

**Office of Finance Minutes**  
**February 11, 2010**  
**Regular Board Meeting**

**Finance Office Report to February 2010 Board Meeting**

Good afternoon, I would like to start my remarks covering this month's treasury update.

**TREASURY:** The District's Treasurer prepares annual cash flow projections to help plan the financial activities of the District. This forecast is adjusted on a monthly basis to reflect the actual and to effect any changes based on new facts that may become available. Based upon known facts during the month of January 2010, the following are the major assumptions used in forecasting this year's operating cash flow:

**Cash-In -** The District's incoming cash forecasts for FY 2010 is \$403.2 million and does not include the \$10.0 million in "grants applied for" which will be added to actual as they are received:

- **Property Taxes** total \$119.6 million, an increase of \$649,000 due to higher actual amount received in the months of December and January than previously anticipated.
- **Tuition and Fees** payments received are projected at \$64.9 million, an increase of \$666,000 is to due to higher receipt for the month of December than previously *estimated*.
- **Personal Property Replacement Tax** revenues are projected at \$12.8 million, an Increase of \$72,000 due to higher actual receipts for the month of January than previously reported.
- **State grants** receipts are projected to be \$87.0 million. The FY 2010 2nd quarter reimbursement for the credit grant of \$9.3 million is projected to come in the month of February. The 2nd quarter payment of \$3.75 million for the \$15.0 million special equalization grant due in November is projected to come in the month of March. The MAP grant of about \$7 million for the Spring semester is projected to come in March. We will continue to monitor the status of all State payments and will report any impact to the cash flow in the future. The increase of \$5.6 million from last month's report is primarily due to the receipt of the CTE grant and the State portion of the Adult Ed grant which were previously reported to be delayed until next fiscal year.
- **Interest income** is forecasted to be \$2.5 million, an increase of \$71,000 from the previous month's report is due to higher investable balances from various receipts.
- **Federal draws** are projected at \$87.1 million, an increase of \$756,000 due to increase in enrollment and higher number of financial aid recipients.
- **Grants/miscellaneous** funds are estimated at \$29.3 million, an increase of \$1.5 million from last month's report is due to actual receipts of miscellaneous revenues not previously anticipated.

**Cash Out -** The District's outgoing cash forecasts totals \$395.9 million. Capital expenditures, budgeted at \$76.5 million, are not considered in the projection but will be reflected as the actual cash in/out occurs:

- **Faculty and staff payroll** is projected at \$142.0 million, slightly lower than last month by \$20, 000.
- **Tuition refunds** is estimated at \$46.2 million, higher than last month by \$200,000 due to increase in enrollment.
- **Accounts Payable/Misc payments** estimated at \$207.7 million, a decrease of \$5 million from last month's projection due to the lower actual amount of payments made in the month of January (primarily for payments estimated for the Truman parking project) .

## **Finance Office Report to February 2010 Board Meeting – continued**

**CASH BALANCE** - The current investment policy requires a minimum cash balance of no less than three months of expenditures or approximately \$85 million. The total cash balance of \$134.3 million as of the end of December 2009 is made up of \$128.7 million for operating and \$5.6 million for non-operating primarily for the Truman project. The operating cash balance of \$128.7 million includes \$12 million in the depository accounts, \$1.3 million in the Illinois Funds, \$41.6 million in the PFM prime funds, \$50.2 million in other short-term investments managed products by PFM and \$23.6 million in the IIIT term which include FDIC insured Certificates of Deposit.

In terms of the PFM Asset Management Portfolio, as of December 2009, the City Colleges of Chicago portfolio under the PFM management, at market value, is \$188.4 million:

The **Short-term Operating portfolio** valued at \$73.9 million with duration of approximately .46 years has a monthly periodic return of 0.002 % which is slightly lower than the return of the Merrill Lynch three month US Treasury Bill periodic return of 0.008%. Returns are net of fees. This portfolio is consists of: (1) Managed Account valued at \$50.3 million, (2) The Illinois Institutional Investors Trust (IIIT)- FDIC Certificate of Deposits valued at \$18.5 million and (3) IIIT Term valued at \$5 million.

The **Working Cash Portfolio** valued at \$61.9 million with duration of approximately 1.03 years has a monthly periodic return of -0.200 % which is slightly lower than the Merrill Lynch 1 year US Treasury Note periodic return of -0.134 %. Returns are net of fees.

The **Truman Parking Project** valued at \$18.8 million with duration of approximately 0.30 years has a monthly periodic return of .042 %. Returns are net of fees.

The **OPEB portfolio** valued at \$13.5 million with duration of approximately 1.81 years has a monthly periodic return of -0.526 % is better than the Merrill Lynch 1-3 year US Treasury Note periodic return of -0.790%. Returns are net of fees.

The **Capital Improvement Projects portfolio** valued at \$20.3 million with a duration of approximately .78 years has a monthly periodic return of -0.071 % is better than the Merrill Lynch 1 year US Treasury Index periodic return of -0.134%. Returns are net of fees.

Also included in your folder is the investment report from PFM for the quarter ending December 31, 2009 with portfolio performances. Overall, all of the portfolios managed by PFM performed better or in line with their respective benchmarks in terms of total returns over time. We continue to work closely with PFM in managing these investments in relation to the changing economic news.

Other money market funds during as of December 2009: the PFM Prime Fund Account balance of \$41.6 million with a yield of .21 % and the Illinois Money Market Fund (MMF) has a balance of \$1.3 million with a yield of .12%.

**Other Treasury Activities** included in your folder is the investment report for the quarter ending December 31, 2009 and the list of current bank accounts for the same period. Also, enclosed is the Deloitte's Independent Accountants' Report on Applying Agreed-Upon Procedures as required by the Investment Policy. We are watching the cash flows very closely and will report any significant impact that might affect the ability of the District to meet its obligations.

**BUSINESS CONTINUITY PLAN.** Received template software and began updating project plan, Business Impact Analysis and pilot of several Treasury processes. The OD's have agreed to be the Steering Committee with discussions during monthly meetings. District Emergency Response Manual should be completed by Hillard Heitze by end of month, per Stanley Thomas. This will serve as a template to update the College Plans. The current emergency plans are in review. The team will meet with OIT after Oracle health check meetings.

**A/P P-Card initiative:** AP continues to process payments for several vendors using P-Card. They continue to contact vendors to discuss payment using p-card. I will ask Sheila to send total P-card payment amount for FY10.

**Finance Office Report to February 2010 Board Meeting - continued**

**Finance Technology List:** Updated list per discussion with OIT. Many of the items on list are being discussed in the Oracle Health check meetings. Some can be quick configuration changes or require planning on CCC's part (e.g., use of combo-edits, tree node changes or creation of reporting trees, review use of commodity codes and their corresponding chart field strings); while others will be addressed when Finance upgrades to PS 9.1 and/ or implements or begins utilizing key modules. Upon receipt of the final Oracle report, will update our project list with priorities and identify items not addressed.

**Digital Faxing:** OIT has received the equipment and is configuring Groupwise to begin a pilot with Business Services and OIT departments. If all goes as planned, we will be demo the use of digital faxing with the ED's on 2/24. Rollout should begin in March.

**Operations Manual and Board Rules:** Received final changes from Legal; except for one question which I will discuss with you tomorrow. Resolutions and summary documents should go to Board in March.

**Budget Office** January 2010 activities include: monitoring State budget and finance activities, participated in Spring semester registration activities at Truman, Malcolm X, Wright, and Olive Harvey Colleges, interviewed candidates for the budget director position, participated in discussions concerning the Vision 2011 strategic plan, and participated in OIT's finance system "health" check.

**Student Financial Aid** activities during January 2010 include: (1) issued approximately 880 student refund transactions, of which, 690 or (80%) were direct deposit via ACH and 190 (20%) were paper checks. Total amount refunded to students was approximately \$462,000; (2) worked on updating the Electronic Student Refunds project. Began partnership agreement with U.S.

Bank to provide City Colleges with a more user-friendly student direct deposit process and system. the current ATMs ( JP Morgan Chase), located on CCC campuses be out of service, removed, prior to the installation of U.S. Bank's ATMs. We will discontinue loading funds on Chase cardholder's account effective March 1, 2010. (3) Issued over 27,000 **Tuition Statement (1098T) to students**. The table below demonstrates an increase in both quantity and amounts reported:

				%
<b>1098T Issued</b>	<b>2008</b>	<b>2009</b>	<b>Change</b>	<b>Change</b>
Quantity	24431	27159	2728	11.2%
Amt.Billed (Box 2)	\$32,028,113	\$46,426,916	\$14,398,803	45.0%

Finally, (4) 2011 Title IV Federal Funding, received tentative FY 2011 award letter from U.S. DOE, for FSEOG and FWS programs. Currently, there is no reduction in funding. The maximum allocated amounts are \$1,458,919 and \$2,104,974, respectively.

**System Financials** activities for January 2010: (1) Working with the Treasury and Accounts Payable staff to Implement the PCARD payment process and working with Chase Bank staff for the data downloads to develop a custom page to map AP PCARD card payments to the vouchers from the bank statement and developed a program to map chart field information from the vouchers into AP Card reconciliation page in order to offset the clearing account. (2) Completed the program to track budget ledger activity to the trial balance activity (Budget to Actual). (3) Current with the FY2010 Payroll Posting. (4) Performed 10g database upgrade testing and successfully completed 10g upgrade. (5) Modified budget preparation panels to capture vendor names against the estimated budget; created ability to add new chart field combinations, and created new panels to estimate grant budgets.

**Business and Procurement Services** activity for January 2010 include requesting approval for 9 board items for the February 2010 meeting. Successfully processed 29 purchase orders over \$5,000 with total expenditures in the amount of **\$637,397**. The colleges created 923 purchase orders under \$ 5,000 with total expenditures of **\$528,575**. Procurement entered 138 new vendors and 110 vendor updates into the vendor database. The following are the current Bid Projects:

**Finance Office Report to February 2010 Board Meeting - continued**

Dept/Campus	Solicitation	Status
	<b>Advertised</b>	
Administrative Services	Mechanical/HVAC – District Wide	Bids Due 2-1-10
Administrative Services	Plumbing Repair – District Wide	Bids Due 2-1-10
Administrative Services	MX New Service Building	Bids Due 2-17-10
Administrative Services	OH New Entrance	Bid Due 2-16-10
Administrative Services	Gymnasium Bleachers- Daley College	Bid Due 2-19-10
	<b>Bids being Prepared</b>	
Administrative Services	Elevator Repair- District Office	Expected Ad Date March 2010 (With Administrative Service for final completion)
	<b>Future Bid Projects</b>	
Administrative Services	Lawn Care and Tree Maintenance –District Wide	Expected Ad Date May 2010
Administrative Services	Copier and Reproduction Equipment and Services –District Wide	Expected Ad Date April 2010
District Wide	Re-Bid Biology Supplies	Expected Ad Date April 2010

The Office of Business Services (Accounts Payable) has processed a total of **2,070 vouchers** for vendor payment during January 2010. Also processed **248** 1099's for all independent contractors as required by IRS regulations.

**Administrative Services**

Projects reported on at the January meeting are still on schedule as reported including:  
 KK Demolition: Abatement is nearing completion and building demolition is expected to begin in early March.  
 New KK: Exterior lighting improvements are 50% complete.  
 Nursing Labs: WSLC, SCLC and AVI are nearing completion with an anticipated opening the first week of March.  
 OH: Work on the exterior façade has been completed. Baseball field – anticipated completion in April.  
 Truman: Student Service and Parking Structure is progressing according to schedule. Precast will begin by first of March.

## **OIT Department**

- For the month of January the Office of Information Technology has focused on spring registration and initiating internal projects that will take place over the coming months.
- OIT worked with the HR department on several projects. This includes generation of W-2s, planning and initial setup of the Long Term Disability plan as well as pay increases for ASFME and Local 73.
- OIT and Office of Finance are collaborating on several initiatives as well. Both departments are working with Oracle PeopleSoft experts on a Financials System Healthcheck. We are reviewing how we are currently utilizing the Finance system modules and identifying ways to improve our financial practices as well as our system usage.
- The Finance system Database Management System has been upgraded to Oracle 10g. With this upgrade, the Finance system joins the HR and Student systems with 24 hour availability - only down time during the normal maintenance window on Sundays.
- The last system to be upgraded to Oracle 10g is the Contributor Relations system. This upgrade is underway.
- Spring Registration was very successful. We are working on an isolated issue related to one specific transaction in the Student Administration system.