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COMMUNITY COLLEGE DISTRICT NO. 508

OCTOBER 2, 2013

# Finance Overview

Presentation to the Board of  
Trustees Committee on Finance and  
Administrative Services

September 25, 2013



**CITY COLLEGES**  
**of CHICAGO**  
Education that Works

# Finance: District Office

- Functions include
  - Accounts payable
  - Grant accounting
  - Payroll
  - Treasury
  - Budget office
  - Student Finance (Financial Aid)
  - Financial Systems
  - Accounts Receivable (student accounts)
  - CFO function
- 27% of total finance staff located at DO
- Upcoming budget timeline

# Finance: Colleges

- Operation of
  - Financial Aid Office (33% of total finance staff)
  - Business Office (41% of total finance staff)
- Receivables
  - Student aid
- Loans Issued
  - Default management process

# Governing Principle: Investment Policy

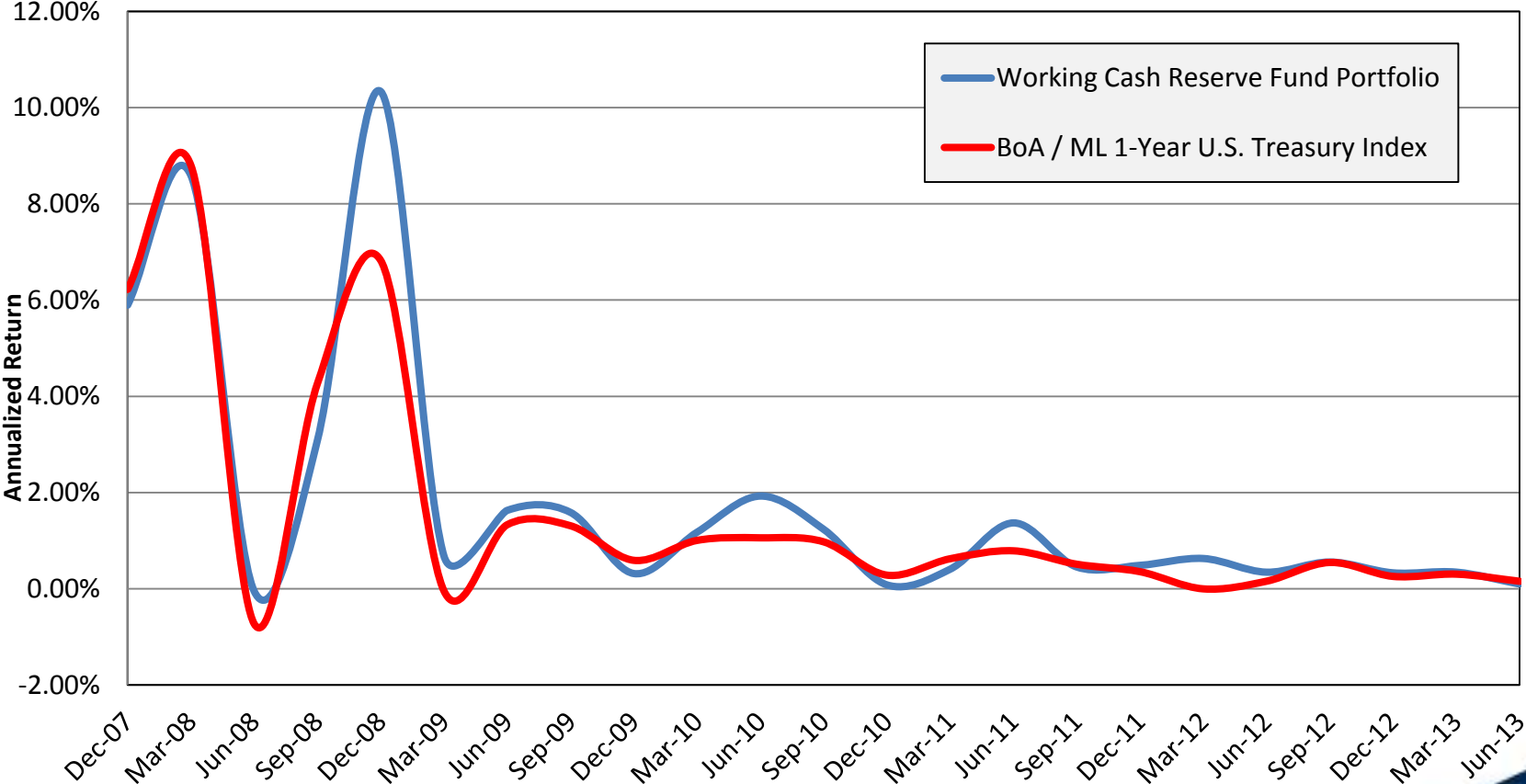
- Permitted Investments: very conservative, even more so than State statute
  - US agencies (Fannie Mae, Freddie Mac)
  - Short term investments rated A1P1
  - Periodic review
- Notably, not municipals
  - Under review
  - Included in sister agencies' policy

# Investment Policy cont'd

- Purpose
- Structure
- Managed by Third Party: PFM and Williams Capital
- Assets under Management
- Various portfolios
- Performance
  - Relevant benchmarks: Merrill Lynch T Bill Index
  - Since inception
  - Per portfolio
  - Potential opportunities

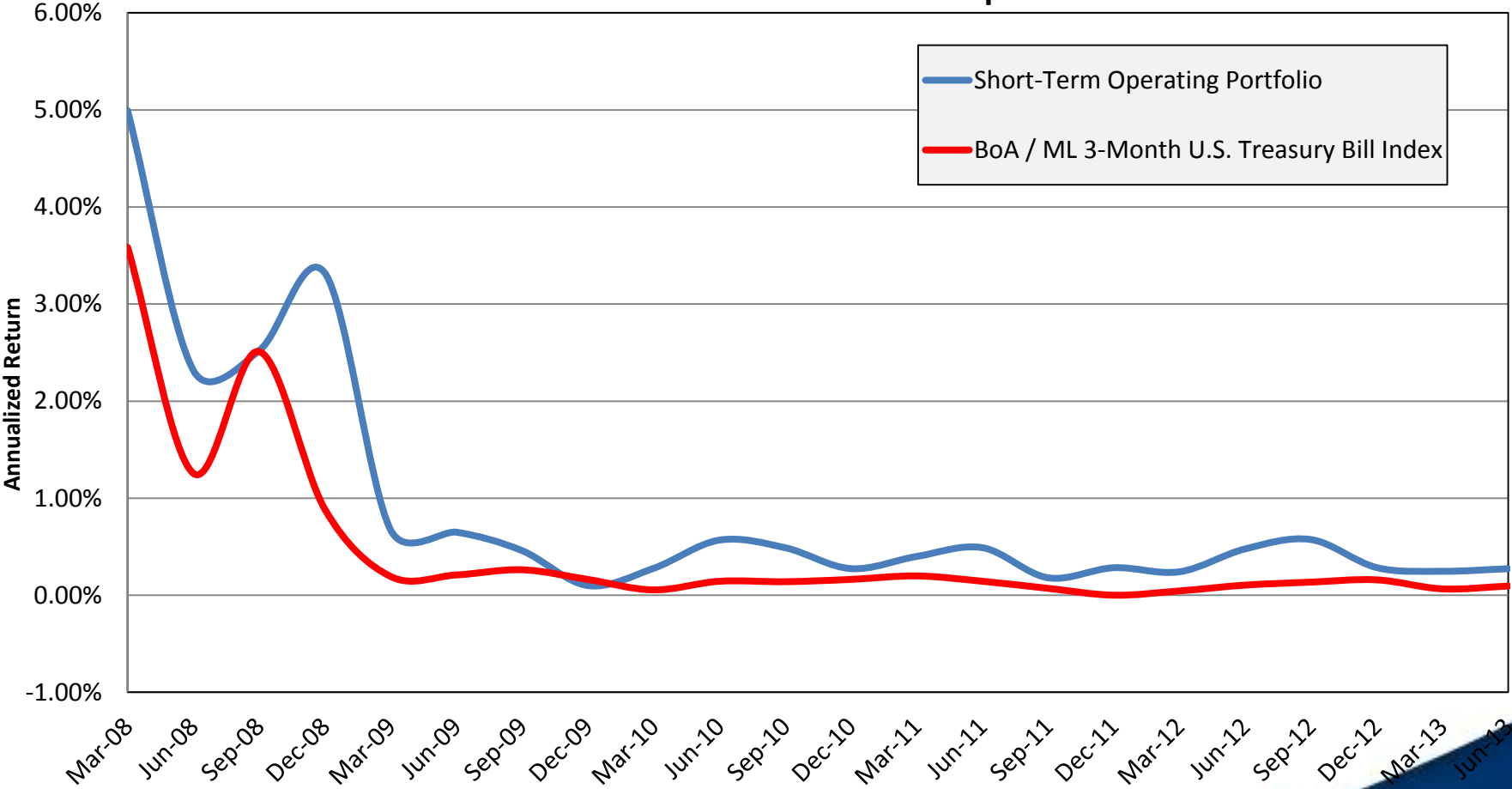
# Investment Performance

## Working Cash Fund: Total Return Performance Comparison



# Investment Performance

## Total Return Performance Comparison



# Governing Principle: Proposed Debt Policy

- To be brought for Board Review Oct. 2, prior to upcoming debt issuance
- Objective: Provide conservative guidelines for debt issuance and ongoing debt management
- Allows for revision and review every 3 years
- Prohibits the use of derivative instruments
- Guides
  - Debt structure: Length of debt, size of annual payment
  - Selection of finance professionals
  - Debt affordability and “burden” ratios
  - Relationships: rating agencies and investors



# Debt Policy cont'd

- General themes/best practices
  - Length of loan must match useful life of financed asset
  - Long term debt may not be used for operating purposes
  - Short term debt must be repaid within one fiscal year
  - Continuing disclosure requirements must be met
  - Compliance monitoring – use of funds
  - Reporting considerations within annual audit
  - Bond proceeds may only be used to finance capital assets
- Debt must be authorized by the Board upon the Chancellor's recommendation

# Major upcoming events in Finance

- September 25: Monthly spend meetings begin; Launch of FY15 budget
- October 2: Presentation of Bond Resolution and Debt Policy to Board of Trustees
- October 8: Bond sale
- October 15: Release of Annual Financial Report
- October 30: A-133: Federal awards audit
- Ongoing: Upgrade to PeopleSoft Financials
  - Phase 1 in process
  - Phase 2 begins January 2014

# Update on Bond Sale

- Markets have improved over the past two weeks, boding well for an early Oct bond sale
- Additionally we seek to sell prior to federal budget discussions
- Week of Sept 23: Preliminary ratings expected
- Oct. 3-7: Investor meetings held
- Oct. 7: Pre-pricing
- Oct. 8: Bond sale (prior to Treasury auctions)
- Oct. 22: Bond close and Receipt of Proceeds

# Current Interest Rates

