

## Finance Committee Report December 2010 Board Meeting Thursday, December 2, 2010

Good morning. I would like to start my remarks this morning discussing some good news I received yesterday from the State. ICCB reported that the State of Illinois sold \$1.5 billion in tobacco settlement bonds to help pay the remaining FY 2010 bills. ICCB communicated that community colleges should be paid by mid December.

In your orange folder, you will find the Treasurer's monthly cash flow report and PFM's monthly investment status report:

### **TREASURY:**

Comparative schedule of the annual Cash flow projections:

Cash-In – The District's FY 2011 incoming cash through June 30, 2011, is projected to be \$399 million compared to \$422.5 million reported last month, a decrease of about \$23.5 million. Detail sources as follows:

Source	Nov 2010 (millions)	Dec. 2010 (millions)	Change (millions)
Property Taxes	\$119.5	\$119.5	\$ 0
Tuition and Fees	71.6	71.3	-0.3
Personal Property Replacement Tax(PPRT)	11.8	12.5	0.7
State grants	89.6	65.5	-24.1
Federal Draws	110.7	110.7	0
Interest Income	1.5	1.9	0.4
Other Grants/Miscellaneous Funds	17.7	17.5	-0.2
<b>Total Cash-In</b>	<b>\$422.5</b>	<b>\$398.9</b>	<b>\$-23.6</b>

Tuition & Fees: Decrease of \$312,679 due to lower amount of actual October receipts than previous projection.

PPRT: Increase of \$648,427 due to the higher amount of actual October receipts than prior projection.

State Grants: Decrease of \$24,132,154 represents four months worth of payments in arrears.

Interest Income – Increase of \$361,131 due to actual receipts and adjustments for the projected interest income to be received from maturing securities for the rest of the fiscal year.

Other Grants/Miscellaneous Funds- Decrease of \$156,035 due to lower amount of actual October receipts than previous projection.

Cash Out - The District's FY 2011 outgoing cash through June 30, 2011 is projected to be \$401 million, compared to \$398.6 million reported last month. Detail changes as follows:

Uses	Nov. 2010 (millions)	Dec. 2010 (millions)	Change (millions)
<b>Faculty and Staff Payroll</b>	\$138.4	\$138.4	\$0
<b>Tuition Refunds</b>	52.1	52.1	0
<b>Accounts Payable/Misc</b>	208.0	210.5	2.5
<b>Total Projected Cash Out</b>	<b>\$398.5</b>	<b>\$401.0</b>	<b>\$2,495,156</b>

The total cash out flow projection is \$2,495,156 higher than the November 2010 report due to higher actual amount of vendor payments primarily for capital projects.

Cash Balance – 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 October 2010 is \$118.9 million which is \$19 million higher compared to \$100 million in October 2009. 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 October 31, 2010:

PFM Asset Management Portfolio	Market Value as of 10/31/2010	Duration CCC/ Benchmark	Periodic Return 10/31/2010 CCC/Benchmark
<b>Working Cash Portfolio</b> - Merrill Lynch 1-Year U.S. Treasury Index	\$62,673,776	0.96/ 0.91	0.131%/ 0.069%
<b>Short-Term Operating portfolio</b> - Merrill Lynch 3-Month U.S. Treasury Index	\$81,514,818	0.31/ 0.16	0.034%/ 0.017%
<b>Truman Parking Project</b> - NO Benchmark	\$13,511,314	0.38/NA	0.037%/NA
<b>OPEB Portfolio</b> - Merrill Lynch 3-Month U.S. Treasury Index	\$18,193,585	1.63/ 1.79	0.266%/ 0.219%
<b>Capital Improvement Projects</b> -Merrill Lynch 1-Year U.S. Treasury Index	\$21,013,167	0.36/NA	0.039%/NA
<b>Total PFM-Managed Investment Portfolios</b>	<b>\$196,906,660</b>		

Overall, the portfolios are better or in line with the respective benchmarks. We continue to work with our investment advisor PFM and hold monthly meetings to ensure that funds are invested in accordance with the investment policy and looking to gain competitive rates of returns with the primary goals of safety and liquidity.

Money Market Funds – PFM Prime Fund Account balance of \$1,540,143 with a yield of 0.21%

Included in the orange folder is the investment report for the month ending October 31, 2010 from The PMF Group our investment adviser.

Other Treasury Activity:

- OIT successfully tested a direct data transmission Positive Pay file for General Disbursement check issues. Further testing with the bank is required. In the interim, Chase will work to implement OIT's request for an automatic receipt of acknowledgement file.
- Garda Logistics attended the November Executive Director's meeting to present the company's CashLink Safe Service that electronically transmits cash deposit totals to a bank and detects counterfeit bills. Although the service would provide several benefits to City Colleges, the Executive Directors raised questions about the service/operation of the safes that require additional research by Garda. Next steps will be determined based on the company's response.
- Chase will perform a cost/benefit analysis to help the Office of Finance determine if outsourcing check printing would be a viable option for City Colleges. Results are expected on or before December 8.
- The virtual check endorsement feature for the Chase scanners has been completed. Colleges no longer have to manually endorse checks before scanning and transmitting images to the bank.

Disbursements:

Payroll	October 2010		November 2010	
	# of Checks	Amount	# of Checks	Amount
<b>Checks (# of Checks/Amount)</b>	2,578	\$1.8M	2,676	\$1.8M
<b>Direct Deposit (# of Advices/Amount)</b>	8,394	\$9.5M	8,501	\$9.4M

**CONTROLLER'S OFFICE** - The Controller's report for this month's meeting includes the following:

Analysis and planning:

The controller, along with the budget director, continues to review the structure of the District's chart of accounts and the accounting procedures for fixed assets, capital projects, enterprise activities, and student financial aid. The focus of this review is dramatic improvement in the efficiency of the District's accounting processes and the integrity (and accessibility) of its financial data. The increased emphasis on data-driven decision making places a greater burden of reliability and timeliness on the budget control and financial reporting systems. The basic structure of accounts and transactions will be redesigned and streamlined to facilitate the timely, accurate production of regulatory reports and ad hoc management reports.

## **Financial Reporting and General Accounting:**

### **Status of FY 2010 year-end Close and Audit:**

The auditors are working diligently to complete their fieldwork as quickly as possible. The goal is to complete and issue the CAFR well before the extended deadline of December 15<sup>th</sup>. Although a few unexpected issues have emerged in the course of the audit, that goal still appears achievable.

Primary among the issues slowing progress of the audit is a lack of knowledge related to accounting for capital projects and inadequate documentation of procedures. The controller and associate controller have devoted a substantial amount of time working with the accounting staff and facilities staff to collect project information and calculate the various amounts required for recording depreciation and investment in capital assets. A well-defined procedure for tracking and reporting on capital projects is being developed. In addition, appropriate accounting guidelines will be created and documented thoroughly to ensure that any member of the accounting staff can complete the transactions necessary to account for the District's capital assets.

### **Status of WYCC Audit:**

The auditors have identified an issue with the station's capital assets that must be resolved before the audit can be completed. This will delay issuance of the auditor's opinion by approximately one week. The Corporation for Public Broadcasting has granted WYCC an automatic one-month extension of the filing deadline, which will be more than sufficient.

## **Grant Accounting:**

### **Status of FY 2011 Grant Budgets:**

More than 100 grant budgets totaling over \$25 million have been loaded for FY 2011 as of November 29th. The Colleges continue to enter FY2011 grant budgets into PeopleSoft as awards are received and budget amounts finalized.

### **Status of FY 2010 Grant Audits:**

Grant Accounting has delivered a draft Schedule of Expenditures of Federal Awards to the auditors. Documentation supporting payroll and other expenses also has been provided for testing of ICCB and program specific grants.

Status of the FY 2010 State Receivables:

As of November 29, 2010, there is \$6.2 million of FY 2010 grants receivables from the state, all of which is more than 30 days overdue. This is down from \$6.4 million reported last month. The major outstanding account receivables include the following:

State Program	November 2010	October 2010	Variance
Additional Grant (Equalization)	\$3,750,000	\$3,750,000	\$ 0
Adult Ed	1,520,762	1,520,762	0
Truants Alternative	482,679	482,679	0
Alternative School Network	135,312	206,416	(71,104)
WIA (Work Force Invest. Act)	113,787	113,787	0
CYATC	69,381	69,381	0
Instituto	33,183	33,183	0
DHS (Dept. of Human Services)	4,508	25,108	(20,600)
State Pre-K	57,001	201,501	(144,500)
Youth Connection	18,541	20,743	(2,202)
DCEO	0	16,000	(16,000)
<b>Total</b>	<b>\$6,185,154</b>	<b>\$6,439,560</b>	<b>(\$254,406)</b>

Status of the FY 2011 State Receivables:

As of November 29, 2010, there is \$29.6 million of FY 2011 grants receivables from the state. The major outstanding account receivables include the following:

State Program	November 2010	30 days past due
Base Operating (Credit Hour)	\$12,170,886	\$8,113,924
Additional Grant (Equalization)	7,500,000	3,750,000
Monetary Award Program (MAP)	6,445,160	6,445,160
Adult Ed	1,696,226	1,696,226
Truants Alternative	645,905	516,724
Carl Perkins III	1,000,888	1,000,888
Partnership for College & Career	123,792	123,792
<b>Total</b>	<b>\$29,582,857</b>	<b>\$21,646,714</b>

The outstanding student receivables as of November 1, 2010, are shown in the table below.

<b>Term</b>	<b>November 2010</b>
Summer 2009 and prior	\$1,036,034
Fall 2009	1,376,599
Spring 2010	1,676,121
Summer 2010	702,358
Fall 2010	4,413,781
<b>Total</b>	<b>\$9,204,893</b>

### **Student Financial Activities**

#### **Student Refunds:**

Student Financial issued 18,549 refund payments during the month of November. Of which, 8,456 or (46%) were deposited electronically and 10,093 (54%) were paper checks. Total amount refunded to students for the month of November 2010 was approximately \$15.2 million.

Student Financial rolled out the new Student Refund Management System, which allows students to enroll for the new U.S. Bank Prepaid Visa Debit or Direct Deposit via self-service. The table below details the approximate number of students who have enrolled in an electronic refund option during Fall 2010 term.

<b>Electronic Refund Option</b>	<b>Student Count</b>
<b>U.S. Bank Visa Debit Card</b>	5,200
<b>Direct deposit into a personal bank account</b>	2,900
<b>Total</b>	<b>8,100</b>

The total number of students that selected the electronic refund option into a personal bank account is approximately 7100. Of this number, 4100 students selected this option prior to Fall 2010 term.

#### **Federal and State Programs:**

Student Financial continues to support the William D. Ford Federal Direct Loan initiative. The chart below details the Direct Loan disbursements, as of November 30, 2010.

<b>Type</b>	<b>Student Count</b>	<b>Amount</b>
<b>Subsidized</b>	753	\$1,865,932
<b>Unsubsidized</b>	386	884,224
<b>Parent PLUS</b>	6	24,991
<b>Total</b>	<b>1,145</b>	<b>\$2,775,147</b>

In addition, as of November 30, 2010, Student Financial disbursed the following financial aid to students:

Type of Aid	\$ Disbursed	Student Count
Federal Pell Grant	\$ 48,406,398	23,745
Federal Supplemental Educational Opportunity Grant (SEOG)	556,122	1,402
Federal Work-Study	566,687	568
Illinois Monetary Award Program (MAP)	6,445,160	10,963
<b>Total</b>	<b>\$ 55,974,367</b>	

Other:

Student Financial Services staff are in the process of implementing a book voucher advance for Pell eligible students. To be eligible for the book advance, student must have a completed financial aid file and meet Title IV eligibility criteria. This will allow students to purchase their books and materials at any bookstore they choose. The advance will be available to students enrolled during early registration November 9, 2010 through December 27, 2010 for Spring 2011 and selected electronic refund option.

**ACCOUNTS PAYABLE:**

- Processed a total of 2,367 vouchers for vendor payment during November 2010.
- Currently working on the review and auditing process for reporting the 2010 1099-Misc Recipients

AP Disbursements:

Accounts Payable	October 2010		November 2010	
	# of Checks	Amount	# of Checks	Amount
<b>Checks (# of Checks/Amount)</b>	1,908	\$10.8M	1,700	\$10.8M

As of November 15, 2010 A/P reduced the frequency of disbursements checks from daily to 3 times a week, in keeping with the mission of the District, the reinvention of going green and improve efficiency, respectively we are transitioning to a once per week process by FY 2012, July 1, 2011. This new process has caused a 14% decrease of generated checks being printed from October to November.

*Accounts Payable Vouchers Processed - FY Comparison by Month:*

November 2009	November 2010	% Change	November 2011	% Change
2705	2,835	+4.6%	2367	-16.5%

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.

*AP Aging for Number of Invoices Paid- FY Comparison by Month:*

<b>Fiscal Year</b>	<b>&lt;30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>&gt;91 Days</b>	<b>Total</b>
<b>November 2011</b>	1,883	699	101	60	2,743
<b>November 2010</b>	2,413	487	169	115	3,184

A fiscal year comparison for the month of November noted the number of invoices paid in 60 days or less increased by 3% from 91% in FY2010 to 94% in FY2011. This can be attributed to more efficient use of the system and more timely receipt of invoices. Do to the enhancement of accountability, proficiency, and being more proactive has also contributed to the increase of timely payment of invoices.

**BUDGET OFFICE:**

November 2010 Budget Activities: Continued to work with each District Office department to complete the reinvention reorganization initiative; Reviewed enterprise fund processes and procedures. Began Developing reports to monitor college based and P/L based cost centers. Began creating a Child Development costing model; Continued working with the reinvention team to develop costing methodologies in order to create standardized college allocation formulas and performance measures; Reviewed grants procedures. Began discussing how to build grants budgeting into the FY12 budget process; Reviewed budgeting software and additional ideas for the FY12 budget process; Developed a more comprehensive monthly grants budgeting reporting process; and Continued developing and documenting a 5 year capital budgeting process.

October 2010 Budget Transfer Summary: Transfers crossing accounts totaled \$65,000 for district office reorganization. Regular operating transfers totaled \$15,620.00 which included transfers of funds for Student Government and Adult Education programs. Request approval of transfers totaling \$80,620 for October of 2010.

Education Fund Transfer Summary

<b>Account</b>	<b>Transfers Out</b>	<b>Transfers In</b>	<b>Net Change</b>
<b>Salaries</b>	\$ 65,000.00	\$ 0.00	\$ (65,000.00)
<b>Services</b>	\$ 3,000.00	\$ 33,000.00	\$ 30,000.00
<b>Supplies</b>	\$ 12,620.00	\$ 15,000.00	\$ 2,380.00
<b>Travel</b>	\$ 0.00	\$ 32,620.00	\$ 32,620.00



Summary - FY11 Transfers Needing Board Approval

Category	Transfers	Comments
<b>Total October</b>	\$80,620.00	Includes Business Enterprise start-up funds.
<b>Total September</b>	\$1,879,612.85	Includes transfers for marketing campaign, reinvention support, reorganizing the Inspector General, Community Relations, Internal Audit Departments and day-to-day operations
<b>Total August</b>	\$488,970.61	Includes transfers for reinvention and day-to-day operations
<b>Total July</b>	\$171,318.78	Transfers completed before FY11 Budget was fully loaded.

November 15<sup>th</sup> Capital Budget Summary

<b>FY11 Capital Projects Summary by Category</b>			
	<b>Appropriation</b>	<b>Current Projection</b>	<b>Expenditures</b>
<b>New Facilities</b>	\$77,700,000	\$10,397,552	\$9,101,231
<b>Architectural &amp; Structural</b>	\$23,085,830	\$42,306,730	\$1,552,481
<b>Technology</b>	\$13,400,000	\$15,639,000	\$35,278
<b>Property</b>	\$1,900,000	\$3,554,613	\$16,875
<b>Academic Enhancements</b>	\$13,483,264	\$25,936,739	\$1,359,872
<b>Soft Costs</b>	\$0	\$553,580	\$136,632
<b>Life Safety</b>	\$1,500,000	\$1,605,838	\$369,425
<b>Mechanical Electrical Plumbing</b>	\$5,907,703	\$16,657,592	\$257,210
<b>Conveying Systems</b>	\$2,650,000	\$4,020,244	\$0
<b>Environment &amp; Compliance</b>	\$0	\$0	\$0
<b>Total</b>	<b>\$139,626,797</b>	<b>\$120,671,888</b>	<b>\$12,829,003</b>

<b>FY11 Capital Projects Summary by Progress</b>			
	<b>Appropriation</b>	<b>Current Projection</b>	<b>Expenditures</b>
<b>Cancelled Project</b>	\$4,128,000	\$228,000	\$0
<b>Soft Costs</b>	\$0	\$553,580	\$136,632
<b>Long Term Planning</b>	\$50,700,000	\$9,897,552	\$0
<b>Planning</b>	\$26,850,000	\$30,624,000	\$0
<b>Funding Process 1</b>	\$11,000,000	\$13,750,000	\$0
<b>Architect Selection</b>	\$3,300,000	\$9,900,000	\$0
<b>Architect Programming Process</b>	\$5,650,000	\$28,407,274	\$716,695
<b>Funding Process 2</b>	\$3,785,000	\$15,000,000	\$0
<b>Pre-Construction</b>	\$2,500,000	\$4,024,232	\$0
<b>Construction</b>	\$30,713,797	\$8,287,250	\$11,062,612
<b>Post-Construction</b>	\$1,000,000	\$0	\$913,064
<b>Total</b>	<b>\$139,626,797</b>	<b>\$120,671,888</b>	<b>\$12,829,003</b>

## **Administrative Services & Procurement – Diane minor, Vice Chancellor**

### **Board Reports**

#### **Agreements**

##### **4.0 Exterior Closed Circuit Cameras**

Enter into an Intergovernmental Agreement with the Public Building Commission for the integration of City Colleges' exterior closed circuit cameras at the seven college campuses and central office building into the City's Office of Emergency Communication security camera alert system. The PBC has been the designated agency on behalf of the City's OEMC for all sister agencies to act as the project manager by coordinating the software development, implementation, start-up, testing, training, and close-out. The PBC will also assist the District with developing the district-wide maintenance specification to be competitively bid by City Colleges. For this project, the PBC estimates an amount not to exceed \$123,190. The PBC will adhere to competitive bidding comparable to the Board's policies and will provide full M/WBE participation throughout the engagement.

##### **4.01 Northwestern University Traffic Safety School Rental Space**

Enter into the renewal of the agreement with Northwestern University Traffic Safety School for the rental of space at Daley College, Kennedy King College, Malcolm X College, Olive-Harvey College, Truman College, Wright College and the South Chicago Learning Center from January, 1, 2011 through December 31, 2013, with a Estimated Annual Revenue \$87,500.00.

##### **5.00 Job Order Contract**

Job Order Contract Projects (JOC) monthly Summaries are submitted monthly for work that needs to be undertaken throughout the various campuses that are executed in an expeditious timeframe and consistent with the competitive bid prices submitted that qualified them as lowest responsive and responsible bidders. Projects include start of construction for biology lab at Harold Washington, construction readiness with environmental remediation at Malcolm X for their distance learning lab, as well as the installation of replacement fire rated security doors in central office.

##### **7.06 Monthly Utility, Postage, and other Monthly Expenditures**

Reports routine expenditures throughout the District for utilities and postage purchases through procurement consortiums that our participation has been approved by the Board as well as membership fees.

### **Project Updates**

#### **Old Kennedy King Demolition**

The contract ends December 31, 2010 and is on punch list for site restoration and environmental sign offs from the State's Environmental Protection Agency. In the spring, a green space with natural habitat plantings secured by ornamental fencing will be in place.

The District has also been working with the City of Chicago to pass a tax increment financing district, known as the Wentworth Ave TIF which is queued up to submit for the Plan Commission in January. All public hearings brought support from the residents recognizing the renovation projects that accompany TIF Districts for qualified homeowners.

**City Colleges of Chicago  
Office of Information Technology  
Script for December 2, 2010 Board Report**

In November, OIT reported on the launch of the new student email system. I am pleased to report that usage has grown very rapidly and we are up to almost 10,000 students using the new system. Feedback has been very positive to date. Most of the problems related to the deployment were password related and resolved very quickly. We will launch a survey to capture additional data to improve future deployments.

OIT will upgrade Blackboard, which is the district Learning Management System to be available at the start of the spring term. This upgrade will represent a major leap forward in terms of functionality and usability for Faculty and students and should allow for more robust class interaction for students. Training has been underway for some time and all are eagerly awaiting the upgrade.