kennedy-King Campus and other capital renovations. The City of Chicago had a balance available of \$15,302,137 and \$15,950,093 for City Colleges' projects as of June 30, 2008 and 2007, respectively. These funds are provided from proceeds of City of Chicago general obligation bonds. In connection therewith, City Colleges agreed to abate a portion of its direct annual tax levy on its debt service for lease obligations for the years 2001 through 2006 in amounts equal to the City of Chicago's debt service requirements for the bonds for those years. City Colleges agreed to provide and restrict funds from its own resources for payments to be made under its PBCC agreements through fiscal year 2008. (See Note 4)

In fiscal year 2008, the new Kennedy-King campus and renovations district-wide were completed which had a life to date cost of \$229,432,541. In accordance with the policy explained in Note 1.K, retirements in the amount of \$46,334,258 were recorded.

In fiscal year 2007, renovations were completed which had a life to date cost of \$19,765,679. In accordance with the policy explained in Note 1.K, retirements in the amount of \$9,219,909 were recorded.

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

**Notes to Basic Financial Statements  
June 30, 2008**

**5. CAPITAL ASSETS (Continued)**

	<b>July 1, 2007</b>	<b>Additions and Transfers In</b>	<b>Retirements and Transfers Out</b>	<b>June 30, 2008</b>
Capital assets not being depreciated:				
Land	\$ 19,574,040	\$ 29,414,507	\$ -	\$ 48,988,547
Construction work in progress	<u>182,702,679</u>	<u>72,200,187</u>	<u>(236,481,045)</u>	<u>18,421,821</u>
Subtotal	202,276,719	101,614,694	(236,481,045)	67,410,368
Capital assets being depreciated:				
Vehicles	586,630	154,552	-	741,182
Equipment	9,323,074	7,510,355	-	16,833,429
Software	28,694,279	39,989	-	28,734,268
Buildings and improvements	<u>488,896,308</u>	<u>200,424,962</u>	<u>(46,334,258)</u>	<u>642,987,012</u>
Subtotal	<u>527,500,291</u>	<u>208,129,858</u>	<u>(46,334,258)</u>	<u>689,295,891</u>
Total capital assets	729,777,010	309,744,552	(282,815,303)	756,706,259
Accumulated depreciation:				
Vehicles	93,948	104,692	-	198,640
Equipment	5,079,133	2,467,388	-	7,546,521
Software	22,379,301	3,417,037	-	25,796,338
Buildings and improvements	<u>178,521,814</u>	<u>21,242,327</u>	<u>(46,334,258)</u>	<u>153,429,883</u>
Total accumulated depreciation	<u>206,074,196</u>	<u>27,231,444</u>	<u>(46,334,258)</u>	<u>186,971,382</u>
Capital assets, net	<u>\$ 523,702,814</u>	<u>\$ 282,513,108</u>	<u>\$ (236,481,045)</u>	<u>\$ 569,734,877</u>
Cost of buildings and improvements acquired under capital leases (included in total capital assets above)	<u>\$ 391,825,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,825,192</u>
	<b>July 1, 2006</b>	<b>Additions and Transfers In</b>	<b>Retirements and Transfers Out</b>	<b>June 30, 2007</b>
Capital assets not being depreciated:				
Land	\$ 17,388,173	\$ 2,185,867	\$ -	\$ 19,574,040
Construction work in progress	<u>70,201,658</u>	<u>134,452,565</u>	<u>(21,951,544)</u>	<u>182,702,679</u>
Subtotal	87,589,831	136,638,432	(21,951,544)	202,276,719
Capital assets being depreciated:				
Equipment	8,756,202	1,153,502	-	9,909,704
Software	28,639,679	54,600	-	28,694,279
Buildings and improvements	<u>478,350,538</u>	<u>19,765,679</u>	<u>(9,219,909)</u>	<u>488,896,308</u>
Subtotal	<u>515,746,419</u>	<u>20,973,781</u>	<u>(9,219,909)</u>	<u>527,500,291</u>
Total capital assets	603,336,250	157,612,213	(31,171,453)	729,777,010
Accumulated depreciation:				
Equipment	3,375,246	1,797,835	-	5,173,081
Software	18,722,091	3,657,210	-	22,379,301
Buildings and improvements	<u>172,529,650</u>	<u>15,212,073</u>	<u>(9,219,909)</u>	<u>178,521,814</u>
Total accumulated depreciation	<u>194,626,987</u>	<u>20,667,118</u>	<u>(9,219,909)</u>	<u>206,074,196</u>
Capital assets, net	<u>\$ 408,709,263</u>	<u>\$ 136,945,095</u>	<u>\$ (21,951,544)</u>	<u>\$ 523,702,814</u>
Cost of buildings and improvements acquired under capital leases (included in total capital assets above)	<u>\$ 391,825,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,825,192</u>

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

**Notes to Basic Financial Statements  
June 30, 2008**

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**6. NET ASSETS**

The Board of Trustees of City Colleges has designated certain unrestricted net assets for capital projects. In fiscal year 2008, \$15.5 million was designated from current personal property taxes and \$3.3 million from the bond fund for an ending balance of \$48.6 million. In fiscal year 2007, \$14.0 million was designated from the education fund, \$6.2 million from the personal property taxes, and \$3.4 million from the bond fund that was paid off during the year for an ending balance of \$49.8 million.

**7. LEASES**

**A. Capital Leases**

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

Total costs of buildings and improvements acquired under capital leases amounted to \$391,825,192 in fiscal years 2008 and 2007. (See Note 5)

Obligations under these lease agreements were paid off during fiscal year 2008.

The obligations as of June 30, 2007 including principal and interest were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
June 30, 2007	<u>\$ 31,695,000</u>	<u>\$ 1,220,258</u>	<u>\$ 2,250,000</u>	<u>\$ 35,165,258</u>

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

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

**Notes to Basic Financial Statements  
June 30, 2008**

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

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

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

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

Funds held by the PBCC at June 30, 2008 and 2007 primarily represent unused construction proceeds from lease transactions, amounts for renewal and replacement of current leased facilities, amounts held for financed construction, and other estimated administrative expenses. These funds are recorded as restricted accounts by City Colleges.

**B. Operating Leases**

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

Operating lease expense was \$2,052,750 for the year ended June 30, 2008 compared to \$1,497,185 for the year ended June 30, 2007.

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
June 30, 2008**

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

**B. Operating Leases** *(Continued)*

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

	<u>June 30, 2008</u>
2009	556,487
2010	570,197
2011	587,303
2012	604,922
2013	623,761
2014 - 2015	803,740
June 30, 2008	<u>\$ 3,746,410</u>

	<u>June 30, 2007</u>
2008	\$ 554,770
2009	556,487
2010	570,197
2011	587,303
2012	604,922
2013 - 2015	1,426,809
June 30, 2007	<u>\$ 4,300,488</u>

**8. OTHER ACCRUALS AND OTHER LIABILITIES**

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

	<u>2008</u>	<u>2007</u>
<b>Other accruals</b>		
Accrued interest payable	\$ -	\$ 203,376
Accrued for services	947,890	2,588,692
Accrued for goods	3,451	8,157
Property taxes	-	37,981
Total other accruals	<u>\$ 951,341</u>	<u>\$ 2,838,206</u>
 <b>Other liabilities</b>		
Self insurance	\$ 5,641,827	\$ 3,961,775
Unclaimed property	3,435,662	2,858,282
Other	1,894,133	1,273,918
Total other liabilities	<u>\$ 10,971,622</u>	<u>\$ 8,093,975</u>



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

**Notes to Basic Financial Statements  
June 30, 2008**

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**9. PROPERTY TAXES**

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

<b>December</b>	<b>Cook County</b>	<b>DuPage County</b>
2007	\$73,605,314,512	\$5,841,665
2006	69,473,229,020	6,071,637
2005	59,268,296,045	6,296,295
2004	55,302,579,309	6,543,343
2003	53,137,668,356	6,792,347

In fiscal year 2008, City Colleges' reserve for loss and cost was \$2,153,568. Accrued property tax refunds in 2008 decreased to \$14,964,344. In fiscal year 2007, City Colleges' reserve for loss and cost was \$2,804,214. Accrued property tax refunds in 2007 decreased to \$18,498,179.

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

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

**Notes to Basic Financial Statements  
June 30, 2008**

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**10. ACCRUED COMPENSATED ABSENCES**

At June 30, 2008, City Colleges had recorded a liability of \$2,694,295 for compensated absences, and estimated that \$147,109 of these liabilities are current and due within one year. At June 30, 2007, the liability was \$2,567,291 for which City Colleges estimated that \$140,174 of these liabilities were current and due within one year. (See Note 13)

**11. SICK LEAVE BENEFITS**

**Unused Sick Pay**

Upon the retirement, permanent disability, or death of a full-time eligible employee, it is the policy of City Colleges to pay over a 3 to 5 year period an amount equal to a percentage of the individual's accumulated unused sick days in the form of a termination benefit. Eligible employees include administrative employees and certain union-represented employees who have served continuously for 10 years or more and are eligible for an annuity under the State University Retirement System (SURS), generally at age 55. City Colleges has recorded a liability for the estimated present value of such benefits earned to date based upon an actuarial study. The method of calculating the estimated present value of an eligible employee's termination benefit liability uses the following assumptions: (1) estimated average annual salary increments of 5.0%, (2) future payments discounted by a 4.5% interest factor in 2008, and (3) estimated rates of retention as adopted from the *Actuary's Pension Handbook* adjusted for mortality in accordance with published mortality tables.

At June 30, 2008, City Colleges accrued \$16,049,440 for the estimated present value of these future retiree benefits for current employees and \$4,450,496 in benefits payable to retired employees for a total of \$20,499,936.

At June 30, 2007, City Colleges accrued \$16,598,357 for the estimated present value of these future retiree benefits for current employees and \$3,596,188 in benefits payable to retired employees for a total of \$20,194,545. (See Note 13)

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

**Notes to Basic Financial Statements  
June 30, 2008**

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**12. BONDS PAYABLE**

As of June 30, 2008, there were no bonds outstanding.

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

	<u>2008</u>	<u>2007</u>
Assessed Valuation	\$ 73,611,156,177	\$ 69,479,300,657
Debt Margin Ratio	<u>0.02875</u>	<u>0.02875</u>
Maximum Debt	2,116,320,740	1,997,529,894
Debt balance as of June 30	<u>-</u>	<u>31,695,000</u>
Remaining Debt Capacity	<u>\$ 2,116,320,740</u>	<u>\$ 1,965,834,894</u>

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
June 30, 2008**

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

Changes in non-current liabilities for the years ended June 30, 2008 and 2007 are summarized in the table below:

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>June 30, 2008</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 2,567,291	\$ 3,199,938	\$ (3,072,934)	\$ 2,694,295	\$ 147,109
Sick leave benefits	20,194,545	3,145,121	(2,839,730)	20,499,936	2,544,341
Other post retirement benefits	9,659,093	9,958,539	(6,498,620)	13,119,012	-
Lease obligations	31,695,000	-	(31,695,000)	-	-
	<u>\$ 64,115,929</u>	<u>\$ 16,303,598</u>	<u>\$ (44,106,284)</u>	<u>\$ 36,313,243</u>	<u>\$ 2,691,450</u>

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>June 30, 2007</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 2,503,498	\$ 3,578,782	\$ (3,514,989)	\$ 2,567,291	\$ 140,174
Sick leave benefits	27,320,200	(4,310,106)	(2,815,549)	20,194,545	2,655,186
Other post retirement benefits	4,429,624	12,792,179	(7,562,710)	9,659,093	-
Lease obligations	56,105,000	-	(24,410,000)	31,695,000	31,695,000
	<u>\$ 90,358,322</u>	<u>\$ 12,060,855</u>	<u>\$ (38,303,248)</u>	<u>\$ 64,115,929</u>	<u>\$ 34,490,360</u>

**14. EMPLOYEE RETIREMENT PENSION PLAN**

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

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

**Notes to Basic Financial Statements  
June 30, 2008**

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**14. EMPLOYEE RETIREMENT PENSION PLAN** *(Continued)*

**Funding Policy:** Plan members are required to contribute 8.0% of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The rate is 12.88%, 10.61%, and 10.18% of annual covered payroll for fiscal year 2008, 2007 and 2006, respectively. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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

<b>Fiscal Year</b>	<b>Amount</b>
2008	\$ 14,700,452
2007	10,733,027
2006	7,152,188
2005	11,004,508

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

<b>Fiscal Year</b>	<b>Amount</b>
2008	\$ 915,662
2007	918,262
2006	1,028,782
2005	790,100

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
June 30, 2008**

**15. OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description:** In addition to providing the pension benefits described in Note 14, City Colleges provides post-employment health care benefits (OPEB) and life insurance to retirees and their spouses. The benefits, benefit levels, employee contributions and employer contributions are governed by City Colleges and can be amended by City Colleges through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in City Colleges' Education sub-fund.

**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.

	<u>2008</u>	<u>2007</u>
<b>Membership:</b> As of June 30, 2008 and 2007, membership consisted of:		
Retirees and beneficiaries currently receiving benefits	735	673
Active employees – vested	<u>1,669</u>	<u>1,637</u>
<b>TOTAL</b>	<u>2,404</u>	<u>2,310</u>
 Participating Employers	 <u>1</u>	 <u>1</u>

**Funding Policy:** The contribution percentages are negotiated between City Colleges and the retirees. Currently, City Colleges contributes approximately 90% of the premium. For the fiscal year ended June 30, 2008, City Colleges contributed \$6,498,620.

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

**Notes to Basic Financial Statements  
June 30, 2008**

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

*Annual OPEB Costs and Net OPEB Obligation*

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Increase in Net OPEB Obligation</b>
June 30, 2008	\$ 9,958,539	\$6,498,620	65.3%	\$ 3,459,919
June 30, 2007	12,792,179	7,562,710	59.1%	5,229,469
June 30, 2006	12,851,308	8,421,684	65.5%	<u>4,429,624</u>
<b>Total Net OPEB Obligation</b>				<b>\$ <u>13,119,012</u></b>

Annual OPEB Costs and Net OPEB Obligation – City Colleges’ annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2008 and 2007 were as follows:

	<b><u>2008</u></b>	<b><u>2007</u></b>
Annual Required Contribution	\$ 10,087,473	\$ 12,851,308
Interest on Net OPEB Obligation	482,955	221,481
Adjustment to Annual Required Contribution	<u>(611,889)</u>	<u>(280,610)</u>
Annual OPEB Cost	9,958,539	12,792,179
Contributions Made	<u>(6,498,620)</u>	<u>(7,562,710)</u>
Increase in Net OPEB Obligation	3,459,919	5,229,469
Net OPEB Obligation Beginning of Year	<u>9,659,093</u>	<u>4,429,624</u>
<b>Net OPEB Obligation End of Year</b>	<b><u>\$ 13,119,012</u></b>	<b><u>\$ 9,659,093</u></b>

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
June 30, 2008**

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

The funded status of the plan as of June 30, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Actuarial Value of Assets	\$ -	\$ -
Actuarial Accrued Liability (AAL)	<u>113,011,808</u>	<u>108,953,481</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$113,011,808</u>	<u>\$108,953,481</u>
Funded Ratio (actuarial value of assets/AAL)	-%	-%
Covered Payroll (active plan members)	\$95,665,186	\$92,958,918
UAAL as a Percentage of Covered Payroll (AAL less Actuarial Value of Assets / UAAL)	118.1%	117.2%

For the fiscal year ending June 30, 2008, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate, and an annual healthcare cost trend rate of 9.0% which gradually declines to a 5.0% by the year 2017. The actuarial value of assets was not determined as City Colleges has not fully advanced-funded its obligation. However, City Colleges has \$9.6 million in investments designated for this obligation.

**16. RISK MANAGEMENT**

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

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

City Colleges self-insures for a portion of general liability exposure and has coverage by an independent insurer for claims exceeding \$250,000 up to a ceiling of \$1,000,000. City Colleges has supplemental coverage by an independent insurer for claims exceeding \$1,000,000 up to a ceiling of \$15,000,000. Claims based on occurrences prior to June 15, 1977, remain insured under previous insurance policies. The “Local Government and Governmental Employees Tort Immunity Act” limits the amount of liability of City Colleges. This act gives City Colleges the authority to levy a special judgment tax or to issue bonds to pay any tort liability judgment.



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

**Notes to Basic Financial Statements  
June 30, 2008**

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

City Colleges follows the practice of recognizing the expenses for general liability claims in the year such settlements become probable and estimable. City Colleges has accrued for estimated future claims of \$424,400 and \$350,300 as of June 30, 2008 and 2007, respectively.

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

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

City Colleges self-insures for a portion of workers' compensation claims and has coverage by an independent insurer for individual claims exceeding \$400,000 up to the statutory limit. The amount of liability of City Colleges is further limited by the "Local Government and Governmental Employees Tort Immunity Act." This Act gives City Colleges the authority to levy a special judgment tax or to issue bonds to pay any workers' compensation awards.

City Colleges estimates future claims based on a loss development factor and a specific claim reserve. City Colleges has accrued for estimated future claims of \$3,828,949 and \$2,262,833 as of June 30, 2008 and 2007, respectively. This amount is reported with "Other liabilities – Self-Insurance reserves". Management of City Colleges believes that there are no material lawsuits or claims covered by the workers' compensation self-insurance program that have not been adequately covered.

**City Colleges of Chicago  
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**Notes to Basic Financial Statements  
June 30, 2008**

**16. RISK MANAGEMENT** (Continued)

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

City Colleges self-insures for a portion of its health costs for eligible employees. Future claims are estimated based on historical charges and lag periods. City Colleges has accrued estimated medical expenses of \$1,388,479 and \$1,348,642 as of June 30, 2008 and 2007, respectively that have been incurred, but not claimed.

**Summary of Changes in Self-Insurance**

	<u>June 30, 2007</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2008</u>	<u>Amounts due within one year</u>
General liability	\$ 350,300	\$ 159,243	\$ (85,143)	\$ 424,400	\$ 340,668
Workers' compensation	2,262,833	2,019,955	(453,839)	3,828,949	534,009
Health insurance	<u>1,348,642</u>	<u>21,568,979</u>	<u>(21,529,142)</u>	<u>1,388,479</u>	<u>1,388,479</u>
	<u>\$ 3,961,775</u>	<u>\$ 23,748,177</u>	<u>\$ (22,068,124)</u>	<u>\$ 5,641,828</u>	<u>\$ 2,263,156</u>

	<u>June 30, 2006</u>	<u>Incurred Claims</u>	<u>Payment on Claims</u>	<u>June 30, 2007</u>	<u>Amounts due within one year</u>
General liability	\$ 184,300	\$ 211,419	\$ (45,419)	\$ 350,300	\$ 350,300
Workers' compensation	1,266,000	1,813,220	(816,387)	2,262,833	2,262,833
Health insurance	<u>1,266,332</u>	<u>21,092,463</u>	<u>(21,010,153)</u>	<u>1,348,642</u>	<u>1,348,642</u>
	<u>\$ 2,716,632</u>	<u>\$ 23,117,102</u>	<u>\$ (21,871,959)</u>	<u>\$ 3,961,775</u>	<u>\$ 3,961,775</u>

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

**17. COMMITMENTS AND CONTINGENCIES**

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

As of June 30, 2008, City Colleges has \$93,578,000 in purchase commitments for its capital plan, of which \$55 million is being constructed by the State of Illinois and \$25 million is being funded by the State of Illinois.

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# Statistical Section

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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

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

**City Colleges of Chicago  
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**Table A**

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

	Fiscal Year Ended June 30						
	2002	2003	2004	2005	2006	2007	2008
<b>Net Assets:</b>							
Invested in Capital Assets- Net of Related Debt	\$ 148,929,726	\$ 177,343,175	\$ 236,347,069	\$ 294,687,579	\$ 352,604,264	\$ 492,006,098	569,734,877
Restricted for expendable:							
Capital Projects	28,638,527	39,582,014	42,869,202	40,141,921	44,140,970	53,039,227	28,768,926
Lease Obligations	50,754,925	46,428,742	40,948,750	35,519,213	31,071,292	23,795,853	-
Other	15,926,240	25,492,094	29,270,135	29,343,965	64,113,553	69,032,703	72,738,397
Unrestricted	30,144,800	32,103,031	40,530,686	73,393,636	63,823,389	77,358,746	71,794,664
<b>Total Net Assets</b>	<u>\$ 274,394,218</u>	<u>\$ 320,949,056</u>	<u>\$ 389,965,842</u>	<u>\$ 473,086,314</u>	<u>\$ 555,753,468</u>	<u>\$ 715,232,627</u>	<u>\$ 743,036,864</u>

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

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

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

**Table B**

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

	Fiscal Year Ended June 30						
	2002	2003	2004	2005	2006	2007	2008
<b>Operating Revenues:</b>							
Student tuition and fees (net of scholarship allowances)	\$ 22,822,647	\$ 26,486,436	\$ 35,409,540	\$ 37,807,639	\$ 39,919,583	\$ 35,352,547	\$ 37,779,085
Other operating revenues	5,345,493	11,385,809	5,276,250	6,245,354	8,277,517	7,130,296	6,997,724
Total operating revenues	28,168,140	37,872,245	40,685,790	44,052,993	48,197,100	42,482,843	44,776,809
<b>Operating Expenses:</b>							
Instructional staff	68,151,899	66,589,968	70,192,004	74,456,743	77,081,414	79,978,494	81,587,686
Non-instructional staff	78,527,624	77,245,757	76,221,015	71,228,064	79,361,358	85,211,555	94,272,264
Fringe benefits*	35,021,557	43,406,839	108,456,188	37,128,733	35,479,612	38,573,600	48,646,332
Supplies	12,579,821	14,499,572	10,733,666	13,422,448	14,115,136	18,458,080	17,756,862
Professional development	1,244,631	2,069,087	2,749,023	1,562,422	2,018,035	2,285,888	2,294,480
Equipment not capitalized	3,496,927	833,329	2,846,325	5,176,669	2,291,005	2,775,642	25,457,028
Utilities	8,749,080	9,948,583	9,269,574	9,291,553	10,373,592	10,558,453	12,565,805
Contractual services	38,952,530	45,409,468	29,040,151	35,254,654	37,894,971	36,639,498	45,368,250
Depreciation	13,709,510	15,726,785	16,378,082	16,800,331	21,810,983	20,667,118	27,231,445
Financial aid (net of scholarship allowances)	19,219,247	22,395,492	34,270,087	34,141,440	31,470,269	26,031,017	32,612,287
Other expenses	1,981,149	2,087,540	6,021,302	3,841,210	4,377,241	4,255,320	2,203,370
Total operating expenses	281,633,975	300,212,420	366,177,417	302,304,267	316,273,616	325,434,665	389,995,809
Operating loss	(253,465,835)	(262,340,175)	(325,491,627)	(258,251,274)	(268,076,516)	(282,951,822)	(345,219,000)
<b>Non-operating revenues (expenses):</b>							
State apportionment and equalization	45,980,914	45,831,544	38,700,335	36,692,418	38,580,616	41,498,443	39,808,436
Other state grants and contracts*	47,952,249	53,927,508	104,710,804	52,507,309	48,190,000	54,901,471	59,444,571
Local grants and contracts	12,111,253	2,470,598	4,102,542	4,304,120	3,616,535	4,900,467	4,073,193
Local property taxes	88,989,439	78,370,096	77,538,041	90,808,565	101,823,185	107,099,097	113,234,703
Property taxes for lease obligations	34,982,532	36,169,927	39,537,136	35,165,454	29,592,741	30,099,651	13,912,993
Personal property replacement tax	8,236,280	7,634,382	8,676,779	10,499,413	13,307,576	14,518,747	15,525,950
Federal grants and contracts	50,646,126	58,775,669	63,091,461	65,190,589	62,483,048	57,549,889	64,170,398
Litigation settlement	-	-	10,302,934	-	-	-	-
Investment income	8,255,840	5,136,446	2,778,234	4,893,017	8,264,368	13,311,136	11,293,733
Building lease and interest payments on debt	(17,306,464)	(15,962,262)	(14,226,778)	(12,531,839)	(12,687,374)	(6,873,136)	(2,016,881)
Non-operating revenues, net	279,848,169	272,353,908	335,211,488	287,529,046	293,170,695	317,005,765	319,447,096
Income before capital appropriations and grants	26,382,334	10,013,733	9,719,861	29,277,772	25,094,179	34,053,943	(25,771,904)
Capital appropriations and grants	10,340,593	36,541,105	58,790,925	53,842,700	57,572,975	125,425,216	53,576,141
Change in net assets	\$ 36,722,927	\$ 46,554,838	\$ 68,510,786	\$ 83,120,472	\$ 82,667,154	\$ 159,479,159	\$ 27,804,237

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

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

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

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

**Table C**

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

<b>Year of Levy</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Farm Property</b>	<b>Railroad Property</b>	<b>DuPage County Unallocated</b>	<b>Assessed Valuation</b>	<b>Total Direct Rate</b>	<b>Estimated Actual Value</b>
2007	-----Not Available-----					\$ 5,841,665	\$73,611,156,177	0.159	\$ 220,833,468,531
2006	-----Not Available-----					6,071,637	69,479,300,657	0.205	208,437,901,971
2005	-----Not Available-----					6,296,295	59,274,592,340	0.234	177,823,777,020
2004	28,155,943,958	20,900,364,460	6,125,933,343	-	63,041,595	63,839,296	55,309,122,652	0.243	165,927,367,956
2003	26,150,073,225	20,928,519,965	5,997,262,932	-	61,877,234	6,727,347	53,144,460,703	0.246	159,433,382,109
2002	20,880,556,309	18,485,102,889	5,581,902,610	-	355,091,267	6,871,030	45,309,524,105	0.280	135,928,572,315
2001	18,697,129,966	17,647,815,572	5,279,901,861	-	333,824,267	6,946,706	41,965,618,372	0.308	125,896,855,116
2000	17,587,437,246	17,474,872,995	5,097,166,824	-	300,016,446	6,946,706	40,466,440,217	0.312	121,399,320,651
1999	13,508,478,796	16,665,333,608	4,892,107,543	-	269,353,759	7,161,622	35,342,435,328	0.346	106,027,305,984
1998	12,694,815,239	16,231,862,960	4,742,894,261	-	254,711,907	7,217,973	33,931,502,340	0.352	101,794,507,020

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

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

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

**Table D**

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

Taxing Bodies <i>(per \$100 of assessed valuation)</i>	Legal Limit	Ten years for tax levy year									
		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>City Colleges of Chicago</b>											
Audit Fund	\$ 0.005	\$ -	\$ 0.002	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.002	\$ -
Tort Liability	N/A	0.009	0.005	0.005	0.009	0.009	0.013	0.011	0.014	0.010	0.007
Education Fund	0.175	0.109	0.116	0.133	0.136	0.130	0.144	0.156	0.142	0.165	0.159
Operations and Maintenance Fund	0.050	0.041	0.039	0.043	0.041	0.023	0.026	0.042	0.027	0.047	0.045
PBCC Operations & Maintenance	N/A	-	-	-	-	0.025	0.028	0.013	0.038	0.019	0.034
PBCC Rental	N/A	-	0.043	0.052	0.056	0.058	0.068	0.085	0.090	0.103	0.107
Total City Colleges of Chicago Rate		<u>\$ 0.159</u>	<u>\$ 0.205</u>	<u>\$ 0.234</u>	<u>\$ 0.243</u>	<u>\$ 0.246</u>	<u>\$ 0.280</u>	<u>\$ 0.308</u>	<u>\$ 0.312</u>	<u>\$ 0.346</u>	<u>\$ 0.352</u>
<b>Overlapping Rates</b>											
Chicago Board of Education		\$ 2.583	\$ 2.697	\$ 3.026	\$ 3.104	\$ 3.142	\$ 3.562	\$ 3.744	\$ 3.714	\$ 4.104	\$ 4.172
School Finance Authority		0.091	0.118	0.127	0.177	0.151	0.177	0.223	0.223	0.255	0.268
City of Chicago		1.044	1.062	1.243	1.302	1.380	1.591	1.637	1.660	1.860	1.998
Chicago Park District		0.355	0.379	0.443	0.455	0.464	0.545	0.567	0.572	0.627	0.653
Metropolitan Water Reclamation District		0.263	0.284	0.315	0.347	0.361	0.371	0.401	0.415	0.419	0.444
Cook County		0.446	0.500	0.533	0.593	0.630	0.690	0.746	0.824	0.854	0.911
Cook County Forest Preserve		0.053	0.057	0.060	0.060	0.059	0.061	0.067	0.069	0.070	0.072
South Cook County Mosquito Abatement		0.006	0.007	0.010	-----Not Available-----						
Total Overlapping Rate		<u>\$ 4.841</u>	<u>\$ 5.104</u>	<u>\$ 5.757</u>	<u>\$ 6.038</u>	<u>\$ 6.187</u>	<u>\$ 6.997</u>	<u>\$ 7.385</u>	<u>\$ 7.477</u>	<u>\$ 8.189</u>	<u>\$ 8.518</u>
Total Rate		<u>\$ 5.000</u>	<u>\$ 5.309</u>	<u>\$ 5.991</u>	<u>\$ 6.281</u>	<u>\$ 6.433</u>	<u>\$ 7.277</u>	<u>\$ 7.693</u>	<u>\$ 7.789</u>	<u>\$ 8.535</u>	<u>\$ 8.870</u>
<b>Tax Extensions (\$ thousands)</b>											
Audit Fund		\$ -	\$ 1,567	\$ 600	\$ 396	\$ 384	\$ 548	\$ 330	\$ 355	\$ 788	\$ 113
Tort Liability		6,574	3,092	3,000	4,753	4,973	6,042	4,408	5,613	3,481	2,431
Education Fund		80,486	81,466	79,131	75,386	69,169	65,098	65,580	57,418	58,640	54,093
Operations and Maintenance Fund		29,972	26,799	25,160	22,427	12,233	11,770	17,437	10,836	16,671	15,380
PBCC Operations & Maintenance		-	-	-	8,227	13,078	12,584	5,549	15,179	6,589	11,625
PBCC Rental		-	29,496	30,796	22,643	30,800	30,801	35,507	36,490	36,444	36,450
		<u>\$ 117,032</u>	<u>\$ 142,420</u>	<u>\$ 138,687</u>	<u>\$ 133,832</u>	<u>\$ 130,637</u>	<u>\$ 126,843</u>	<u>\$ 128,811</u>	<u>\$ 125,891</u>	<u>\$ 122,613</u>	<u>\$ 120,092</u>



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

**Table E**

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

Taxpayer	2007			1999		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Sears Tower	\$ 514,662	1	0.70%	\$ 318,984	1	0.90%
Chicago Mercantile Exchange	377,666	2	0.51%	109,676	10	0.31%
AON Center	374,456	3	0.51%	227,033	2	0.64%
AT&T Corporate Center 1	297,653	4	0.40%	164,723	5	0.47%
Prudential Plaza	293,604	5	0.40%	169,483	4	0.48%
Chase Tower	250,261	6	0.34%	191,950	3	0.54%
Water Tower Place	231,069	7	0.31%	-----Not Available-----		
Northwestern Atrium	216,217	8	0.29%	134,960	7	0.38%
Leo Burnett Building	211,813	9	0.29%	111,557	9	0.32%
131 S. Dearborn	208,906	10	0.28%	-----Not Available-----		
Three First National Plaza	-----Not Available-----			135,203	6	0.38%
Cigna	-----Not Available-----			120,393	8	0.34%
	<u>\$ 2,976,307</u>		<u>4.04%</u>	<u>\$ 1,683,962</u>		<u>4.42%</u>

**Source:** Cook County Assessor's Office – 2007 is latest data available.

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

Taxable assessed value in thousands of dollars

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

**Table F**

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

Levy Year	Tax Levied	Collections/(Refunds) within the fiscal year ended June 30,										Total Collections to Date	
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Amount	Percentage of Levy
1998	120,092,033	53,900,323	61,570,097	2,913,735	112,070	(562,307)	(365,785)	(830,021)	(235,403)	(92,854)	(132)	116,409,723	96.93%
1999	122,612,901	-	55,972,551	64,503,521	888,651	(543,414)	231,974	(242,276)	(951,799)	(82,768)	11,600	119,788,040	97.70%
2000	125,890,543	-	-	57,683,497	67,419,102	(594,823)	(313,171)	(549,396)	(252,131)	(304,426)	(214,545)	122,874,107	97.60%
2001	128,811,006	-	-	-	58,939,995	69,785,407	(458,092)	(528,865)	(262,454)	(245,214)	(129,015)	127,101,762	98.67%
2002	126,843,090	-	-	-	-	59,801,580	64,333,957	590,991	(73,577)	(251,166)	(230,596)	124,171,189	97.89%
2003	130,637,356	-	-	-	-	-	59,482,691	69,313,832	604,954	(987,368)	(747,650)	127,666,459	97.73%
2004	133,832,242	-	-	-	-	-	-	60,247,374	71,345,425	868,392	(869,747)	131,591,444	98.33%
2005	138,687,813	-	-	-	-	-	-	-	63,708,323	72,945,995	604,348	137,258,666	98.97%
2006	142,420,119	-	-	-	-	-	-	-	-	64,542,937	73,327,832	137,870,769	96.81%
2007	117,032,450	-	-	-	-	-	-	-	-	-	65,674,332	65,674,332	56.12%

Source: College and Cook County Treasurer's Tax Records

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

**Table G**

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

Fiscal Year	Fall Term 8th Day Enrollment			In District Tuition & Fees per Semester Hr	Out of District Tuition & Fees per Semester Hr	Out of State Tuition & Fees per Semester Hr	Total Semester Credit Hrs Generated	Tuition & Fees Revenue	Less: Scholarships and Allowances (1)	Tuition & Fees Revenue (Net)
	FTE Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses							
1999	19,460	48,684	117,154	47.50	135.39	197.62	1,322,612	42,786,092	-	42,786,092
2000	19,094	48,463	111,736	47.50	140.36	210.45	1,223,659	43,039,430	-	43,039,430
2001	18,551	46,035	114,336	47.50	153.61	224.73	1,206,253	47,752,546	-	47,752,546
2002	19,649	47,240	110,506	50.00	166.24	243.06	1,233,097	54,958,668	(32,136,031)	22,822,637
2003	21,403	49,484	104,349	52.00	174.50	254.29	1,266,802	55,782,322	(29,295,886)	26,486,436
2004	22,007	49,908	90,383	52.00	174.50	254.29	1,070,621	56,243,960	(20,834,420)	35,409,540
2005	22,135	50,217	79,355	62.00	229.21	314.95	1,164,887	63,734,062	(25,926,423)	37,807,639
2006	20,950	47,181	68,279	67.00	162.65	266.20	1,085,936	67,578,330	(27,658,747)	39,919,583
2007	20,647	47,031	63,675	72.00	180.83	291.61	1,064,630	69,513,402	(34,160,855)	35,352,547
2008	21,241	47,617	65,882	72.00	189.95	309.76	1,050,801	75,276,720	(37,497,635)	37,779,085

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

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

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

**Table H**

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Total Outstanding Debt</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
1999	35,773,255	181,855,000	217,628,255	0.21%	77.67
2000	35,389,724	167,780,000	203,169,724	0.17%	72.51
2001	34,806,200	152,615,000	187,421,200	0.15%	64.72
2002	33,922,663	136,661,521	170,584,184	0.13%	58.90
2003	32,739,132	118,545,000	151,284,132	0.09%	52.24
2004	32,218,928	99,375,000	131,593,928	0.08%	45.44
2005	30,399,472	78,610,000	109,009,472	0.06%	37.64
2006	-	56,105,000	56,105,000	0.03%	19.37
2007	-	31,695,000	31,695,000	0.01%	11.19
2008	-	-	-	-	-

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

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

**Table I**

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

(Thousands \$)	As of June 30, 2008		Amount Applicable to District
	Net Direct Long-term Debt (1)	% Applicable to District	
Overlapping Debt			
City of Chicago <sup>(2)</sup>	\$ 5,805,921	100.00%	\$ 5,805,921
Chicago Board of Education	4,719,936	100.00%	4,719,936
Chicago School Finance Authority	127,795	100.00%	127,795
Chicago Park District	855,270	100.00%	855,270
Metropolitan Water Reclamation District of Greater Chicago	1,465,854	49.14%	720,321
Cook County	2,953,610	48.16%	1,422,459
Cook County Forest Preserve District	<u>121,270</u>	48.16%	<u>58,404</u>
Subtotal	\$16,049,656		\$ 13,710,106
<b>Direct Debt</b>			
City Colleges of Chicago			-
	Net Direct and Overlapping Debt		<u>\$ 13,710,106</u>

(1) Source: Amount of Net Direct Debt was obtained from each of the respective taxing bodies.

(2) G.O. Bonds and Notes (includes Commercial Paper) less G.O. Tender Notes Series 2006

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

**Table J**

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

<b>Fiscal year ended June 30,</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Legal debt limit	\$ 975,530,692	\$ 1,016,095,016	\$ 1,163,410,156	\$ 1,206,511,528	\$ 1,302,648,818	\$ 1,527,903,245	\$ 1,590,137,276	\$ 1,704,144,530	\$ 1,997,529,894	\$ 2,116,320,740
Total net debt applicable to limit	(35,773,255)	(35,389,724)	(34,806,200)	(33,922,663)	(32,739,132)	(32,218,928)	(30,399,472)	-	-	-
Legal debt margin	<u>\$ 939,757,437</u>	<u>\$ 980,705,292</u>	<u>\$ 1,128,603,956</u>	<u>\$ 1,172,588,865</u>	<u>\$ 1,269,909,686</u>	<u>\$ 1,495,684,317</u>	<u>\$ 1,559,737,804</u>	<u>\$ 1,704,144,530</u>	<u>\$ 1,997,529,894</u>	<u>\$ 2,116,320,740</u>
Total net debt applicable to the limit as a percentage of debt limit	4%	3%	3%	3%	3%	2%	2%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal 2008**

Assessed Value	\$ 73,611,156,177
Legal debt margin	<u>2.875%</u>
Debt limit	\$ 2,116,320,740
Debt applicable to limit General obligation bonds	<u>-</u>
Legal debt margin	<u>\$ 2,116,320,740</u>

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

**Table K**

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

<b>Fiscal Year</b>	<b>(A) Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income (B) (in thousands)</b>	<b>Unemployment Rate (C)</b>
2008	2,836,658	-----Not Available-----	-----	8.20%
2007	2,836,658	-----Not Available-----	-----	5.60%
2006	2,833,321	118,979,649	41,993	5.30%
2005	2,860,646	113,799,359	39,781	7.00%
2004	2,875,842	108,442,250	37,708	7.50%
2003	2,889,446	103,364,152	35,773	8.10%
2002	2,898,075	102,081,794	35,224	8.30%
2001	2,896,375	100,747,508	34,784	6.80%
2000	2,896,021	98,233,032	33,920	5.50%
1999	2,783,726	88,166,170	31,672	5.90%

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

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

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

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

**Table L**

**Demographic and Economic Information  
Principal Employers (Unaudited)  
Fiscal Year 2008**

<b>Employer</b>	<b>Rank</b>	<b>City of Chicago Number of Employees</b>	<b>% of City of Chicago Area Employment</b>
U.S. Government	1	78,000	2.75%
Chicago Public Schools	2	43,910	1.55%
City of Chicago	3	35,570	1.25%
Walmart Stores, Inc.	4	23,453	0.83%
Cook County	5	22,142	0.78%
State of Illinois	6	18,124	0.64%
Advocate Health Care	7	15,660	0.55%
University of Chicago	8	14,287	0.50%
Walgreen Co.	9	14,254	0.50%
AT&T Inc.	10	14,000	0.49%
		<u>279,400</u>	<u>9.85%</u>

**Source:** Crain's Chicago's Business

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



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

**Table M**

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

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	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 *</u>
Administrative staff	290	310	334	350
Classified Staff	267	265	262	268
Professional Staff	577	666	774	854
Support Staff	1,788	2,040	2,459	2,838
Teaching Faculty	2,762	2,678	2,857	3,095
<b>TOTAL</b>	<b>5,684</b>	<b>5,959</b>	<b>6,686</b>	<b>7,405</b>

\* Estimated

**Data Source:** College records

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

**Table N**

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

<u>Fiscal Year</u>	<u>Total</u>	<u>Baccalaureate</u>	<u>Occupational</u>			<u>Remedial Development</u>	<u>Adult Basic Secondary Education</u>
			<u>Business</u>	<u>Technical</u>	<u>Health</u>		
2008	1,050,801	375,014	42,368	75,633	43,777	105,781	408,229
2007	1,064,630	364,616	42,264	68,539	49,603	107,499	432,110
2006	1,085,936	364,953	46,687	63,597	50,544	105,785	454,370
2005	1,164,887	380,301	46,941	60,499	49,154	113,057	514,935
2004	1,070,621	379,815	46,876	68,684	56,028	114,422	404,796
2003	1,266,802	357,083	50,989	71,154	54,785	110,798	621,993
2002	1,233,097	315,891	47,947	80,373	51,833	100,284	636,769
2001	1,206,253	295,807	49,233	76,974	55,751	95,510	632,978
2000	1,223,659	314,540	39,271	78,263	53,414	99,726	638,445
1999	1,322,612	321,403	44,087	79,965	59,433	101,023	716,701

**Data Source:** College records

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

**Table O**

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

<b>Headcount</b>				
<b>Fiscal Year</b>	<b>Credit</b>	<b>Adult Ed</b>	<b>Other</b>	<b>Total</b>
2008	47,617	40,030	25,852	113,499
2007	47,031	39,643	24,032	110,706
2006	47,181	43,308	24,971	115,460
2005	50,217	50,390	28,965	129,572
2004	49,908	54,708	35,675	140,291
2003	49,484	58,595	45,754	153,833
2002	47,240	60,818	49,688	157,746
2001	46,035	60,800	53,536	160,371
2000	48,463	59,942	51,794	160,199
1999	48,684	62,847	54,307	165,838

<b>Full-time Equivalent</b>				
<b>Fiscal Year</b>	<b>Credit</b>	<b>Adult Ed</b>	<b>Other</b>	<b>Total</b>
2008	21,241	15,814	3,640	40,695
2007	20,647	15,659	3,682	39,988
2006	20,950	17,286	3,314	41,550
2005	22,135	19,857	3,051	45,043
2004	22,007	22,258	3,808	48,073
2003	21,403	23,558	4,877	49,838
2002	19,649	24,513	5,274	49,436
2001	18,551	24,564	7,634	50,749
2000	19,094	25,138	7,786	52,018
1999	19,460	28,457	8,421	56,338

**Data Source:** College records

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

**Table P**

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

<b>Capital Asset Type</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Land	\$ 17,388,173	\$ 17,388,173	\$ 17,388,173	\$ 17,388,173	\$ 17,388,173	\$ 19,574,040	\$ 48,988,547
Construction in process	-	20,923,300	72,653,608	87,031,126	70,201,658	182,702,679	18,421,821
Vehicles	-	-	-	-	-	586,630	741,182
Equipment	20,723,346	23,851,739	25,631,007	13,830,775	8,756,202	9,323,074	16,833,429
Buildings and improvements	426,299,700	427,289,258	426,685,662	439,645,567	478,350,538	488,896,308	28,734,268
Software	13,156,165	14,508,609	16,081,154	28,639,679	28,639,679	28,694,279	642,987,012
Total Capital Assets	<u>477,567,384</u>	<u>503,961,079</u>	<u>558,439,604</u>	<u>586,535,320</u>	<u>603,336,250</u>	<u>729,777,010</u>	<u>756,706,259</u>
Less: Accumulated Depreciation	<u>(192,392,658)</u>	<u>(208,072,904)</u>	<u>(222,717,534)</u>	<u>(213,237,741)</u>	<u>(194,626,987)</u>	<u>(206,074,196)</u>	<u>(186,971,382)</u>
Net Capital Assets	<u>\$ 285,174,726</u>	<u>\$ 295,888,175</u>	<u>\$ 335,722,070</u>	<u>\$ 373,297,579</u>	<u>\$ 408,709,263</u>	<u>\$ 523,702,814</u>	<u>\$ 569,734,877</u>
Capital Lease Obligations	<u>\$ 136,661,521</u>	<u>\$ 118,545,000</u>	<u>\$ 99,375,000</u>	<u>\$ 78,610,000</u>	<u>\$ 56,105,000</u>	<u>\$ 31,695,000</u>	<u>\$ -</u>

**Data Source: Summary of Capital Assets Schedule, See Note 5**

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

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

**Table Q**

**Operating Information (Unaudited)  
Miscellaneous Statistics**

<b><i>Founded</i></b>	<b>1911</b>	
Accreditation by North Central Association of Colleges and Schools	<b>Most Recent Accreditation</b>	<b>Next Review</b>
Daley	2000-01	2010-11
Harold Washington	1998-99	2008-09
Kennedy-King	2005-06	2015-16
Malcolm X	2007-08	2017-08
Olive-Harvey	1999-00	2009-10
Truman	1999-00	2009-10
Wright	2001-02	2011-12
Current gross square footage		4,123,907
Size of district		228.5 square miles
Counties served		Cook and DuPage
Population of district		2,836,658
Number of administrative staff		350
Number of classified staff		268
Number of professional / technical staff		854
Number of support staff		2,838
Number of teaching staff		3,095
Degrees and certificates awarded (Fiscal year 2007)		8,270

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

**Table R**

**Operating Information  
Revenues and Expenditures by College (Unaudited)  
For the fiscal year ended 6/30/2008**

	<u>Daley</u>	<u>Harold Washington</u>	<u>Kennedy-King</u>	<u>Malcolm X</u>	<u>Olive-Harvey</u>	<u>Truman</u>	<u>Wright</u>	<u>District Office</u>	<u>Total</u>
<b>Revenues:</b>									
Local Tax Revenue	\$ 13,079,732	\$ 14,584,409	\$ 19,385,707	\$ 14,512,666	\$ 14,001,001	\$ 13,401,864	\$ 16,663,597	\$ 21,518,719	\$ 127,147,695
All Other Local Revenue	41,537	91,003	231	28,297	1,231,932	970,085	72,737	1,285,154	3,720,976
ICCB Grants	12,008,664	5,602,958	7,335,613	9,935,027	4,895,195	14,388,168	9,125,950	1,460,289	64,751,864
All Other State Revenue	1,462,427	4,122,140	2,749,324	2,148,595	2,225,861	2,830,757	2,515,930	17,271,608	35,326,642
Federal Revenue	6,652,194	11,907,228	12,003,893	9,623,400	6,641,774	8,976,318	7,061,772	1,303,817	64,170,396
Student Tuition and Fees	10,051,916	16,270,611	12,895,241	6,808,544	5,119,792	10,663,940	13,466,676	-	75,276,720
All Other Revenue	491,410	358,940	1,221,057	584,713	257,203	1,367,569	1,124,294	13,476,093	18,881,279
Total Revenue before Capital Appropriations	<u>43,787,880</u>	<u>52,937,289</u>	<u>55,591,066</u>	<u>43,641,242</u>	<u>34,372,758</u>	<u>52,598,701</u>	<u>50,030,956</u>	<u>56,315,680</u>	<u>389,275,572</u>
Capital Appropriations	-	-	-	-	-	-	-	53,576,141	53,576,141
Total Revenue	<u>\$ 43,787,880</u>	<u>\$ 52,937,289</u>	<u>\$ 55,591,066</u>	<u>\$ 43,641,242</u>	<u>\$ 34,372,758</u>	<u>\$ 52,598,701</u>	<u>\$ 50,030,956</u>	<u>\$ 109,891,821</u>	<u>\$ 442,851,713</u>
<b>Expenditures by program</b>									
Instruction	\$ 12,510,502	\$ 16,011,299	\$ 19,562,522	\$ 11,955,631	\$ 9,721,883	\$ 17,503,716	\$ 17,149,873	\$ 621,737	\$ 105,037,163
Academic Support	3,200,864	2,779,956	3,473,172	4,438,385	2,377,154	4,095,825	4,019,740	7,291,925	31,677,021
Student Services	2,760,652	4,704,413	3,616,754	2,838,232	4,776,593	6,208,871	4,056,422	639,279	29,601,216
Public Service/Continuing Education	206,493	857,931	2,771,686	658,617	583,718	2,996,670	902,017	880,818	9,857,950
Organized Research	-	722,291	-	-	-	-	-	9,447	731,738
Auxiliary Services	150,580	7,865	414,020	447,641	253,635	32,410	595,603	246,108	2,147,862
Operations and Maintenance	9,873,271	6,999,944	17,070,929	10,335,565	6,242,033	6,563,074	9,789,659	23,807,644	90,682,119
Institutional Support	5,050,846	5,571,417	6,245,601	5,329,364	3,756,813	6,799,698	5,859,540	34,737,246	73,350,525
Scholarships, Grants, Waivers	10,208,437	14,939,169	13,948,016	9,372,137	7,320,838	7,411,238	8,407,779	354,264	71,961,878
Total Expenditures	<u>\$ 43,961,645</u>	<u>\$ 52,594,285</u>	<u>\$ 67,102,700</u>	<u>\$ 45,375,572</u>	<u>\$ 35,032,667</u>	<u>\$ 51,611,502</u>	<u>\$ 50,780,633</u>	<u>\$ 68,588,468</u>	<u>\$ 415,047,472</u>

Excludes SURS contribution of \$14,700,452

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

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

**Table S**

**Statement of Revenues, Expenses and Changes in Net Assets by Campus (Unaudited)  
For the fiscal year ended June 30, 2008**

<b>Revenues</b>	<u>Daley</u>	<u>Harold Washington</u>	<u>Kennedy King</u>	<u>Malcolm X</u>	<u>Olive Harvey</u>	<u>Truman</u>	<u>Wright</u>	<u>District</u>	<u>Total</u>
Operating revenues:									
Student tuition and fees:									
Resident	\$ 6,295,588	\$ 11,168,938	\$ 7,148,571	\$ 5,310,646	\$ 4,183,673	\$ 7,901,674	\$ 10,602,488	\$ -	\$ 52,611,578
Nonresident	2,467,311	2,421,257	1,516,128	399,019	143,607	1,195,996	840,353	-	8,983,671
Other	1,289,017	2,680,416	4,230,541	1,098,879	792,512	1,566,270	2,023,836	-	13,681,471
Less: Scholarship allowances	<u>(6,450,352)</u>	<u>(7,810,106)</u>	<u>(7,084,855)</u>	<u>(4,513,568)</u>	<u>(3,551,339)</u>	<u>(3,678,400)</u>	<u>(4,409,015)</u>	-	<u>(37,497,635)</u>
Net student tuition and fees	3,601,564	8,460,505	5,810,385	2,294,976	1,568,453	6,985,540	9,057,662	-	37,779,085
Other operating revenues	<u>477,758</u>	<u>319,941</u>	<u>1,200,290</u>	<u>506,331</u>	<u>215,833</u>	<u>1,263,201</u>	<u>1,075,726</u>	<u>1,938,644</u>	<u>6,997,724</u>
Total operating revenues	4,079,322	8,780,446	7,010,675	2,801,307	1,784,286	8,248,741	10,133,388	1,938,644	44,776,809
<b>Expenses</b>									
Operating expenses:									
Instructional salaries	10,361,119	12,970,453	12,684,986	9,665,604	7,793,662	14,021,178	14,090,684	-	81,587,686
Non-instructional salaries	8,946,875	10,520,460	13,301,295	10,076,723	9,823,472	13,279,650	10,894,177	17,429,612	94,272,264
Fringe benefits	4,949,429	6,491,632	6,408,684	5,206,210	5,013,800	7,300,128	6,888,854	6,387,595	48,646,332
Supplies	1,230,816	1,396,521	1,951,115	1,604,791	1,118,227	1,975,667	1,896,151	6,583,574	17,756,862
Professional Development	208,583	220,314	373,573	250,653	236,784	194,734	179,234	630,605	2,294,480
Equipment not capitalized	771,143	227,845	402,481	417,577	232,450	630,649	145,038	22,629,845	25,457,028
Utilities	1,216,846	632,195	3,093,011	1,451,189	895,603	1,186,722	1,324,322	2,765,917	12,565,805
Contractual services	3,914,306	4,107,254	9,748,038	4,917,269	2,354,164	5,798,585	4,037,927	10,490,707	45,368,250
Depreciation	3,116,648	3,425,166	5,996,374	3,164,501	1,346,561	1,777,001	4,408,753	3,996,441	27,231,445
Financial aid, exclusive of scholarship allowances	3,549,287	6,922,142	6,573,831	4,686,368	3,544,474	3,427,017	3,826,018	83,150	32,612,287
Other expenses	<u>652,636</u>	<u>(284,357)</u>	<u>1,541,149</u>	<u>928,853</u>	<u>499,054</u>	<u>526,841</u>	<u>380,447</u>	<u>(2,041,253)</u>	<u>2,203,370</u>
Total operating expenses	<u>38,917,688</u>	<u>46,629,625</u>	<u>62,074,537</u>	<u>42,369,738</u>	<u>32,858,251</u>	<u>50,118,172</u>	<u>48,071,605</u>	<u>68,956,193</u>	<u>389,995,809</u>
Operating loss	(34,838,366)	(37,849,179)	(55,063,862)	(39,568,431)	(31,073,965)	(41,869,431)	(37,938,217)	(67,017,549)	(345,219,000)
Non-operating revenues (expenses):									
State apportionment and equalization	7,974,770	3,882,059	4,397,980	5,865,476	2,859,689	9,021,833	5,806,629	-	39,808,436
Other state grants and contracts	7,106,752	7,809,424	7,849,473	7,867,630	5,727,315	10,475,416	7,927,101	4,681,460	59,444,571
Local grants and contracts	44,461	91,003	4,768	28,297	1,253,838	1,022,185	99,913	1,528,728	4,073,193
Local property taxes	13,079,732	14,584,409	19,385,707	14,512,666	14,001,001	13,401,864	16,663,597	7,605,727	113,234,703
Property taxes for lease obligations	-	-	-	-	-	-	-	13,912,993	13,912,993
Personal property replacement tax	-	-	-	-	-	-	-	15,525,950	15,525,950
Federal grants and contracts	6,652,194	11,907,228	12,003,893	9,623,400	6,641,774	8,976,318	7,061,772	1,303,819	64,170,398
Litigation settlement	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	11,293,733	11,293,733
Building lease and interest payments on debt	<u>(193,307)</u>	<u>(81,941)</u>	<u>(89,591)</u>	<u>(63,365)</u>	<u>(69,563)</u>	<u>(40,986)</u>	<u>(370,469)</u>	<u>(1,107,659)</u>	<u>(2,016,881)</u>
Non-operating revenues, net	<u>34,664,602</u>	<u>38,192,182</u>	<u>43,552,230</u>	<u>37,834,104</u>	<u>30,414,054</u>	<u>42,856,630</u>	<u>37,188,543</u>	<u>54,744,751</u>	<u>319,447,096</u>
Income before capital appropriations and grants	<u>(173,764)</u>	<u>343,003</u>	<u>(11,511,632)</u>	<u>(1,734,327)</u>	<u>(659,911)</u>	<u>987,199</u>	<u>(749,674)</u>	<u>(12,272,798)</u>	<u>(25,771,904)</u>
Capital appropriations and grants	-	-	-	-	-	-	-	53,576,141	53,576,141
Change in net assets	<u>\$ (173,764)</u>	<u>\$ 343,003</u>	<u>\$ (11,511,632)</u>	<u>\$ (1,734,327)</u>	<u>\$ (659,911)</u>	<u>\$ 987,199</u>	<u>\$ (749,674)</u>	<u>\$ 41,303,343</u>	<u>\$ 27,804,237</u>

# **Special Reports Section**



# State Required Report Section

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City Colleges of Chicago  
Community College District No. 508  
All Funds Summary  
Uniform Financial Statement #1  
Fiscal year ended June 30, 2008

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Auxiliary Enterprises Fund	Restricted Purposes Fund **	Working Cash Fund	Investment in Plant Fund	Trust & Agency Fund	Audit Fund	Liability, Protection Settlement Fund	PBC * Rental Fund	PBC * Operations and Maintenance Fund	Total
Fund Balance: July 1, 2007	\$ 24,344,737	\$ 193,466	\$ 102,879,800	\$ 2,979,970	\$ 213,457	\$ 63,733,215	\$ 492,006,098	\$ (1,425)	\$ 100,970	\$ 4,379,498	\$ 23,795,853	\$ 606,988	\$ 715,232,627
<b>Revenues:</b>													
Local Tax Revenue	77,685,511	28,837,350	1,203,561	-	-	-	-	-	747,349	4,760,932	13,912,992	-	127,147,695
All Other Local Revenue	8,541	-	51,085,723	-	3,712,434	-	-	-	-	-	-	-	54,806,698
ICCB Grants	55,688,377	-	-	-	9,063,487	-	-	-	-	-	-	-	64,751,864
All Other State Revenue	1,500	-	15,525,950	-	19,799,191	-	2,490,418	-	-	-	-	-	37,817,059
Federal Revenue	632,666	-	-	-	63,537,732	-	-	-	-	-	-	-	64,170,398
Student Tuition and Fees	75,276,720	-	-	-	-	-	-	-	-	-	-	-	75,276,720
All Other Revenue	5,224,405	1,371,058	4,092,457	4,961,820	210,352	2,420,212	-	-	-	-	600,975	-	18,881,279
Total Revenues	214,517,720	30,208,408	71,907,691	4,961,820	96,323,196	2,420,212	2,490,418	-	747,349	4,760,932	14,513,967	-	442,851,713
<b>Expenses</b>													
Instruction	98,268,264	-	68,500	2,744	6,842,144	-	(144,489)	-	-	-	-	-	105,037,163
Academic Support	20,770,173	-	-	571,217	10,335,631	-	-	-	-	-	-	-	31,677,021
Student Services	22,462,934	-	-	3,022	7,135,260	-	-	-	-	-	-	-	29,601,216
Public Service/Continuing Education	1,825,263	-	-	3,234,184	4,798,503	-	-	-	-	-	-	-	9,857,950
Organized Research	-	-	-	-	731,738	-	-	-	-	-	-	-	731,738
Auxiliary Services	1,340,134	-	-	632,735	174,993	-	-	-	-	-	-	-	2,147,862
Operations and Maintenance	7,761,620	29,030,273	95,489,944	2,768	307,025	-	(43,202,395)	-	-	1,292,884	-	-	90,682,119
Institutional Support	60,939,112	106,092	6,439,927	331,721	995,096	-	(31,889,759)	(365)	727,415	1,989,408	33,711,882	-	73,350,529
Scholarships, Grants, Waivers	6,713,781	-	-	31,834	65,216,263	-	-	-	-	-	-	-	71,961,878
Total Expenses	220,081,281	29,136,365	101,998,371	4,810,225	96,536,653	-	(75,236,643)	(365)	727,415	3,282,292	33,711,882	-	415,047,476
Net Transfers	-	-	4,597,938	-	-	-	-	-	-	-	(4,597,938)	-	-
Fund Balance: June 30, 2008	\$ 18,781,176	\$ 1,265,509	\$ 77,387,058	\$ 3,131,565	\$ -	\$ 66,153,427	\$ 569,733,159	\$ (1,060)	\$ 120,904	\$ 5,858,138	\$ -	\$ 606,988	\$ 743,036,864

\* Public Building Commission  
\*\* excludes SURS contribution \$ 14,700,452

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

**Fiscal year ended June 30, 2008**

	<b>Fixed Asset/Debt Account Groups July 1, 2007</b>	<b>Additions</b>	<b>Deletions and Transfers</b>	<b>Fixed Asset/Debt Account Groups June 30, 2008</b>
<b>Fixed Assets</b>				
Land	\$ 19,574,040	\$ 29,414,507	\$ -	\$ 48,988,547
Construction work in progress	182,702,679	72,200,187	236,481,045	18,421,821
Buildings and Improvements	488,896,308	200,424,962	46,334,258	642,987,012
Vehicles	586,630	154,552	-	741,182
Equipment	9,323,074	7,510,355	-	16,833,429
Software	28,694,279	39,989	-	28,734,268
Accumulated Depreciation	(206,074,196)	(27,231,444)	(46,334,258)	(186,971,382)
<b>Net Fixed Assets</b>	<u>\$ 523,702,814</u>	<u>\$ 282,513,108</u>	<u>\$ 236,481,045</u>	<u>\$ 569,734,877</u>
<b>Long-term Debt</b>				
Lease obligations	\$ 31,695,000	\$ -	\$ 31,695,000	\$ -
<b>Total Fixed Liabilities</b>	<u>\$ 31,695,000</u>	<u>\$ -</u>	<u>\$ 31,695,000</u>	<u>\$ -</u>

**City Colleges of Chicago**  
**Community College District No. 508**  
**Operating\*\* Funds Revenues And Expenditures**  
**Uniform Financial Statement #3**  
**Fiscal year ended June 30, 2008**

<b>OPERATING REVENUES BY SOURCE</b>	<b>Education Fund</b>	<b>Operations and Maintenance Fund</b>	<b>Total Operating Funds</b>
Local Government Revenue:			
Local Taxes	\$ 77,685,511	\$ 28,837,350	\$ 106,522,861
Chargeback Revenue			-
Other	8,541	-	8,541
<b>TOTAL LOCAL GOVERNMENT</b>	<b>77,694,052</b>	<b>28,837,350</b>	<b>106,531,402</b>
State Government:			
ICCB Base Operating Grant	39,808,436		39,808,436
ICCB Equalization Grant	-		-
CPPRT	-	-	-
Other (Include other ICCB grants not listed above)	15,881,441		15,881,441
<b>TOTAL STATE GOVERNMENT</b>	<b>55,689,877</b>	<b>-</b>	<b>55,689,877</b>
Federal Government:			
Dept. of Education	632,666	-	632,666
<b>TOTAL FEDERAL GOVERNMENT</b>	<b>632,666</b>	<b>-</b>	<b>632,666</b>
Student Tuition and Fees			
Tuition	61,595,249	-	61,595,249
Fees	13,681,471	-	13,681,471
<b>TOTAL TUITION AND FEES</b>	<b>75,276,720</b>	<b>-</b>	<b>75,276,720</b>
Other Sources			
Sales and Service Fees	501,314	-	501,314
Facilities Revenue	(1,088)	1,371,058	1,369,970
Investment Revenue	4,299,381		4,299,381
Other	424,798		424,798
<b>TOTAL OTHER REVENUE</b>	<b>5,224,405</b>	<b>1,371,058</b>	<b>6,595,463</b>
<b>TOTAL REVENUE</b>	<b>214,517,720</b>	<b>30,208,408</b>	<b>244,726,128</b>
Less: Non-Operating Items *			
Tuition Chargeback Revenue	-	-	-
<b>ADJUSTED REVENUE</b>	<b>\$ 214,517,720</b>	<b>\$ 30,208,408</b>	<b>\$ 244,726,128</b>
<b>OPERATING EXPENDITURES</b>			
<b>BY PROGRAM</b>			
Instruction	\$ 98,268,264	\$ -	\$ 98,268,264
Academic Support	20,770,173	-	20,770,173
Student Services	22,462,934	-	22,462,934
Public Service/Continuing Education	1,825,263	-	1,825,263
Organized Research	-	-	-
Auxiliary Services	1,340,134	-	1,340,134
Operations and Maintenance	7,761,620	29,030,273	36,791,893
Institutional Support	60,939,112	106,092	61,045,204
Scholarships, Grants, Waivers	6,713,781	-	6,713,781
<b>TOTAL EXPENDITURES</b>	<b>220,081,281</b>	<b>29,136,365</b>	<b>249,217,646</b>
Less Non-Operating Items*			
Tuition Chargeback	-	-	-
<b>ADJUSTED EXPENDITURES</b>	<b>\$ 220,081,281</b>	<b>\$ 29,136,365</b>	<b>\$ 249,217,646</b>
<b>BY OBJECT</b>			
Salaries	\$ 138,513,014	\$ 13,664,857	\$ 152,177,871
Employee Benefits	27,202,537	1,895,756	29,098,293
Contractual Services	25,133,953	1,975,868	27,109,821
General Materials and Supplies	14,629,461	1,309,044	15,938,505
Professional Development	1,719,587	21,050	1,740,637
Fixed Charges	1,569,951	141,904	1,711,855
Utilities	2,428,872	10,127,828	12,556,700
Capital Outlay	76,865	58	76,923
Other	8,807,041	-	8,807,041
<b>TOTAL EXPENDITURES</b>	<b>220,081,281</b>	<b>29,136,365</b>	<b>249,217,646</b>
Less Non-Operating Items*			
Tuition Chargeback	-	-	-
<b>ADJUSTED EXPENDITURES</b>	<b>\$ 220,081,281</b>	<b>\$ 29,136,365</b>	<b>\$ 249,217,646</b>

\* Enter as negative.

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

**City Colleges of Chicago  
Community College District No. 508  
Restricted Purposes Fund Revenues And Expenditures  
Uniform Financial Statement #4  
Fiscal year ended June 30, 2008**

**REVENUE BY SOURCE:**

TOTAL LOCAL GOVERNMENT	\$ 3,712,434
State Government *	
ICCB - Adult Education	7,714,095
ICCB - Retirees Health Insurance Grant	626,600
ICCB - Special Initiatives Grants	483,208
ICCB - Workforce Development Grants	239,584
State Mandatory Award Program	12,645,540
IDHS grants	543,853
DCCA grants	187,421
Other	<u>6,422,377</u>
TOTAL STATE GOVERNMENT	28,862,678
Federal Government	
Dept. of Education	49,270,024
Dept. of Labor	-
Dept. of Health & Human Services	-
Other	<u>14,267,708</u>
TOTAL FEDERAL GOVERNMENT	63,537,732
Other Sources	
Tuition and Fees	-
Other	<u>210,352</u>
TOTAL OTHER SOURCES	210,352
TOTAL RESTRICTED PURPOSES FUND REVENUES	<u>\$ 96,323,196</u>
EXPENDITURES BY PROGRAM *	
Instruction	\$ 6,842,144
Academic Support	10,335,631
Student Services	7,135,260
Public Service/Continuing Education	4,798,503
Organized Research	731,738
Auxiliary Services	174,993
Operations and Maintenance	307,025
Institutional Support	995,096
Scholarships, Grants and Waivers	65,216,263
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u>\$ 96,536,653</u>
EXPENDITURES BY OBJECT *	
Salaries	\$ 19,915,171
Employee Benefits	4,137,162
Contractual Services	3,229,120
Student Financial Aid	64,103,332
General Materials and Supplies	4,094,060
Library Materials*	
Professional Development	496,443
Fixed Charges	239,762
Utilities	7,318
Capital Outlay	314,285
Other	-
Scholarships, Grants, Waivers*	-
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u>\$ 96,536,653</u>

\* Excludes SURS contribution of \$14,700,452

**City Colleges of Chicago**  
**Community College District No. 508**  
**Current Funds \* Expenditures\*\* by Activity**  
**Uniform Financial Statement #5**  
**Fiscal year ended June 30, 2008**

INSTRUCTION	
Instructional Programs	\$ 105,113,152
Other	-
Total Instruction	<u>105,113,152</u>
ACADEMIC SUPPORT	
Library Center	6,076,711
Instructional Materials Center	333,312
Educational Media Services	85,851
Academic Computing Support	870,199
Academic Administration and Planning	18,776,209
Other	5,534,739
Total Academic Support	<u>31,677,021</u>
STUDENT SERVICES SUPPORT	
Admissions and Records	6,749,955
Counseling and Career Services	5,903,067
Financial Aid Administration	4,263,080
Other	12,685,114
Total Student Services Support	<u>29,601,216</u>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	400,142
Customized Training (Instructional)	793,874
Community Services	5,444,562
Other	3,219,372
Total Public Service/Continuing Education	<u>9,857,950</u>
ORGANIZED RESEARCH	731,738
AUXILIARY SERVICES	2,147,862
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	17,328,608
Custodial Services	736,878
Grounds	15,242
Campus Security	8,852,127
Transportation	12,690
Utilities	9,661,859
Administration	151,640
Other	1,635,526
Total Operations and Maintenance of Plant	<u>38,394,570</u>
INSTITUTIONAL SUPPORT	
Executive Management	7,555,860
Fiscal Operations	2,641,901
Community Relations	3,287,667
Administrative Support Services	23,296,717
Board of Trustees	104,895
General Institutional	12,174,438
Institutional Research	105,258
Administrative Data Processing	5,719,394
Other	10,202,713
Total Institutional Support	<u>65,088,843</u>
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	<u>71,961,878</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u>\$ 354,574,230</u>

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

\*\* Excludes SURS Contribution of \$14,700,452.



City Colleges of Chicago  
Community College District No. 508

Certification of Chargeback Reimbursement for Fiscal Year 2009

All fiscal year 2008 non-capital operating expenses from the following funds:

Education Fund	\$ 220,004,413
Operations and Maintenance Fund	29,136,365
Public Building Commission Rental Fund	33,711,882
Restricted Purposes Fund	96,536,653
Audit Fund	727,415
Liability, Protection and Settlement Fund	<u>3,282,292</u>
TOTAL NON-CAPITAL EXPENDITURES	383,399,020
PLUS DEPRECIATION FOR EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES	4,566,590
PLUS DEPRECIATION ON BUILDINGS AND FIXED EQUIPMENT PAID FROM NONSTATE AND NONFEDERAL MONIES	<u>12,240,762</u>
EQUALS TOTAL QUALIFIED EXPENDITURES	400,206,372
LESS ALL FISCAL YEAR 2008 STATE AND FEDERAL OPERATING GRANTS FOR NON-CAPITAL EXPENDITURES, EXCEPT ICCB GRANTS	<u>83,338,423</u>
EQUALS ADJUSTED QUALIFIED EXPENDITURES	316,867,949
DIVIDED BY TOTAL CREDIT HOURS FOR FISCAL YEAR 2008	<u>1,050,801</u>
EQUALS COST PER SEMESTER CREDIT HOUR	<u>\$ 301.55</u>
LESS DISTRICT'S AVERAGE GRANT RATE FOR FISCAL YEAR 2009	\$ 49.40
LESS STUDENT TUITION PER SEMESTER CREDIT HOUR FOR FISCAL YEAR 2009	<u>72.00</u>
EQUALS CHARGEBACK REIMBURSEMENT RATE PER SEMESTER CREDIT HOUR	<u>\$ 180.15</u>

Approved:   
Kenneth C. Gotsch, Chief Financial Officer

Approved:   
Wayne D. Watson, Chief Executive Officer



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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases On Which Claims are Filed (the "Schedule") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") for the year ended June 30, 2008. The Schedule is the responsibility of City Colleges' management. Our responsibility is to express an opinion on the Schedule based on our examination.

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

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

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

*Deloitte & Touche LLP*

December 22, 2008

**Schedule of Enrollment Data and  
Other Bases On Which Claims are Filed  
For the year ended June 30, 2008**

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

Categories	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate Transfer	40,615.0	-	165,806.0	-	168,593.0	-	375,014.0	-
Business Occupational	3,707.0	-	20,999.0	-	17,661.5	-	42,367.5	-
Technical Occupational	7,788.0	-	33,494.0	-	34,351.0	-	75,633.0	-
Health Occupational	6,295.0	-	19,044.0	-	18,438.0	-	43,777.0	-
Remedial/Developmental	7,060.0	-	55,612.0	-	43,109.0	-	105,781.0	-
Adult Basic/Secondary Education	91,289.0	12,133.0	112,834.0	41,765.5	125,193.0	25,014.0	329,316.0	78,912.5
<b>Total</b>	<b>156,754.0</b>	<b>12,133.0</b>	<b>407,789.0</b>	<b>41,765.5</b>	<b>407,345.5</b>	<b>25,014.0</b>	<b>971,888.5</b>	<b>78,912.5</b>

**Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2008**

Categories	Unrestricted			Restricted		
	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference
Baccalaureate Transfer	375,014.0	375,014.0	-	-	-	-
Business Occupational	42,367.5	42,367.5	-	-	-	-
Technical Occupational	75,633.0	75,633.0	-	-	-	-
Health Occupational	43,777.0	43,777.0	-	-	-	-
Remedial/Developmental	105,781.0	105,781.0	-	-	-	-
Adult Basic/Secondary Education	329,316.0	329,316.0	-	78,912.5	78,912.5	-
<b>Total</b>	<b>971,888.5</b>	<b>971,888.5</b>	<b>-</b>	<b>78,912.5</b>	<b>78,912.5</b>	<b>-</b>

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

	<u>Dual Credit</u>	<u>Dual Enrollment</u>
Reimbursable Semester Credit Hours (All Terms)	1,810.0	131.0

**Schedule of Enrollment Data and  
Other Bases On Which Claims are Filed (Continued)  
For the year ended June 30, 2008**

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

	<u>Attending In-District</u>	<u>Attending Out-of-District on Chargeback or Cooperative/ Contractual Agreement</u>	<u>Total</u>
Semester credit hours (all terms)	1,003,077	2,040	1,005,117
District prior year equalized assessed evaluation		\$73,611,156,177	
		<b>Total Credit Hours</b>	<b>Total Credit Hours Certified by ICCB</b>
In-district residents		927,276	927,276
Out-of-district (chargeback/contractual agreement)		<u>2,040</u>	<u>2,040</u>
Total		<u>929,316</u>	<u>929,316</u>
			<b>Difference</b>
			-
			-
			-

## Schedule 9

### Student Residency Verification Process

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

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

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

Non-resident tuition and fees will be charged to:

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

### Summary of Assessed Valuations

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2007	\$73,611,156,177
2006	69,479,300,657
2005	59,274,592,340
2004	55,309,122,652
2003	<u>53,144,460,703</u>
Total	<u>\$310,818,632,529</u>

# State Grant Compliance Section

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of the Workforce Development Component Grant, Retirees Health Insurance Grant, P-16 Initiative Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education-Program Improvement Grant ("Grant Programs") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") as of June 30, 2008, and the related statements of revenues, expenditures, and changes in fund balances for the year then ended as listed in the foregoing table of contents. These financial statements are the responsibility of City Colleges' management. Our responsibility is to express an opinion on the respective financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Workforce Development Component Grant, Retirees Health Insurance Grant, P-16 Initiative Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education-Program Improvement Grant of City Colleges of Chicago, Community College District No. 508, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of City Colleges' internal control over financial reporting of the Grant Programs and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements referred to above taken as a whole. The supplementary information included on pages 86 and 90 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Workforce Development Component Grant and State Adult Education and Family Literacy Grant. This supplementary information is the responsibility of City Colleges' management. The supplementary information has been subjected to the auditing procedures applied in our audit of the financial statements referred to above and, in our opinion, is fairly stated, in all material respects, when considered in relation to the financial statements of the Workforce Development Component Grant and the State Adult Education and Family Literacy Grant taken as a whole.

*Deloitte & Touche LLP*

December 22, 2008



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

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

We have audited the financial statements of the Workforce Development Component Grant, Retirees Health Insurance Grant, P-16 Initiative Grant, State Adult Education and Family Literacy Grant, Early School Leavers Grant, and Career and Technical Education-Program Improvement Grant ("Grant Programs") of City Colleges of Chicago, Community College District No. 508 ("City Colleges") as of June 30, 2008, and have issued our report thereon dated December 22, 2008. 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 grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*.

### **Internal Control Over Financial Reporting**

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain significant deficiency in internal control over financial reporting that we consider to be a material weakness.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the Finding 2008-1 described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above, Finding 2008-1, to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of City Colleges' Grant Programs are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Finding 2008-1.

City Colleges' response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit City Colleges' response, and accordingly, we express no opinion on it.

We noted certain matters that we reported to management of City Colleges in a separate letter dated December 22, 2008.

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

*Deloitte & Touche LLP*

December 22, 2008

# CITY COLLEGES OF CHICAGO

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2008

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### FINDING 2008-1

#### Allowable Activities

**Criteria** — The Illinois Community College Board’s (ICCB) *Fiscal Management Manual* (the “Policy Guidelines”) specifies that funds are to be expended only on the allowable expenditures as set forth within the ICCB Policy Guidelines.

**Condition** — City Colleges is not adequately managing or reviewing grant expenditures. Funds received from ICCB are originally recorded in unrestricted funds. As the funds are transferred from unrestricted to restricted grant funds, they are not reviewed to ensure that they are allowable per the grant agreements.

**Effect** — We identified instances of noncompliance while performing compliance procedures over the Career and Technical Education Program-Improvement Grant and the Workforce Development Component Grant. The following expenditures had been included in the previously mentioned grants when, in fact, they were not allowable, per the ICCB Policy Guidelines:

- The purchase of five Apple iPods and leather cases
- Cellular telephone charges from an employee that did not work on the grant
- Salary expenditures from employees that had not been employed on the grant
- Transportation expenditures charged to the incorrect grant

**Cause** — City Colleges’ policy of reclassifying expenditures at the end of the grant without adequately reviewing.

**Recommendation** — Assign accountability to each of the colleges for ongoing reviews of expenditures within the unrestricted funds. Review all expenditures within the unrestricted funds for allowability prior to reclassifying to the restricted grant funds.

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# Grant Financial Statements

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**City Colleges of Chicago**  
**Community College District No. 508**  
**Workforce Development Component Grant Program** *(Business/Industry Services)*  
**Balance Sheet**  
**As of June 30, 2008**

<b>Assets</b>	
Cash	<u>\$ 9,266</u>
<b>Liabilities and Fund balance</b>	
Accounts payable	\$ 6,965
Accrued payroll	<u>2,301</u>
Total Liabilities	9,266
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 9,266</u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances**  
**For the year ended June 30, 2008**

<b>Revenue</b>	
State sources	<u>\$ 239,584</u>
<b>Expenditures</b>	
Salaries	\$ 161,963
Employee benefits	51,658
Contractual services	4,473
Materials and supplies	16,094
Conference and meeting expenses	3,557
Other expenditures:	
Printing and duplicating	860
Postage and delivery	<u>979</u>
Total other expenditures	<u>1,839</u>
Total expenditures	<u>\$ 239,584</u>
<b>Excess of Revenue over Expenditures</b>	
	\$ -
Fund balance - July 1, 2007	<u>-</u>
Fund balance - June 30, 2008	<u>\$ -</u>

See accompanying notes to grant financial statements.

**City Colleges of Chicago**  
**Community College District No. 508**  
**Workforce Development Component Grant Program** *(Business/Industry Services)*  
**ICCB Compliance Statement For Workforce**  
**Development - Business / Industry Grant**  
**Total Expenditures for ICCB Grant Funds Only**  
**For the year ended June 30, 2008**

<u>Expenditures</u>	<u>General</u>	<u>Operation of Workforce Development Office</u>	<u>Total</u>
Personnel (Salaries & Benefits)	\$ -	\$ 213,622	\$ 213,622
Contractual Services	-	4,473	4,473
Instructional Materials	-	4,381	4,381
Conference and Meeting Expenses	-	2,087	2,087
Travel	-	1,099	1,099
Cost of Operating a Business Assistance Center/Economic Development/Workforce Development Offices			
a. Office Equipment	-	2,754	2,754
b. Utilities and Telephone	-	371	371
c. Consumable Supplies	-	9,937	9,937
d. Duplicating	-	860	860
Totals	<u>\$ -</u>	<u>\$ 239,584</u>	<u>\$ 239,584</u>

See accompanying notes to grant financial statements.



**City Colleges of Chicago**  
**Community College District No. 508**  
**Retirees Health Insurance Grant Program**  
**Balance Sheet**  
**As of June 30, 2008**

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

**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**For the year ended June 30, 2008**

<b>Revenue</b>	
State sources	\$ <u>626,600</u>
<b>Expenditures</b>	
Retiree benefits	<u>626,600</u>
Total Expenditures	\$ <u>626,600</u>
<b>Excess of Revenues over Expenditures</b>	\$ -
Fund Balance - July 1, 2007	<u>-</u>
Fund Balance - June 30, 2008	<u>\$ -</u>

See accompanying notes to grant financial statements.

**City Colleges of Chicago  
Community College District No. 508  
P-16 Initiative Grant Program  
Balance Sheet  
As of June 30, 2008**

<b>Assets</b>	
Cash	<u>\$ 14,012</u>
<b>Liabilities and Fund balance</b>	
Agency payable	<u>\$ 14,012</u>
Total Liabilities	14,012
Total Fund balance	<u>-</u>
Total Liabilities and Fund balance	<u><u>\$ 14,012</u></u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the year ended June 30, 2008**

<b>Revenue</b>	
State sources	<u>\$ 203,369</u>
<b>Expenditures</b>	
Salaries	-
Employee benefits	-
Contractual services	-
Materials and supplies	-
Tuition and fees	<u>203,369</u>
Total Expenditures	<u><u>\$ 203,369</u></u>
<b>Excess of Revenue over Expenditures</b>	
	\$ -
Fund Balance - July 1, 2007	<u>-</u>
Fund Balance - June 30, 2008	<u><u>\$ -</u></u>

See accompanying notes to grant financial statements.

**City Colleges of Chicago  
Community College District No. 508  
State Adult Education and Family Literacy Grant Programs  
Combined Balance Sheet  
As of June 30, 2008**

	<u>State Basic</u>	<u>Public Aid</u>	<u>Performance</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 75,890	\$ 178,884	\$ 32,860	\$ 287,634
Total Assets	<u>\$ 75,890</u>	<u>\$ 178,884</u>	<u>\$ 32,860</u>	<u>\$ 287,634</u>
<b>Liabilities and Fund balance</b>				
Accounts payable	\$ 26,557	\$ 110,247	\$ 7,700	\$ 144,504
Accrued expenditures	49,333	68,637	25,160	143,130
Total Liabilities	75,890	178,884	32,860	287,634
<b>Fund balance</b>	-	-	-	-
Total Liabilities and Fund Balance	<u>\$ 75,890</u>	<u>\$ 178,884</u>	<u>\$ 32,860</u>	<u>\$ 287,634</u>

**Combined Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the year ended June 30, 2008**

	<u>State Basic</u>	<u>Public Aid</u>	<u>Performance</u>	<u>Total</u>
<b>Revenue</b>				
State sources	<u>\$ 2,923,343</u>	<u>\$ 3,582,000</u>	<u>\$ 1,208,752</u>	<u>\$ 7,714,095</u>
<b>Expenditures by program</b>				
Instruction	\$ 2,002,344	\$ 1,712,869	\$ 153,269	\$ 3,868,482
Social Work Services	502,432	766,543	181,885	1,450,860
Guidance Services	8,600	201,185	33,237	243,022
Assessment and Testing	86,744	387,935	72,989	547,668
Student Transportation Services	-	-	53,520	53,520
Literacy Services	50,639	-	81,462	132,101
Subtotal Instructional and Student Services	2,650,759	3,068,532	576,362	6,295,653
<b>PROGRAM SUPPORT</b>				
Improvement of Instructional Services	2,968	24,996	390,513	418,477
General Administration	157,721	277,078	75,269	510,068
Operation & Maintenance of Plant Services	55,175	85,992	55,134	196,301
Workforce Coordination	10,581	24,795	18,945	54,321
Data and Information Services	46,139	100,607	92,529	239,275
Subtotal Program Support	272,584	513,468	632,390	1,418,442
Total Costs	<u>\$ 2,923,343</u>	<u>\$ 3,582,000</u>	<u>\$ 1,208,752</u>	<u>\$ 7,714,095</u>
<b>Excess of Revenue over Expenditures</b>	\$ -	\$ -	\$ -	\$ -
Fund Balance - July 1, 2007	-	-	-	-
Fund Balance - June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to grant financial statements.

**City Colleges of Chicago  
Community College District No. 508  
ICCB Compliance Statement for the  
Adult Education and Family Literacy Grant Programs  
Expenditure Amounts and Percentages for ICCB Grant Funds Only  
For the year ended June 30, 2008**

	<u>Expenditure Amount</u>	<u>Allowed Expenditure Percentage</u>	<u>Actual Expenditure Percentage</u>
<b>State Basic</b>			
Instruction	\$ 2,002,344	Minimum 45%	68.5%
General Administration	\$ 157,721	Maximum 9%	5.4%
<b>State Public Assistance</b>			
Instruction	\$ 1,712,869	Minimum 45%	47.8%
General Administration	\$ 277,078	Maximum 9%	7.7%
<b>State Performance</b>			
General Administration	\$ 75,269	Maximum 9%	6.2%

See accompanying notes to grant financial statements.

**City Colleges of Chicago  
Community College District No. 508  
Early School Leavers Grant Program  
Balance Sheet  
As of June 30, 2008**

<b>Assets</b>	
Cash	<u>\$ 87,447</u>
<b>Liabilities and fund balance</b>	
Accounts payable	\$ 33,084
Accrued payroll	1,290
Agency payable	<u>53,073</u>
Total liabilities	87,447
Total fund balance	-
Total liabilities and fund balance	<u>\$ 87,447</u>

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the year ended June 30, 2008**

<b>Revenue</b>	
State sources	<u>\$ 159,595</u>
<b>Expenditures</b>	
Salaries	\$ 95,932
Benefits	29,040
Conference and meeting expenses	2,178
General materials	<u>32,445</u>
TOTAL EXPENDITURES	<u>\$ 159,595</u>
<b>Excess of Revenue over Expenditures</b>	\$ -
Fund balance - July 1, 2007	-
Fund balance - June 30, 2008	<u>\$ -</u>

See accompanying notes to grant financial statements.

**City Colleges of Chicago  
Community College District No. 508  
Career and Technical Education - Program Improvement  
Balance Sheet  
As of June 30, 2008**

<b>Assets</b>	
Cash	<u>\$ 20,653</u>
<b>Liabilities and Fund Balance</b>	
Accounts payable	19,065
Accrued liabilities	<u>1,588</u>
Total Liabilities	20,653
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 20,653</u>

**Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the year ended June 30, 2008**

<b>Revenue</b>	
State sources	<u>\$120,244</u>
<b>Expenditures</b>	
Salaries	26,759
Employee benefits	2,098
Contractual services	5,899
Materials and supplies	84,808
Conference and meeting expenses	<u>680</u>
Total Expenditures	<u>\$120,244</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	-
Fund Balance - July 1, 2007	<u>-</u>
Fund Balance - June 30, 2008	<u>\$ -</u>

See accompanying notes to grant financial statements.

# Notes to Grant Financial Statements

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

**Notes to Grant Financial Statements  
June 30, 2008**

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**1. PROGRAM DESCRIPTIONS**

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

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

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

**B. Retirees Health Insurance Grant**

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

**C. P-16 Initiative Grant**

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

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

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

**Notes to Grant Financial Statements  
June 30, 2008**

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

**D. Adult Education and Family Literacy Grants**

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

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

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

**E. Early School Leavers Grant**

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

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

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

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

**Notes to Grant Financial Statements  
June 30, 2008**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Reporting**

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

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

The grant funds shall be expended or obligated prior to June 30 each year, the last day of the fiscal year. Grant funds should be accounted for in the same period as in the credit hour claiming process. Unexpended funds totaling \$100 or more shall be returned to ICCB by October 15 following the end of the fiscal year. Unexpended funds totaling less than \$100 need not be returned to ICCB provided the funds are spent in the next fiscal year and for the restricted grant purpose. Grant monies not used in accordance with these criteria regardless of the amount shall be returned to ICCB by October 15 following the end of the fiscal year. The Workforce Development Component, Retirees Health Insurance, the Career and Technical Education program, and the State Adult Education and Family Literacy programs were fully expended within the grant period.

These financial statements cover only the Workforce Development Component, Retirees Health Insurance, the P-16 Initiative, Early School Leavers, Career and Technical Education, the State Adult Education and Family Literacy and the Student Success programs. It is not intended to, and does not, present the financial position or results of operations of City Colleges of Chicago in its entirety.

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

To facilitate sound management, substantially all City Colleges of Chicago cash for the Workforce Development Component, Retirees Health Insurance, the P-16 Initiative and the State Adult Education and Family Literacy, Early School Leavers, and the Career and Educational grant programs is pooled.

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

**Notes to Grant Financial Statements  
June 30, 2008**

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

**C. Capital outlay**

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

**D. Uses of Estimates**

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





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

Comprehensive Annual Financial Report for the year ended June 30, 2008:  
<http://www.ccc.edu/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).