

31090

APPROVED – BOARD OF TRUSTEES COMMUNITY
COLLEGE DISTRICT NO. 508
AUGUST 4, 2011

Finance, Administrative Procurement Services and OIT
July 14, 2011

Good morning. The Finance Office would like to start the Finance Committee report with an update on the FY 2012 budget. The legal notice was advertized on June 17, 2011 in the Chicago Sun-Times, the Extra Bilingual Newspapers and the Chicago Defender indicating that the budget document was available for public inspection and communicated the public hearing dates. The Finance Office posted the budget book on the district's website at www.ccc.edu. The Finance Office also created an email address to receive public questions on the budget: fy12budget@ccc.edu. Four public hearings on the budget were held starting with Harold Washington College on July 6, then Wilbur Wright College on July 7, Richard J Daley College on July 8 and, finally, today here at District Office.

The Finance Office did a very good job documenting most of what the District needs the initial tentative budget book. In your board folders, you will find a document that summarizes several changes incorporated into the final budget before you:

Education Fund Budget Changes:

- Centralize the various miscellaneous college trust accounts into the District's education funds totaling \$1.5 million;
- Increase tuition waivers for CPS dual credit/dual enrollment program totaling \$950,000;
- Restore two Child Care Center funding to the current five centers totaling \$374,000;
- Put the graduation costs in academic affairs budget totaling \$240,000;
- Fund additional Task Force initiatives totaling \$436,000;

Operations & Maintenance Budget Changes:

- Incorporate the benefits of the new French Pastry contract into the budget and adjust the under budgeting of utilities (French pastry gains offset utility cost increases) (no dollar amount change);

Auxiliary Fund Changes:

- Allow Business Enterprise ability to add new enterprise activities totaling \$1,854,000;

TREASURY:

Cash In – The District's FY 2011 incoming cash through June 30, 2011, is projected to be \$436.8 million compared to \$435.9 million reported in May 2011, an increase of about \$0.8 million. Detail sources are as follows:

Source	June 2011 Report (millions)	July 2011 Report (millions)	Change (millions)
Property Taxes	\$124.2	\$125.0	\$ 0.8
Tuition and Fees	\$58.7	\$58.7	\$0.0

Personal Property Replacement Tax(PPRT)	\$14.1	\$14.1	\$0.0
State grants	\$92.7	\$92.7	\$0.0
Federal Draws	\$127.5	\$127.5	\$0.0
Interest Income	\$2.1	\$2.1	\$0.0
Other Grants/Miscellaneous Funds	\$16.6	\$16.6	\$0.0
Total Cash-In	\$435.9	\$436.7	\$0.8

The total cash inflow projection is \$0.8 million higher than the June 2011 report due to the following:

Property Taxes: Increase of \$0.8 million due to more actual receipts than previously projected.

Cash Out - The District's FY 2011 outgoing cash through June 30, 2011 is projected to be \$401.0 million, compared to \$406.0 million reported last month, a decrease of about \$5 million. Detail changes are as follows:

Uses	June 2011 Report (millions)	July 2011 Report (millions)	Change (millions)
Faculty and Staff Payroll	\$136.2	\$134.4	-\$1.8
Tuition Refunds	\$61.2	\$61.1	-\$0.2
Accounts Payable/Misc	\$208.7	\$205.5	-\$3.2
Total Projected Cash Out	\$406.1	\$401.0	-\$5.2

Faculty and Staff Payroll: Decrease of about \$1.8 million in the actual paid than previously projected.

Accounts Payable/Miscellaneous: Decrease of about \$3.2 million due to lower actual payments than previously projected.

PFM Asset Management Portfolio	Market Value as of 05/31/2011	Duration CCC/ Benchmark	Monthly Periodic Return 5/31/2011 CCC/Benchmark
Working Cash Portfolio <i>- Merrill Lynch 1-Year U.S. Treasury Index</i>	\$62,815,448	.98/92	.132%/.052%

Cash Bala	Short-Term Operating portfolio - Merrill Lynch 3-Month U.S. Treasury Index	\$64,371,609	0.37/16	0.048%/007%
	Truman Parking Project -NO Benchmark	\$4,497,458	0.025/NA	0.039% /NA
	OPEB Portfolio - Merrill Lynch 3-Month U.S. Treasury Index	\$18,224,465	1.60/1.78	0.322%/0.342%
	Capital Improvement Projects -Merrill Lynch 1-Year U.S. Treasury Index	\$46,276,682	1.0/NA	0.48%/NA
	Total PFM-Managed Investment Portfolios	\$196,185,663		

nce: The current investment policy requires a minimum cash balance of no less than three months' of expenditures or approximately \$87 million of non-scholarship operating expenses. The cash balance as of May 2011 is \$190 million. The cash balance includes the depository and savings accounts, the Prime Funds and other short-term operating investments account balances.

Investing Activities: The following is the market value and the performance of investment portfolio as of the month ending May 31, 2011:

Overall, the portfolios' periodic return for the month ending May 31, 2011 is in line with or better than their respective benchmarks. We continue to work with our investment advisor PFM and meet monthly to ensure that funds are invested in accordance with the District's investment policy, while looking to gain competitive rates of returns with the primary goals of safety and liquidity.

The investment report for the month of May 31, 2011 from PFM are included in the orange folder. Also included is the compliance check list for the different requirements/limits set forth in the investment policy as of May 31, 2011.

Money Market Funds –PFM Prime Fund Account balance of \$21 million with a yield of 0.12%

Other Treasury Activity:

- Worked with Chase Bank to develop a check template for the District's new Agency Account. The District's seven agency accounts will be consolidated into one account that will be shared by all colleges. A positive pay file to electronically transmit the checks is in development. The account is expected to be operational on or before August 15, 2011.
- Continue to work with Chase Bank to automate the Student Refund transmission process for ACH and positive pay files. The expected completion date is August 5, 2011.
- Working with Chase Bank to automate the State University Retirement payments. Testing of the file will begin July 25, 2011.
- Continue discussion with the bank, colleges and Office of Finance departments to develop a

secure and efficient payment method, in lieu of paper checks, for college coaches.

CONTROLLER'S OFFICE:

Financial Reporting and General Accounting:

The month-end close process continues to improve as deadlines are pushed up and strictly enforced. The Controller will prepare a preliminary set of financial statements during the first week of August after the sub-systems (Accounts payable, Billing, etc.) are closed. A final fiscal year-end close schedule was completed and data requests e-mailed to those responsible for submitting items to the auditors. The external auditors will be here the week of July 11th.

We met with state and federal auditors regarding CCC's fiscal year 2010 use of American Recovery and Reinvestment Act funds. This is a normal review process and we are confident we are in compliance.

Grant Accounting:

We provided May Grant Spending Report to each College Executive Director and Executive Management Team.

The Grant Accounting Department submitted \$580,000 in state and local billings and \$962,000 in federal payment requests during the month of June.

We prepared supporting documentation for the external auditors to begin testing of ICCB and Program Specific grants on Monday July 11, 2011.

Status of the FY 2010 State Receivables:

As of June 30, 2011, less than \$75,000 of FY 2010 State grants receivables remain more than 30 days overdue. The major outstanding account receivables include the following:

State Program	May 2011	June 2011	Variance
WIA (Work Force Invest. Act)	\$17,464	\$1,555	(\$15,909)
CYATC (Chicagoland Youth and Adult Training Center)	\$70,141	\$70,141	0
State Pre-K	\$57,001	\$0	(\$57,001)
Total	\$144,606	\$71,696	(\$72,910)

Status of the FY 2011 State Receivables:

As of June 30, 2011, \$17.7 million of FY 2011 grants receivables from the State are outstanding, with \$15 million more than 30 days past due.

State Program	June 2011	30 days past due
Additional Grant (Equalization)	\$11,250,000	\$10,000,000
Carl Perkins	\$550,010	\$0
Adult Education	\$3,571,907	\$3,095,957
Truants Alternative (TAOEP)	\$1,550,172	\$1,420,991
All Other State Funded Programs	\$795,662	\$533,090
Total	\$17,717,751	\$15,050,038

STUDENT FINANCE:

Student Refunds:

During the month of June 2011 a total of approximately \$409,000 was refunded to students. The chart below details the number of electronic and paper check refunds processed during June.

Refund Type	Number of Refunds	%
Paper Checks	613	81%
Electronic (ACH)	143	19%
Total	756	

Federal and State Programs:

The William D. Ford Federal Direct Loan initiative continues to be supported by City Colleges. The chart below details the Direct Loan disbursements for Fall 2010 and Spring 2011, as of June 30, 2011.

Type	Student Count	Amount	Average
Subsidized	2,606	\$ 6,591,194	\$2,529
Unsubsidized	1,236	3,317,505	2,684
Parent PLUS	19	192,583	10,136
Total	3,861	\$10,101,282	

In addition, we have disbursed the following financial aid to students for the 2010-2011 academic year as of June 30, 2011:

Type of Aid	\$ Disbursed	Student Count	Average
Federal Pell Grant	\$102,240,166	32,713	\$3,125
Federal Supplemental Educational Opportunity Grant (SEOG)	1,222,505	2,051	596
Federal Work-Study	2,054,502	779	2,637
Academic Competitiveness Grant (ACG)	325,256	898	362
Illinois Monetary Award Program (MAP)	12,054,239	13,058	923
Total	\$117,896,668		

Student Receivable at June 30, 2011

Term	30-May-11	30-Jun-11	Collected/Write Off*
Summer 2009 and prior	\$985,304	\$149,271	\$836,033
Fall 2009	1,246,589	63,407	1,183,181
Spring 2010	1,418,500	118,323	1,300,177
Summer 2010	420,884	209,039	211,845
Fall 2010	1,629,030	1,526,014	103,015
Spring 2011	3,057,869	2,240,232	817,637
Total	\$8,758,175	\$4,306,286	\$4,451,889

*Student's write off amount of uncollectible accounts for fiscal year 2011, totals \$3,538,937. Approximately, 6150 accounts are in write-off, at an average of \$575.

Completed Activities:

- E-mailed approximately 7,000 students were selected for Financial Aid verification for year 2012 indicating they had not submitted requested documentations.
- E-mailed approximately 5,600 non-financial aid students that were currently enrolled for the Summer 2011, to apply for financial aid assistance for the Summer 2011 term.
- E-mailed approximately 2,500 students and placed "Bad Address" indicators on student's record as a result of billing statements being returned. .
- E-mailed all students that received a SAP (Unsatisfactory Academic Progress) indicator on their record at the end of Spring 2011 term. Students were informed to speak with Dean of Student Services at their respective college for resolution.
- In accordance with the U.S. Department of Education, CCC is required to post Gainful Employment data on its website in order to provide students and parents with useful information to make decisions about career choices and the cost of educational programs. The project will be completed July 2011.
- Coordinated a financial aid workshop presented by DOE representatives for all staff to attend.

Work-in-Progress:

- We are continuing to work on the implementation of the following new DOE regulations: Net Price Calculator
- Awaiting the Final Determination Letter from the Program Review completed at KK. We estimate a potential liability of \$10m. We are continuing to review verification files and are working with Legal Counsel in order to submit a "Request for Appeal" for KK upon receipt of the Final Determination Letter. We expect to receive the final letter shortly. We are reviewing and organizing the files in preparation for the final determination letter.

ACCOUNTS PAYABLE:

Work-in-Progress:

- AP continues to monitor District transactions to ensure compliance with the Board operational policies and procedures; as well as federal and state regulations. Violations are noted and reprimands issued, as needed.
- Developing AP invoice centralization, ACH, & E-Payables electronic processes, & creating new travel and expense forms.
- Assisting the Finance Systems staff with testing the direct voucher receipts and the voucher approval process to be able to utilize, pay and capture analytical data by using the system to its full capacity. This will maintain data integrity in the source system.

AP Disbursements:

Accounts Payable	Payment Disbursements (# of /Amount)					
	# of Checks	Amount	# of ACH	Amount	# of Electronic Payment Account	Amount
JUNE 2010	3,576	\$10.9M	65	\$4.1M	61	\$137,720
JUNE 2011	1,526	\$5.1M	92	\$5.7M	80	\$533,831

In June 2011, A/P had a 57% decrease in printed checks over the prior year due to a reduction in the frequency of payment disbursements (e.g., checks, ACH, Electronic Payment Account) from daily to semiweekly and a 37% increase in electronic payments; thus reducing cost and improving the efficiency and effectiveness of the department.

Accounts Payable Vouchers Processed

FY Comparison by Month				
June 2009	June 2010	% Change	June 2011	% Change
4,074	4,047	-.1%	3,290	-19%

The reduction in voucher processing year to year is due to more strategic sourcing, District-wide combined purchases, and efficiencies gained through combined invoices by vendor for purchases being made for items such as computers, furniture and capital items.

AP Aging for Number of Invoices Paid

FY Comparison by Month					
FY	<30 Days	31-60 Days	61-90 Days	>91 Days	Total
June 2010	3,024	1,290	196	193	4,703
June 2011	1,698	538	112	203	2,551

A fiscal year comparison for the month of June noted the percentage of total invoices paid in 60 days or less decreased by 4% from 92% in FY 2010 to 88% in FY 2011. Please note the volume of paid invoices in 2010 was 46% higher than 2011; therefore negatively impacting the percent to total calculation (lower denominator). As noted above, decreased invoice volume is primarily due to procedural changes such as increased strategic sourcing and district wide combined purchases. AP is continuously looking for ways to improve processes and make more efficient use of the system while insuring timely receipt and payment of invoices. In addition, focus has been on more enhanced accountability, proficiency, and management oversight.

Administrative & Procurement Services
 Board Reports
 Agreements

4.00 Annual Electric Repair

A formal solicitation was issued to 19 vendor to provide routine electrical maintenance and repairs throughout the Colleges and District Office as well as emergency work requests on an as needed basis. Six responses were received from the following companies: 1) Bonaparte Corporation; 2) Mundo Electric Company; 3) MZI Electric, Inc.; 4) Pace Systems, Inc.-Corporation; 5) Pagoda Electric, Inc.; and 6) W.J. Electric Company, Inc. The Office of Administrative and Procurement Services reviewed the bids and have deemed W.J. Electric Company as non-responsive since they did not bid all items; and has selected Mundo Electric Company and Pace Systems, Inc. based on their experience and ability to

Administrative & Procurement Services, cont.

provide the lowest hourly rates overall. Mundo Electric Company and Pace Systems, Inc. will maintain the electrical systems in all District Facilities for a 3 year period beginning July 14, 2011 through July 13, 2014 with an option to renew for two (2) additional one year (1) periods at a total cost not to exceed \$2,550,000. With Direct M/WBE compliance- Mundo Electric, a certified MBE firm contracting with Midco Electric Supply, a certified WBE firm and PACE Systems Inc.-Corporation, a certified MBE firm contracting with Horizon Contractors, a certified WBE firm.

4.01 Job Order Contract Renewal

The Office of Administrative and Procurement Services is seeking to exercise the 3rd and final (1) year option and enter into professional services agreements with, Star and Crest Decorating, Pacific Construction, FH Paschen, Speedy Gonzalez, Ujamaa Construction, Lawdensky Construction, Old Veteran's Construction, Robe, Inc., AGAE Contractors, and Chicago Commercial Contractors To provide JOC Contracting Program Services effective August 14, 2011 through August 14, 2012 in an amount not to exceed \$ 20,000,000. The Job Order Contracting (JOC) is a system that is employed by City Colleges of Chicago, government entities throughout the country and within the City of Chicago and its sister agencies to facilitate repair, deferred maintenance and renovation services requested by the District's Colleges and departments in a timely and cost effective manner using a pre-priced construction catalogue developed by the Gordian Group. The Gordian Group has developed such a catalogue specific to the needs of the City Colleges of Chicago under Board Report 29064 dated November 6, 2008 and prepared a specification for public bid. The projects are submitted to the Board of trustees for approval before work is undertaken and projects do not exceed \$500,000. Of the contractors, certified primes are Ujamma, Old Veterans, Speedy Gonzalea and Star and Crest. To date, all the firms have committed to comply with the 25% certified MBE participation and 7% certified WBE participation plan.

5.00 *JOC Projects*

The Office of Administrative & Procurement Services is requesting approval of the JOC projects listed for a total not to exceed amount of \$ \$2,426,259. Each JOC contractor has provided with full direct M/WBE participation. Projects for this month include renovation of the Men's and Women's Locker Rooms at Daley, installation of City Code compliant fire sprinkler system, HVAC upgrades and energy efficient lighting for the 5th and 11th Floors in District Office and upgrading space in the Dawson Skill Center to house the growing Center for Distance Learning currently housed in the President's Office at Kennedy-King.

7.04 *Utility, Postage and Routine Monthly Expenditures*

This board report captures the routine expenditures made to utilities that provide service throughout the District, contracted vendors approved by the Board or sourced by authorized consortium agreements as well as membership dues in the various organizations that support the core mission of City Colleges.

Administrative & Procurement Services, cont.

Project Updates

Administrative Services is finalizing the Five Year Capital Plan that has assessed the physical conditions of the campuses and satellite learning centers in order to identify work to address building envelopes, environmental and life safety, technology and academic enhancements in classrooms environments to support the various learning strategies and student success. After the assessments are completed, prioritization of the building and programmatic needs is undertaken. The projects listed in the FY2102 Capital Projects listed in the Budget passed this month have been found to be critical.

During the month, Wright College experienced an electrical equipment flare-up that shut down power to the air handling systems and life safety systems, necessitating the closing of the school for one day while emergency repairs were made. The Emergency Notification System was activated to notify students and faculty that the building was closed on June 1st but resuming at full schedule the following day. Humboldt Park Learning Center also had an early closing the following week when during one of the few 90' days, the air handling unit shut down. Students and faculty were alerted to the early closing, repairs were made and classes resumed the next day. Olive Harvey experienced a power outage on the North side of the building due to a storm. Classes remained in session throughout the outage. Truman also experienced a minor power outage and service was restored within the hour.

The Larry McKeon Student Services & Parking Facility was built with the Capital Development Board to provide space to accommodate student registration and counseling, financial aid, and activities in addition to providing 1100 parking spaces for students, faculty and staff. Parking is open and staff is scheduled to move in September after Fall registration is completed.

Science lab renovations are continuing at Malcolm X, Harold Washington, Olive Harvey, Wright, Truman, and Daley Colleges along with the routine deferred maintenance projects performed by our JOC and Cost-Plus vendors.

Procurement continues to utilize Board approved Consortium contractors and engages in joint purchasing with municipal and state sister agencies to tap into lower prices based on higher volumes.

**City Colleges of Chicago
Monthly Micro City Purchases
June 2011**

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EQUIPMENT LOCATION	COMPUTERS	PRINTERS	SOFTWARE	RELATED EQUIPMEN	MAINTENANCE/ TRAINING	TOTAL PER LOCATION
Richard J. Daley College	\$17,740.00	\$1,413.00	\$0.00	\$17,752.00	\$0.00	\$36,905.00
West Side Technical Institute	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Harold Washington College	\$10,335.00	\$286.00	\$0.00	\$5,856.00	\$0.00	\$16,477.00
Kennedy-King College	\$16,458.00	\$4,395.00	\$2,030.00	\$105,014.00	\$0.00	\$127,897.00
Dawson Technical Institute	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Malcolm X College	\$2,945.00	\$0.00	\$23,318.00	\$62,120.00	\$0.00	\$88,383.00
West Side Learning Center	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Olive-Harvey College	\$10,810.00	\$3,218.00	\$1,420.00	\$147,240.00	\$0.00	\$162,688.00
South Chicago Learning	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Harry S. Truman College	\$7,875.00	\$0.00	\$910.00	\$19,950.00	\$0.00	\$28,735.00
Harry S. Truman Technical	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Lakeview Learning Center	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Wilbur Wright College North	\$27,662.00	\$0.00	\$7,777.00	\$15,926.00	\$0.00	\$51,365.00
Wilbur Wright College South	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Humboldt Park Vocational	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
District Office(exclusive of OIT)	\$23,231.00	\$2,302.00	\$562.00	\$325,050.00	\$0.00	\$351,145.00
Office of Information Technology	\$857,944.00	\$30,083.00	\$546,677.00	\$397,035.00	\$0.00	\$1,831,739.00
TOTAL	\$975,000.00	\$41,697.00	\$582,694.00	\$1,095,943.00	\$0.00	\$2,695,334.00

City Colleges of Chicago
Fiscal 2011 Year to Date (7/1/10 - 06/30/11)

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EQUIPMENT LOCATION	COMPUTERS	PRINTERS	SOFTWARE	RELATED EQUIPMENT	MAINTENANCE/ TRAINING	TOTAL PER LOCATION
<i>Richard J. Daley College</i>	\$116,066.00	\$4,099.00	\$6,081.00	\$82,266.00	\$0.00	\$208,512.00
<i>West Side Technical Institute</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Harold Washington College</i>	\$13,376.00	\$1,545.00	\$124.00	\$96,216.00	\$1,428.00	\$111,261.00
<i>Kennedy-King College</i>	\$66,976.00	\$8,319.00	\$20,059.00	\$160,444.00	\$0.00	\$255,798.00
<i>Dawson Technical Institute</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Malcolm X College</i>	\$441,546.00	\$13,142.00	\$37,917.00	\$353,513.00	\$0.00	\$846,118.00
<i>West Side Learning Center</i>	\$0.00	\$0.00	\$0.00	\$5,561.00	\$0.00	\$5,561.00
<i>Olive-Harvey College</i>	\$36,816.00	\$13,601.00	\$5,753.00	\$271,857.00	\$0.00	\$328,027.00
<i>South Chicago Learning Center</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Harry S. Truman College</i>	\$82,071.00	\$7,865.00	\$17,762.00	\$108,073.00	\$0.00	\$215,771.00
<i>Harry S. Truman Technical Center</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Lakeview Learning Center</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Wilbur Wright College North Campus</i>	\$177,138.00	\$22,638.00	\$52,145.00	\$82,012.00	\$120.00	\$333,933.00
<i>Wilbur Wright College South Campus</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Humboldt Park Vocational Educational Center</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>District Office(exclusive of OIT)</i>	\$381,121.00	\$91,869.00	\$32,131.00	\$1,071,869.00	\$0.00	\$1,576,990.00
<i>Office of Information Technology</i>	\$1,041,870.00	\$31,149.00	\$670,185.87	\$601,745.18	\$0.00	\$2,344,950.05
TOTAL	\$2,356,980.00	\$194,227.00	\$842,157.87	\$2,833,556.18	\$1,548.00	\$6,228,469.05