

NEW ISSUE – BOOK ENTRY

This Official Statement provides information about the Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement. Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX EXEMPTION” herein for a more complete discussion.



\$90,000,000

COMMUNITY COLLEGE DISTRICT NO. 508

County of Cook and State of Illinois

(CITY COLLEGES OF CHICAGO)

Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026

DATED: Date of Delivery

Due: December 1 as shown on the inside cover page

RATINGS

AA- (Negative Outlook) by Fitch Ratings, Inc., based on the credit of the District, A+ (Stable Outlook) by Kroll Bond Rating Agency, based on the credit of the District, and Standard & Poor's Global Ratings is expected to assign the insured rating of “AA” (Stable Outlook) to the Bonds upon the delivery of the Bond Insurance Policy See “**RATINGS**” and “**BOND INSURANCE**.”

TAX EXEMPTION

Subject to compliance by the District with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference for purposes of the federal alternative minimum tax for individuals. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from current State of Illinois income taxes. See “**TAX MATTERS**.”

INTEREST PAYMENT DATES

June 1, and December 1, commencing December 1, 2026

ISSUANCE

The Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026 (the “Bonds”), will be issued by Community College District No. 508, County of Cook and State of Illinois (the “District”) pursuant to the Act, the Debt Reform Act, the Resolutions (all as defined herein) and a Trust Indenture dated as of March 1, 2026 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, Chicago, Illinois, as trustee, registrar and paying agent (the “Trustee”).

SECURITY

The Bonds will be unlimited tax general obligations of the District to the payment of which the District will pledge its full faith and credit. The Bonds will be payable from Pledged Revenues and Pledged Taxes, as described herein. See “**SECURITY FOR THE BONDS**.”

BOND INSURANCE

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (“BAM”). See “**BOND INSURANCE**.”



BOOK-ENTRY ONLY

No physical delivery of the Bonds will be made to beneficial owners, except as described in this Official Statement. Payments with respect to the Bonds will be made to Cede & Co., as nominee of DTC. See **APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”**

DENOMINATIONS

The Bonds will be issued in authorized denominations of \$5,000 or any multiple thereof.

REDEMPTION

The Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after December 1, 2035, at the redemption price of par plus accrued interest thereon as further described herein.

PURPOSE

The proceeds of the Bonds will be used to (i) finance the costs associated with the Project (as defined herein), (ii) pay capitalized interest on the Bonds, and (iii) pay the costs of issuance of the Bonds (including the Underwriters' discount). See “**PLAN OF FINANCE**.”

DELIVERY

On or about March 26, 2026.

BOND COUNSEL

Chapman and Cutler LLP

LOOP CAPITAL MARKETS
ACADEMY SECURITIES

CABRERA CAPITAL MARKETS, LLC
STERN BROTHERS

\$90,000,000
COMMUNITY COLLEGE DISTRICT NO. 508
County of Cook and State of Illinois
(CITY COLLEGES OF CHICAGO)
Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026

\$40,200,000 5.500% Term Bond due December 1, 2051 Yield 4.770% Price 105.599^C CUSIP No. 213187EK9

\$49,800,000 5.500% Term Bond due December 1, 2055 Yield 4.870% Price 104.809^C CUSIP No. 213187EL7

^CCalculated to December 1, 2035 first optional redemption date.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the registered owners of the Bonds. Neither the District nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY COLLEGES OF CHICAGO



Colleges

HAROLD WASHINGTON COLLEGE
30 E. Lake St.

HARRY S. TRUMAN COLLEGE
1145 W. Wilson Ave.

KENNEDY-KING COLLEGE
6301 S. Halsted St.

MALCOLM X COLLEGE
1900 W. Jackson Blvd.

OLIVE-HARVEY COLLEGE
10001 S. Woodlawn Ave.

RICHARD J. DALEY COLLEGE
7500 S. Pulaski Rd.

WILBUR WRIGHT COLLEGE
4300 N. Narragansett Ave.

Satellites

Dawson Technical Institute
3901 S. State St.

Malcolm X College West Campus
4624 W. Madison St.

Olive-Harvey College South Campus
3055 E. 92 St.

Arturo Velasquez Institute
2800 S. Western Ave.

**Wilbur Wright College
Humboldt Park Campus**
1645 N. California Ave.

CITY COLLEGES
OF CHICAGO

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriters to give any information or to make any representation with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement is neither an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Bonds offered hereby, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion set forth herein have been furnished by the District and include information from other sources that the District believes to be reliable. Such information is not guaranteed as to accuracy, fairness or completeness, and is not to be construed as a representation by the Underwriters. Such information and expressions of opinion are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change since the date hereof. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy, fairness or completeness of such information.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “**BOND INSURANCE**” and in **APPENDIX F – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”**

This Official Statement should be considered in its entirety. All references herein to laws, agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the Bonds are further qualified by reference to the information with respect thereto contained in the Indenture for the Bonds. Copies of the Indenture are available for inspection at the offices of the District and the Trustee. The information contained herein is provided as of the date hereof and is subject to change.

These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

This Official Statement contains disclosures which contain “*forward-looking statements.*” Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like “*may,*” “*believe,*” “*will,*” “*expect,*” “*project,*” “*estimate,*” “*anticipate,*” “*plan,*” or “*continue.*” These forward-looking statements are based on the current plans and expectations of the District and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the District’s future financial position including but not limited to changes in general economic conditions, demographic trends and federal and State funding of programs which may affect the transfer of funds from the federal and State governments to the District. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the

District herein. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The CUSIP numbers on the inside cover page of this Official Statement listed are being provided solely for the convenience of the owners only at the time of issuance of the Bonds and neither the District nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**COMMUNITY COLLEGE DISTRICT NO. 508
COUNTY OF COOK AND STATE OF ILLINOIS**

BOARD OF TRUSTEES

Katya Nuques
Chair

Rev. Dr. Marshall Elijah Hatch, Sr.
Vice Chair

Princella “Jaribu” Lee
Secretary

Fernando Diaz

Darlene Oliver Hightower

Dr. Kafi Moragne-Patterson

Oscar Sanchez

Widedji Deguenon, *Student Trustee*

Karla Gowen, Esq.
General Counsel

Chapman and Cutler LLP
Bond Counsel

Charity & Associates, P.C.
Disclosure Counsel to the District

PFM Financial Advisors LLC
Financial Advisor to the District

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\$90,000,000
COMMUNITY COLLEGE DISTRICT NO. 508
County of Cook and State of Illinois
(CITY COLLEGES OF CHICAGO)
Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026

INTRODUCTION

General

The purpose of this Official Statement, including the cover page, the inside cover page and the Appendices hereto, is to set forth information in connection with the offering and sale by Community College District No. 508, County of Cook and State of Illinois (the “*District*” and also referred to in this Official Statement as “*City Colleges of Chicago*,” “*CCC*,” or “*City Colleges*”) of \$90,000,000 aggregate principal amount of its Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026 (the “*Bonds*”). The Bonds are being issued on a parity, and share ratably and equally in all or any portion of the Pledged Revenues (as defined herein), with the District’s outstanding Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2017 (the “*Series 2017 Bonds*”) and Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), Series 2024 (the “*Series 2024 Bonds*”).

All capitalized terms used in this Official Statement and not otherwise defined in the body of the Official Statement have the same meanings as assigned thereto in **APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions of Certain Terms.”**

The proceeds of the Bonds, together with other available funds of the District, will be used to (i) finance the costs associated with the Project (defined herein), (ii) pay capitalized interest on the Bonds, (iii) pay the premium for the Bond Insurance Policy (defined herein), and (iv) pay the costs of issuance of the Bonds (including the Underwriters’ discount). See “**PLAN OF FINANCE**” and “**ESTIMATED SOURCES AND USES OF FUNDS.**”

The Bonds will be issued under a Trust Indenture dated as of March 1, 2026 (the “*Indenture*”), by and between the District and U.S. Bank Trust Company, National Association, Chicago, Illinois, as trustee, registrar and paying agent (the “*Trustee*”). The Bonds will be general obligations of the District to the payment of which the District will pledge its full faith and credit. The Bonds will be payable from Pledged Revenues and Pledged Taxes, as described herein.

Authorization for the Bonds

The Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350 (the “*Debt Reform Act*”), authorizes the District to issue alternate revenue bonds (“*Alternate Bonds*”) which are general obligation bonds, backed by the full faith and credit of the District, and which are payable from any revenue source available to the District (the “*Alternate Revenues*”). In general, the District must determine, at the time of issuance of the Alternate Bonds, that the Alternate Revenues are projected to be sufficient in each year to pay 125% of debt service on all outstanding Alternate Bonds payable from such Alternate Revenues in such year. The Bonds will satisfy the conditions noted in the preceding sentence and therefore are authorized to be issued.

Pursuant to the provisions of the Public Community College Act, 110 Illinois Compiled Statutes 805 (the “*Act*”), and the Debt Reform Act, the Board of Trustees of the District (the “*Board*”) adopted a resolution on December 4, 2025 (the “*2025 Authorization*”) authorizing the issuance of Alternate Bonds in an aggregate principal amount not to exceed \$180,000,000, which Alternate Bonds could be payable from various sources of Alternate Revenues including, but not limited to: (i) student tuition and fees, net of scholarship allowances, imposed and collected pursuant to the Act (“*Tuition and Fee Revenues*”) and (ii) amounts allocated and paid to the District from the Personal Property Tax Replacement Fund of the State of Illinois pursuant to Section 12 of the State Revenue Sharing Act, 30 Illinois Compiled Statutes 115, or

from such successor or replacement fund or act as may be enacted in the future, (iii) any monies lawfully available to and validly accepted by the District pursuant to any intergovernmental agreement by and between the District and the City of Chicago (including, but not limited to, tax increment financing), (iv) grants and other revenues received by the District from the Illinois Community College Board pursuant to the Act (“*State Grant Revenues*”), and (v) investment returns and earnings from funding obligations or investments of the District and the investment of any of the foregoing sources. On March 5, 2026, the Board adopted a resolution authorizing the issuance of Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026, in an aggregate principal amount not to exceed \$90,000,000 (the “*Bond Resolution*” and, together with the 2025 Authorization, the “*Resolutions*”). The Bonds are being issued pursuant to the authority of the Act, the Debt Reform Act and the Resolutions. The District has three (3) years from the date of the 2025 Authorization to approve and issue the remaining \$90,000,000 provided for in the 2025 Authorization.

Security for the Bonds

The Bonds are general obligations of the District to the payment of which the District has pledged its full faith and credit. The Bonds will be secured by and are payable (i) from the Tuition and Fee Revenues and the State Grant Revenues in amounts each year as shall provide for the payment of 125% of annual debt service on the Bonds in such years (the “*Pledged Revenues*”), (ii) to the extent that the Pledged Revenues, together with other amounts on deposit and available to be transferred by the Trustee during the then-current Bond Year from the Pledged Revenues Account pursuant to the Indenture, are insufficient to pay the debt service on the Bonds, from the Pledged Taxes (as defined herein) and (iii) from all Funds, Accounts and Sub-Accounts pledged pursuant to the Indenture. See “**SECURITY FOR THE BONDS**” and **APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”** For a discussion of other obligations of the District that may be payable from the Pledged Revenues, see “**Additional Bonds**” and “**Subordinate Obligations**” below.

Bond Insurance

Concurrently with the issuance of the Bonds, Build America Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Bond Insurance Policy”). The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Bond Insurance Policy included as **APPENDIX F – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY”** to this Official Statement. The Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BAM is a third party beneficiary under the Indenture and may enforce provisions of the Indenture as if it were a party thereto. Upon the occurrence and continuance of a default under the Indenture, BAM will be deemed to be the sole holder of the Bonds for all purposes thereunder other than enforcing the tax covenants therein and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds. The Trustee may not waive any default or event of default (other than a default of the tax covenant in the Indenture) without BAM’s written consent. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default and Remedies.”

Additional Bonds

Pursuant to the Indenture, the District reserves the right to issue Additional Bonds from time to time payable from all or any portion of the Pledged Revenues in addition to any other source of revenue that may be pledged under the Debt Reform Act, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds, the Series 2017 Bonds and the Series 2024 Bonds; provided, however, that no Additional Bonds may be issued except in accordance with the provisions of the Debt Reform Act, as in existence on the date of issuance of the Additional Bonds, and the Indenture. Subject only to compliance with such provisions of the Debt Reform Act, including the requirement that Pledged Revenues must be sufficient in each year to pay 125% of debt service on all outstanding Bonds,

Series 2017 Bonds, Series 2024 Bonds and Additional Bonds in each such year. Otherwise, there is no limit on the aggregate principal amount of Additional Bonds that may be issued by the District upon Board approval. See **“SECURITY FOR THE BONDS – General,”** and **“– Additional Bonds Payable From Pledged Revenues.”** After the issuance of the Bonds, the Bonds, the Series 2017 Bonds and the Series 2024 Bonds will be the only Alternate Bonds outstanding and payable from the Pledged Revenues.

Subordinate Obligations

Pursuant to the Indenture, the District reserves the right to issue bonds or other evidences of indebtedness payable from the Pledged Revenues that are subordinate to the Bonds, the Series 2017 Bonds, the Series 2024 Bonds and any Additional Bonds. Such subordinate obligations will be paid from such Pledged Revenues available to the District in each year in excess of those required to be deposited in the Pledged Revenues Account established under the Indenture. See **“SECURITY FOR THE BONDS – General,”** and **“– Subordinate Obligations Payable From Pledged Revenues.”**

Other Alternate Bonds

Upon the issuance of the Bonds, the Bonds, the Series 2017 Bonds and the Series 2024 Bonds will be the only Alternate Bonds outstanding and payable from the Pledged Revenues. No other bonds of the District are currently outstanding. See **“COMMUNITY COLLEGE DISTRICT NO. 508 – Indebtedness.”** In the future, the District may issue Alternate Bonds payable from Alternate Revenues designated by the District. There is no current plan to issue Additional Bonds other than the Bonds.

THE BONDS

General

The Bonds shall be issued only in fully registered form without coupons and shall be dated the date of issuance. The Bonds when issued will be registered through a book-entry-only system in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. So long as DTC, or its nominee, Cede & Co., is the registered owner of all the Bonds, all payments on the Bonds, including redemptions, and notifications related to the Bonds will be made by the Trustee directly to DTC. Individual purchases of interests in the Bonds will be made in book-entry form only. Purchasers will not receive certificates representing their interests in the Bonds purchased. References herein to Bondholders or registered owners of the Bonds mean DTC or its nominee and do not mean the beneficial owners of such Bonds. Details of payments of the Bonds through the book-entry-only system are described in **APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”**

Each Bond shall bear interest from the interest payment date to which interest has been paid as of the date on which it is authenticated or if it is authenticated prior to the first date on which interest is to be paid from its dated date, which interest shall be payable on June 1 and December 1 of each year, commencing December 1, 2026 (each, an “*Interest Payment Date*”), computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall mature on December 1 of each of the years and in the principal amounts and shall bear interest at the respective rates shown on the cover page hereof. The Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof (the “*Authorized Denominations*”), but no single Bond shall represent principal maturing on more than one date. Interest on each Bond will be payable on each Interest Payment Date to the person in whose name the Bond is registered on the fifteenth day of the calendar month next preceding each Interest Payment Date (the “*Record Date*”). See **APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”**

Redemption

Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part (and if in part, in an Authorized Denomination), from such maturities and in such principal amounts as the District shall determine, and in part by lot, on any date on or after December 1, 2035, at the redemption price of par plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2051 (the “2051 Term Bonds”) are subject to mandatory redemption prior to maturity, in part at a redemption price equal to the principal amount thereof plus accrued but unpaid interest on such 2051 Term Bonds, on December 1 of the years and in the aggregate principal amounts set forth in the following tables (each constituting a sinking fund installment), as adjusted pursuant to the paragraph immediately thereafter:

Term Bonds maturing on December 1, 2051

Redemption Date (December 1)	Principal Amount
2048	\$9,260,000
2049	9,765,000
2050	10,305,000
2051 [†]	10,870,000

[†] Maturity

The Bonds maturing on December 1, 2055 (the “2055 Term Bonds” and together with the 2051 Term Bonds, the “Term Bonds”) are subject to mandatory redemption prior to maturity, in part at a redemption price equal to the principal amount thereof plus accrued but unpaid interest on such 2055 Term Bonds, on December 1 of the years and in the aggregate principal amounts set forth in the following tables (each constituting a sinking fund installment), as adjusted pursuant to the paragraph immediately thereafter:

Term Bonds maturing on December 1, 2055

Redemption Date (December 1)	Principal Amount
2052	\$11,470,000
2053	12,100,000
2054	12,765,000
2055 [†]	13,465,000

[†] Maturity

At its option, to be exercised on or before the 60th day next preceding any mandatory sinking fund redemption date for the Term Bonds, the District may (i) deliver to the Trustee for cancellation Term Bonds or portions thereof in Authorized Denominations or (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for such Term Bonds or portions thereof in Authorized Denominations, which prior to said date have been redeemed (otherwise than through the operation of such mandatory sinking fund redemption) and canceled by the Trustee and not theretofore applied as a credit against any applicable mandatory sinking fund redemption obligation. Each such Term Bond or portion thereof subject to mandatory sinking fund redemption so delivered or previously redeemed shall be credited against future mandatory sinking fund redemption obligations on Term Bonds in such order as the District shall designate, or if no such designation is made, in chronological order, the principal amount of such Term Bonds to be redeemed by operation of such mandatory redemption to be accordingly reduced.

Redemption Procedures. In the case of any redemption of Bonds at the option of the District, the District shall give written notice to the Trustee of its election or direction to so redeem, of the date fixed for redemption, and of the principal amount, maturity date and interest rate of the Bonds to be redeemed. Such notice shall be given at least 35 days prior to the specified redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in the Indenture, (i) there shall be paid on or prior to the specified redemption date to the Trustee an amount in cash and/or Government Obligations maturing on or before the specified redemption date that, together with other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the Bonds to be redeemed on the specified redemption date at their redemption price plus interest accrued and unpaid to the date fixed for redemption; such amount and moneys shall be held in a separate, segregated account for the benefit of the registered owners of the Bonds so called for redemption, or (ii) such redemption notice given under the Indenture may state that any redemption is conditional on such funds being deposited on the redemption date, and that failure to deposit such funds shall not constitute an Event of Default under the Indenture.

Whenever less than all of the Bonds of like maturity and interest rate are redeemed, whether pursuant to mandatory sinking fund redemption or optional redemption, the particular Bonds or portion thereof to be redeemed shall be selected as follows: (i) any Bond of a denomination of more than \$5,000 shall be in the principal amount of an Authorized Denomination and (ii) in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of denominations of \$5,000 which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$5,000. If all Bonds are held in book-entry-only form, the particular Bonds or portions thereof to be redeemed shall be selected by the securities depository for the Bonds in such manner as such securities depository shall determine.

Notice of Redemption. When the Trustee shall receive notice from the District of its election to redeem Bonds pursuant to the Indenture or when the Trustee is required to redeem Bonds pursuant to the Indenture, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds, which notice shall specify the maturities and interest rates to be redeemed, the date fixed for redemption and the place or places where amounts due upon such date fixed for redemption will be payable and, if less than all of the Bonds of like maturity and interest rates are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state whether the redemption is conditioned upon sufficient moneys being available on the redemption date, or any other conditions. Such notice shall further state that on such date there will become due and payable the redemption price of each Bond to be redeemed, or the redemption price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail copies of such notice by first class mail, postage prepaid, not less than 30 days and not more than 60 days before the date fixed for redemption, to the registered owners of the Bonds to be redeemed at their addresses as shown on the registration books of the District maintained by the Registrar; provided, that if all Bonds are held in book-entry-only form, such notice may be given pursuant to the then-existing agreement with the securities depository for the Bonds. The failure of the Trustee to give notice to a registered owner of any Bond or any defect in such notice shall not affect the validity of the redemption of any other Bonds as to which proper notice was given.

Bond Registration and Transfers

Subject to the procedures governing the Bonds while in the book-entry only system, as described in **APPENDIX D – “BOOK-ENTRY ONLY SYSTEM,”** the Bonds are transferable only upon the registration books of the District (which will be kept for that purpose by the Registrar) by the registered owner in person or by such registered owner’s attorney duly authorized in writing, upon surrender thereof with a written instrument of transfer in form satisfactory to the Registrar, duly executed by the registered owner or its duly authorized attorney. Any Bond may be exchanged, upon surrender at the principal office

of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner thereof or such registered owner's duly authorized attorney, for an equal aggregate principal amount of fully registered Bonds of the like maturity and interest rate of any Authorized Denomination. The Registrar and the District may charge a fee sufficient to cover any tax, fee or other governmental charge in connection with any exchange or transfer of any Bond.

Defeasance

Bonds or interest installments thereon for the payment or redemption of which moneys have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date shall be deemed to have been paid within the meaning of the Indenture and the pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the District thereunder shall be discharged and satisfied with respect to such Bonds. As a condition to such defeasance of the Bonds, the District shall have delivered to or deposited with the Trustee (a) irrevocable instructions to pay or redeem all of said Bonds or interest installments, as applicable, in specified amounts no less than the respective amounts of their principal or interest, as applicable, and on specified dates no later than the respective due dates thereof, (b) irrevocable instructions to mail the required notice of redemption of any Bonds or interest installments, as applicable, so to be redeemed, (c) either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys that shall be sufficient, without further reinvestment to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (d) if any of said Bonds or interest installments, as applicable, are not to be redeemed within the next succeeding 60 days, irrevocable instructions to mail to all registered owners of said Bonds a notice that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, of said Bonds.

PLAN OF FINANCE

Use of Proceeds of the Bonds

The proceeds from the sale of Bonds will be used to (i) finance the costs associated with the construction, acquisition and equipping of the District's campuses and administrative buildings, site improvements and other capital expenditures related thereto, as more specifically described in the Indenture (the "*Project*"), (ii) pay capitalized interest on the Bonds, (iii) pay the premium for the Bond Insurance Policy, and (iv) pay the costs of issuance of the Bonds (including the Underwriters' discount).

The Project

The Project comprises a portion of the District's rolling five-year capital improvement program ("*Capital Improvement Program*") designed to preserve, modernize, and enhance its physical plant and infrastructure in support of its educational mission. The Capital Improvement Program is developed through a district-wide planning process that includes periodic facility condition assessments of existing buildings, utilities, and major systems across the City Colleges campuses. Based on these assessments, projects are prioritized to address life-safety and code compliance needs, deferred maintenance, building system replacements, energy efficiency initiatives, and renovations or improvements necessary to support academic programs and student services. The Capital Improvement Program also contemplates selective modernization of instructional and support facilities to align campus infrastructure with evolving workforce, technology, and enrollment needs. The specific projects that are included in the Capital Improvement Program are subject to approval by the Board and are planned and executed based on available financial resources, which may include bond proceeds, state and federal funding, grants, and other legally available funds. The capital improvement program is reviewed and updated on a regular basis and remains subject to change based on institutional priorities, funding availability, and project timing.

Future Financings

The 2025 Authorization for the Bonds is limited to \$180 million for the purposes described in the Bond Resolution. However, the Board is not prohibited from authorizing the District to issue Additional Bonds (which otherwise satisfy the requirements of the Debt Reform Act) or subordinate obligations.

ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of funds in connection with the issuance of the aggregate principal amount of the Bonds:

Estimated Sources:

Principal Amount of the Bonds.....	\$90,000,000.00
Net Original Issue Premium.....	4,645,680.00
Total Estimated Sources of Funds	<u>\$94,645,680.00</u>

Estimated Uses:

Project Fund Deposit.....	\$89,452,889.74
Capitalized Interest Account Deposit.....	3,368,750.00
Costs of Issuance ⁽¹⁾	1,824,040.26
Total Estimated Uses of Funds	<u>\$94,645,680.00</u>

⁽¹⁾Includes estimated costs of issuance, the Underwriters' discount and the bond insurance premium for the Bond Insurance Policy.

SECURITY FOR THE BONDS

General

The Bonds will be issued pursuant to the Act, the Debt Reform Act, the Resolutions and the Indenture. The Bonds will be general obligations of the District to the payment of which the District will pledge its full faith and credit.

The Bonds will be payable from and secured by a pledge of (i) Tuition and Fee Revenues and State Grant Revenues in amounts each year as shall provide for the payment of 125% of annual debt service on the Bonds when due in such years (the "*Pledged Revenues*"), (ii) the *ad valorem* taxes levied against all of the taxable property in the District without limitation as to rate or amount, and pledged under the Indenture as security for the Bonds (the "*Pledged Taxes*"), (iii) all moneys and securities and earnings thereon in all Funds, Accounts and Sub-Accounts established pursuant to the Indenture, and (iv) any and all other moneys, securities and property furnished from time to time to the Trustee, by the District or on behalf of the District or by any other persons, to be held by the Trustee under the terms of the Indenture. As described herein, the Pledged Taxes will be levied and will be collected only as and to the extent that amounts on deposit to the credit of the Pledged Revenues Account are not sufficient to pay the debt service on the Bonds. No abatement of the tax levies is permitted unless and until adequate funds are on deposit with the Trustee to pay the annual debt service on the Bonds. See "**Pledged Taxes**" and "**Debt Service Fund and Accounts**," below.

Pledged Revenues

The Bonds are secured by the Pledged Revenues as described below and are further secured by the Pledged Taxes, as described below.

The Debt Reform Act requires that the Pledged Revenues must be pledged to the payment of the Bonds and any Additional Bonds and that the District must covenant to provide for, collect and apply such Pledged Revenues to the payment of 125% of the debt service on the Bonds, the Series 2017 Bonds, the Series 2024 Bonds and any Additional Bonds. This pledge and covenant is contained in the Indenture. Pursuant to the Debt Reform Act, the covenant and pledge constitute continuing obligations of the District and a continuing appropriation of the Pledged Revenues received by the District. The Bonds are being issued on a parity with the Series 2017 Bonds and Series 2024 Bonds and share ratably and equally in the Pledged Revenues.

Tuition and Fees. The District's Tuition and Fee Revenues are pledged as security for the Bonds. The Board has the authority to set tuition and fees. In Fiscal Year 2016, tuition and fees were combined into a new flat-rate tiered based tuition structure designed to encourage full-time status and timelier completion for students. In Fiscal Year 2019, the District switched back to a per Semester Hour rate structure to eliminate any inequities for part-time students.

Gross student tuition and fees account for approximately 25% of the District's operating (Education, O & M, Auxiliary/Enterprise, and Working Cash) funds revenue for Fiscal Year 2025. The following chart shows District tuition and fees for the past ten years.

Tuition and Fees (Unaudited)

Fiscal Year	In-District Tuition & Fees per Semester Hr	Out-of-District Tuition & Fees per Semester Hr	Out of State Tuition & Fees per Semester Hr	VI - F-1 Visa Students Fees per Semester Hr	Total Semester Credit Hours Generated	Tuition & Fees Revenue	Less: Scholarships and Allowances	Tuition & Fees Revenue (Net)
2016	\$ 133.36	\$ 353.16	\$ 359.73	\$ 624.68	983,907.0	\$ 105,005,157	\$ (49,164,083)	\$ 55,841,074
2017	133.36	353.16	359.73	624.68	904,038.0	99,177,882	(46,670,605)	52,507,277
2018	133.36	353.16	359.73	624.68	821,349.0	94,772,150	(51,261,909)	43,510,241
2019	146.00	384.00	481.00	481.00	791,761.5	92,474,466	(56,328,989)	36,145,477
2020	146.00	384.00	481.00	481.00	750,937.0	85,769,182	(46,873,374)	38,895,808
2021	146.00	384.00	481.00	481.00	653,576.0	76,746,431	(46,700,849)	30,045,582
2022	146.00	384.00	481.00	481.00	596,893.5	73,363,188	(48,984,682)	24,378,506
2023	146.00	384.00	481.00	481.00	619,501.0	76,655,210	(59,599,804)	17,055,406
2024	153.00	403.00	505.00	505.00	743,663.0	83,407,037	(52,292,727)	31,114,310
2025	157.00	414.00	518.00	518.00	743,663.0	96,221,577	(62,147,783)	34,073,794

Source: City Colleges of Chicago Annual Comprehensive Financial Reports
In Fiscal Year 2016 to 2018, City Colleges adopted a flat-price structure designed to make City Colleges' prices more transparent by eliminating fees.

Scholarships are administered through the City Colleges of Chicago Foundation. Scholarships are awarded based on a student's academic achievements, individual goals, and recommendations. Each scholarship has eligibility criteria that must be met by the student as part of the application process. City Colleges offers many scholarships opportunities to its students that include, but are not limited to, scholastic merit, type of career being pursued, athletic, ethnic background and college specific.

Tuition for college credit courses is charged based on the credit hours for a semester and varies depending on whether a student lives within or outside of the District's boundaries. Some specialty programs may have different rates, such as select healthcare programs. Student tuition may be paid by or on behalf of a student. Tuition must either be paid in full at the time of registration, by means of a monthly payment plan (without interest) or the student must have received a deferral while awaiting financial aid funding.

Financial aid eligibility is determined annually based on information filed by the student in the Free Application for Federal Student Aid (“FAFSA”). The information from the FAFSA is provided to the colleges in the Student Aid Report and is sent to students within 3-10 days after the FAFSA has been processed. Students who qualify to receive financial aid will receive a financial aid deferment for tuition and fees due once the financial aid process is completed. If a student drops a course within the refund period and the number of enrolled credit hours drops to a lower tier, the tuition is refunded.

The following charts set forth the schedule of resident and non-resident tuition for all of the District’s Colleges.

Schedule of Tuition Rates per Credit Hour

	In-District Resident	Out-of- District	Out-of-State	International
Credit Courses	\$ 157.00	\$ 414.00	\$ 518.00	\$ 518.00
Pre-Credit Courses	79.00	207.00	259.00	259.00
Specialized Healthcare Programs:				
Radiography	196.00	410.00	515.00	795.00
Dental Hygiene	173.00	275.00	460.00	703.00
BNA Nursing	81.00	132.00	187.00	187.00
Nursing AAS	239.00	512.00	643.00	957.00
Licensed Practical Nurse AC	221.00	497.00	632.00	1,022.00
Partnership Program:				
Aviation	316.67	316.67	316.67	316.67

Source: District records

State Grants. The District receives funding from the State of Illinois (the “State”) through the Illinois Community College Board (“ICCB”). The level of this funding is dependent on annual State appropriations for State community colleges as well as a formula based on credit hours, including adult education classes (subject to a two-year lag in certified credit hours).

State grant funding accounted for approximately 9.0% of all District revenues for Fiscal Year 2025. As the following table indicates, current State funding for Illinois community colleges has trended up over the past five years. Notwithstanding such trend, the District cannot predict future levels of State funding.

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Community College State Funding

Fiscal Year	State Funding to All State Community Colleges	ICCB Funding to the District
2016	\$ 74,142,300	\$14,370,863
2017	161,872,900 [^]	31,385,973 [^]
2018	249,007,400	48,890,440
2019	257,111,600	47,594,594
2020	269,222,284	45,566,809
2021	269,222,286	44,107,140
2022	278,178,388 [^]	45,311,205 [^]
2023	281,597,697	45,743,823
2024	301,876,696	46,793,997
2025	307,818,006	47,480,798

Source: Illinois Community College Board

[^] Includes Supplemental appropriations.

The current funding plan for community colleges was adopted in 1979 and first affected Fiscal Year 1981 appropriations. While the State appropriation for a community college is intended to equal the difference between estimated resource requirements for the community college and the estimated resources available to such community college from sources other than the grants appropriated by the ICCB, actual appropriations have not historically satisfied this intention and have been reduced to fit available State resources.

Resource requirements are estimated by multiplying the statewide average cost per semester credit hour (obtained via a statewide unit cost study) by the number of credit hours produced during the Fiscal Year completed two years prior to the budget year. This amount is adjusted to account for the average of two years of inflation, thus providing an estimate of the budget year's resource needs. The two-year inflation factor is determined by utilizing actual appropriation increases experienced for the first year and economic forecast estimates of inflation factors for salaries, library materials, utilities and the general cost of living for the second year.

Credit hour grants are paid for each of six instructional categories: baccalaureate transfer; business occupational; technical occupational; health occupational; remedial; and adult education. The credit hour rate for each instructional category is determined by calculating a projected statewide average per semester credit hour cost for that category and subtracting the system's other available resources in each instructional category. Since the resources available to each instructional category are nearly the same, an instructional category that has a high unit cost will be funded at a higher level than a category that has a lower unit cost. Credit hour grants are not restricted as to use and comprise approximately 80% of total ICCB grants.

Pledged Taxes

The District will levy Pledged Taxes to satisfy the debt service on the Bonds if the Pledged Revenues are insufficient. The Pledged Taxes are *ad valorem* taxes levied against all of the taxable property in the District without limitation as to rate or amount. However, based on projected receipts of Pledged Revenues, the District anticipates that all Pledged Taxes will be abated prior to extension on a year-by-year basis prior to such Pledged Taxes being extended. **The District may only direct abatement of such Pledged Taxes in any year if and to the extent that the Trustee has Pledged Revenues or other funds irrevocably on deposit in the Pledged Revenues Account under the Indenture to provide for the payment of annual debt service on the Bonds in such year.** To the extent that the Pledged Revenues or other funds in the Pledged Revenues Account are not available in sufficient amounts, the debt service on the Bonds is payable from the Pledged Taxes. In the event the Pledged Taxes are extended for collection,

in any year, the District will direct the County Collectors to segregate from each distribution of property taxes to be paid to the District that percentage attributable to the levy of the Pledged Taxes for the payment of the debt service on the Bonds. The County Collectors will deposit the amount so segregated directly with the Trustee for application to the payment of debt service on the Bonds in accordance with the provisions of the Indenture. All Pledged Taxes received by the Trustee shall be (i) deposited promptly upon receipt into the Pledged Taxes Account described under “– **Debt Service Fund and Accounts,**” below and (ii) applied to the payment of the interest on and principal of the Bonds due during the calendar year in which such Pledged Taxes are collected. The District has covenanted in the Indenture to take all actions necessary to cause the levy and extension of additional Pledged Taxes in excess of those previously levied if necessary to pay debt service on the Bonds. For additional information concerning the levy and collection of the Pledged Taxes, see “**THE REAL PROPERTY TAX SYSTEM – Real Property Assessment, Tax Levy and Collection Procedures.**”

In accordance with the Debt Reform Act, the Bonds will be excluded from statutory limitations on indebtedness unless *ad valorem* property taxes are extended for the payment of the Bonds. In such case, the outstanding Bonds will be included in computing all statutory limitations on indebtedness of the District until an audit shows that the Bonds have been paid from the Pledged Revenues for one complete fiscal year. It is the District’s intention to use the Pledged Revenues or other available funds for the payment of the Bonds so that it will not be necessary to extend the Pledged Taxes levied by the Bond Resolution.

Debt Service Fund and Accounts

The Indenture establishes the Debt Service Fund as a separate fund pledged to the payment of debt service on the Bonds. The Indenture also establishes separate accounts in the Debt Service Fund, known as the “*Pledged Revenues Account,*” the “*Pledged Taxes Account,*” and the “*Bond Payment Account,*” consisting of the “*Interest Sub-Account,*” and the “*Principal Sub-Account.*”

Pledged Revenues Account. The Trustee shall deposit to the credit of the Pledged Revenues Account any amounts paid by the District to the Trustee from time to time with written instructions for such deposit.

On or before February 16 of each year, or such earlier date as may be necessary to permit the District to lawfully make the abatement of the Pledged Taxes with respect to the Bonds as described below (a “*Deposit Date*”), the District shall deposit to the credit of the Pledged Revenues Account such amounts derived from Pledged Revenues as shall be sufficient to cause the amount on deposit in said Account to equal the sum of the interest on and principal of the Bonds that will come due and payable, whether at maturity or upon mandatory sinking fund redemption, during such Bond Year (the “*Annual Debt Service Requirement*”).

On or before February 16 of each year, whenever sufficient funds are on deposit in the Pledged Revenues Account as shall be necessary to pay the principal of and interest on the Bonds due during the current Bond Year, the Trustee shall deliver to the District a notice evidencing the sufficiency of such deposit for said purpose and directing the District to take such actions as are necessary to abate the Pledged Taxes with respect to the Bonds. Once such full deposit has been made, the District shall take such actions as are necessary to abate in full the Pledged Taxes levied for the calendar year next preceding the calendar year of such Deposit Date.

In the event that on any Deposit Date there is not on deposit to the credit of the Pledged Revenues Account an amount sufficient to satisfy the Annual Debt Service Requirement, the District shall take such actions as are necessary to cause the extension of the Pledged Taxes previously levied for the calendar year next preceding the calendar year of such Deposit Date in an amount sufficient, when added to the amount then on deposit in the Pledged Revenues Account to provide funds sufficient to satisfy the Annual Debt Service Requirement for such Bond Year.

All amounts on deposit in the Pledged Revenues Account on December 2 of each year, following the transfers required to be made to the Bond Payment Account, shall be withdrawn from said Account and paid to the District free and clear of the lien of the Indenture without further written direction.

Bond Payment Account. The Trustee shall deposit to the credit of the Interest Sub-Account and the Principal Sub-Account any amounts directed in writing by the District to be deposited into either such Sub-Account. The Trustee shall also transfer, from time to time, to the credit of the Interest Sub-Account and the Principal Sub-Account all other amounts so directed in writing by the District to be transferred into either such Sub-Account.

There shall be transferred first from moneys on deposit in the Pledged Taxes Account and second from moneys on deposit in the Pledged Revenues Account: (i) first, to the Interest Sub-Account on or before each Interest Payment Date for any of the Outstanding Bonds, the amount required for the interest payable on such date, less the amount then on deposit in the Interest Sub-Account and available for such payment; and then (ii) pro rata, to the Principal Sub-Account on or before each December 1, an amount equal to the principal amount of the Outstanding Bonds that mature on such December 1, in each case less the amount then on deposit in the Principal Sub-Account and available for such payments.

Pledge of Funds, Accounts and Sub-Accounts

In addition to the Pledged Revenues and the Pledged Taxes, all Funds, Accounts and Sub-Accounts established pursuant to the Indenture are pledged to the payment of the Bonds. See **APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”**

Additional Bonds Payable From Pledged Revenues

Pursuant to the Indenture, the District reserves the right to issue Additional Bonds from time to time payable from all or any portion of the Pledged Revenues in addition to any other source of revenues that may be pledged under the Debt Reform Act, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds, the Series 2017 Bonds and the Series 2024 Bonds; provided, however, that no Additional Bonds may be issued except in accordance with the provisions of the Debt Reform Act as in existence on the date of issuance of the Additional Bonds and the Indenture. Subject only to compliance with such provisions of the Debt Reform Act, there is no limit on the aggregate principal amount of Additional Bonds which may be issued by the District.

Subordinate Obligations Payable From Pledged Revenues

The District reserves the right to issue bonds or other evidences of indebtedness payable from all or a portion of the Pledged Revenues, which are subordinate to the Bonds, the Series 2017 Bonds, the Series 2024 Bonds and any Additional Bonds. Such subordinate obligations will be paid from such Pledged Revenues available to the District in each year in excess of those required to be deposited in the Pledged Revenues Account under the Indenture applicable to the Bonds during such year.

Other Indebtedness

In addition, the District reserves the right to issue bonds or other evidences of indebtedness payable from additional designated amounts of the District’s revenues that are not Pledged Revenues under future authorizing resolutions.

Bonds Are General Obligations of the District

The Bonds are the direct and general obligations of the District to the payment of which the District has pledged its full faith and credit and taxing power. The Bonds are not the obligations of the City (as hereinafter defined), the State or any other political subdivision of the State (other than the District). Neither the full faith and credit nor the taxing power of the City, the State or any other political subdivision of the State (other than the District) is pledged to the payment of the Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “*Bond Insurance Policy*”). The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$514.1 million, \$290 million and \$224 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above

(Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM’s website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

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INVESTMENT CONSIDERATIONS

Investment in the Bonds involves certain risks. In evaluating an investment in the Bonds, prospective purchasers should carefully consider the risk factors set forth under this heading “INVESTMENT CONSIDERATIONS” regarding a purchase of the Bonds, as well as all other information contained in or incorporated by reference into this Official Statement, including the appendices hereto and additional information in the form of the complete documents summarized herein and in the appendices hereto, copies of which are available as described herein.

There follows under this heading a discussion, in no particular order of importance or priority, of some, but not necessarily all, of the possible risks and investment considerations that should be carefully evaluated prior to purchasing any of the Bonds. There may be other risk factors and investment considerations that may be material or may become material in the future to a prospective purchaser’s investment decision regarding purchasing or holding any Bonds, or that may materially and adversely affect the financial condition of the District and its ability to repay the Bonds. Moreover, any one or more of the factors discussed under this heading, and other factors not described under this heading, could lead to a decrease in the market value and the liquidity of the Bonds.

Overlapping Districts and Availability of Property Tax Revenues

There are seven major units of local government located in whole or in part within the boundaries of the District (the “*Overlapping Taxing Districts*”). See “**OTHER LOCAL GOVERNMENTAL UNITS.**” The Overlapping Taxing Districts share, to varying degrees, a common property tax base and have the power to impose and increase property taxes on the same property tax base as the District. Reasons for such tax increases include, but are not limited to, increased costs of operation, increased debt service requirements on new or outstanding indebtedness, increased pension funding requirements, and other increased costs. The District does not control the amount or timing of the taxes levied by these Overlapping Taxing Districts.

In addition, the District and certain of the Overlapping Taxing Districts have levied taxes to pay Alternate Revenue Bonds and certain other general obligation bonds and such taxes are currently not extended for collection and are not reflected in the current tax rates of the District and the Overlapping Taxing Districts. Such debt service taxes could be extended in the future resulting in an increase in the tax burden of property owners within the boundaries of the District. Such increased burden could potentially be harmful to the local economy and may impact the value of property in the region and lead to population migration, delayed payments of taxes, lower tax collection rates and other factors that may result in a decrease in the rate and amount of tax collections received by the District, including the Pledged Taxes if extended for collection. As described above and in “**SECURITY FOR THE BONDS – Pledged Taxes,**” several factors impact whether Pledged Taxes, if extended, will be collected in amounts sufficient to make timely debt service payments on the Bonds.

Local and State Economy

The financial health of the District is in part dependent on the strength of the local economy, which in turn is a component of the State economy. Many factors affect both economies, including rates of employment and economic growth and the level of residential and commercial development. Actions of local governments and the State may also have an economic impact to the extent such actions foster or impede economic growth and development. In addition, financial difficulties experienced by the State and by the Overlapping Taxing Districts may place stress on the same sources of revenue from which the District derives the funds for its operations and debt service. It is not possible to predict whether any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur or to quantify what impact such changes would have on the finances of the District.

Student Enrollment

Tuition revenue paid by enrolled students is a significant element of CCC's overall revenue base. Levels of enrollment may be impacted by factors such as the health of the local economy, levels of State financial support available to students, local wages and student loan availability and rates. City Colleges has seen growing overall and credit enrollment over the last several years since the COVID pandemic and is projected to see an increase year over year to overall and credit enrollment again this fiscal year (FY26). See "**COMMUNITY COLLEGE DISTRICT NO. 508 – Enrollment Data.**"

Unfunded Pensions

The District participates in the State Universities Retirement System of Illinois ("*SURS*") defined benefit and defined contribution plans. *SURS* is a cost-sharing, multi-employer defined pension plan to which the State makes substantially all legally required contributions on behalf of the participating employers, including the District. *SURS* is substantially underfunded. See "**COMMUNITY COLLEGE DISTRICT NO. 508 – Pension and Retirement Plan**" for a discussion of the shift to the District of a portion of the obligation to make the employer contribution.

Ratings

The Bonds have been rated by Fitch Ratings Inc. and Kroll Bond Rating Agency. There is no assurance that such ratings will be maintained for any given period of time or that any rating will not be lowered or withdrawn entirely. Any revision or withdrawal of any such ratings could have a material adverse effect on the availability of a market for the Bonds and the prices at which the Bonds may be resold. See "**RATINGS.**"

Cybersecurity Risks

In the last few years, the increase in reported customer or data breaches and other fraudulent activities/attacks, have heightened awareness of data security. Like many organizations, the District relies on digital technologies to conduct customary operations, therefore the District could be the target of cyber-attacks. Additionally, outside parties may attempt to fraudulently induce the District's employees, students, business partners, service providers and other users of its services to disclose information in order to gain access to sensitive data and the District's systems. The District maintains a network security system that is designed to stop cyber-attacks by third parties and minimize its impact on operations.

However, the techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. Such incidents are likely to continue and the District is unable to predict the direct or indirect impact of these future attacks and activities on the District.

Bankruptcy

Units of Illinois local government, such as the District, cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by State law or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor in a bankruptcy proceeding. State law does not currently permit the District to be a debtor in a bankruptcy proceeding. However, from time to time, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois units of local government to be a debtor in bankruptcy under the U.S. Bankruptcy Code. The District cannot predict whether the Illinois General Assembly may adopt any such legislation that would permit units of local government, such as the District, to be a debtor in bankruptcy and the form and terms of any such proceeding.

Change in Laws

There are a variety of State and federal laws, regulations and constitutional provisions that apply to the District, including the District's ability to pledge taxes and generate other revenues, fund its pension obligations or to reorganize its debts. There is no assurance that there will not be any change in, change in the interpretation of, or addition to such applicable laws, regulations and provisions. Any such change, change in interpretation, or addition may have a material adverse effect, either directly or indirectly, on the District or the taxing authority of the District, which could materially adversely affect the District's operations or financial condition.

Financial Condition of the State

The State may experience adverse budget and deficit conditions, which may impact the amount and timing of receipt of State Grant Revenues. Any failure of the State to resolve any budget or deficit conditions or resolve them by budget cuts and/or increases in taxes, could have an adverse effect on the local and State economy and/or property tax base and therefore an adverse impact on the operations and revenues of the District.

Financial Condition of the City

The City may increase property taxes in the future to address budget needs and the City is not currently subject to the PTELL limit on property tax increases. The City has an overlapping taxing base with the District. The failure of the City to resolve any future deficits or resolving them by budget cuts and/or continued increases in property taxes, could have an adverse effect on the local economy and/or property tax base. Such actions may therefore have an adverse impact on the operations of the District and the revenues it receives, including the Pledged Taxes if extended for collection.

Recent Federal Actions

Recent federal and presidential actions affecting higher education funding may influence the District's receipt of federal grants. The District does not believe that any such federal actions, individually or in the aggregate, will have a material adverse impact on its financial condition, its revenues, or the security for the Bonds, as federal grants comprise 3.7% of the District's Fiscal Year 2026 budget and do not constitute a part of Pledged Revenues; however, no assurance can be given that future federal actions will not affect the amount, timing, or availability of federal funds received by the District.

Forward-Looking Statements

This Official Statement contains certain statements relating to future results that are forward-looking statements. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, bondholders and potential investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. The District does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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COMMUNITY COLLEGE DISTRICT NO. 508

Community College District No. 508 was organized in 1911 as a public community college district of the State of Illinois, having boundaries coterminous with the City. It was established under and is governed by the Act and operates seven colleges offering two-year associates' degrees, occupational certificates, continuing education, customized business-specific training and adult education programs.

The District's service area is approximately 237 square miles and has a population of approximately 2,746,388 per the most recent decennial census.

The District's seven colleges are strategically located throughout the City as set forth in the map on the inside front cover. Each of the District's colleges are separately accredited by the Higher Learning Commission (HLC).

Board of Trustees

The District is governed by an eight member Board of Trustees, seven of whom are appointed by the Mayor of the City with the approval of the City Council. One non-voting student member is selected in accordance with the Act. Day-to-day operations are administered by the Chancellor, who is appointed by the Board, and by staff under the Chancellor's authority.

Official	Term Expires (June 30)
Katya Nuques, Chair	2026
Rev. Dr. Marshall Elijah Hatch, Sr., Vice Chair	2026
Princella "Jaribu" Lee, Secretary	2027
Fernando Diaz	2027
Darlene Oliver Hightower	2028
Dr. Kafi Moragne-Patterson	2027
Oscar Sanchez	2028
Widedji Deguenon, <i>Student Trustee</i> ¹	2026 ²

¹ While the Student Trustee may cast an advisory vote on matters taken up by the Board and may make motions and second actions proposed by the Board, the Student Trustee's vote is not binding, nor does attendance by the Student Trustee count towards quorum. The Student Trustee is selected by the students at one of the City Colleges of Chicago on a rotating basis on an annual cycle.

² Student Trustee's term expires April 14, 2026.

Administration

Following is information regarding key administrators of the District.

Juan Salgado, Chancellor. Chancellor Juan Salgado has focused his career on improving education and economic opportunities for residents in low-income communities. From 2001 to 2017, he served as CEO of Instituto del Progreso Latino, where he worked to empower residents of Chicago's Southwest Side through education, citizenship, and skill-building programs that led to sustainable employment and economic stability. As Chancellor of City Colleges of Chicago, he oversees Chicago's community college system, serving more than 60,000 students across seven colleges, 75 percent of whom are Black and Latinx students. Under his leadership, City Colleges of Chicago has seen an increase in student graduation rates to the highest level on record, an unprecedented systems-level partnership with the Chicago Public Schools called the Chicago Roadmap, the launch of Future Ready, a program to prepare Chicagoans with short-term credentials in in-demand fields at no cost, the launch of Fresh Start, a first-ever debt forgiveness program, the completion of two new major state-of-the-art facilities, a re-energizing of fundraising for student supports, and campus specific plans focused on equity in student outcomes, among other efforts. Chancellor Salgado is a community college graduate himself, earning an associate degree from Moraine Valley Community College, prior to earning a Bachelor's degree from Illinois Wesleyan

University, and a Master's degree in Urban Planning from the University of Illinois at Urbana-Champaign. Chancellor Salgado has been nationally recognized for his work, including as a 2015 MacArthur Fellow. Among his civic commitments, he serves as a board member of the Obama Foundation and a Class C Director for the Federal Reserve Bank of Chicago.

Dr. Mark Potter, *Provost and Chief Academic Officer.* Dr. Mark Potter is Provost and Chief Academic Officer at City Colleges of Chicago. In service to the seven City Colleges (Truman, Wilbur Wright, Malcolm X, Harold Washington, Kennedy-King, Olive-Harvey, and Richard J Daley), he leads efforts to advance quality academic experiences and high-value student outcomes in both credit programs and adult education. Dr. Potter began his career as a history professor at the University of Wyoming, and prior to his current position he was Associate Vice President for Undergraduate Studies at Metropolitan State University of Denver. He has a successful record of leading teams across academic affairs, student success, enrollment, and information technology to research, design, and implement innovative solutions for engaged learning, student success, and retention. Dr. Potter is driven by the educational mission of expanding opportunity to traditionally under-represented populations. His devotion as an academic leader is grounded in a commitment to the open-access sector where the work of providing a pathway to educational attainment has the greatest potential to impact lives and communities. In advancing the mission of City Colleges of Chicago, Dr. Potter is able to focus his leadership on pathways to and through college so that all of Chicago's residents can benefit from inclusive economic growth. Dr. Potter earned a Ph.D. in History from UCLA and a Bachelor's degree from the University of California, Berkeley.

Verónica Herrero, *Chief Institutional Advancement Officer and Chief of Staff.* As Executive Vice Chancellor – Chief Institutional Advancement Officer and Chief of Staff at City Colleges of Chicago, Verónica Herrero plays a central role in shaping the direction and impact of one of the largest community college systems in the United States. Executive Vice Chancellor Herrero has 20 years of experience in leading data-driven strategies and forging meaningful partnerships that advance student success. She joined City Colleges in 2019 to architect the system's five-year strategic framework, emerging as a driving force behind districtwide transformation. Herrero also serves as President of the City Colleges of Chicago Foundation. In her multifaceted role, she provides districtwide leadership and oversight for strategy, institutional effectiveness, external affairs, fundraising, and marketing and communications. Herrero has re-energized public and private fundraising efforts to secure historic investments in student supports and program innovation. A Chicago native, she is the proud daughter of two Mexican immigrants, mother of two young boys, and a lifelong champion of access and equity. In addition to her leadership at City Colleges, Herrero serves as Vice Chair of the Illinois Board of Higher Education (IBHE), as Chair of the Academic Affairs, Student Affairs and Personnel Committee on the Northern Illinois University Board of Trustees, and as a board member of Excelencia in Education.

Maribel Rodriguez, *Chief Financial Officer.* Maribel Rodriguez joined City Colleges of Chicago as Chief Financial Officer in October 2018. She is responsible for the financial oversight of the third largest community college district in the nation, with seven colleges and five satellite sites. She has over 25 years of experience in the public financial sector. Prior to joining the City Colleges, she served as the Director of Treasury Operations of the Chicago Transit Authority (CTA). In that capacity, she managed the CTA's debt and operating funds of approximately \$1 billion, debt issuance of more than \$1.3 billion, and cash and investments. Ms. Rodriguez has also served as the Portfolio Manager for Cook County, a Deputy Treasurer for the Chicago Public Schools, and a Portfolio Manager for the City Treasurer's Office. Maribel holds a Bachelor of Science degree from Northeastern Illinois University and a Master of Business Administration degree from DePaul University.

Lamesha Smith, *Inspector General.* Effective December 14, 2020, Lamesha Smith was appointed as the Inspector General for the City Colleges of Chicago. Prior to this appointment, Lamesha worked in the City Colleges of Chicago Office of the Inspector General in various roles since December 2010. The City Colleges of Chicago Office of the Inspector General has the authority to conduct investigations regarding waste, fraud and misconduct by any officer, employee, member of the Board; any contractor, subcontractor, consultant or agent providing or seeking to provide goods or services to the City Colleges of Chicago; and any program administered or funded by the District or Colleges. Prior to joining the City

Colleges of Chicago Office of the Inspector General, Lamesha worked in Allstate Insurance Company's corporate Law and Regulation Department as an investigator/attorney. While at Allstate, Lamesha conducted numerous investigations across the United States regarding alleged misconduct by employees and independent contractors. While in law school and for a period of time after graduating from law school, Lamesha worked as a law clerk for a law firm where she completed substantive legal work on various matters related to labor and employment law. Lamesha earned a B.A. in Industrial/Organizational Psychology, with honors, from DePaul University. Lamesha earned a J.D. from DePaul University College of Law. Lamesha is an Illinois licensed attorney. Lamesha earned the designations of Certified Inspector General and Certified Inspector General Investigator by the Association of Inspectors General.

Carol Dunning, Chief Talent Officer. Ms. Dunning joined the administrative staff of City Colleges in 2019 after leading Human Resources departments at multiple CPG companies and most recently at the Sagent Pharmaceuticals. As Vice Chancellor of Human Resources for CCC, Ms. Dunning helped our employees to get through the COVID years and will continue to focus on guiding a strong HR team that will ensure support of City Colleges' students and employees through their journey. Reflecting her love of education, Ms. Dunning has an Associate's Degree in Computer Science from College of DuPage in Glen Ellyn, IL, a Bachelor's Degree in Business Management, a MBA with HR concentration from National-Louis University in Chicago, IL and a Master's Degree in Legal Studies with HR Concentration from Northeastern University in Boston, MA. Ms. Dunning is certified as a SPHR and SHRM-SCP.

Karla Gowen, General Counsel. General Counsel Gowen is the Chief Legal Officer of the District. In such role she provides legal and strategic advice to the Administration and the Board of Trustees. General Counsel Gowen also oversees the District's Risk Management and Ethics Departments. Prior to joining the City Colleges of Chicago, General Counsel Gowen held the role of Assistant General Counsel with Marmon Retail Technologies Company where she advised executive management concerning legal matters and acquisitions. From 2006 to 2016, she held various roles at Cabot Microelectronics Corporation, including Associate General Counsel & Managing Attorney, in which she advised management concerning sales, sourcing, mergers and acquisitions and human resources matters. General Counsel Gowen commenced her career as a Corporate Associate with Winston & Strawn LLP. During her service with City Colleges of Chicago, General Counsel Gowen has been honored as one of Crain's Notable General Counsels 2019, an OnCon Icon Awards Top 10 Corporate Counsel 2022 and one of The Legal 500 GC Powerlist 2023.

Jacquelyn (Jackie) Werner, Deputy Chief Student Experience Officer. DCSEO Werner is instrumental in collaborating with college and district colleagues to advance many student experience initiatives, such as new student advising, strategic re-enrollment campaigns, and persistence scholarships, all of which we anticipate will drive strong retention and completion growth over time. Jackie brings over 17 years of experience in higher education. In her previous role as Dean of Student Services at Harold Washington College, she oversaw student-facing departments including the ACCESS Center, Advising and Transition Services, Career Development, Military-affiliated Student Services, Student Activities, TRIO Student Support Services, Undocumented Student Services, and the Wellness Center. Prior to her role as Dean, Jackie served as the Associate Dean of Advising and Transition Services as well as the Director of Academic Support Services at Harold Washington College. Jackie's career began at Triton College, holding roles in financial aid, student success, and TRIO Student Support Services. She holds a Bachelor's Degree in English Literature from Elmhurst University and a Master's Degree in Higher Education with an emphasis in Student Affairs from Loyola University Chicago.

Dulce Niedzialkowski, Director of Internal Audit. Dulce Niedzialkowski assumed the role of City Colleges Director of Internal Audit in October 2024. She oversees the institution's internal audit function, including development of the annual risk based audit plan, execution of audit engagements, reporting to senior leadership and the Board, and monitoring of corrective actions. With more than 18 years of experience in external and internal auditing, risk management, and financial operations, Dulce has held prior roles such as Audit & Compliance Manager at Chicago Public Schools, Internal Audit Operations Manager at Walmart, and Audit Manager at City Colleges of Chicago, bringing extensive expertise in evaluating internal controls, advising on process improvements, and supporting strong governance

practices. She holds a Bachelor of Science degree from Northeastern Illinois University in Accounting and a Master of Public Administration degree from DePaul University and maintains a professional certification as Internal Audit Practitioner (IAP) and is a member of the Institute of Internal Auditors (IIA).-based audit plan, execution of audit engagements, reporting to senior leadership and the Board, and monitoring of corrective actions.

Jay Agarwal, *Chief Information Officer*. CIO Agarwal brings over 26 years of experience in the technology sector, including 15 years at IBM and a decade working with the U.S. federal government. He holds an MBA in Finance from The George Washington University and has extensive expertise in technology modernization, implementation, and maintenance. Since joining City Colleges, Jay has focused on fortifying critical projects, aligning IT operations with institutional priorities, and advancing the use of innovative technologies to enhance the student and staff experience.

Description of the Colleges

The following are short descriptions of the seven City Colleges.

Richard J. Daley College has a primary campus and a satellite campus, Arturo Velasquez Institute. Collectively, these two locations serve approximately 10,000 students annually on Chicago's Southwest Side. Daley College grants associate degrees and short-term certificates, as well as continuing education classes through special interest courses. Additionally, Daley offers free adult education classes in General Education Development and English as a Second Language. Many of these degrees and certificates provide workforce ready credentials for those students wanting to enter the world of work directly following their academic attainment. Also, the College prepares students to transfer to colleges and universities for attainment of a bachelor's degree.

The Center of Excellence at Daley College is Advanced Manufacturing and Engineering, housed in the state-of-the-art Manufacturing Technology and Engineering Center (MTEC). MTEC enables students to participate in hands-on training through the curriculum that prepares them for technological advancements in the engineering and manufacturing industries. With more than 75 percent of our student population identifying as Latine, the College was recognized and designated a Hispanic-Serving Institution (HSI) by the United States Department of Education and has earned the Seal of Excelencia from Excelencia in Education.

Harold Washington College is located in the Chicago Loop area and serves nearly 10,000 students. HWC is a federally designated Hispanic-Serving Institution and Minority-Serving Institution, with more than 70 percent of its population identifying as Latine or Black students. The college offers an exceptional liberal arts and sciences curriculum, as well as programs in Business, Early Childhood, Architecture, and Digital Media. HWC is working towards becoming City Colleges' premier transfer institution. Additionally, the college has program partnerships with leading industry organizations including, but not limited to: Aon, Chicago Architecture Center, Illinois Department of Innovation and Technology, German American Chamber of Commerce, Joffrey Ballet, and Zurich.

Kennedy-King College embodies the commitment to academic excellence and civic responsibility espoused by its namesakes, civil and human rights activists Robert F. Kennedy and Dr. Martin Luther King Jr. KKC's main campus is in Englewood on the South Side of Chicago and includes the Washburne Culinary & Hospitality Institute and Sikia Restaurant. The College's satellite campus, Dawson Technical Institute, is located in Bronzeville. KKC serves nearly 5,000 students, and is a comprehensive community college, offering credit classes in a wide range of subjects, continuing education classes, and free GED and ESL courses. It is City Colleges' Center of Excellence in Culinary Arts, Hospitality, and Construction Technology and home to the Tech Launchpad.

Malcolm X College (MXC) is a comprehensive public community college on Chicago's West Side. Conveniently located near the Illinois Medical District, MXC serves as the hub for healthcare education within the City Colleges of Chicago. In fiscal year 2025, MXC enrolled more than 14,000 students through credit programs in nursing, allied health careers, and transfer-focused general education, adult education high school equivalency and English as a second language programs, and community and continuing education courses. MXC West Campus, a satellite site in the Austin and West Garfield Park communities, extends access to high quality, in-demand educational programs including medical assisting, patient care technician, and basic nursing assistant certificates.

Malcolm X College's vision is to serve as a catalyst for social change and economic growth in the Chicago community, and it is guided in this work by its core values: Accountability, Communication, Community, Diversity, Integrity, Learning, Quality, Respect, and Service. Building on sustained enrollment growth and student success gains, the College continues to make significant investments in academic programs, student services, and program expansion, while maintaining fiscal responsibility and operational efficiencies.

Olive-Harvey College is a comprehensive community college situated on 67 acres of land on the far Southeast Side of Chicago. It serves over 6,300 students annually, offering certificates, degrees, GED, ESL, and continuing education. The College's South Chicago Campus provides vocational and technical training, adult education courses, and prepares students for higher education and employment. A state-of-the-art Transportation, Distribution, and Logistics Training Center of Excellence supports degrees and certificate programs in supply chain management, logistics, commercial truck driving, forklift operation, and automotive, diesel, and aviation maintenance and technology. Olive-Harvey College also offers the first cannabis vocational training program in Chicago.

Harry S Truman College is located on the North Side of Chicago in the Uptown neighborhood and serves more than 12,500 students. Truman College is a vibrant and vital part of delivering high-quality, innovative, affordable and accessible educational opportunities and services. A comprehensive community college, Truman College offers college credit, continuing education, free GED and ESL classes, supporting students on their way to their educational and career goals. Serving as City Colleges' Center of Excellence in Education and Scientific Technology and Innovation, the College strives to give students the opportunity to become the best in their chosen career path. Truman College offers a combination of certificates and associate degrees tailored for those first entering the education profession as well as for professionals in need of continuing education. Truman College boasts the largest adult education program in the state and welcomes students both in person and remotely.

Wilbur Wright College is located on the Northwest Side of Chicago across two campuses, serving more than 17,000 students each year with college credit, adult education, and continuing education classes. The main campus, designed by Chicago's award-winning architect Bertrand Goldberg, offers an integrated environment for learning and support services. Wright College Humboldt Park campus offers career and vocational training, including a NIMS-certified computer numerical control program, general education, adult and continuing education courses, and comprehensive student supports.

Wright is a Hispanic-Serving Institution with one of the largest enrollments of Latine college students in Illinois. Wright received the prestigious Seal of Excelencia twice for its work intentionally serving Latine students. The College is very active in the community, partnering with baccalaureate institutions, high schools, local businesses, and community-based organizations, and has been recognized through the Elective Carnegie Classification for Community Engagement. Service learning and volunteering are priorities. The engineering pathways program launched at Wright College has led to the creation of City Colleges' School of Engineering and prepares students for transfer at top-flight baccalaureate institutions.

Admissions Policy

The District's seven colleges maintain open enrollment. All individuals, regardless of where they live, qualify for general admission if they have graduated from an accredited high school, hold a GED Certificate, or are 18 years of age or older. Health career programs may have additional requirements. Once students are admitted, they may enroll in classes at the District as long as they meet the pre-requisites for the class and as long as seats are available. Students who reside in the City are charged in-district tuition, which is substantially less than out-of-district, out-of-state and out-of-country tuition.

Financial Aid

City Colleges offers federal, state, and institutional financial aid to eligible students. Participation in these financial aid programs enhances the District's ability to provide students entry into higher education. Financial aid may be in the form of a grant, scholarship, loan, or on-campus Federal Work Study employment. Students are required to complete the FAFSA and/or an institutional scholarship application to begin the application process. Students routinely seek to access financial aid in order to finance their education. In Fiscal Year 2025, approximately 76% of students received some type of financial assistance.

Enrollment Data

In Fiscal Year 2025, more than 75,000 enrolled students took courses with City Colleges of Chicago, which includes credit, noncredit, adult education, continuing education and varied certification programs.

The following table shows the enrollment headcount and full-time equivalent for the last five years.

Historical Enrollment (Unaudited)

Fiscal Year	FTE Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses
2021	18,632	40,988	29,222
2022	16,937	38,359	18,616
2023	17,720	40,134	24,037
2024	19,245	43,891	24,360
2025	21,485	48,602	26,848

Source: City Colleges of Chicago Annual Comprehensive Financial Reports.

City Colleges leadership has made enrollment growth a high priority, and enrollment in Fiscal Year 2025 exceeded pre-pandemic levels, reflecting a full recovery from the COVID period. Continued growth is expected in credit and overall enrollment in Fiscal Year 2026.

In Fiscal Year 2025, the District awarded 9,119 degrees and certificates. The ICCB has established minimum requirements for each degree program and City Colleges operate within those standards. Since 2009, Illinois community colleges, coordinated by the ICCB, have undertaken efforts to increase the proportion of adults in the state with postsecondary degrees and credentials. The ICCB and local community college officials have initiated an array of approaches to increase certificate and degree attainment. For example, through the District's reverse transfer policy for awarding associate degrees to students who have transferred in pursuit of a bachelor's degree before completing the requirements for an associate degree at a two-year institution, students are recognized for the credits they have earned.

District Revenues

The operating and debt service funds of the District have four primary sources of revenue: local property taxes, student tuition and fees, State grants and federal government funding. The following chart shows the revenues of the District by source for the fiscal year (“Fiscal Year” or “FY”) ended June 30, 2025.

District Revenues by Source

	<u>FY 2025</u>	<u>% of Total</u>	<u>I/(D) FY 2024</u>	<u>% I/(D) FY 2024</u>
Local Tax Revenues	\$188,269,325	35.4%	\$ 12,621,752	7.2%
Other Local Government	12,944,604	2.4	1,858,044	16.8
Tuition and Fees, Net	34,073,794	6.4	2,959,484	9.5
State Government	190,125,548	35.8	(8,929,546)	(4.5)
Federal Government	97,060,654	18.2	11,656,182	13.6
Income on Investment	6,561,553	1.3	(1,210,047)	(15.6)
All Other	<u>2,857,355</u>	<u>0.5</u>	<u>(1,147,845)</u>	<u>(28.7)</u>
TOTAL	\$531,892,833	100%	\$17,808,024	3.5%

Source: District records.

The following chart shows revenue in the operating funds of the District over the past four years.

Total Operating Funds Revenue of District

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$548,271,088	\$526,521,142	\$514,084,809	\$531,892,833

Source: District records. Amounts equal revenue plus inter-fund transfers.

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Indebtedness

The District previously issued its Series 2017 Bonds and Series 2024 Bonds. Upon the issuance of the Bonds, other than the Bonds, the Series 2017 Bonds outstanding in the aggregate principal amount of \$77,720,000 and the Series 2024 Bonds outstanding in the aggregate amount of \$186,565,000, no other bonded debt will be outstanding. The District currently has \$13,875,470 lease obligations outstanding.

The following table shows the District's historical bond debt, bond debt as a percentage of the Estimated Fair Value of property in the District and bond debt per capita for the last 10 Fiscal Years. See **"OTHER LOCAL GOVERNMENT UNITS – Overlapping Entities"** for a description of other governmental units that levy taxes on property located in the City and share a tax base with the District.

Bonded Debt Outstanding Last 10 Fiscal Years

Fiscal Year	Total Outstanding Bond Debt	Percentage of Estimated Fair Value	Bonded Debt Per Capita
2016	\$251,089,656	0.12%	\$ 92.29
2017	245,933,132	0.11	90.92
2018	325,987,163	0.14	120.00
2019	320,445,797	0.12	118.42
2020	314,797,847	0.12	116.85
2021	309,014,437	0.12	114.48
2022	303,071,153	0.10	112.39
2023	309,040,191	0.11	115.96
2024	306,892,154	0.10	115.18
2025 ¹	302,957,810	0.09 ²	111.33 ³

Source: District records.

¹ Outstanding bond debt (including outstanding lease obligations), percentage and per capita as of June 30, 2025. Taking into account the Outstanding Bond Debt on the date of delivery of the Bonds (\$302,957,810), the percentage of Estimated Fair Value would be 0.10% and the debt per capita would be \$111.33.

² Based on Estimated Fair Value of property within the District for property tax year 2024 of \$329,311,616,508. Source: Cook County Clerk's Office. See also "THE REAL PROPERTY TAX SYSTEM – Property Tax Information."

³ Based on District 2025 population of 2,611,867. Source: U.S. Census Bureau.

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District Debt Service Schedule

Debt service on the Bonds is shown in the following table.

Calendar Year	Outstanding Bonds	The Bonds*	Total Annual Debt Service
2026	\$13,334,700	-	\$13,334,700
2027	16,293,200	\$4,950,000	21,243,200
2028	20,938,450	4,950,000	25,888,450
2029	20,943,700	4,950,000	25,893,700
2030	20,943,950	4,950,000	25,893,950
2031	20,943,450	4,950,000	25,893,450
2032	20,946,200	4,950,000	25,896,200
2033	20,940,950	4,950,000	25,890,950
2034	20,943,700	4,950,000	25,893,700
2035	20,941,300	4,950,000	25,891,300
2036	20,942,700	4,950,000	25,892,700
2037	20,946,400	4,950,000	25,896,400
2038	20,941,000	4,950,000	25,891,000
2039	20,943,250	4,950,000	25,893,250
2040	20,943,250	4,950,000	25,893,250
2041	20,939,500	4,950,000	25,889,500
2042	20,940,500	4,950,000	25,890,500
2043	20,944,250	4,950,000	25,894,250
2044	20,943,750	4,950,000	25,893,750
2045	20,947,250	4,950,000	25,897,250
2046	20,947,500	4,950,000	25,897,500
2047	20,947,500	4,950,000	25,897,500
2048	-	14,210,000	14,210,000
2049	-	14,205,700	14,205,700
2050	-	14,208,625	14,208,625
2051	-	14,206,850	14,206,850
2052	-	14,209,000	14,209,000
2053	-	14,208,150	14,208,150
2054	-	14,207,650	14,207,650
2055	-	14,205,575	14,205,575
Total	<u>\$448,496,450</u>	<u>\$217,611,550</u>	<u>\$666,108,000</u>

* Net of capitalized interest. Interest on the Bonds is capitalized through December 1, 2026.

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Demographics of the District

The table below depicts certain population, income and employment trends for the City over the last ten Fiscal Years.

Demographic and Economic Statistics (Unaudited)

Fiscal Year	Population ^(A)	Personal Income ^(B) <i>(in thousands)</i>	Per Capita Personal Income ^(B)	Unemployment Rate ^(C)
2016	2,704,965	\$154,656,374	\$57,175	6.50%
2017	2,716,462	161,474,651	59,443	5.40
2018	2,705,988	171,657,055	63,436	4.40
2019	2,693,959	175,931,686	65,306	4.10
2020	2,699,347	188,778,832	69,935	12.00
2021	2,696,561	198,350,937	73,557	7.60
2022	2,665,064	194,141,917	72,847	5.30
2023	2,664,454	207,659,551	77,937	4.70
2024	2,721,326	-----Data Not Available-----		5.50
2025	2,611,867	-----Data Not Available-----		

Sources:

^(A) United States Census Bureau.

^(B) United States Department of Labor – Bureau of Economic Analysis.

^(C) Illinois Workforce Info Center Website.

Historical population trends for the City are shown below:

Year	Population	% Change
1980	3,005,072	—
1990	2,783,726	(7.3) %
2000	2,896,016	4.0
2010	2,695,598	(6.9)
2020	2,746,388	1.9

Source: United States Census Bureau.

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Employees and Status of Collective Bargaining Agreements

In order to provide a wide variety of programming and services, the District maintains a staff of approximately 3,700 people, a slight increase since 2023, as shown below.

Employee Headcount (Unaudited)

Functional Job Type	Full-time FTE			Part-time FTE			Total FTE		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Faculty	558	565	577	1,044	1,004	1,038	1,602	1,569	1,615
Professional/Technical Staff	327	374	391	30	35	37	357	409	428
Administrators	310	369	392	-	-	-	310	369	392
Clerical	216	228	229	12	10	13	228	238	242
Front-Line Direct Support (Custodial/Maintenance/Security)	233	232	237	178	151	165	411	383	402
Academic Support/Direct Student-Facing Personnel	375	425	452	237	193	200	612	618	652
Student Workers	-	-	-	23	24	24	23	24	24
Totals	2,019	2,193	2,278	1,524	1,417	1,477	3,543	3,610	3,755

Source: District records.

The District is currently negotiating successor labor agreements with Local 1708 (Clerical and Technical Employees) and Local 399 (Engineers).

The District considers its relationship with its employees to be very strong, as management, faculty and staff have worked hard to build a collaborative working environment that focuses on student success.

Risk Management

The District purchases commercial insurance to cover property and non-property losses for amount in excess of its self-insured retention levels. The District maintains a comprehensive insurance plan through third-party administrators, insurance brokers and consultants for some of its employees' health coverage and risk management exposures. The District believes that it maintains adequate reserves to address potential losses. The facilities financed with the Bonds will be included under the District's insurance program.

Pension and Retirement Plan

The District contributes to the State Universities Retirement System of Illinois ("SURS") defined benefit and defined contribution plans. SURS is a cost-sharing, multi-employer defined pension plan to which the State makes substantially all legally required contributions on behalf of the participating employers, including the District. SURS is included in the State's financial reports as a pension trust fund. SURS provides coverage to faculty and staff of State universities, community colleges and related agencies. SURS draws contributions from employees of nine universities, 39 community college districts and 10 other State agencies. As of June 30, 2025, SURS had a total membership of 230,463, consisting of 63,788 active members (of which 14,163 are in the self-managed Retirement Savings Plan), 92,738 inactive members entitled to benefits but not yet receiving them (of which 11,484 are in the self-managed Retirement Savings Plan), and 73,937 retirees and beneficiaries currently receiving benefits. Members contribute either 8.0% or 9.5% of their salary depending on the benefits package applicable to them.

The employer contributions to SURS made by the State are set forth in the following table:

Employer Contributions to SURS Made by the State

<u>Year Ending June 30</u>	<u>State Contribution</u>
2020	\$ 152,449,449
2021	166,771,454
2022	115,823,711
2023	90,086,854
2024	92,992,331
2025	100,564,468

Source: SURS GASB Letters.

The contribution requirements are established by State law and may be changed at any time by the General Assembly of the State.

The District's financial statements recognize the amount appropriated by the State as additional appropriations (non-operating) revenue and recognize the corresponding expense as an operating expense.

In addition to funding SURS, the State also provides funding for the Teacher's Retirement System of the State of Illinois, the State Employees' Retirement System of Illinois, the Judges' Retirement System of Illinois and the General Assembly Retirement System State of Illinois (each a "*Retirement System*" and, collectively, the "*State Retirement Systems*") that provide benefits upon retirement, death or disability to employees and beneficiaries. The Pension Code requires each Retirement System to produce an Actuarial Valuation within nine months of the end of such Retirement System's Fiscal Year. The primary purpose of the Actuarial Valuation is to determine the amount the State must contribute to each Retirement System in a given Fiscal Year to satisfy its current and future obligations to pay benefits to its eligible members as provided in the State Pension Code (the "*Required Annual Statutory Contribution*"). To determine the Required Annual Statutory Contribution, the actuary calculates both the "*Actuarial Accrued Liability*" and the "*Actuarial Value of Assets*." The Actuarial Accrued Liability is an estimate of the present value of the benefits each Retirement System must pay to current and retired employees as a result of their employment and participation in the Retirement System. The Actuarial Accrued Liability is calculated by use of a variety of demographic and other data (such as employee age, salary and service credits) and various assumptions (such as estimated salary increases, interest rates, employee turnover, mortality and disability rates). The Actuarial Value of Assets reflects the value of the investments and other assets held by the Retirement System. Various methods exist for calculating the Actuarial Value of Assets.

Any shortfall between the Actuarial Value of Assets and the Actuarial Accrued Liability is referred to as the "*Unfunded Actuarial Accrued Liability*" or "*UAAL*." The UAAL represents the present value of future benefits that are not matched by current plan assets. In addition, the actuary will compute the "*Funded Ratio*," which is the result obtained by dividing the Actuarial Value of Assets by the Actuarial Accrued Liability. The Funded Ratio and the UAAL are used to measure the financial health of a pension plan. An increasing UAAL or a decreasing Funded Ratio from year to year signals a deterioration in the financial health of a pension plan because it indicates the incurrence of additional liabilities without a corresponding increase in assets necessary to pay those additional liabilities. Conversely, a decreasing UAAL or an increasing Funded Ratio indicates an improvement in the financial health of a pension plan because such a change reflects a closing gap between the liabilities accrued by the pension plan and the assets necessary to pay those liabilities when they become due. A 100% Funded Ratio means existing actuarial assets are sufficient to pay the present value of currently estimated future benefits to be paid over time.

The actuaries use the Actuarial Accrued Liability, the Actuarial Value of Assets and the UAAL to compute the required annual statutory contribution for each Retirement System in accordance with the State Pension Code. This method does not conform with the provisions of GASB 67 and 68 for financial reporting. The Pension Code sets forth the manner of calculating the required annual statutory contribution under the statutory funding plan. The statutory funding plan requires the State to contribute annually an amount equal to a constant percent of payroll necessary to allow the Retirement Systems to achieve a 90% Funded Ratio by Fiscal Year 2045, subject to any revisions necessitated by actuarial gains or losses, or actuarial assumptions.

The following table sets forth certain relevant data regarding the funding status of SURS.

**Funding Progress of SURS
(\$ in Millions)**

Fiscal Year	Actuarial Value of Assets ⁽¹⁾	Accrued Actuarial Liabilities	Unfunded Accrued Actuarial Liabilities (Actuarial Value)	Funding Ratio (Actuarial Value)	Covered Payroll	UUAL as % of Covered Payroll
2016	\$17,701.6	\$40,923.3	\$23,221.7	43.3%	\$3,513.1	661.0%
2017	18,594.3	41,853.3	23,259.0	44.4	3,458.3	672.6
2018	19,347.9	45,258.7	25,910.8	42.7	3,470.2	746.7
2019	19,661.9	46,444.0	26,782.1	42.3	3,506.7	763.8
2020	20,091.7	47,580.5	27,488.8	42.2	3,642.6	754.6
2021	21,484.8	48,898.4	27,413.6	43.9	3,638.2	753.5
2022	22,554.8	49,870.0	27,315.2	45.2	3,613.4	755.9
2023	23,381.2	51,050.7	27,669.5	45.8	3,744.8	738.9
2024	24,312.6	52,825.4	28,512.8	46.0	4,192.7	680.1
2025	25,413.6	53,931.9	28,518.3	47.1	4,356.5	654.6

Source: SURS Actuarial Valuation Report as of June 30, 2024.

- (1) Per Public Act 96-0043, beginning in Fiscal Year 2009, measures of financial soundness will be calculated using an actuarial value of assets based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 6.5% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

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With a Funded Ratio of 46.7% as of June 30, 2025, SURS is considered significantly underfunded. For the State's 2025 fiscal year (the most recent fiscal year for which audited financial statements of the State are available), the plan's Net Pension Liability (difference of the Total Pension Liability from the Plan Fiduciary Net Position) increased significantly compared to its prior fiscal year. The required annual statutory contributions to the Retirement Systems, while in conformity with State law, are currently less than the contributions that would otherwise be determined in accordance with the Government Accounting Standards Board ("GASB").

**Schedule of Employer Contributions to SURS
(\$ in Millions)**

Fiscal Year	Amount Contributed	Actuarially Required Contribution	Percentage Contributed
2016	\$1,582.3	\$1,811.1	87.4%
2017	1,650.6	1,864.8	88.5
2018	1,607.9	1,862.0	86.4
2019	1,642.1	2,239.4	73.3
2020	1,838.8	2,299.0	80.0
2021	1,978.7	2,303.3	85.9
2022	2,136.1	2,377.8	89.8
2023	2,138.7	2,373.0	90.1
2024	2,149.5	2,446.2	87.9
2025	2,183.3	2,567.2	85.0

Source: SURS Actuarial Valuation Report as of June 30, 2024.

The statutory funding requirement is based upon the following requirements:

- (1) the plan will achieve a 90% funded ratio by the end of State Fiscal Year 2045;
- (2) the State's contribution amount is based upon a constant percentage of payroll of active members based on the actuarial value of the assets at the valuation date and assuming the actuarial value of assets earns the assumed investment return, currently set at 6.5% for the future;
- (3) after 2045, the State's contribution amount is sufficient to maintain the funding level at 90%.

Changes were made to the SURS plan, primarily relating to new employees of the District, which resulted in a shift in the employer contribution obligation to include payments made by the District. Prior to the enactment of Public Act 100-0023, the difference between the total normal cost of annual contributions and the employee-required contributions was paid by the State. Under Public Act 100-0023, the portion of the total normal cost of contributions made on behalf of those employees enrolled in the Tier II defined benefit plan (anyone first hired after January 1, 2011) ("Tier II Employees") that was previously paid by the State shifted to the actual employers for Tier II members hired on or after the implementation date of the Optional Hybrid Plan, which occurred in FY 2018. The Optional Hybrid Plan is a combined defined benefit/defined contribution plan. While there has always been a Tier II employer normal cost paid under SURS, the Optional Hybrid Plan employer normal cost is expected to be less than that paid previously by the State, given that the total normal cost of the Optional Hybrid Plan is projected to grow from roughly 8 percent to 9 percent of payroll by FY 2045 and the employee contributes 6.2 percent of payroll towards that amount.

As of the date of this Official Statement, the District cannot estimate the amounts of future employer contributions required to be paid by the District or what impact it will have on the District's future finances. Such costs will depend in part on the volume of new hires over the next several years. However, the financial impact is not expected to be material in the near term.

SURS Projected Statutorily Required Contributions
(\$ in Millions)

Year Ending June 30	Statutorily Required State Contribution Amount	Assumed % of Payroll
2024	\$ 2,186.0	42.2%
2025	2,235.4	42.1
2026	2,284.7	41.9
2027	2,326.0	41.6
2028	2,421.5	42.1

Source: SURS Annual Comprehensive Financial Report for fiscal year ended June 30, 2025.

Other Post-Employment Benefits

The District provides post-retirement health insurance benefits (“*OPEB*”) and life insurance to retirees and their spouses or partners based on employee type and years of service. There were 2,084 vested employees and retirees as of July 1, 2023. The benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the Board and, if applicable, through its union contracts. The District provides subsidized coverage for the medical, dental and vision insurance for a period of 10 years from the employee’s retirement date. Retired employees are covered for life insurance for a period of six to ten years, with City Colleges paying the cost of the coverage. During the ten-year subsidy period, City Colleges pays approximately 85% of the cost of the premiums and retirees pay approximately 15% of the cost of the medical, dental and vision coverage. 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 the District and meet the eligibility criteria, will participate for up to 10 years. The District has implemented a freeze of benefits and participation in the health plan beginning in 2018 for non-bargained for employees. In 2022 for Local 1600 and in 2023 for Local 1708, the District ended the subsidy period for these collective bargaining units to be the earlier of ten (10) years after retirement or until the retiree is eligible for Medicare.

The District’s contributions to OPEB costs were \$2,323,433 and \$2,270,298, respectively for Fiscal Years 2025 and 2024. Based on an actuarial valuation performed by a third-party service provider, the total OPEB liability was \$50,181,168 and \$54,896,086 or the respective Fiscal Years 2025 and 2024. This obligation assumes an inflation rate of 2.6% per year, a discount rate assumption of 5.20% in 2025 from 3.93% in 2024, and a healthcare cost trend rate assumption that starts at 2.9% to 4.0% over 52 years. Actuarial valuations are obtained by the District every other year. The District has not established an irrevocable trust to account for the OPEB, so it is not accounted for as a trust fund and the District does not issue as a separate report.

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Financial Information

The following table shows five years of Statements of Net Position for the District.

	2021	2022	2023	2024	2025
Assets					
Current assets:					
Cash and cash equivalents	\$ 11,232,398	\$ 14,119,563	\$ 9,726,134	\$ 8,419,643	\$ 7,595,987
Short-term investments	99,888,691	117,717,109	113,296,276	72,688,035	19,602,554
Property tax receivable, net	64,430,075	65,420,395	75,612,501	77,395,928	77,921,782
Personal property replacement tax receivable	3,802,214	7,199,559	7,231,217	4,680,058	3,195,335
Other accounts receivable, net	19,402,628	24,347,169	19,983,651	33,168,764	31,542,218
Prepaid items and other assets	3,387,633	4,700,519	5,714,956	7,291,535	8,479,538
Total current assets	<u>\$ 202,143,639</u>	<u>\$ 233,504,314</u>	<u>\$ 231,564,735</u>	<u>\$ 203,643,963</u>	<u>\$ 148,337,414</u>
Non-current assets:					
Restricted cash	29,494,661	26,001,687	26,467,877	20,099,884	22,315,443
Funds held by others - restricted	735,346	1,035,233	1,225,023	4,917,816	5,019,542
Long-term investments	20,746,591	27,680,425	37,480,509	42,363,006	30,600,439
Other accounts receivable	1,547,000	490,493	-	-	-
Capital assets not being depreciated	57,033,595	63,138,338	70,728,429	75,735,724	82,815,806
Capital assets being depreciated, net	753,448,011	735,415,629	715,810,758	696,095,684	676,228,000
Total non-current assets	<u>\$ 863,005,204</u>	<u>\$ 853,761,805</u>	<u>\$ 851,712,596</u>	<u>\$ 839,212,114</u>	<u>\$ 816,979,230</u>
Total assets	<u>\$ 1,065,148,843</u>	<u>\$ 1,087,266,119</u>	<u>\$ 1,083,277,331</u>	<u>\$ 1,042,856,077</u>	<u>\$ 965,316,644</u>
Deferred outflows of resources					
Deferred outflows related to other post-employment benefits	6,519,644	3,146,037	3,053,553	7,786,884	6,130,854
Deferred outflows related to pensions	2,047,510	1,540,231	1,929,542	1,857,392	1,569,170
Total deferred outflows of resources	<u>\$ 8,567,154</u>	<u>\$ 4,686,268</u>	<u>\$ 4,983,095</u>	<u>\$ 9,644,276</u>	<u>\$ 7,700,024</u>
Liabilities					
Current liabilities:					
Accounts payable	13,019,523	17,869,757	24,523,680	21,562,081	15,932,195
Accrued payroll	21,294,132	20,751,635	13,945,898	15,949,169	19,402,102
Other accruals	2,133,311	1,963,022	4,439,769	2,074,535	1,813,240
Unearned tuition and fees revenue	5,762,385	5,627,662	6,921,861	6,923,814	7,793,499
Unearned grant revenue	7,222,114	10,771,259	7,734,514	9,904,390	13,794,641
Other liabilities	11,295,348	8,982,259	7,379,634	6,812,669	4,058,113
Current portion of non-current liabilities	8,298,510	9,748,654	10,860,262	5,738,537	8,659,569
Total current liabilities	<u>\$ 69,025,323</u>	<u>\$ 75,714,248</u>	<u>\$ 75,805,618</u>	<u>\$ 68,965,195</u>	<u>\$ 71,453,359</u>
Non-current liabilities:					
Accrued compensated absences	3,554,227	3,692,232	4,056,352	4,540,899	5,706,090
Accrued property tax refunds	19,126,094	17,099,921	14,922,020	18,965,040	15,536,168
Sick leave benefits	2,982,331	2,669,455	2,834,321	2,561,988	2,464,432
Other post-employment benefits	105,759,050	90,248,733	92,470,188	54,896,086	50,181,168
Workers' compensation	1,145,668	1,206,644	1,268,600	1,431,031	1,603,942
Bonds payable, net of premiums and discounts	309,014,437	303,071,153	296,939,507	291,497,329	289,082,340
Subscription-based liabilities	-	-	2,839,709	5,364,905	4,624,225
Lease obligations	7,051,313	8,302,808	9,260,975	10,866,485	9,251,245
Other non-current liabilities	-	6,285,737	5,497,192	3,848,426	3,848,425
Less current portion of non-current liabilities	(8,298,510)	(9,748,654)	(10,860,262)	(5,738,537)	(8,659,569)
Total non-current liabilities	<u>\$ 440,334,610</u>	<u>\$ 422,828,029</u>	<u>\$ 419,228,602</u>	<u>\$ 388,233,652</u>	<u>\$ 373,638,466</u>
Total liabilities	<u>\$ 509,359,933</u>	<u>\$ 498,542,277</u>	<u>\$ 495,034,220</u>	<u>\$ 457,198,847</u>	<u>\$ 445,091,825</u>
Deferred inflows of resources					
Deferred inflows related to other post-employment benefits	5,196,549	11,143,945	7,727,415	4,507,657	6,736,527
Deferred inflows related to property tax revenue	65,142,600	67,757,739	72,455,856	75,888,595	79,125,776
Deferred inflows related to leases	-	14,357	-	-	-
Deferred inflows related to bond refunding	-	-	-	633,117	600,510
Total deferred inflows of resources	<u>\$ 70,339,149</u>	<u>\$ 78,916,041</u>	<u>\$ 80,183,271</u>	<u>\$ 81,029,369</u>	<u>\$ 86,462,813</u>
Net position					
Net investment in capital assets	509,655,082	488,858,156	474,138,462	461,839,098	454,018,631
Restricted for specific purposes:					
Audit	334,907	424,501	332,785	93,317	122,529
Trust and Agency	1,020,227	1,012,595	1,022,200	958,955	910,529
Grants	2,461,883	3,080,149	1,593,425	-	-
Unrestricted	(19,455,184)	21,118,668	35,956,063	51,380,767	(13,589,659)
Total net position	<u>\$ 494,016,915</u>	<u>\$ 514,494,069</u>	<u>\$ 513,042,935</u>	<u>\$ 514,272,137</u>	<u>\$ 441,462,030</u>

Source: District records.

The following table shows five years of Statements of Revenues, Expenses and Changes in Net Position for the District:

Revenues	2021	2022	2023	2024	2025
Operating revenues:					
Student tuition and fees:					
Resident tuition	\$ 70,871,127	\$ 66,853,483	\$ 68,618,278	\$ 73,616,212	\$ 86,396,129
Nonresident tuition	5,212,916	2,059,485	5,650,384	7,630,111	7,596,656
Fees	662,388	4,450,220	2,386,548	2,160,714	2,228,792
Less: Scholarship allowances	(46,700,849)	(48,984,682)	(59,599,804)	(52,292,727)	(62,147,783)
Net student tuition and fees	30,045,582	24,378,506	17,055,406	31,114,310	34,073,794
Other operating revenues	2,683,054	5,567,071	2,937,804	4,005,200	2,857,355
Total operating revenues	\$ 32,728,636	\$ 29,945,577	\$ 19,993,210	\$ 35,119,510	\$ 36,931,149
Expenses					
Operating expenses:					
Instructional salaries	90,179,547	91,156,656	97,386,526	106,651,138	115,735,013
Non-instructional salaries	111,071,138	118,865,175	131,025,489	146,984,598	160,635,383
Fringe benefits	191,085,401	151,824,451	134,974,988	96,891,272	152,971,697
Supplies	20,876,911	23,021,322	29,656,103	29,808,291	30,301,916
Professional development	191,859	558,721	1,272,013	1,792,506	1,699,609
Utilities	8,647,525	9,072,584	8,572,212	9,960,322	10,400,085
Contractual services	17,667,481	22,286,105	28,074,434	27,185,635	27,851,595
Depreciation and amortization	34,655,652	32,105,950	29,771,317	32,641,459	32,787,831
Financial aid, exclusive of scholarship allowances	47,233,334	69,627,115	54,212,003	47,381,768	59,210,167
Other expenses	(266,064)	200,116	1,369,329	1,549,570	6,734,444
Total operating expenses	\$ 521,342,784	\$ 518,718,195	\$ 516,314,414	\$ 500,846,559	\$ 598,327,740
Operating loss	\$ (488,614,148)	\$ (488,772,618)	\$ (496,321,204)	\$ (465,727,049)	\$ (561,396,591)
Non-operating revenues (expenses):					
State apportionment and equalization	45,952,397	47,185,162	47,405,311	48,776,261	49,354,755
Other state grants and contracts	185,805,080	137,039,661	128,242,262	136,019,437	140,770,793
Local grants and contracts	7,722,619	10,655,865	13,046,116	11,086,560	12,944,604
Local property taxes	135,789,947	141,347,110	153,197,663	158,528,510	169,739,413
Personal property replacement tax	20,323,479	43,942,972	45,857,431	27,632,747	18,529,912
Federal grants and contracts	116,062,253	139,623,169	114,230,563	85,404,472	97,060,654
Litigation settlement	-	16,600	-	4,352,777	617,446
Investment income	301,851	(1,468,428)	4,548,586	7,771,600	6,561,553
Interest payments on debt	(14,906,707)	(14,738,790)	(14,544,449)	(12,885,770)	(10,913,106)
Other non-operating revenue (expenses)	80,806	579,532	(39,178)	(1,083,075)	2,029,708
Total non-operating revenues (expenses)	\$ 497,131,725	\$ 504,182,853	\$ 491,944,305	\$ 465,603,519	\$ 486,695,732
Decrease in net position before capital appropriations	8,517,577	15,410,235	(4,376,899)	(123,530)	(74,700,859)
Capital appropriations	1,562,137	5,066,919	2,925,765	1,352,732	1,890,752
Change in net position	\$ 10,079,714	\$ 20,477,154	\$ (1,451,134)	\$ 1,229,202	\$ (72,810,107)
Net position, beginning of year	483,937,201	494,016,915	514,494,069	513,042,935	514,272,137
Net position, end of year	\$ 494,016,915	\$ 514,494,069	\$ 513,042,935	\$ 514,272,137	\$ 441,462,030

Source: District records.

District Financial Position

The District's total net position as of June 30, 2025 of \$441.5 million represents a decrease of \$72.8 million from the previous Fiscal Year. This decrease is largely attributable to decreases in federal grants and contracts and financial aid, which is offset by increases in salaries, fringe benefits, and other state grants and local property taxes.

Investment Policy

The District has adopted an Investment Policy (the "*Investment Policy*") which is consistent with the Act and the Public Funds Investment Act, 30 Illinois Compiled Statutes 235. The objectives of the Investment Policy are to invest public funds legally in a manner to provide for the safety and preservation of capital and preservation of capital and protection of investment principal, liquidity and yield. The Investment Policy specifically prohibits the use of or investment in reverse repurchase agreements, inverse floaters and derivative products such as collateralized mortgage obligations. All investments of the moneys on deposit in the Funds and Accounts established under the Indenture are subject to the provisions of the Investment Policy to the extent they are more restrictive than the Indenture.

Debt Policy

The Board adopted a Debt Policy on December 7, 2017 to guide the issuance and management of its debt portfolio. The Debt Policy addresses bond terms, procurement rules, and debt burden metrics. Under the Debt Policy, debt incurrence is limited to capital investment in assets with useful lives matching debt amortization. Fixed rate, variable rate, and short-term debt issuance is permitted based on market conditions and Board approval. The overall debt burden and portfolio risk is specifically limited and the procurement and agreements governing financial professionals is described. Derivative instruments are not permitted, nor is the use of debt for operating purposes. The Debt Policy will be reviewed no less than every three years and any modifications to the Debt Policy must be presented to and approved by the Board of Trustees.

OTHER LOCAL GOVERNMENTAL UNITS

Overlapping Entities

There are seven major units of local government, including the District, located in whole or in part within the boundaries of the District, each of which (i) is separately incorporated under the laws of the State, (ii) has an independent tax levy, (iii) derives its power and authority under the laws of the State, (iv) maintains its own financial records and accounts and (v) is authorized to issue debt obligations. In addition to the District, these units are: the City; the Chicago Park District; the Chicago Board of Education; the County of Cook; the Forest Preserve District of Cook County; and the Metropolitan Water Reclamation District of Greater Chicago. Each of the foregoing governmental units levies taxes upon property located in the City, and, in some cases, in other parts of Cook County as well. For additional information about the District, see "**COMMUNITY COLLEGE DISTRICT NO. 508.**" Information about these other units of local government is set forth below.

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

**Direct and Overlapping General Obligation Debt
(Unaudited)
As of March 17, 2026**

(\$000s)

	Net Direct Long-Term Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<u>Direct Debt</u> ¹			
City Colleges of Chicago	<u>\$354,285*</u>	<u>100.00%</u>	<u>\$354,285*</u>
<u>Estimated General Obligation Overlapping Debt</u>			
City of Chicago General Obligation Bonds	\$5,311,215	100.00%	\$5,311,215
Chicago Board of Education	9,258,584	100.00	9,258,584
Chicago Park District	848,900	100.00	848,900
Cook County	2,728,562	52.48	1,434,587
Cook County Forest Preserve District	70,975	52.48	37,316
Metropolitan Water Reclamation District of Greater Chicago	2,567,501	53.45	<u>1,372,367</u>
Total Estimated Overlapping Long-Term Debt			<u>18,262,969</u>
Direct and Estimated Overlapping Long-Term Debt			<u>\$18,617,254*</u>

Source: Records of each respective governmental unit. Includes Alternate Bond Debt.

¹For additional information about the District's direct indebtedness, see "COMMUNITY COLLEGE DISTRICT NO. 508 – Indebtedness."

*Assumes the issuance of the Bonds.

Major Units of Government

The City of Chicago is a home rule unit of government under the Illinois Constitution and was incorporated in 1837. The City is governed by a Mayor (the "Mayor"), elected at-large for a four-year term, and the City Council (the "City Council"). The City Council consists of 50 aldermen ("Aldermen"), each representing one of the City's 50 wards. Aldermen are elected for four-year terms.

The Chicago Park District (the "Park District") is responsible for the maintenance and operation of parks, boulevards, marinas and certain other public property within the City. The Park District is governed by a seven-member board, appointed by the Mayor with the approval of the City Council.

Board of Education of the City of Chicago (the "Chicago Public School District") maintains a system of public elementary and high schools within the City. The Chicago Public School District is governed by a 21-member board, which is currently composed of ten elected members and eleven appointed by the Mayor of the City.

Cook County (the "County") is a home rule unit of government under the Illinois Constitution, and includes virtually all of the City, plus numerous surrounding suburbs and unincorporated areas. The County is governed by a board of 17 Commissioners, each elected for four-year terms from one of

17 districts. The voters of the entire County elect a number of County Officials, including the President of the District of Commissioners, the County Sheriff, the County Assessor, the County Clerk, the State's Attorney and the County Treasurer.

The Forest Preserve District of Cook County (the "*Forest Preserve District*") is coterminous with the County. The Forest Preserve District creates, maintains and operates forest preserves within the County. The Forest Preserve District is governed by a seventeen-member board composed of the members of the County Board.

The Metropolitan Water Reclamation District of Greater Chicago (the "*Water Reclamation District*") includes virtually all of the City and most of the County. The Water Reclamation District constructs, maintains and operates sewage treatment plants and certain sanitary sewers and constructs and maintains drainage outlets. The Water Reclamation District is governed by a nine-member board elected at-large by the voters of the Water Reclamation District.

Interrelationships of These Bodies

The governmental units and other public bodies described above, share in varying degrees a common property tax base with the District. See "**Overlapping Entities**" above. However, they are all separate legal and financial units, and the financial condition or circumstances of any one unit does not necessarily imply similar financial conditions or circumstances for the District.

Other Public Bodies

Other governmental bodies in the District's geographical boundaries are described below. These governmental bodies are authorized to issue debt obligations, but are not authorized to levy real property taxes.

The Public Building Commission of Chicago (the "*PBC*") is a municipal corporation authorized to acquire, construct and improve public buildings and facilities for use by one or more of the local governmental units. The PBC issues bonds to finance its various projects and then leases its facilities to certain governmental units.

The Chicago Transit Authority (the "*CTA*") is a municipal corporation empowered to acquire, construct, own, operate and maintain a transportation system in the City and portions of the County. The CTA is governed by a seven-member board.

The Regional Transportation Authority (the "*RTA*") is a municipal corporation authorized to provide planning, funding, coordination and fiscal oversight of three separately governed operating entities which provide public mass transportation services in a six-county area of northeastern Illinois, including Cook County. The RTA is governed by a 16-member board, consisting of City and suburban members appointed by elected officials in the six-county RTA region.

The Metropolitan Pier and Exposition Authority (the "*MPEA*"), formerly known as the Metropolitan Fair and Exposition Authority, is a municipal corporation which owns the McCormick Place convention and exposition facilities and Navy Pier. MPEA is authorized to impose certain taxes to provide security for its bonds.

The Illinois Sports Facilities Authority (the "*ISFA*") is responsible for the operation of U.S. Cellular Field. The ISFA is primarily funded from hotel taxes and lease revenues from the use of U.S. Cellular Field.

THE REAL PROPERTY TAX SYSTEM

Real Property Assessment, Tax Levy and Collection Procedures

General. Information in this Appendix provides a general summary of the current procedures for real property assessment, tax levy and tax collection in Cook County (the “*County*”) applicable to the District. The following is not an exhaustive discussion, nor is there any assurance that the procedures described in this Appendix will not be changed either retroactively or prospectively. The Illinois laws relating to real property taxation are contained in the Illinois Property Tax Code (35 ILCS 200) (the “*Property Tax Code*”).

Substantially all (approximately 99.99%) of the “*Equalized Assessed Valuation*” (as herein defined) of taxable property in the District is located in the County. The remainder is located in DuPage County. Accordingly, unless otherwise indicated, the information set forth in this Appendix and elsewhere in this Official Statement with respect to taxable property of the District does not reflect the portion situated in DuPage County.

Assessment. The Cook County Assessor (the “*Assessor*”) is responsible for the assessment of all taxable real property within the County, except for certain railroad property and pollution control equipment assessed directly by the State. One-third of the real property in the County is reassessed each year on a repeating triennial schedule established by the Assessor. The real property within the District is reassessed every three years, with 2018 being the last reassessment year.

Pursuant to the Cook County Real Property Assessment Classification Ordinance (the “*Classification Ordinance*”), real property in the County is separated into various classifications for assessment purposes. After the Assessor establishes the fair cash value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the “*Assessed Valuation*”) for the parcel. Beginning with the 2009 tax year, the classification percentages range from 10 to 25 percent depending on the type of property (e.g., residential, industrial, commercial) and whether it qualifies for certain incentives for reduced rates. For prior years, the classification percentages ranged from 16 to 38 percent.

The Cook County Board of Commissioners has adopted various amendments to the Classification Ordinance pursuant to which the Assessed Valuation of real property is established. Among other things, these amendments have reduced certain property classification percentages, lengthened certain renewal periods of classifications and created new property classifications.

The Assessor has established procedures enabling taxpayers to contest the Assessor’s tentative Assessed Valuations. Once the Assessor certifies final Assessed Valuations, a taxpayer can seek review of its assessment by the Cook County Board of Review (the “*Board of Review*”). The Board of Review has powers to review and adjust Assessed Valuations set by the Assessor. Owners of property are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the “*PTAB*”), a state-wide administrative body, or to the Circuit Court of Cook County (the “*Circuit Court*”). The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Based on the amount of the proposed change in assessed valuation, taxpayers may appeal decisions of the PTAB to either the Circuit Court or the Illinois Appellate Court under the Illinois Administrative Review Law.

In a series of PTAB decisions, the PTAB reduced the assessed valuations of certain commercial and industrial property in the County based upon the application of median levels of assessment derived from Illinois Department of Revenue sales-ratio studies instead of utilizing the assessment percentages provided in the Classification Ordinance. On appeal, the Illinois Appellate Court determined that it was improper for the PTAB, on its own initiative, to use the sales-ratio studies when such studies were not even raised as an issue by the taxpayer before the Board of Review or in its appeal to the PTAB.

The Appellate Court decisions do not preclude a taxpayer in a properly presented case from introducing into evidence sales-ratio studies for the purpose of obtaining an assessment below that which would result from application of the Classification Ordinance. No prediction can be made whether any currently pending or future case would be successful.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct the Assessed Valuation, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

Equalization. After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year, including any revisions made by the Board of Review, the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the “*Equalization Factor*”), commonly called the “*multiplier*,” for each county. The purpose of equalization is to bring the aggregate assessed value of all real property in each county, except farmland, wind turbines with a nameplate capacity of at least 0.5 megawatts and undeveloped coal, to the statutory requirement of 33-1/3% of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County’s Equalization Factor to determine the parcel’s equalized assessed valuation (the “*Equalized Assessed Valuation*” or “*EAV*”).

The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body’s jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the “*Assessment Base*”). The Equalization Factor for a given year is used in computing the taxes extended for collection in the following year. In addition, the Equalized Assessed Valuation used to determine any applicable tax limits is the one for the immediately preceding year and not the current year. See the discussion under the heading “*Property Tax Extension Limitation Law*” below.

Exemptions. The Illinois Constitution allows homestead exemptions for residential property. Pursuant to the Property Tax Code, property must be occupied by the owner as a principal residence on January 1 of the tax year for which the exemption will be claimed.

The annual general homestead exemption provides for the reduction of the Equalized Assessed Valuation of certain property owned and used exclusively for residential purposes by the amount of the increase over the 1977 EAV, currently up to a maximum reduction of \$10,000 in the County and \$6,000 in all other counties. There is an additional homestead exemption for senior citizens (individuals at least 65 years of age), for whom the Assessor is authorized to reduce the EAV by \$8,000. There is also an exemption available for homes owned and exclusively used for residential purposes by disabled veterans or their spouses, for whom the Assessor is authorized to annually exempt up to \$100,000 of the Assessed Valuation. An additional exemption is available for disabled persons, for whom the Assessor is authorized to reduce the EAV by \$2,000. An exemption is available for homestead improvements by an owner of a single family

residence of up to \$75,000 of the increase in the fair cash value of a home due to certain home improvements to an existing structure for at least four years from the date the improvement is completed and occupied. Senior citizens whose household income is \$65,000 or less, and who are either the owner of record or have a legal or equitable interest in their residential property, qualify to have the EAV of their property frozen in the year in which they first qualify for the so-called “freeze” and each year thereafter in which the qualifying criteria are maintained.

Aside from homestead exemptions, upon application, review and approval by the Board of Review, or upon an appeal to the Illinois Department of Revenue, there are exemptions generally available for properties of religious, charitable (including qualifying not-for-profit hospitals), and educational organizations, as well as units of federal, state and local governments.

In 2001, the County enacted the “*Longtime Homeowner Exemption Ordinance*,” which provides property tax relief from dramatic rises in property taxes directly or indirectly attributable to gentrification in the form of an exemption. This is generally applicable to homeowners: (i) who have resided in their homes for 10 consecutive years (or five consecutive years for homeowners who have received assistance in the acquisition of the property as part of a government or nonprofit housing program), (ii) whose annual household income for the year of the homeowner’s triennial assessment does not exceed 115% of the “*Chicago Primary Metropolitan Statistical Area*” median income as defined by the United States Department of Housing and Urban Development, (iii) whose property has increased in assessed value to a level exceeding 150% of the current average assessed value for properties in the assessment district where the property is located, (iv) whose property has a market value for assessment purposes of \$300,000 or less in the current reassessment year, and (v) who, for any triennial assessment cycle, did not cause a substantial improvement which resulted in an increase in the property’s fair cash value in excess of the \$45,000 allowance set forth in the Property Tax Code.

Tax Levy. There are over 800 units of local government (the “*Units*”) located in whole or in part in the County that have taxing power. The major units of local government having taxing power over property located in whole or in part within the boundaries of the County are the City, the Chicago Park District, the Chicago Public Schools, the District, the County, the Forest Preserve District of Cook County and the Metropolitan Water Reclamation District of Greater Chicago.

As part of the annual budgetary process of the Units, each year in which the determination is made to levy real property taxes, proceedings are adopted by the governing body of each Unit. Typically, real property taxes are levied in one calendar year and collected in the following calendar year. The tax levy proceedings impose the Units’ respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk’s Office. The remaining administration and collection of the real property taxes is statutorily assigned to the County Clerk and the County Treasurer, who is also the County Collector (the “*County Collector*”).

The Local Government Debt Reform Act (30 ILCS 350/16) (the “*Debt Reform Act*”) includes special provisions applicable to tax levies to pay debt service on general obligation bonds, including Alternate Revenue Bonds. A governmental unit may levy a tax for the payment of principal of and interest on general obligation bonds, including Alternate Revenue Bonds, at any time prior to March 1 of the calendar year during which the tax will be collected. The County Clerk is required to accept the filing of the ordinance levying such tax notwithstanding that such time is subsequent to the end of the calendar year next preceding the calendar year during which such tax will be collected.

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable

statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law. Pursuant to the Debt Reform Act, in extending taxes for general obligation bonds, including Alternate Revenue Bonds, such as the Bonds, the County Clerk is required to increase the levy for debt service on such bonds to provide an allowance for loss in collections, in an amount sufficient, in view of all losses and delinquencies in tax collection, to produce tax receipts adequate for the prompt payment of such debt service.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all the Units having jurisdiction over the particular parcel. The County Clerk enters in the books prepared for the County Collector (the “*Warrant Books*”) the tax (determined by multiplying that total tax rate by the Equalized Assessed Valuation of that parcel), along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. The Warrant Books are the County Collector’s authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

The Illinois Truth in Taxation Law (the “*Truth in Taxation Law*”) contained within the Property Tax Code imposes procedural limitations on a Unit’s real estate taxing powers and requires that a notice in a prescribed form must be published if the aggregate annual levy is estimated to exceed 105% of the levy of the preceding year, exclusive of levies for debt service (including debt service on Alternate Revenue Bonds, such as the Bonds), levies made for the purpose of paying amounts due under public building commission leases and election costs. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105% of the preceding year’s levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by certification of compliance with the foregoing procedures. The Truth in Taxation Law does not impose any limitations on the rate or amount of the levy to pay principal of and interest on the Unit’s general obligations bonds and notes (including payment of debt service on Alternate Revenue Bonds, such as the Bonds).

Collection. Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and historically the second on the later of August 1 or 30 days after the mailing of the tax bills. As a result of the onset of the COVID-19 pandemic at the beginning of calendar year 2020, the tax penalty dates for the second installment of Tax Levy Year 2019, the first installment of Tax Levy Year 2020 and the second installment of Tax Levy Year 2020 property taxes levied in the County were extended to October 1, 2020, May 3, 2021 and October 1, 2021, respectively. The due dates for the second installment for Tax Levy Year 2021, the first installment for Tax Levy Year 2022, the second installment for Tax Levy Year 2022, the first installment for Tax Levy Year 2024 and the second installment for Tax Levy Year 2024 were extended to December 30, 2022, April 3, 2023, December 1, 2023, March 4, 2025 and December 15, 2025, respectively, primarily because of the implementation of a new computer system by the County. The first installment is an estimated bill calculated at 55% of the prior year’s tax bill. The second installment is for the balance of the current year’s tax bill, and is based on the current levy, assessed value and Equalization Factor and applicable tax rates, and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment.

The following table sets forth the second installment penalty date for the Tax Levy Years 2015 through 2024. Except for the first installment penalty date for Tax Levy Year 2020 of May 3, 2021, the first installment penalty date for Tax Levy Year 2022 of April 3, 2023 and the first installment penalty date for Tax Levy Year 2025 of April 1, 2026, the first installment penalty date has been March 1, 2, 3, or 4 for all years.

Second Installment Penalty Date

Tax Levy Year	Penalty Date
2024	December 15, 2025
2023	August 1, 2024
2022	December 1, 2023
2021	December 30, 2022
2020	October 1, 2021
2019	October 1, 2020
2018	August 1, 2019
2017	August 1, 2018
2016	August 1, 2017
2015	August 1, 2016

The County may provide for tax bills to be payable in four installments instead of two. Currently, the County does not require payment of tax bills in four installments.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on the year's Warrant Books (the "*Annual Tax Sale*"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue interest at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus an additional penalty fee calculated from the penalty bid at sale times a certain multiplier based on each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes, interest and certain other costs to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale, except that a different penalty rate may apply depending on the length of the redemption period.

A scavenger sale (the "*Scavenger Sale*"), like the Annual Tax Sale, is a sale of unpaid taxes. A Scavenger Sale must be held, at a minimum, every two years on all property in which taxes are delinquent for two or more years. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years depending upon the type and occupancy of the property.

Property Tax Extension Limitation Law

The Property Tax Code specifically limits the annual growth in property tax extensions for certain Units pursuant to the provisions of the Property Tax Extension Limitation Law (35 ILCS 200/18-185) (the “*PTELL*”). The effects of the PTELL are to limit or retard the growth in the amount of property taxes that can be extended for a non-home rule taxing body and to impose direct referendum requirements upon the issuance of certain types of general obligation bonds by such non-home rule taxing bodies.

The PTELL was extended in 1995 (effective as of the 1994 assessment year) to non-home rule taxing districts in the County, including the District. The PTELL limits the annual growth in certain property tax extensions by the District to the lesser of 5% or the percentage increase in the Consumer Price Index for All Urban Consumers during the calendar year preceding the relevant tax levy year. Generally, extensions can be increased beyond this limitation only due to increases in the Equalized Assessed Valuation attributable to new construction and referendum approval of tax or limitation rate increases. The PTELL requires the County Clerk in extending taxes to use the Equalized Assessed Valuation of all property within the taxing district for the levy year prior to the levy year for which taxes are then being extended.

The PTELL does not limit the rate or amount of taxes extended by the District to pay its Alternate Revenue Bonds or the Bonds.

On August 20, 2021, the Governor signed Public Act 102-0519 (“P.A. 102-0519”), which went into effect immediately and amends the PTELL to provide that a taxing district’s levy will automatically be increased each year to recapture property tax refunds made in the prior 12 months arising from a PTAB appeal, tax objection suit, or certificate of error that reduced a property’s assessed value.

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Assessed and Estimated Value of Taxable Property in District

Tax Year	Class 2 Residential	Class 5 Commercial	Class 5 Industrial	Other Railroad	Total Equalized Assessed	Total Equalized Assessed	Total Direct Tax Rate	Total Estimated	Assessed Value as % of Estimated
Levy	Property	Property	Property	Property	Valuation (1)	Valuation (2)		Fair Value (3)	Fair Value
2015	\$43,871,767,527	\$24,955,908,048	\$1,943,080,901	\$148,390,582	\$70,919,147,058	\$70,924,421,349	0.177	\$212,773,264,047	33.33%
2016	45,774,355,574	26,093,545,448	1,964,171,087	148,006,500	73,980,078,609	73,984,605,433	0.169	221,953,816,299	33.33%
2017	47,154,589,038	27,405,102,153	2,002,796,882	156,007,870	76,718,495,943	76,722,182,440	0.164	230,166,547,320	33.33%
2018	53,179,494,934	30,824,287,901	2,091,437,327	181,450,474	86,276,670,636	86,286,411,094	0.147	258,859,233,282	33.33%
2019	53,727,795,420	31,715,562,586	2,138,147,273	185,020,498	87,766,525,777	87,776,056,332	0.149	263,328,168,996	33.33%
2020	54,854,403,410	32,130,756,913	2,286,713,081	197,280,051	89,469,153,455	89,478,355,786	0.151	268,435,067,358	33.33%
2021	60,824,820,535	33,323,094,513	2,518,278,663	197,672,375	96,863,866,086	96,868,463,441	0.145	290,605,390,323	33.33%
2022	60,373,070,968	33,802,396,747	2,437,209,993	230,199,162	96,842,876,870	96,847,230,931	0.155	290,541,692,793	33.33%
2023	62,166,577,392	34,735,205,347	2,450,607,648	242,697,870	99,595,088,257	99,601,789,704	0.158	298,805,369,112	33.33%
2024	71,778,334,413	34,681,429,629	3,064,846,090	239,550,397	109,764,160,529	109,770,538,836	0.149	329,311,616,508	33.33%
2025	-----Not available-----								

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

Sources: Cook County Clerks' Offices

- (1) Source: Cook County Clerk. Includes Cook County Valuation only
- (2) Source: Cook County Clerk. Includes Cook & DuPage County Valuation
- (3) Tax rates are per \$100 of assessed value.
- (4) Source: Cook County Office. Total equalized assed valuation is computed at one-third the estimated actual fair value.

Tax Revenues. The following chart shows the total tax levies and collections of the District for the past five years as of June 30, 2025.

District's Property Tax Extensions and Collections

Levy Year	Fiscal Year of Extension	Tax Levied	Collected within the Fiscal Year of Extension (A)		Collections in Subsequent Years	Total Collections to Date (B)	
			Amount	Percentage of Tax Levy		Amount	Percentage of Levy
2020	2021	\$135,013,605	\$68,259,809	50.56%	\$64,283,413	\$132,543,222	98.17%
2021	2022	140,360,333	72,595,503	51.72	66,566,137	139,161,640	99.15
2022	2023	150,261,215	71,973,562	47.90	76,901,022	148,874,584	99.08
2023	2024	157,379,916	77,196,504	49.05	76,318,889	153,515,393	97.54
2024	2025	164,093,272	84,966,663	51.78	-	84,966,663	51.78

Source: College and Cook County Treasurer's Tax Records, Office of the County Clerk

Notes:

(A) The amount does not represent a full year's tax collection.

(B) The total amount collected to date is net of refunds.

(C) Beginning in Levy Year 2021, the tax levied amounts include levy adjustments made by Cook County pursuant to Illinois Public Act 102-0519 relating to the recapture of property tax refunds.

Real Property Tax Rates (per \$100 equalized assessed valuation)

Taxing Bodies	Legal Limit	2020	2021	2022	2023	2024
City Colleges of Chicago						
Audit Fund	\$0.005	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Tort Liability	N/A	0.005	0.006	0.011	0.007	0.007
Education Fund	0.750	0.112	0.107	0.107	0.121	0.115
Building	0.050	0.033	0.031	0.034	0.027	0.026
PBC Rental	N/A	-	-	-	-	-
Total City Colleges of Chicago Rate		\$0.151	\$0.144	\$0.152	\$0.155	\$0.148
Overlapping Rates						
Chicago Board of Education		\$3.656	\$3.517	\$3.757	\$3.829	N/A
City of Chicago		1.886	1.838	1.914	1.884	N/A
Chicago Park District		0.329	0.311	0.323	0.318	N/A
Metropolitan Water Reclamation District		0.378	0.382	0.374	0.345	N/A
Cook County		0.453	0.446	0.431	0.386	N/A
Cook County Forest Preserve		0.058	0.058	0.081	0.075	N/A
South Cook County Mosquito Abatement		0.017	0.019	0.021	0.017	N/A
Total Overlapping Rate		\$6.777	\$6.571	\$6.901	\$6.854	N/A
Total Rate		\$6.928	\$6.715	\$7.053	\$7.009	N/A

Source: Cook County Clerk's Office - tax rates by levy year.

Principal Property Taxpayers

The taxpayers set forth below are believed to be the largest taxpayers in the City for 2023 and 2014, nine (9) years prior.

Taxpayer	2023			2014		
	Equalized Assessed Valuation (000)	Rank	% Total Assessed Valuation	Equalized Assessed Valuation (000)	Rank	% Total Assessed Valuation
BRE 312 Owner LLC	\$ 762,520	1	0.77%	\$ 364,455	1	0.56%
Wanxiang Sterling Stetson Owner, LLC	373,271	2	0.37%	184,101	7	0.28%
110 North Wacker Titleholder LLC	369,316	3	0.37%	-	-	-
601 W Companies LLC	349,289	4	0.35%	241,081	2	0.37%
CBRE Suite 2530	349,246	5	0.35%	-	-	-
227 Monroe Street LLC	314,720	6	0.32%	187,461	6	0.29%
HCSC Blue Cross	312,645	7	0.31%	206,782	3	0.32%
River Point LLC	287,914	8	0.29%	-	-	-
300 LaSalle LLC	274,578	9	0.28%	183,764	8	0.28%
Merchandise Mart Properties, Inc.	266,932	10	0.27%	-	-	-
Water Tower Owner LLC	-	-	-	195,486	4	0.30%
JPMorgan Chase Bank NA	-	-	-	194,963	5	0.30%
3 FNP Owner LLC	-	-	-	182,084	9	0.28%
Mark Davids	-	-	-	181,210	10	0.28%
	<u>\$ 3,660,431</u>		<u>3.68%</u>	<u>\$ 2,121,387</u>		<u>3.27%</u>

Sources: Cook County Assessor's Office – 2023 is latest data available.
Cook County Clerk's Office

TAX MATTERS

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon their review of the law and the facts that they deem relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the “*OID Issue Price*”) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the “*OID Bonds*”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest that is excludible from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the “*Revised Issue Price*”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

RATINGS

The Bonds have been assigned the ratings of “AA-” (Negative Outlook) by Fitch Ratings, Inc. and “A+” (Stable Outlook) by Kroll Bond Rating Agency, based on the credit of the District. Standard & Poor’s Global Ratings is expected to assign the insured rating of “AA” (Stable Outlook) to the Bonds based upon the issuance of the Bond Insurance Policy by BAM at the time of delivery of the Bonds.

A rating reflects only the view of the rating agency giving such rating. Any explanation of the significance of such ratings may be obtained only from the respective rating agency. There is no assurance that any such rating will be maintained for any given period of time or that any such rating may not be raised, lowered or withdrawn entirely by the respective rating agency if in its judgment circumstances so warrant. Any change in or withdrawal of any such rating may have an effect on the price at which the Bonds may be resold and on their liquidity.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

FINANCIAL STATEMENTS

The financial statements of the District as of and for the year ended June 30, 2025, included in **APPENDIX A** to this Official Statement, have been audited by RSM US LLP (“RSM”), independent auditors, as stated in their report appearing herein.

RSM has not been engaged to perform and has not performed, since the date of its report included as **APPENDIX A** to this Official Statement, any procedures on the financial statements addressed in that report. RSM has not performed any procedures relating to this Official Statement.

FINANCIAL ADVISOR

The District has engaged PFM Financial Advisors LLC (the “*Financial Advisor*”) in connection with the authorization, issuance and sale of the Bonds. The Financial Advisor has provided advice on the plan of financing and structure of the Bonds and has reviewed certain legal documents, including this Official Statement, with respect to financial matters. Unless indicated to the contrary, the Financial Advisor has not independently verified the factual information contained in this Official Statement, but have relied on the information supplied by the District and other sources. The Financial Advisor is a “*municipal advisor*” as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203.

UNDERWRITING

Loop Capital Markets LLC, as representative and on behalf of itself and the other underwriters listed on the cover page of this Official Statement (the “*Underwriters*”) has agreed to purchase the Bonds at an aggregate purchase price of \$94,191,257 (representing the aggregate principal amount of the Bonds plus \$4,645,680 of net original issue premium and less \$454,423 of Underwriters’ discount). The Bonds will be offered to the public at the prices as set forth on the cover page of this Official Statement. The Underwriters will be obligated to purchase all of the Bonds if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering a Series of Bonds to the public.

The obligation of the Underwriters to accept delivery of and pay for the Bonds is subject to various conditions set forth in the Contract of Purchase entered into in connection with the Bonds, including, among others, the delivery of specified opinions of counsel and a certificate of the District that there has been no material adverse changes in its conditions (financial or otherwise) from that set forth in this Official Statement.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and investments of the District.

Academy Securities, Inc., one of the Underwriters, has entered into third-party distribution agreements with various dealers for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these third-party distribution agreements, Academy Securities may share a portion of its underwriting compensation with the respective dealers.

CERTAIN LEGAL MATTERS

The Bonds are being offered when, as and if issued and received by the Underwriters, subject to the delivery of the approving legal opinion of Chapman and Cutler LLP, Bond Counsel. The proposed form of such opinion is included herein as **APPENDIX C**. Certain legal matters will be passed upon for the District by its General Counsel, Karla Gowen, Esq. and its Disclosure Counsel, Charity & Associates, P.C., Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by their counsel, Sanchez Daniels & Hoffman LLP. Delivery of the Bonds is expected to be made through the facilities of DTC in New York, New York.

LITIGATION

General

The District is involved in numerous lawsuits that arise out of the ordinary course of operating a community college system, including, but not limited to, the lawsuits described in this Official Statement. Some of the cases pending against the District involve claims for substantial monies. As is true with any complex litigation, neither the District nor its counsel is able to predict either the eventual outcome of such litigation or its impact on the District's finances. The District has available to it a Liability, Protection and Settlement Fund established pursuant to Illinois law (745 ILCS 10/9-107) to pay tort judgments and settlements along with other eligible expenses.

Upon delivery of the Bonds to the Underwriters, the District will furnish a certificate to the effect that, among other things, there is no litigation pending in any court seeking to restrain or enjoin the issuance or delivery of the Bonds, or in any way contesting the validity or enforceability of the Bonds.

Specific Matters

Property Tax Objections – Similar to other property taxing bodies in the State of Illinois, the District must defend certain property tax objections by commercial property owners who claim that the District’s property tax levy, budgeting techniques or accounting practices are deficient in some way. Many of the objections are without merit but, if the District agrees that there is some validity to any given objection, then the District is liable to refund a portion of its property tax levy in succeeding years to the objectors. Settlement for Tax Years through 2010 are complete. The Cook County Circuit Court activated the 2011-2014 tax rate objections on May 20, 2021. Negotiations continue regarding the 2011-2014 period. The 2015-2020 Taxes have been levied, but not yet activated by the Court.

ICCB-IBEW – This matter represents a potential liability the District may incur resulting from a Memorandum of Understanding by and between the District and the local International Brotherhood of Electrical Workers (“*IBEW*”) to conduct training and classes at a member College and at sites hosted by IBEW. Following a routine internal audit, in 2017 the District became aware that it may have incorrectly sought ICCB reimbursement for said classes. The District self-reported the same to ICCB. In FY18 the District recorded an initial \$2.8 million liability, added \$6.6 million in FY19 and a final \$11,000 in FY 2020 based on notification from ICCB received in October 2020. In Fiscal Year 2021, ICCB reduced the District’s base operating grants by \$1,873,957 and shall continue to do so for the next four Fiscal Years. The total reduction in ICCB (State) funding over the affected five years will total just short of \$9.4 million. The FY24 ICCB appropriation withholding is expected to be in the approximate amount of \$1,873,957. The FY25 appropriation is expected to be a like amount and shall represent the final appropriation reduction to retire the liability.

CONTINUING DISCLOSURE

The District will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission (the “*Commission*”) under the Securities Exchange Act of 1934. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. A copy of the form of the Undertaking that will be entered into by the District is attached to this Official Statement as **APPENDIX E**.

A failure by the District to comply with the Undertaking will not constitute a default under the Indenture and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See **APPENDIX E – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.”** The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Except as noted below, the District has complied in all material respects with its continuing disclosure undertakings during the five years previous to the issuance of the Bonds.

On November 12, 2019, the District filed on EMMA on a timely basis the District’s audited financial statements and certain financial operating information of the District for Fiscal Year 2019 (collectively, the “2019 Financial Information”) for its then-outstanding general obligation bonds, except with respect to the Series 2017 Bonds. On December 6, 2023, the 2019 Financial Information was filed on EMMA with respect to the Series 2017 Bonds, and the District filed on EMMA a notice regarding its failure to file on a timely basis the 2019 Financial Information with respect to the Series 2017 Bonds.

On December 22, 2020, the District filed on EMMA on a timely basis the District's audited financial statements and certain financial operating information of the District for Fiscal Year 2020 (collectively, the "2020 Financial Information") for its then-outstanding general obligation bonds, except with respect to the Series 2017 Bonds. On December 6, 2023, the 2020 Financial Information was filed on EMMA with respect to the Series 2017 Bonds, and the District filed on EMMA a notice regarding its failure to file on a timely basis the 2020 Financial Information with respect to the Series 2017 Bonds.

On March 2, 2026, the District's audited financial statements for Fiscal Year 2024 (the "2024 Financial Statements") were filed on EMMA with respect to the Series 2024 Bonds, and the District filed on EMMA a notice regarding its failure to file on a timely basis the 2024 Financial Statements with respect to the Series 2024 Bonds. On March 2, 2026, the District also filed on EMMA a notice regarding its failure to file on a timely basis a notice of a rating change by Fitch Ratings in July 2024 regarding the upgrade of the underlying rating on the District's outstanding general obligation bonds from A+ to AA-.

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AUTHORIZATION AND MISCELLANEOUS

The District has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the Chief Financial Officer on behalf of the District.

COMMUNITY COLLEGE DISTRICT NO. 508

By: _____ /s/ Maribel Rodriguez
Chief Financial Officer

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APPENDIX A

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2025

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CITY COLLEGES OF CHICAGO

Fiscal Year Ended

June 30, 2025

Annual Comprehensive Financial Report

Brandon Johnson
Mayor, City of Chicago

Juan Salgado
Chancellor

Katya Nuques
Chair, Board of Trustees of
Community College District No. 508
Cook County, State of Illinois



HAROLD WASHINGTON • HARRY S TRUMAN • KENNEDY-KING • MALCOLM X • OLIVE-HARVEY • RICHARD J. DALEY • WILBUR WRIGHT

CITY COLLEGES®
OF CHICAGO

CITY COLLEGES[®] **OF CHICAGO**

COMMUNITY COLLEGE DISTRICT NO. 508

Chicago, Illinois

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2025

*Prepared by:
Office of Finance*

Katya Nuques, Board Chair
Juan Salgado, Chancellor

Board of Trustees of Community College District No. 508

County of Cook and State of Illinois

Brandon Johnson, Mayor
City of Chicago, Illinois

Board of Trustees

Katya Nuques, Board Chair

Rev. Dr. Marshall Elijah Hatch, Sr., Vice Chair

Princella “Jaribu” Lee, Secretary

Darlene Oliver Hightower, J.D., Trustee

Oscar Sanchez, Trustee

Dr. Kafi Moragne-Patterson, Trustee

Widedji Deguenon, Student Trustee

Bonnie Phillips, Chief Advisor to the Board
of Trustees

CITY COLLEGES[®]
OF CHICAGO

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Administrative Officers

Juan Salgado, Chancellor

Mark Potter, PhD

Provost & Chief Academic Officer

Verónica Herrero

Executive Vice Chancellor, Institutional
Advancement and Chief of Staff
City Colleges of Chicago Foundation, President

Maribel Rodriguez

Chief Financial Officer

Karla Gowen

General Counsel

Jay Agarwal

Chief Information Officer

Jacquelyn Werner, M.Ed.

Interim Chief Student Experience Officer

Carol Dunning

Chief Talent Officer

Lamesha Smith

Inspector General

Dulce Niedzialkowski

Director of Internal Auditing

Peggy Korellis, EdD

Interim President, Richard J. Daley College

Daniel López, PhD

President, Harold Washington College

Katonja Webb Walker, EdD

President, Kennedy-King College

David A. Sanders

President, Malcolm X College

Kimberly K. Hollingsworth, EdD

President, Olive-Harvey College

Shawn L. Jackson, PhD

President, Harry S. Truman College

Andres A. Oroz, PhD

President, Wilbur Wright College

Dear City Colleges' Community:

On behalf of the administration of City Colleges of Chicago, I submit the Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR). This report reflects our continued commitment to accountability, transparency, and financial stewardship, advancing City Colleges' role as the city's engine of upward mobility.

The FY2025 ACFR provides an account of financial activities for the year ending June 30, 2025. This ACFR shows that City Colleges concluded the FY2025 year with a net position of \$441.5 million, a (\$72.8) million change over the prior year.

This year's report highlights investments we have made to progress towards our strategic priorities, including our bold 55 for All student outcome goal. The momentum we achieved this year was made possible in part through targeted investments in academic quality, in-demand programs, student supports, critical partnerships, and capital investments, including:

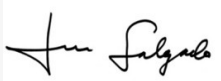
- Priority retention and completion strategies, such as: mandatory academic advising, year-long scheduling and expanding the Chancellor's Equitable Outcomes Fund to reward colleges for improvements in Black and Latine first-year retention rates
- The Chicago Roadmap, an unprecedented partnership with the Chicago Public Schools, to equitably support students
- Continued expansion of our partnership with proven student support model One Million Degrees
- A full suite of student supports that deliver an exceptional student experience, including advisors, tutors, career and transfer centers, undocumented student liaisons, and more
- Historic investments in student basic need supports, from food, housing, and technology, and in mental health supports that led to a doubling of students taking advantage of mental health counseling
- A high-quality education at one of the most affordable tuition rates in Chicagoland
- The growth of high-quality programs in in-demand fields -- from engineering to information technology, from health sciences to transportation, distribution and logistics
- Scholarships and other financial access tools that remove the barrier of cost to a quality education, including Star Scholarship, Future Ready, and the Options for the Future Scholarship

- Increased faculty and staff pay and benefits following successful negotiations with labor partners
- Enhanced marketing and enrollment infrastructure to attract and retain a diverse student body that has yielded enrollment increases surpassing state and national averages, and
- A capital program, supporting technology, deferred maintenance, and program expansion

The investments represented in this year's report are key to ensuring that every City Colleges student is prepared to contribute their abundant talents and in turn benefit from our city's dynamic economy.

I extend my appreciation to those involved in developing this report who made it possible to share this important tool of financial stewardship with our community.

Respectfully submitted,



Juan Salgado
Chancellor
City Colleges of Chicago
jsalgado@ccc.edu

City Colleges of Chicago
Community College District No. 508
Comprehensive Annual Financial Report
Fiscal year ended June 30, 2025

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**City Colleges of Chicago
Community College District No. 508
Comprehensive Annual Financial Report
Fiscal year ended June 30, 2025**

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Introductory Section

Transmittal Letter

November 19, 2025

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

We are pleased to submit to you the Annual Comprehensive Financial Report of City Colleges of Chicago, Community College District No. 508 (City Colleges or the District), for the fiscal year ended June 30, 2025. It has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

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 account for limitations and restrictions more easily on certain resources, ICCB requires 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 auditor's report of RSM US LLP is included in the financial section of this Annual Comprehensive Financial Report.

Responsibility for both the accuracy of the data and the 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*, which focuses on current activities, accounting changes, and currently known facts.

PROFILE OF CITY COLLEGES OF CHICAGO

City Colleges is a non-home rule community college district of the State of Illinois, having boundaries coterminous with the City of Chicago. City Colleges is established under and governed by the Illinois Public Community College Act and operates seven colleges offering two-year Associate degrees, occupational certificates, continuing education, customized business-specific training and adult education programs. In accordance with standards established by GASB, City Colleges has included City Colleges of Chicago Foundation as a discretely presented component unit.

Of the Board's eight members, the seven who vote are appointed by the Mayor of the City of Chicago with the approval of the City Council of Chicago. One non-voting student member, selected in accordance with the Illinois Public Community College Act, is elected from one of the colleges.

The District currently occupies a land area of approximately 227.7 square miles and serves an estimated population of 2,611,867.

As a large urban school district, our colleges, students and administrators reflect the broad diversity of our city. Our students hail from 150 countries. They are often working adults, single parents and individuals from low-income backgrounds. City Colleges' District Office and the seven separately accredited colleges, plus five satellite sites, are strategically located throughout the City of Chicago.

City Colleges' vision is to serve as the city's most accessible higher education engine of socioeconomic mobility and racial equity – empowering all Chicagoans to take part in building a stronger and more just city.

On Saturday, May 3, 2025, City Colleges of Chicago graduates from all seven colleges gathered at Wintrust Arena to celebrate a remarkable achievement: earning their associate degrees.

The total number of degrees, certificates and general education completer credentials awarded in fiscal year 2025 were 9,118 and degrees awarded totaled 3,875.

STRATEGIC GOALS AND STRATEGIES

OUR STRATEGIC GOALS

City Colleges of Chicago has outlined a common strategic framework, consisting of six strategic levers and a common set of goals, values, and Key Performance Indicators (KPI's) along with strategic plans, equity plans and strategic enrollment management plans for each college. These six levers form the framework for all strategic activities and steer City Colleges' long-term goals and vision:

- **STUDENT EXPERIENCE** - Our Goal: Create an Exceptional Student Experience

We promise that every experience with City Colleges, from pre-admissions to completion, will be exceptional. Every student will be able to maximize their learning experience inside and outside the classroom, navigate our institution with ease, make significant progress towards their goals and feel welcome and supported by all City Colleges employees.

- **EQUITY** - Our Goal: Achieve Equity in Student Outcomes

We will become “student-ready” and equitable. Our institution will be designed for all students to thrive, especially those from historically and present-day marginalized communities. We will equip students with the support and resources they need to succeed in the classroom and beyond.

- **ECONOMIC RESPONSIVENESS** - Our Goal: Respond to the Economic Needs of the City

We will be forward-looking and agile in developing pathways and forging partnerships that unlock transformational career opportunities for City Colleges students and fuel the Chicago workforce with talent that is prepared to meet the needs of the economy.

- **EXCELLENCE** - Our Goal: Build a Culture of Excellence

We will build a culture of excellence that inspires everyone to become the “best in class” for our students and community. We will hold ourselves accountable for delivering academics, experiences, and services of the highest quality. Our faculty and staff will continue to receive professional development across the District to continuously improve their practices.

- **COLLABORATION** - Our Goal: Create a Collaborative and Connected Ecosystem

We will create a more collaborative and connected ecosystem to foster coordination and communication that supports student success. At each college and across the District, we will implement people, data and technology solutions to create holistic best practices with an inclusive approach to problem-solving.

- **INSTITUTIONAL HEALTH** - Our Goal: Develop and Improve Critical Institutional Health Measures

We will develop, monitor and improve critical institutional health metrics that ensure the financial sustainability and well-being of our institution.

Three transformational goals serve as metrics for City Colleges five-year framework:

- Achieve unprecedented and equitable retention and completion rates.
- Be regarded as the smart choice among students, K-12 partners, alumni, partners, universities and employers.
- Advance upward mobility among City Colleges students and alumni through our colleges’ high-quality pathways.

A set of KPIs is used to measure our success:

- **ACCESS:** Total Illinois Community College Board (ICCB) headcount (credit + adult education enrollment) and total headcount (ICCB headcount + continuing education enrollment).
- **MOMENTUM:** Fall to Spring credit retention, Fall to Fall credit retention, taking and passing college level English in the first year, and taking and passing college level Math in the first year.
- **COMPLETION:** Integrated Postsecondary Education Data System (IPEDS) 150 graduation rate and four-year student outcome measures.
- **MOBILITY:** Transfer within two years of degree completion.
- **STUDENT EXPERIENCE:** Net promotor score.

Unified strategic initiatives support the success of college plans and provide the leadership and vision needed to achieve our goals and mission. They identify and support common areas of activity across colleges, shared opportunities for innovation or improvement, and the needed infrastructure to enable or accelerate meeting our goals.

To read the strategic plans in full, go to: www.ccc.edu/strategicplan.

FINANCIAL CHALLENGES

City Colleges has faced financial pressures arising from macro-economic and external policy factors, specifically:

Potential changes to federal funding priorities - City Colleges continues to monitor changes in federal funding priorities. The District sees fewer opportunities for new or renewed federal grants in the coming year. To date, a little more than \$1 million in unspent federal grants have been cancelled. We have sought efficiencies to position the District to weather the future changes.

ECONOMIC CONDITION AND OUTLOOK

In 2024, economic growth slowed for both the United States and the Seventh Federal Reserve District, with growth rates having come in close to their respective ten-year averages. District employment continued to grow more slowly than national employment overall, and this was partly due to slower growth rates for the District in the education and health services sector and the manufacturing sector. One bright spot for District employment was the public sector: Employment in the public sector grew faster than in the private sector, making up for several years of relatively slow job gains during the recovery from the Covid-19 pandemic. For 2025, Federal Open Market Committee (FOMC) participants project U.S. growth will continue to slow, but not significantly. While there were some gyrations throughout the year, economic growth was slower in 2024 than in 2023 for both the nation and the Seventh District. Real GDP growth rates in the U.S. and the District were quite low in the first quarter of 2024 (falling into negative territory in the District)

but bounced back in the second quarter and were quite good for the remainder of the year. If averaged across the quarters by year, the national real GDP grew by 3.2% in 2023 and 2.5% in 2024; in both years, the real GDP growth rate was somewhat above the ten-year average of 2.4%. Real GDP growth was slower in the District, where the average rate was 2.0% in 2023 and 1.7% through the third quarter of 2024. However, District real GDP growth in 2023 and 2024 was above its ten-year average of 1.3%.

Trends in employment growth in 2024 were broadly similar to trends in real GDP growth. Averaging by year using the CAGR formula, the nation's employment growth rate was 1.2% in 2024, down from 1.7% in 2023 and slightly lower than the ten-year average of 1.3%. In addition, the District employment growth was 1.0% in 2024, up a bit from the 0.9% increase in 2023, which was comfortably above the ten-year average of 0.6%. (Federal Reserve Bank of Chicago Seventh District Year in Review for 2024).

The Chicago Fed Survey of Economic Conditions (CFSEC) Activity Index decreased to -23 in July from -3 in June, suggesting that economic growth was below trend. The CFSEC Manufacturing Activity Index decreased to +3 in July from +7 in June, and the CFSEC Non-manufacturing Activity Index decreased to -40 in July from -9 in the previous month.

The **Illinois Department of Employment Security (IDES)**. The unemployment rate decreased in all twelve metro areas for the year ending June 2025, according to data released by the U.S. Bureau of Labor Statistics (BLS) and the Illinois Department of Employment Security (IDES). The St. Louis metro area unemployment rate reached a record low of 3.5% for June. Over the year, total nonfarm jobs increased in five metropolitan areas, leading to consecutive months with year-over-year growth: Champaign (5 consecutive months); Chicago (12 consecutive months); Springfield (20 consecutive months). Chicago's unemployment rate decreased from 6.6% in June 2024 to 5.3% in June 2025. This represents a 1.3% change year-over-year (YOY).

Chicago Fed National Activity Index (CFNAI) increased to -0.10 in June from -0.16 in May. Two of the four broad categories of indicators used to construct the index increased from May, but all four categories made negative contributions in June. The index's three-month moving average, CFNAI-MA3, decreased to -0.22 in June from -0.14 in May. The CFNAI Diffusion Index, which is also a three-month moving average, decreased to -0.37 in June from -0.32 in May. Thirty-seven of the 85 individual indicators made positive contributions to the CFNAI in June, while 48 made negative contributions. Fifty-three indicators improved from May to June, while 32 indicators deteriorated. Of the indicators that improved, 21 made negative contributions.

Production-related indicators contributed -0.01 to the CFNAI in June, up from -0.06 in May. The sales, orders, and inventories category's contribution to the CFNAI was -0.04 in June, down from +0.01 in May. Employment-related indicators contributed -0.05 to the CFNAI in June, down from -0.01 in May. The personal consumption and housing category's contribution to the CFNAI was -0.01 in June, up from -0.10 in May.

The CFNAI was constructed using data available as of July 24, 2025.

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- Federal Reserve Bank of Chicago*. (2025, July 24). Retrieved from Chicago Fed National Activity Index (CFNAI): <https://www.chicagofed.org/research/data/cfnai/current-data>
- Federal Reserve Bank of Chicago*. (2025). Retrieved from Federal Reserve Bank of Chicago: <https://www.chicagofed.org/publications/chicago-fed-insights/2025/seventh-district-year-in-review-2024>
- Chicago Fed Survey of Economic Conditions (CFSEC)*. (2025). Retrieved from Federal Reserve Bank of Chicago: <https://www.chicagofed.org/research/data/cfsec/current-data>
- Illinois Department of Employment Security (IDES)*. (2025, July 24). Retrieved from Illinois Department of Employment Security: <https://ides.illinois.gov/resources/labor-market-information/illinois-employment-situation.html>

The fiscal year 2026 budget is balanced. The unrestricted and enterprise operating budget of \$390.5 million represents a 6.3 percent increase from the prior fiscal year. In this budget, we plan for a projected 6% year-to-year enrollment increase (fiscal year 2025 to fiscal year 2026) and an 8.6% increase in tuition revenue.

We have done all we can to remove barriers standing in the way of our students' success. We know when we support our students, they succeed. This includes funding a full complement of advisors, tutors, career and transfer centers, undocumented student liaisons, and more. We are maintaining our historic 20% increase in wellness staff, and growing our investment in student basic needs, including food pantries and housing partnership with DePaul USA.

This budget makes critical investments to continue the enrollment momentum, including maintaining our affordability. We continue to offer programs in multiple modalities to meet our busy students where they are in their lives.

We have strengthened the backbone of our system, creating a healthier institution. We are delivering on our commitment to faculty and staff in our labor contracts, strengthening our marketing and enrollment infrastructure, maintaining a strategic capital program, including technology, deferred maintenance, and funds to expand healthcare programs to the South Side, and continuing a substantial reduction in student bad debt.

ACHIEVEMENTS

Enrollment reached 73,107 students in fiscal year 2025, an increase of 10 percent over the prior year, which included an increase in Fall 2024 enrollment that exceeded both the Illinois community college and national averages. In fiscal year 2025, credit unduplicated headcount enrollment and credit hour production increased at all seven colleges.

City Colleges' enrollment gains stem from a combination of factors, including a re-envisioned enrollment strategy and key investments, such as:

- Ensuring access via affordability: A high-quality education at one of the most affordable tuition rates in Chicagoland, with a credit hour rate of \$157/hour. Since fiscal year 2018, City Colleges has invested more than \$100 million to make college free, including Future Ready, which offers short-term programs in high-demand fields at no cost to Chicagoans, the growth of the Star Scholarship program, and the growth of free dual enrollment for high school students.
- Growing high-demand programs, including engineering, information technology, healthcare, construction technology and early childhood pathways. This past year, City Colleges announced the creation of the City Colleges School of Engineering, expanding our nationally recognized engineering program, with the aim of serving 2,030 engineering students district-wide by 2030. We also planned for the expansion of a full nursing pathway to Kennedy-King College and a new healthcare campus in Washington Park on Chicago's South Side.
- Launch of Chicago Roadmap 2.0: In partnership with the Chicago Public Schools and University of Illinois at Chicago, Chicago Roadmap 2.0 focuses on creating clear pathways to transfer and bachelor's degree completion. Chicago Roadmap 1.0 introduced post-secondary navigators supporting high school students in their post-secondary paths, transitional math and English and early college enrollment growth, and model pathways in in-demand fields, the summer melt strategy Enrollment Days, among other collaborative work.
- Implementing strategic enrollment management: Performance management system guided by metrics and data, college capacity building and norming, and ongoing review to drive continuous improvement.
- Sustaining the marketing investment: With a nearly three-times increase in marketing spend since fiscal year 2020 to \$3 million annually, we focused on digital media and increased in-house capacity, a rebranding completed in 2022 including a new ad campaign, and a new Salesforce customer relationship management solution launched in fiscal year 2024 to improve communications with students, with continued enhancements in fiscal year 2025.

Achieving Equity in Student Outcomes

Preliminary fiscal year 2025 outcomes indicate that City Colleges' four-year outcomes measure held steady at 41 percent of students achieving a credential and/or transferring to a bachelor's degree granting institution within four years of entry at City Colleges. This follows a 5-percentage point jump in the prior year, including a prior 4-percentage point increase for Black students and a 5-percentage point increase for Latine students.

Among the factors contributing to this progress is the Chicago Roadmap, a national model of partnership with our K-12 school system. The Chicago Roadmap model has led to collaboration at every level of Chicago's two major public education systems. As a result of this work so far:

- The number of students earning substantial early college credits while in high school through free dual credit and dual enrollment courses continues to grow. The total number of students taking free early college classes grew by 23 percent in fiscal year 2025, to 9,847 students. In 2025, more than 800 graduating CPS seniors earned 15 or more college credits through City Colleges, nearly one and a half times the approximately 330 students who achieved this milestone in 2019. One hundred thirty-eight (138) students earned an associate degree while in high school in 2025, a 47% increase from 2024.
- Students who completed transitional Math and English courses, classes which, when passed, allow CPS students to accelerate into college credit classes at City Colleges, are more likely to automatically start at City Colleges at the college level and are more likely to stay enrolled until their second year compared to their peers in developmental education courses. In fiscal year 2025, Transitional Math was offered in 72 high schools, up from 36 high schools in fiscal year 2020, and Transitional English was offered in 52 high schools, compared to none in fiscal year 2020. Since 2019, the proportion of students new to City Colleges eligible for college-level Math increased by 22 percentage points (2020: 41% to 2025: 63%) and the proportion of students new to City Colleges eligible for college-level English increased by 17 percent (2020: 35% to 2025: 52%). Fall-to-Fall retention at City Colleges for transitional Math students was 25 percentage points higher than for students starting in developmental education courses and Fall-to-Fall retention for transitional English students was 12 percentage points higher than for students starting in developmental education courses.
- Model Pathways provides CPS students with the opportunity to take industry-specific college courses, participate in career awareness activities, and earn industry credentials. We have implemented Model Pathways in IT, Healthcare, Advanced Manufacturing and Construction in 20 schools with ~1,000 students enrolled.
- City Colleges' key summer melt strategy, Enrollment Days, increased participant enrollment during the summer following senior year. In 2025, we enrolled 2,975 students (or 88% of CPS students who participated in Enrollment Days events), triple the prior year's enrollment from the same effort.

Chicago Public Schools (CPS), City Colleges of Chicago (CCC), and the University of Illinois Chicago (UIC) are expanding the nationally recognized higher education partnership with the launch of Chicago Roadmap 2.0. This next phase is designed to ensure students have a seamless transition from high school to community college to four-year institutions — retaining earned credits, reducing barriers to transfer, and keeping them on track for bachelor's degree completion. Building on this foundational success, Chicago Roadmap 2.0 is introducing structured pathways to four-year degrees at UIC, starting with key fields such as education, health care, business and computer science.

City Colleges also employed priority retention and completion strategies such as mandatory academic advising, year-long scheduling, continued expansion of the partnership with the proven student support model, the One Million Degrees program and a new transfer strategy focused on deep collaboration with university partners. Additionally, seven colleges are taking part in Achieving the Dream's (ATD) Accelerating Equitable Outcomes 3-year cohort experience.

Meeting Student Needs

Maintaining a robust suite of student academic and related supports that deliver an exceptional student experience is central to City Colleges' vision of social, economic and racial equity. City Colleges offers students a full complement of advisors, tutors, career and transfer centers, undocumented student liaisons, wellness centers, mental health telehealth services, disability access centers, and more.

The system administered a second survey of student basic need supports to inform enhancements to existing supports for food-insecure and housing-insecure or homeless students, finding that these supports are more needed than ever. To help meet this need, in fiscal year 2025, City Colleges is prepared to launch a new Food Security for Life program with partner, the Greater Chicago Food Depository, that will aim to eradicate hunger among City Colleges students, offering students access to snacks to go, ready-to-heat meals, and dynamic markets with healthy groceries.

City Colleges has made historic investments in student mental health supports that have maintained an increase in wellness staff. Wellness centers reported a significant increase in the number of students who received therapy/case management from 5,554 in fiscal year 2024 to 10,250 in fiscal year 2025 and the number of sessions held grew from 12,444 in fiscal year 2024 to 18,367 sessions in fiscal year 2025.

Maintaining Strong Financial Health

City Colleges continues strong financial health built upon disciplined financial management. In fiscal year 2025, Fitch upgraded City Colleges' bond rating with a stable outlook and S&P reaffirmed its bond rating for City Colleges, also with a stable outlook.

CAPITAL IMPROVEMENT PLAN

In fiscal year 2022, City Colleges of Chicago entered a new five-year capital plan, consisting of key programmatic and academic improvements, necessary deferred maintenance, information security, technology and technology infrastructure upgrades. The projects prioritized and included in the Capital Plan to further our strategic vision and maintain the condition of our colleges. Each year, City Colleges updates the plan based on a renewed assessment of conditions and evolving academic priorities. The updated fiscal year 2022 – fiscal year 2026 Capital Plan is \$293 million. For fiscal year 2026, City Colleges has budgeted capital investments of up to \$75.9 million that include \$16.8 million in technology, technology infrastructure and information security, \$35.7 million in deferred maintenance, \$15.4 million in academic and programmatic enhancements, and \$8 million for new facilities. The academic and programmatic improvements and select construction projects will be prioritized by their impact on student success and are subject to external funding and/or Chancellor approval.

FINANCIAL INFORMATION

Internal Control: City Colleges' management is responsible for establishing and maintaining an internal control structure designed to protect its assets, to prevent loss from theft or misuse of assets, and to allow for the preparation of financial information in conformity with U.S. GAAP under GASB. Although no internal control can guarantee complete assurance that these objectives are met, strong controls provide reasonable assurance of this. 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: The fiscal year begins on July 1 and ends on June 30, with annual appropriations lapsing at the end of the fiscal year. 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, account (object of expense), and program (function).

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 funds within each college. Board approval is required for all transfers between funds, accounts, or programs. In addition, an amended budget is required for increases in total appropriation in accordance with the Illinois Public Community College Act.

Board approval is required for all purchases or exchanges of goods and services over \$25,000 from a single vendor during the fiscal year. In addition, proper segregation of duties exists both operationally and technologically to ensure that purchase orders are properly authorized with appropriate checks and balances.

City Colleges maintains an encumbrance accounting system as part of its budgetary control. Encumbered amounts lapse at the end of each fiscal year.

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.

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

GASB Net Position Category

Unrestricted

Restricted for Specific Purpose

Net Investment in Capital Assets

ICCB FUND

Education

Auxiliary / Enterprise

Operations and Maintenance

Operations and Maintenance – Restricted (Board
Designated Capital Projects)

Working Cash

Audit Fund

Liability, Protection and Settlement

Restricted Purposes (Grants)

Bond and Interest

Trust and Agency

Building Bond Proceeds

Long-Term Debt

Property Tax: The estimated assessed value of taxable property for tax year 2024 collectible in fiscal year 2025 was \$109,770,538,836. The estimated assessed value of taxable property for tax year 2023 collectible in fiscal year 2024 was \$99,601,789,704. City Colleges' average collection rate over the past five years has been over 97%.

Debt Administration: Outstanding long-term and current debt on June 30, 2025, totaled \$264,405,000.

In fiscal year 2026, City Colleges is budgeting \$13,327,700 for debt service expenditures, which includes total interest of \$13,207,700 and total principal payments of \$120,000 for the Unlimited Tax General Obligation Bonds (Dedicated Revenues) Series 2017 and Series 2024. The Series 2017 bond is amortized over 30 years. The Series 2024 bond refund retains the original 30-year amortization from the Series 2013 bond issuance. Both Series 2017 and 2024 are issued with an average interest rate of 5% with payments made on June 1 and December 1 of each year. The last payment for the Series 2017 and 2024 bonds is December 1 of 2047 and 2043, respectively.

Cash Management: Cash and investments are managed by the City Colleges' Chief Financial Officer and Vice Chancellor-Treasury/Finance commensurate with 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 and oversight for investments rests with the City Colleges' Board of Trustees, which has delegated the function to the Chief Financial Officer and Vice Chancellor-Treasury/Finance 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*. The Board of Trustees authorizes the designation of depositories and investment managers.

City Colleges invests funds in various securities listed as permitted investments in the Board-approved Investment Policy. This policy is reviewed on an annual basis, and any modifications require Board approval. The securities include, but are not limited to, money market funds, U.S. Treasury bonds, bills, notes and certificates of deposit.

Risk Management: The Office of Risk Management (ORM) continuously and actively assesses and reviews potential risks and exposures the District may encounter and strives to mitigate the potential impact on the institution. ORM procures commercial insurance to address significant property and non-property losses for amounts in excess of self-insured retentions. The comprehensive Commercial Insurance Portfolio is reviewed annually to determine policy limits and retention (deductible) levels for property assets, general liability exposures, workers' compensation injuries and the educator's legal liability matters. The current deductibles equal \$25,000, \$250,000, \$600,000 and \$250,000 per claim, respectively.

City Colleges engages a third-party administrator to adjudicate and administer claims for general liability, workers' compensation, student athlete injury and student accident health claims.

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 RSM US LLP as its independent certified public accountants for fiscal year 2025. The independent auditor's report of RSM US LLP on the basic financial statements and supplementary schedules is included in the financial section of this report.

Awards: The Government Finance Officers Association (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to City Colleges for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. This report must satisfy both GAAP 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.

Acknowledgements: The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the senior leadership team and staff of City Colleges. We wish to express our sincere appreciation for the contributions they have made in preparing this report.

Respectfully submitted,

Maribel Rodriguez
Chief Financial Officer

Jolenna Nanalig
Associate Vice Chancellor, Treasurer

**CITY COLLEGES OF CHICAGO
COMMUNITY COLLEGE DISTRICT NO. 508
PRINCIPAL OFFICIALS
Year Ended June 30, 2025**

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Princella “Jaribu” Lee, Secretary
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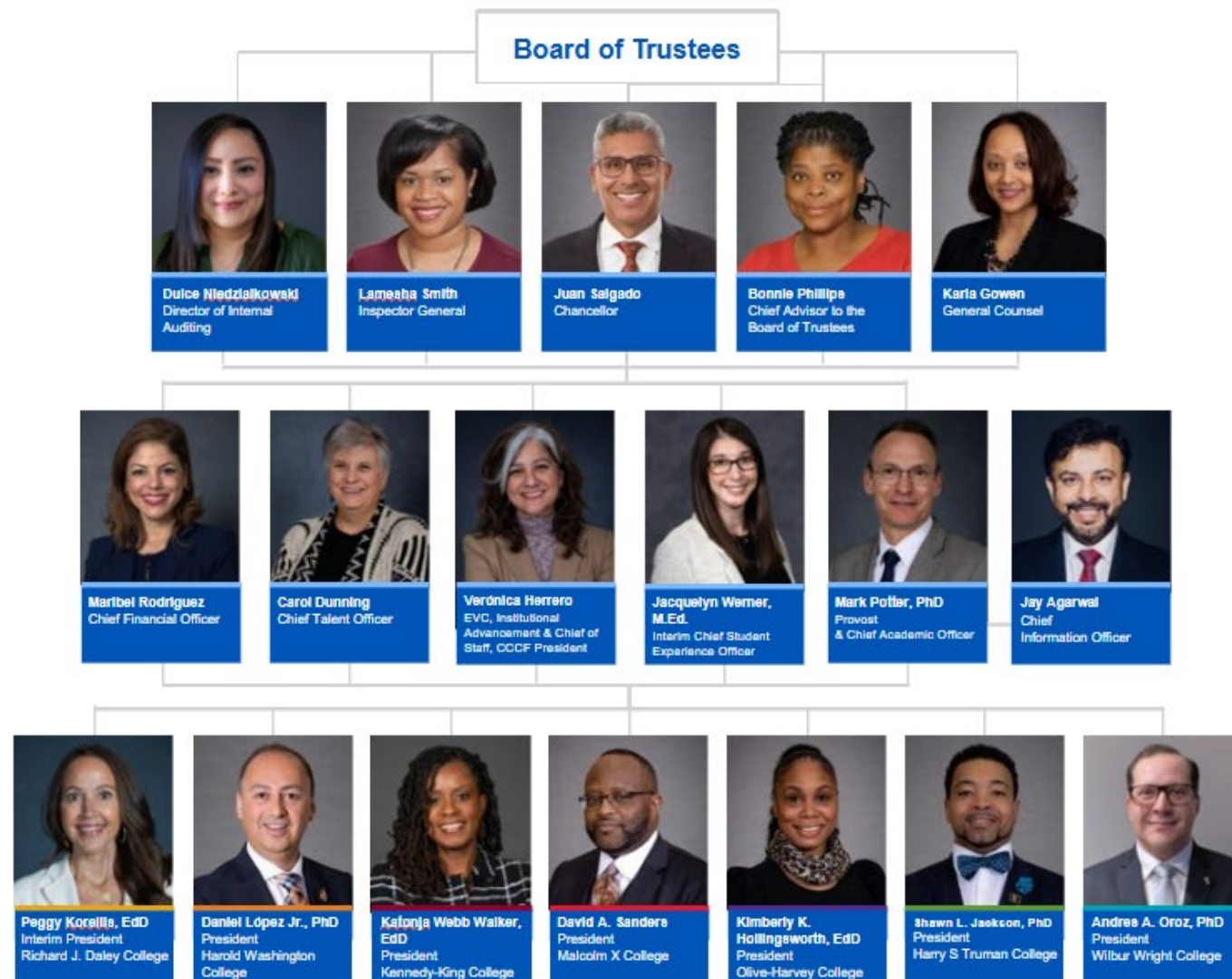
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Juan Salgado, Chancellor
Mark Potter, PhD, Provost & Chief Academic Officer
Verónica Herrero, Executive Vice Chancellor, Institutional Advancement and Chief of Staff,
City Colleges of Chicago Foundation, President
Maribel Rodriguez, Chief Financial Officer
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Reporting

Presented to

**City Colleges of Chicago
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Financial Section



RSM US LLP

Independent Auditor's Report

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

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of City Colleges of Chicago, Community College District No. 508 (City Colleges), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of City Colleges, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Colleges, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City Colleges' ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City Colleges' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefit obligations (OPEB) information and related notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City Colleges' basic financial statements. The supplementary information as described in the table of contents (the Uniform Financial Statements (Schedules 1 – 6), as required by the Illinois Community College Board) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Chicago, Illinois
November 19, 2025

**Management's
Discussion and Analysis
(MD&A)**

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

The discussion and analysis of City Colleges of Chicago's financial performance provides an overall review of City Colleges' financial activities for the fiscal year ended June 30, 2025. 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 that precedes this section and 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's 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 basic financial statements focus on City Colleges as a whole. The accompanying basic 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 Position combines and consolidates all financial resources with long-term capital assets and debt. The Statement of Revenues, Expenses and Changes in Net Position describes 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 the analysis of the financial results of various services to students and the public.

Financial Highlights

Statement of Net Position

The total net position as of June 30, 2025, decreased by \$72.8 million to \$441.5 million, mainly due to a \$64.9 million decrease in unrestricted funds.

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

Overview of Financial Statements

Total current assets decreased by \$55.3 million as compared to the prior year, due to a decrease in cash, short-term investments, personal property replacement tax receivable and other accounts receivable, which was offset by an increase in property tax receivables and prepaid items and other assets.

Total non-current assets decreased by \$22.3 million due to decreases in long-term investments and capital assets being depreciated which were offset by increases in restricted cash, funds held by others and capital assets not being depreciated. The deferred outflows of resources are the deferred other post-employment benefits and grant-related pension contributions that have been presented separately in the financial statements to conform to GASB Statements 68 and 75, respectively.

Total current liabilities increased by \$2.5 million due to increases in accrued payroll, unearned tuition and fees revenue, and unearned grant revenue that were offset by decreases in accounts payable, other accruals, and other liabilities.

**Table 1
Condensed Statements of Net Position
(in millions of dollars)**

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Current assets	\$ 148.3	\$ 203.6	\$ (55.3)
Non-current assets			
Capital assets	1,343.8	1,328.1	15.7
Less accumulated depreciation	(584.8)	(556.3)	(28.5)
Other assets	58.0	67.5	(9.5)
Total assets	<u>965.3</u>	<u>1,042.9</u>	<u>(77.6)</u>
Deferred outflows of resources	<u>7.7</u>	<u>9.6</u>	<u>(1.9)</u>
Current liabilities	71.5	69.0	2.5
Non-current liabilities	373.6	388.2	(14.6)
Total liabilities	<u>445.1</u>	<u>457.2</u>	<u>(12.1)</u>
Deferred inflows of resources	<u>86.4</u>	<u>81.0</u>	<u>5.4</u>
Net position			
Net investment in capital assets	454.0	461.8	(7.8)
Restricted for specific purposes	1.0	1.1	(0.1)
Unrestricted	<u>(13.5)</u>	<u>51.4</u>	<u>(64.9)</u>
Total net position	<u>\$ 441.5</u>	<u>\$ 514.3</u>	<u>\$ (72.8)</u>

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

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Position
(in millions of dollars)

Operating	2025	2024	Change
Revenues	\$ 36.9	\$ 35.1	\$ 1.8
Expenses	(598.3)	(500.8)	(97.5)
Operating loss	(561.4)	(465.7)	(95.7)
Non-operating			
Revenues	497.6	479.6	18.0
Expenses	(10.9)	(14.0)	3.1
Net non-operating revenues	486.7	465.6	21.1
Loss before capital contributions	(74.7)	(0.1)	(74.6)
Capital contributions	1.9	1.4	0.5
Change in net position	(72.8)	1.3	(74.1)
Net position, beginning of year	514.3	513.0	1.3
Net position, end of year	\$ 441.5	\$ 514.3	\$ (72.8)

Changes in Net Position
Years Ended June 30,
(in millions of dollars)

	2025	2024
Total revenue	\$ 536.4	\$ 516.1
Total expenses	(609.2)	(514.8)
Increase (decrease) in net position	\$ (72.8)	\$ 1.3

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

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues increased by \$1.8 million from the previous year due to increases in student tuition and fees.

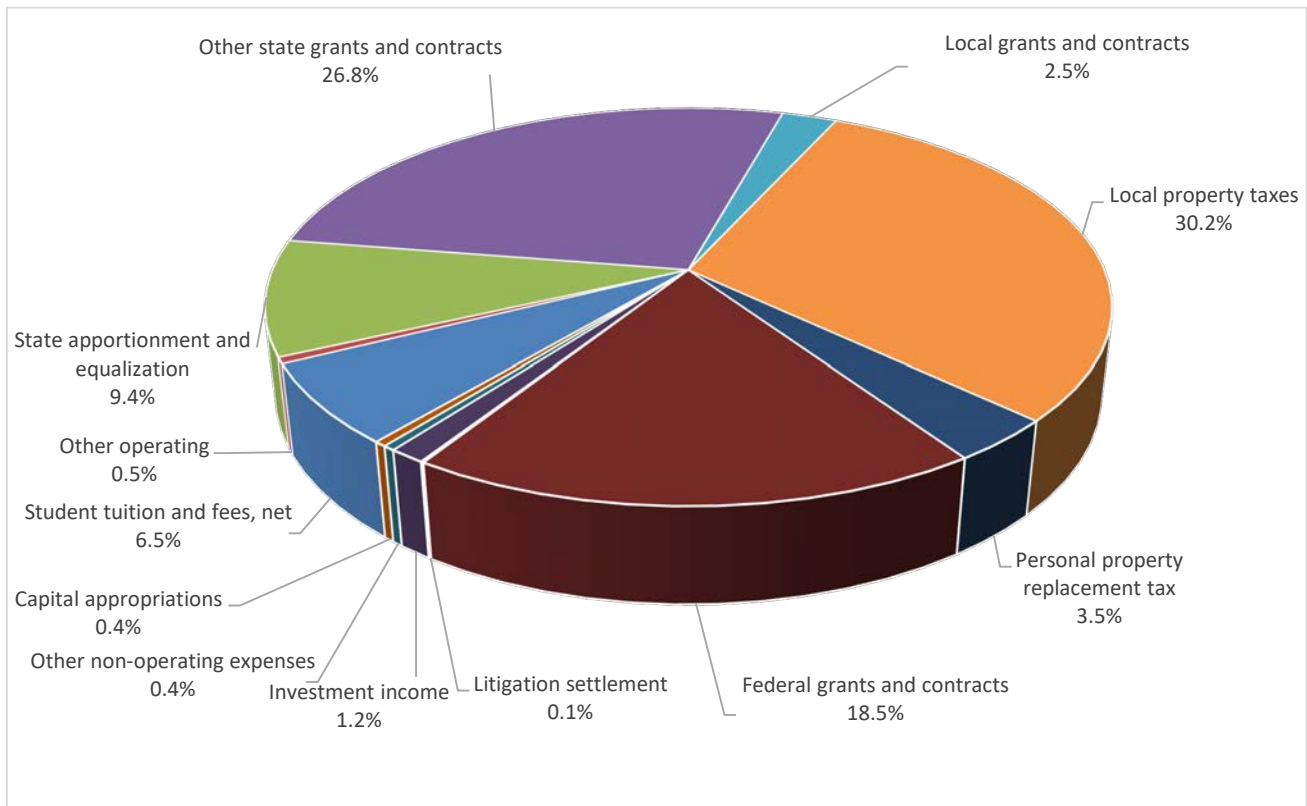
Net non-operating revenues increased by \$21.1 million in fiscal year 2025 due to increases in state grants, local grants, local property taxes, Federal grants, and other non-operating revenues and expenses, as well as a reduction on interest payment on debt. This increase was offset by decreases in personal property replacement tax, litigation settlement and investment income. Capital appropriations and grants increased by \$0.5 million due to an increase in grants from the State of Illinois Capital Development Board.

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

Operating revenues	2025	2024	Change
Student tuition and fees	\$ 96.2	\$ 83.4	\$ 12.8
Less scholarships	(62.1)	(52.3)	(9.8)
Other operating	2.8	4.0	(1.2)
Total operating revenues	36.9	35.1	1.8
Non-operating revenues (expenses)			
State apportionment and equalization	49.4	48.8	0.6
Other state grants and contracts	140.8	136.0	4.8
Local grants and contracts	12.9	11.1	1.8
Local property taxes	169.7	158.5	11.2
Personal property replacement tax	18.5	27.6	(9.1)
Federal grants and contracts	97.1	85.4	11.7
Litigation settlement	0.6	4.4	(3.8)
Investment income	6.6	7.8	(1.2)
Interest payments on debt	(10.9)	(12.9)	2.0
Other non-operating revenues (expenses)	2.0	(1.1)	3.1
Total non-operating revenues (expenses)	486.7	465.6	21.1
Capital appropriations and grants	1.9	1.4	0.5
Total	\$ 525.5	\$ 502.1	\$ 23.4

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

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



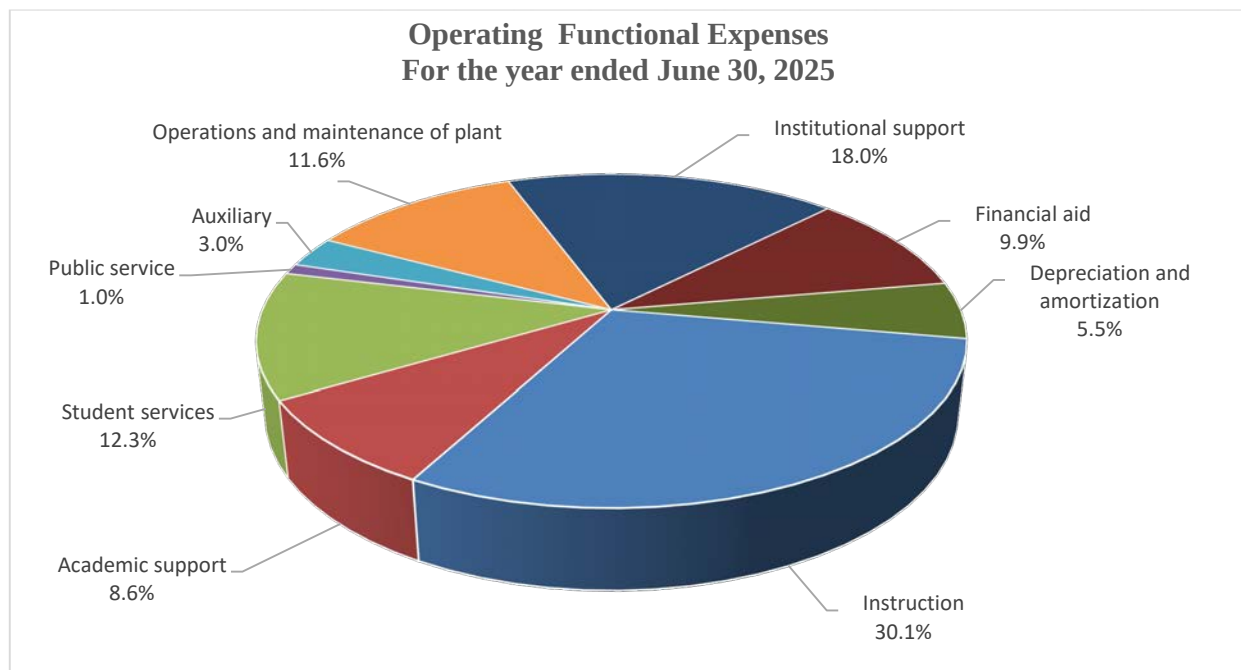
**Community College District No. 508
Management's Discussion and Analysis**

Operating Functional Expenses

Total operating functional expenses increased by \$97.5 million in fiscal year 2025. This was mainly due to a \$100.3 million increase in instruction, academic support, student services, auxiliary, institutional support, and financial aid, and depreciation. This increase was offset by a \$2.8 million decrease in public services and operation and maintenance of the plant.

Table 4
Operating Functional Expenses (in millions of dollars)

Operating expenses	2025	2024	Change
Instruction	\$ 179.9	\$ 165.8	\$ 14.1
Academic support	51.7	48.1	3.6
Student services	73.4	66.3	7.1
Public service	5.8	6.6	(0.8)
Auxiliary	17.8	15.8	2.0
Operations and maintenance of plant	69.2	71.2	(2.0)
Institutional support	108.5	47.0	61.5
Financial aid	59.2	47.4	11.8
Depreciation and amortization	32.8	32.6	0.2
Total operating expenses	\$ 598.3	\$ 500.8	\$ 97.5



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

Net Capital Assets

As of June 30, 2025, City Colleges had \$1,343.8 million in capital assets and \$584.8 million in accumulated depreciation and amortization, resulting in \$759.0 million in net capital assets. Some construction-in-progress projects were completed and put into service. The investment in net capital assets includes land, buildings and improvements, construction in progress, equipment, vehicles, software, lease assets and subscription-based arrangements. The total decrease in City Colleges' net capital assets for the current fiscal year is \$12.8 million. For more detailed information on capital assets, please refer to Notes 1K and Note 4 in the Notes to Basic Financial Statements.

Table 5
Capital Assets (Net of Accumulated Depreciation and Amortization)
(in millions of dollars)

	2025	2024	Change
Capital assets			
Land	\$ 51.4	\$ 51.4	\$ -
Buildings and improvements	1,119.8	1,114.6	5.2
Construction in progress	31.4	24.4	7.0
Equipment	68.1	66.4	1.7
Software	52.6	51.7	0.9
Lease assets	11.5	11.5	-
Subscription-based assets	9.0	8.1	0.9
Total	1,343.8	1,328.1	15.7
Less Depreciation and amortization	(584.8)	(556.3)	(28.5)
Net capital assets	<u>\$ 759.0</u>	<u>\$ 771.8</u>	<u>\$ (12.8)</u>

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

Non-Current Liabilities

Total non-current liabilities decreased by \$14.6 million mainly due to decreases in sick leave benefits, other post-employment benefits, bonds payable, accrued property tax refunds, subscription-based liabilities and lease obligations. These decreases were offset by increases in accrued compensated absences and workers' compensation. See Note 12 for more detailed information regarding long-term debt activity.

**Table 6
Non-Current Liabilities
(in millions of dollars)**

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Accrued compensated absences	\$ 5.7	\$ 4.5	\$ 1.2
Accrued property tax refunds	15.5	18.9	(3.4)
Sick leave benefits	2.5	2.6	(0.1)
Other post-employment benefits	50.2	54.9	(4.7)
Workers' compensation	1.6	1.4	0.2
Bonds payable, net of premiums & discounts	289.1	291.5	(2.4)
Subscription-based liabilities	4.6	5.4	(0.8)
Lease obligations	13.1	14.7	(1.6)
Sub-total	<u>382.3</u>	<u>393.9</u>	<u>(11.6)</u>
Less current portion	<u>(8.7)</u>	<u>(5.7)</u>	<u>(3.0)</u>
Total non-current liabilities	<u>\$ 373.6</u>	<u>\$ 388.2</u>	<u>\$ (14.6)</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, 180 N. Wabash, Suite 200, Chicago, IL 60601.

Basic Financial Statements

City Colleges of Chicago
Community College District No. 508
Statement of Net Position
June 30, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 7,595,987
Short-term investments	19,602,554
Property tax receivable, net	77,921,782
Personal property replacement tax receivable	3,195,335
Other accounts receivable, net	31,542,218
Prepaid items and other assets	8,479,538

Total current assets	148,337,414
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Non-current assets:

Restricted cash	22,315,443
Funds held by others - restricted	5,019,542
Long-term investments	30,600,439
Capital assets not being depreciated	82,815,806
Capital assets being depreciated, net	676,228,000

Total non-current assets	816,979,230
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Total assets	965,316,644
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Deferred outflows of resources

Deferred outflows related to other post-employment benefits	6,130,854
Deferred outflows related to pensions	1,569,170

Total deferred outflows of resources	7,700,024
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Liabilities

Current liabilities:

Accounts payable	15,932,195
Accrued payroll	19,402,102
Other accruals	1,813,240
Unearned tuition and fees revenue	7,793,499
Unearned grant revenue	13,794,641
Other liabilities	4,058,113
Current portion of non-current liabilities	8,659,569

Total current liabilities	71,453,359
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Non-current liabilities:

Accrued compensated absences	5,706,090
Accrued property tax refunds	15,536,168
Sick leave benefits	2,464,432
Other post-employment benefits	50,181,168
Workers' compensation	1,603,942
Bonds payable, net of premiums and discounts	289,082,340
Subscription-based liabilities	4,624,225
Lease obligations	9,251,245
Other non-current liabilities	3,848,425
Less current portion of non-current liabilities	(8,659,569)

Total non-current liabilities	373,638,466
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Total liabilities	445,091,825
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Deferred inflows of resources

Deferred inflows related to other post-employment benefits	6,736,527
Deferred inflows related to property tax revenue	79,125,776
Deferred inflows related to bond refunding	600,510

Total deferred inflows of resources	86,462,813
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Net position

Net investment in capital assets	454,018,631
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Restricted for specific purposes:

Audit	122,529
Trust and Agency	910,529

Unrestricted	(13,589,659)
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Total net position	\$ 441,462,030
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The accompanying notes are an integral part of these basic financial statements.

City Colleges of Chicago
Community College District No. 508
Statement of Revenues, Expenses and Changes in Net Position
Fiscal Year Ended June 30, 2025

Revenues

Operating revenues:

Student tuition and fees:	
Resident tuition	\$ 86,396,129
Nonresident tuition	7,596,656
Fees	2,228,792
Less: Scholarship allowances	(62,147,783)
Net student tuition and fees	34,073,794
Other operating revenues	2,857,355
Total operating revenues	36,931,149

Expenses

Operating expenses:

Instructional salaries	115,735,013
Non-instructional salaries	160,635,383
Fringe benefits	152,971,697
Supplies	30,301,916
Professional development	1,699,609
Utilities	10,400,085
Contractual services	27,851,595
Depreciation and amortization	32,787,831
Financial aid, exclusive of scholarship allowances	59,210,167
Other expenses	6,734,444
Total operating expenses	598,327,740
Operating loss	(561,396,591)

Non-operating revenues (expenses):

State apportionment and equalization	49,354,755
Other state grants and contracts	140,770,793
Local grants and contracts	12,944,604
Local property taxes	169,739,413
Personal property replacement tax	18,529,912
Federal grants and contracts	97,060,654
Litigation settlement	617,446
Investment income	6,561,553
Interest payments on debt	(10,913,106)
Other non-operating revenue (expenses)	2,029,708
Total non-operating revenues (expenses)	486,695,732
Decrease in net position before capital appropriations	(74,700,859)
Capital appropriations	1,890,752
Change in net position	(72,810,107)
Net position, beginning of year	514,272,137
Net position, end of year	\$ 441,462,030

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

City Colleges of Chicago
Community College District No. 508
Statement of Cash Flows
Fiscal Year Ended June 30, 2025

Cash flows from operating activities

Tuition and fees	\$ 36,625,350
Payments to suppliers	(137,910,816)
Payments to employees	(273,600,944)
Payments to students	(59,210,167)
Other operating receipts	2,857,355
Net cash used in operating activities	<u>(431,239,222)</u>

Cash flows from noncapital financing activities

Local property taxes	169,021,868
State apportionment, grants and contracts	88,010,806
Personal property replacement tax	20,014,635
Federal grants and contracts	115,869,904
Other non-operating receipts	584,835
Net cash provided by noncapital financing activities	<u>393,502,048</u>

Cash flows from capital and related financing activities

Purchases of capital assets	(14,827,088)
Principal paid on debt	(115,000)
Leases & SBITA obligations	(4,309,925)
Interest paid on debt	(13,213,574)
Net cash used in capital and related financing activities	<u>(32,465,587)</u>

Cash flows from investing activities

Proceeds from sales and maturities of investments	99,553,205
Purchases of investments	(34,705,157)
Interest on investments	6,746,616
Net cash provided by investing activities	<u>71,594,664</u>

Net increase in cash and cash equivalents	1,391,903
Cash and cash equivalents at beginning of year	28,519,527
Cash and cash equivalents at end of year	<u>\$ 29,911,430</u>

Cash and cash equivalents	\$ 7,595,987
Restricted cash	22,315,443
	<u>\$ 29,911,430</u>

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

City Colleges of Chicago
Community College District No. 508
Statement of Cash Flows (Continued)
Fiscal Year Ended June 30, 2025

**Reconciliation of operating loss to net cash
used in operating activities**

Operating loss	\$ (561,396,591)
Reconciling adjustments:	
Depreciation and amortization	32,787,831
State pension that is associated with the College	102,114,742
Decrease in allowance for uncollectible receivables	775,621
Changes in assets and liabilities:	
Receivables	721,180
Prepaid items and other assets	(1,289,729)
Accounts payable	(6,958,272)
Accrued payroll	3,452,933
Other accruals	(260,816)
Unearned tuition and fees revenue	869,685
Other liabilities	(2,581,645)
Accrued compensated absences	1,165,191
Sick leave benefits	(97,556)
Bond refunding deferred inflows	600,510
OPEB and related deferred outflows and inflows	(1,142,306)
Net cash used in operating activities	<u><u>\$ (431,239,222)</u></u>

Non-cash investing, capital and financing activities

Decrease in fair value of investments	\$ 408,817
State of Illinois contributed capital assets	1,890,752
Capital assets in accounts payable	1,328,385
Amortization of premiums and discounts on bonds payable	2,299,990
Lease obligations and subscription-based assets	1,954,004
Gain on disposal of assets	2,029,708

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

Component Unit
City Colleges of Chicago
Foundation
Financial Statements

Component Unit – City Colleges of Chicago Foundation
Statement of Financial Position
As of June 30, 2025

Assets

Cash and cash equivalents	\$ 4,450,816
Restricted cash - held for City Colleges	3,559,252
Investments	18,545,287
Contributions receivable, net	669,160
Prepaid expenses	<u>20,116</u>
Total assets	<u><u>\$ 27,244,631</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 32,852
Due to City Colleges	<u>3,559,252</u>
Total liabilities	<u>3,592,104</u>

Net Assets

Without donor restrictions	4,747,082
With donor restrictions	<u>18,905,445</u>
Total net assets	<u>23,652,527</u>

Total liabilities and net assets	<u><u>\$ 27,244,631</u></u>
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Component Unit - City Colleges of Chicago Foundation
Statement of Activities
as of June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions of cash and other financial assets	\$ 12,868	\$ 4,748,956	\$ 4,761,824
Contributions of nonfinancial assets	825,136	-	825,136
Net assets released from restrictions	8,092,855	(8,092,855)	-
Total revenues and other support	<u>8,930,859</u>	<u>(3,343,899)</u>	<u>5,586,960</u>
Other income			
Investment income, net	<u>1,528,687</u>	<u>706,780</u>	<u>2,235,467</u>
Total revenues, other support and other income	<u>10,459,546</u>	<u>(2,637,119)</u>	<u>7,822,427</u>
EXPENSES			
Program services:			
Scholarships awarded	1,957,585	-	1,957,585
Grants and other program services	442,131	-	442,131
Distributions to City Colleges of Chicago	5,842,717	-	5,842,717
Supporting services:			
Management and general	746,402	-	746,402
Fundraising	<u>215,647</u>	<u>-</u>	<u>215,647</u>
Total expenses	<u>9,204,482</u>	<u>-</u>	<u>9,204,482</u>
Change in net assets	1,255,064	(2,637,119)	(1,382,055)
Net assets, beginning of year	<u>3,492,018</u>	<u>21,542,564</u>	<u>25,034,582</u>
Net assets, end of year	<u><u>\$ 4,747,082</u></u>	<u><u>\$ 18,905,445</u></u>	<u><u>\$ 23,652,527</u></u>

Notes to Basic Financial Statements

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City Colleges of Chicago, Community College District No. 508 (City Colleges or District), 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. The City of Chicago is a related organization but is a separate fiscal reporting entity. The City Colleges of Chicago is excluded from the City of Chicago financial reports and the City of Chicago financial reports are not included as part of City Colleges' financial reports. No fiscal relationship exists between these organizations that meets the financial accountability criteria established by the Government Accounting Standards Board (GASB).

A. Reporting Entity

The accompanying financial statements include City Colleges of Chicago and its discretely presented component unit, City Colleges of Chicago Foundation (Foundation).

City Colleges follows the standards established in the Codification Section 2100: "Defining the Financial Reporting Entity". According to the GASB Codification, City Colleges is a primary government since it is fiscally independent, whereas the Foundation is a discretely presented component unit of City Colleges.

The Foundation is a legally separate not-for-profit, tax-exempt corporation, established under Internal Revenue Code Section 501(c)(3). The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Accounting Standards Codification, which is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB. Financial statements for the Foundation are available at City Colleges of Chicago's website:

<http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports-.aspx>.

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' basic 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 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, 2025**

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 is 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 generally accepted accounting principles accepted in the United States of America (GAAP) 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.

C. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and short-term investments with original maturities of three months or less from the date of purchase, except for Illinois Funds, Illinois Institutional Investor Trust and money market mutual funds, which are treated as investments.

D. Investments

Investments are reported at fair value. External investment pools are reported at net asset value based on amortized cost, which approximates fair value. Illinois Funds and Illinois Portfolio - IIIT class are external investment pools. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 Position.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

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

D. Investments *(continued)*

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 statement of net position and in the Statement of Revenues, Expenses and Changes in Net Position.

E. Receivables

Accounts receivable consists of property taxes, personal property replacement taxes, tuition and fee charges to students and facilities rentals provided to third parties. Accounts receivable also include 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' grant and contract agreements. Receivables are recorded net of estimated uncollectible amounts.

F. Allowance for Uncollectible Receivables

City Colleges provides allowances for uncollectible student accounts for any outstanding receivable balances less than 365 days. Balances more than 365 days past due are written off. During fiscal year 2025, \$4.9 million of student receivables were written off.

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 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 on March 1 and typically September 1 of the following year. The first installment is an estimated bill and is 55% 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 of the total levy, follows a similar practice to Cook County. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

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

G. Property Taxes *(continued)*

Taxes are levied on all taxable real property located in the district for educational purposes, operations and maintenance purposes, financial auditing purposes and liability protection and settlement. The tax levies for City Colleges for educational, operations and maintenance, and financial auditing purposes are limited by Illinois statute to 0.175%, 0.05%, and 0.005%, respectively, of the equalized assessed valuation (EAV).

In accordance with the City Colleges' Board resolution, 50% of property taxes extended for the 2024 tax year and collected in 2025 are recorded as revenue in fiscal year 2025. The remaining revenue related to the 2024 tax year extension is deferred and will be recorded as revenue in fiscal year 2026. Based upon collection history, City Colleges recorded property taxes at 96.5% of the 2024 extended levy and has an allowance of \$2.9 million on June 30, 2025.

H. Personal Property Replacement Tax Revenue

Personal property replacement taxes are recognized as revenue when these amounts are collected by the State of Illinois 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

Cash held for the purchase or construction of capital or other non-current assets is classified as non-current assets in the Statement of Net Position.

K. Capital Assets

Capital assets of City Colleges consist of land, construction in progress, buildings, improvements, computer equipment, software and other equipment. Capital assets are reported at cost at the date of acquisition or their estimated acquisition value at the date of donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

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

K. Capital Assets *(continued)*

Major outlays for assets or improvements to assets equal to or greater than \$200,000 are capitalized as projects are constructed. These are categorized as construction work in progress until placed in service, at which time they are reclassified to the appropriate asset type.

City Colleges considers a capital asset impaired when its service utility has declined significantly and the events or changes in their circumstances are unexpected or outside the normal life cycle.

City Colleges' capitalization policy for movable property includes only items with a unit cost equal to or greater than \$25,000 and an estimated useful life greater than one year. Beginning in fiscal year 2015, City Colleges also capitalizes moveable property less than \$25,000 with an estimated useful life greater than one year if the property is for major new construction or district-wide initiatives over \$200,000. City Colleges capitalizes interest related to construction in progress on self-constructed capital assets.

Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure 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 are depreciated according to their estimated useful life. When renovations are capitalized, a portion of the original asset renovated is retired from capital assets and accumulated depreciation using a deflated replacement cost methodology. In addition, City Colleges re-evaluates an asset's useful life when there is a change in circumstances.

City Colleges capitalizes agreements for leases and subscription-based information technology arrangement (SBITA) assets, amortizing them over the duration of the asset contracts. **(See Note 14)**

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

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

K. Capital Assets *(continued)*

Capital assets are depreciated beginning the first day of the following month after they are put in service using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Computer equipment	4 - 5
Software	3 - 10
Other equipment	3 - 10
Lease assets	5 - 18
Subscription-based assets	1 - 5

L. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will be recognized as an outflow of resources (expense) until that time. For City Colleges, pension payments related to federal grants and made subsequent to the pension liability measurement date are considered to be deferred outflows in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Deferred outflows related to OPEB are differences between expected and actual experience and changes in assumptions, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. (See Note 7 and Note 11)

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will be recognized as an inflow of resources (revenue) until that time. Deferred inflows include bond refunding and property tax revenues, which are intended to finance the subsequent fiscal year. Deferred inflows related to OPEB represent differences between expected and actual experience and changes in assumptions, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. (See Note 11)

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

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

M. Pensions and Other Postemployment Benefits

Pensions. For measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the plan's net position of the State Universities Retirement System (SURS) and additions and deductions from SURS plan net position have been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when they are due and payable in accordance with the benefit terms. Investments are reported at fair value.

For financial reporting purposes, the State of Illinois (the State) and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (City Colleges) and 1) the amount of contributions for which the nonemployer entity (the State) is legally responsible is not dependent upon one or more events unrelated to pensions and 2) the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. City Colleges recognizes its proportionate share of the State's pension expense related to its employees as non-operating revenue and pension expense, with the expense further allocated to the related function. **(See Note 7)**

Other Postemployment Benefits. City Colleges provides other post-employment healthcare benefits (OPEB) and life insurance to retirees and spouses. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan. **(See Note 11)**

N. Other Liabilities

Other liabilities include amounts due at year-end for health care, dental, vision, unclaimed property and other third-party vendors.

O. Non-Current Liabilities

Non-current liabilities include estimated amounts for accrued compensated absences, sick leave benefits (payments to eligible retirees for accumulated unused sick days), other post-employment benefits, workers' compensation claims, bonds payable, lease obligations and subscription-based arrangements net of the current portion representing the amount to be paid within the next fiscal year.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025

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

P. Premiums, Discounts, and Issuance Costs

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Long-term obligations (general obligation bonds) are reported net of the applicable bond premium and discount. Bond issuance costs are expensed at the time the debt is issued.

Q. Accrued Property Tax Refunds

Accrued property tax refunds are included in non-current liabilities. These are estimates of property taxes that may be refunded to taxpayers in the future.

R. Unearned Revenue

Amounts received for tuition and fees, certain auxiliary activities and grants and contracts that have not yet been earned are classified as unearned revenue within current liabilities.

S. Net Position

City Colleges' net position is classified as follows:

Net Investment in Capital Assets - Net investment in capital assets represents 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 plus unspent bond proceeds net of any related deferred outflows or inflows.

Restricted for Specific Purposes - Restricted net position includes assets that City Colleges is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or through enabling legislation. On June 30, 2025, City Colleges had a portion of its net position restricted for audit and trust and agency.

Unrestricted - Unrestricted net position represents 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.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

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

S. Net Position *(Continued)*

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.

T. 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 include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship allowances, (2) sales and services of educational departments and 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, (5) income from investments and (6) interest on debt.

U. Tuition and Fees

Tuition and fees include all such items charged to students for educational and service purposes. Tuition-related waivers, scholarships, and other financial aid (excluding direct loans) are reported as contra revenue to tuition revenue. Scholarships that are paid to students are recorded as financial aid expense under operating expenses. Tuition and fees revenue are recognized when the educational services are performed.

V. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

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

W. Measurement of Leases and Subscription-Based Information Technology Arrangements

Leases. For leases that have a maximum possible term of 12 months or less at commencement, City Colleges recognizes expenses based on the provisions of the lease contract.

For all other leases, City Colleges recognizes a lease liability and an intangible right-to-use asset. At lease commencement, City Colleges initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. The lease asset is measured by lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

City Colleges uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The incremental borrowing rate for leases is based on the rate of interest it would have to pay if it issued general obligation bonds to borrow an amount equal to the lease payment under similar terms at the commencement or remeasurement date.

The lease term includes non-cancelable periods of the lease plus any additional periods covered by either City Colleges' or the vendor's option to extend or terminate, if it is reasonably certain that either City Colleges or the vendor will exercise the option to extend or will not exercise the option to terminate. Periods in which both City Colleges and the lessor have a unilateral option to terminate without permission from the other party are cancelable periods and are excluded from the lease term.

Lease payments included in the measurement of lease liability include those payments that are reasonably certain of being made. **(See Note 14)**

Subscription-Based. For subscription agreements that have a maximum possible term of 12 months or less at commencement, City Colleges recognizes expenses based on the provisions of the subscription agreement.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

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

W. Measurement of Leases and Subscription-Based Information Technology Arrangements *(continued)*

For all other subscription-based agreements, City Colleges recognizes a subscription-based liability and an intangible right-to-use subscription asset. City Colleges recognizes subscription agreements that allow City Colleges the right to control another party's IT software, alone or in combination with tangible capital assets.

At agreement commencement, City Colleges initially measures the subscription liability at the present value of all payments expected to be made during the subscription term using the current discount rate. City Colleges uses its estimated incremental borrowing rate as the discount rate. The incremental borrowing rate for subscription-based agreements is based on the rate of interest it would have to pay if it issued general obligation bonds to borrow an amount equal to the subscription payment under similar terms at the commencement or remeasurement date. The subscription liability is reduced by the principal portion of payments made to the vendor. The subscription asset is amortized into amortization expense on a straight-line basis over the subscription term.

The subscription term includes non-cancelable periods to use third-party vendor information technology software plus any additional periods covered by either City Colleges' or the vendor's option to extend or terminate, if it is reasonably certain that either City Colleges or the vendor will exercise the option to extend or will not exercise the option to terminate. Periods for which both City Colleges and the SBITA vendor have a unilateral option to terminate without permission from the other party are cancelable periods and are excluded from the subscription term.

Preliminary project costs and training costs are expensed as incurred. Initial implementation costs are capitalized but are excluded from the present value calculation of the subscription asset. Operation and additional implementation costs that occur after putting the IT software in place are expensed as incurred. **(See Note 14)**

X. Pending Accounting Standards

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for City Colleges beginning with its year-end June 30, 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability by improving certain application issues related to Management's Discussion and Analysis, Unusual or Infrequent Items and the presentation of Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, as applicable.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

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

X. Pending Accounting Standards *(Continues)*

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for City Colleges beginning with its year-end June 30, 2026. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets as an enhancement to GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*. These include assets recognized in accordance with:

- GASB Statement No. 87, *Leases*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Management has not yet completed its evaluation of the impact of the provisions of these standards on its financial statements.

Y. Recently Adopted Accounting Pronouncements

Effective July 1, 2024, City Colleges adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the informational needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Adoption of this accounting pronouncement did not have a material effect on City Colleges' financial statements.

Effective July 1, 2024, City Colleges adopted the provisions of GASB Statement No. 102, *Certain Risk Disclosures*. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to City Colleges' financial condition. Adoption of this accounting pronouncement had no effect on City Colleges' financial statements.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025

2. DEPOSITS AND INVESTMENTS

The Treasurer or Chief Financial Officer may invest restricted and unrestricted funds pursuant to the Illinois Public Funds Investment Act. Investments may include current operating funds, special funds, interest and sinking funds, and other funds belonging to or in the custody of the Board, in the following types of securities, provided that: (i) such securities shall achieve the objectives described in Section 2 of these guidelines and; (ii) that such securities shall mature or be redeemable on the date or dates prior to the time when in the judgment of the Treasurer or Chief Financial Officer, the funds so invested will be required for expenditures by the Board. Securities shall generally be purchased with the intention that they will be held to maturity to minimize interest rate risk.

The investment portfolio will be diversified to avoid incurring undue concentration in securities of one type or securities of one financial institution or maturities.

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) short-term obligations of corporations organized in the United States, (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), (j) repurchase agreements, (k) municipal bonds, and (l) short-term bond funds that invest primarily in corporate investment grade bonds. It is the policy of City Colleges to invest its funds in a manner that will provide for the preservation of capital, meet cash flow demands, provide for yields consistent with the market, and conform to all state and local statutes governing the investment of the public funds, using the "prudent person" standard for managing the overall portfolio.

Prohibitions

Investments in the following securities are prohibited: reverse repurchase agreements, inverse floaters, derivative products, such as interest-only securities (IOs), principal-only securities (POs) and other securities that could impart leverage to the portfolio or have highly unpredictable cash flows.

The primary objective of the policy is the protection of investment principal, liquidity, and yield within statutory constraints. This policy applies to all restricted and unrestricted funds, including operating funds, special funds, interest and sinking funds and other funds belonging to or in the custody of the Board.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

2. DEPOSITS AND INVESTMENTS *(Continued)*

A. Deposits

Custodial credit risk – with regard to deposits with financial institutions, custodial credit risk is the risk that, in the event of bank failure, City Colleges’ deposits may not be returned. City Colleges’ investment policy requires that investments made in excess of any applicable deposit insurance be secured by a corporate surety bond written by a surety company authorized to do business in the State of Illinois that is rated at least AA by S&P Global Ratings (S&P) or Aa3 by Moody’s, or by an undertaking from the depository supported by a pledge of securities having a fair value that is at all times equal to or greater than the uninsured amount on deposit. On June 30, 2025, City Colleges had deposits of over \$7.5 million in cash and \$22.3 million in restricted cash that was not exposed to custodial credit risk.

B. Investments

In accordance with its investment policy, City Colleges limits its risk tolerance based on the investment’s objective. Volatility of principal is not permitted or limited to obtain additional income or to manage the funds available for projects. Volatility of principal is defined as “selling an individual security that would cause a realization of an accounting loss on the security.” City Colleges limits its risk tolerance by primarily investing in obligations guaranteed by the United States government or securities issued by agencies of the United States government that are implicitly 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. Illinois statutes authorize City College to invest in obligations of the U.S. Treasury and U.S. Agencies, interest-bearing savings accounts, interest-bearing time deposits, money market mutual funds registered under the Investment Company Act of 1940 (limited to U.S. Government obligations), shares issued by savings and loan associations (provided the investments are insured by the Federal Savings and Loan Insurance Corporation (FSLIC), short-term discount obligations issued by the Federal National Mortgage Association, share accounts of certain credit unions, investments in the Illinois School District Liquid Asset Fund, and certain repurchase agreements.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

2. DEPOSITS AND INVESTMENTS *(Continued)*

Custodial credit risk – as it relates to investments, custodial credit risk 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 held by an outside party. All City Colleges’ investment counterparties are limited to banks or trust companies authorized to do business in the State of Illinois that are member banks of the Federal Reserve System, and only to registered primary reporting dealers who are registered as broker-dealers with the Securities and Exchange Commission as required by City Colleges’ investment policy. All of City Colleges’ investments were insured or collateralized and there was no investment exposed to custodial credit risk as of June 30, 2025.

Concentration of credit risk – Investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

City Colleges’ investment policy requires the investment portfolio to be diversified to avoid incurring undue concentration in securities of one type or securities of one financial institution or maturities. More than 5 percent of City Colleges’ investments are in the Federal Home Loan Mortgage Corporation. The investment is 20.1% of the City Colleges’ total investments.

Interest Rate Risk – Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. City Colleges’ investment policy does not limit the maturities of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that City Colleges will not recover its investments due to the inability of the counterparty to fulfill its obligation. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

For obligations of corporations organized in the United States of America with assets exceeding \$500,000,000; these obligations must be rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and must mature not later than 3 years from the date of purchase. The Board’s investment in the short-term obligations of a single issuer shall not exceed 10% of that corporation’s outstanding obligations. U.S. dollar denominated corporate obligations of domestic issuers must be rated at the highest short-term rating category (A-1/P-1 or equivalent) or be rated at one of the three highest long-term rating categories (A-/A3 or equivalent) by at least two of the following standard rating services: Standard and Poor’s (S&P), Moody’s and Fitch Ratings.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

2. DEPOSITS AND INVESTMENTS *(Continued)*

The various types of interest-bearing savings accounts, certificates of deposit, time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, are insured by the Federal Deposit Insurance Corporation (“FDIC”).

Investments made in excess of any applicable deposit insurance, including uninsured accounts in financial institutions in which multiple accounts are maintained, shall be secured by a corporate surety bond written by a surety company authorized to do business in the State of Illinois that is rated at least AA- by S&P or Aa3 by Moody’s, or by an undertaking from the depository supported by a pledge of securities having a market value of 102% or greater than the uninsured amount on deposit or by a Federal Home Loan Bank (“FHLB”) Letter of Credit (“LOC”) rated AA- by Standard and Poor’s or Aa3 by Moody’s.

City Colleges’ securities held as of June 30, 2025, are all investment grade according to S&P, Moody's, and Fitch Ratings:

Investment Type	Security Ratings		
	S&P	Moody's	Fitch Ratings
U.S. Treasury Bond/Note	AA+	Aa1	AA+
Federal Agency Mortgage-Backed Security	AA+	Aa1	AA+
Federal Agency Commercial Mortgage - Backed Security	AA+	Aa1	AA+
Federal Agency Collateralized Mortgage Obligation	AA+	Aa1	AA+
Federal Agency Mortgage-Backed Security Pass Through	AA+	Aa1	AA+
Municipal Bond/Note	A+ or Higher	A1 or Higher	A+ or Higher
Certificate of Deposit	A-1	P-1	F1+

The Commercial Paper was rated at least A-1 by S&P and P-1 by Moody’s or F1 by Fitch Ratings. U.S. dollar denominated corporate note of domestic issuers were rated at least BBB+ by S&P and A3 by Moody's or A- by Fitch Ratings.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
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2. DEPOSITS AND INVESTMENTS *(Continued)*

The State Treasurer maintains the Illinois Funds at net asset value based on amortized cost, which approximates fair value, through daily adjustments in the interest earnings. The pool meets all the criteria in GASB No. 79, *Certain External Investment Pools and Pool Participants*, paragraph 4, which allows the reporting of its investment at amortized cost. The State Treasurer also maintains the average duration of the pool at less than 25 days. The 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. All funds deposited in the pool are classified as investments, even though some could be withdrawn on a day's notice. There are no limitations or restrictions on withdrawals from the pool. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Funds are rated AAmmf by Fitch Ratings.

The Illinois Trust measures the Illinois Portfolio, IIIT Class at net asset value based on amortized cost, which approximates fair value. The pool does meet all the criteria in GASB No. 79 paragraph 4, which allows the reporting of its investments at amortized cost. The Illinois Trust also maintains a weighted average maturity of 60 days or less. The value of City Colleges' investments 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. All funds deposited in the pool are classified as investments, even though some could be withdrawn on a day's notice. There are no limitations or restrictions on withdrawals from the pool. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Portfolio, IIIT class is rated AAAM by S&P.

The carrying amount of investments on June 30, 2025, is shown below:

Investment Type	June 30, 2025	Investment Maturities (in years)	
	Carrying Value	Less Than 1	1 - 5
U.S. Treasury Bond / Note	\$ 10,902,470	\$ 2,721,297	\$ 8,181,174
Federal Agency Mortgage-Backed Security	859,596	-	859,596
Federal Agency Commercial Mortgage-Backed Security	10,203,465	1,012,495	9,190,970
Federal Agency Collateralized Mortgage Obligation	361,162	-	361,162
Federal Agency Mortgage-Backed Security Pass Through	270,277	-	270,277
Certificate of Deposit	949,688	949,688	-
Corporate Note	10,612,774	1,031,524	9,581,250
Commercial Paper	9,035,909	9,035,909	-
Municipal Bond/Note	2,784,504	628,493	2,156,010
Illinois Portfolio, IIIT Class	4,169,500	4,169,500	-
Illinois Funds LGIP/5000	53,648	53,648	-
Total investments	\$ 50,202,993	\$ 19,602,554	\$ 30,600,439

City Colleges of Chicago
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June 30, 2025

2. DEPOSITS AND INVESTMENTS *(Continued)*

GASB Statement No. 72, *Fair Value Measurement and Application*, provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

City Colleges of Chicago categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs, which include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets that are not active; or using other inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities and credit spreads or market-corroborated inputs.
- Level 3 inputs are significant unobservable inputs.

The carrying amount of investments and fair value hierarchy on June 30, 2025, is as follows:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value	June 30, 2025			
Debt securities				
U.S. Treasury Bond/Note	\$ 10,902,470	\$ 10,902,470	\$ -	\$ -
Federal Agency Mortgage-Backed Security	859,596	-	859,596	-
Federal Agency Commercial Mortgage-Backed Security	10,203,465	-	10,203,465	-
Federal Agency Collateralized Mortgage Obligation	361,162	-	361,162	-
Federal Agency Mortgage-Backed Security Pass Through	270,277	-	270,277	-
Corporate Note	10,612,774	-	10,612,774	-
Commercial Paper	9,035,909	-	9,035,909	-
Municipal Bonds/Notes	2,784,504	-	2,784,504	-
Total investments by fair value	<u>\$ 45,030,157</u>	<u>\$ 10,902,470</u>	<u>\$ 34,127,687</u>	<u>\$ -</u>
Investments not measured at fair value				
Illinois Portfolio, IIIT Class	\$ 4,169,500			
Illinois Funds LGIP/5000	53,648			
Certificate of Deposit	949,688			
Total investments at net asset value	<u>5,172,836</u>			
Total investments	<u>\$ 50,202,993</u>			

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. City Colleges of Chicago does not have Level 3 investments.

**City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2025**

3. OTHER ACCOUNTS RECEIVABLE

City Colleges' other accounts receivable consists of the following:

	2025
Student	\$ 11,095,394
Grants	19,006,057
Leases and other	5,341,391
Gross other accounts receivable	35,442,842
Less: Allowance for uncollectible	(3,900,624)
Current portion of other receivable, net	<u>\$ 31,542,218</u>

4. CAPITAL ASSETS

	July 1, 2024	Additions and Transfers In	Retirements and Transfers Out	June 30, 2025
Capital assets not being depreciated:				
Land	\$ 51,376,464	\$ -	\$ -	\$ 51,376,464
Construction in progress	24,359,260	16,846,459	(9,766,377)	31,439,342
Subtotal	<u>\$ 75,735,724</u>	<u>\$ 16,846,459</u>	<u>\$ (9,766,377)</u>	<u>\$ 82,815,806</u>
Capital assets being depreciated:				
Leases*				
Buildings	\$ 10,078,754	\$ -	\$ -	\$ 10,078,754
Equipment	1,452,375	-	-	1,452,375
Subscription-based assets*	8,086,235	1,954,004	(1,094,301)	8,945,938
Equipment	66,442,871	1,690,932	-	68,133,803
Software	51,771,424	792,285	-	52,563,709
Buildings and improvements	1,114,554,360	8,670,219	(3,406,185)	1,119,818,394
Subtotal	<u>1,252,386,019</u>	<u>13,107,440</u>	<u>(4,500,486)</u>	<u>1,260,992,973</u>
Total capital assets	<u>\$ 1,328,121,743</u>	<u>\$ 29,953,899</u>	<u>\$ (14,266,863)</u>	<u>\$ 1,343,808,779</u>
Accumulated depreciation and amortization				
Leases*				
Buildings	\$ 2,187,936	\$ 687,392	\$ -	\$ 2,875,328
Equipment	24,206	290,475	-	314,681
Subscription-based assets*	2,770,016	2,584,439	(1,094,301)	4,260,154
Equipment	63,074,718	1,400,378	-	64,475,096
Software	48,098,510	1,409,647	-	49,508,157
Buildings and improvements	440,134,949	26,415,499	(3,218,891)	463,331,557
Total accumulated depreciation and amortization	<u>556,290,335</u>	<u>32,787,830</u>	<u>(4,313,192)</u>	<u>584,764,973</u>
Capital assets, net	<u>\$ 771,831,408</u>	<u>\$ (2,833,931)</u>	<u>\$ (9,953,671)</u>	<u>\$ 759,043,806</u>

* See Note 14 for leases and subscription-based information technology arrangements

**City Colleges of Chicago
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Notes to Basic Financial Statements
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5. NET POSITION

City Colleges' net position includes restricted and unrestricted resources (including \$56 million of working cash fund). Unrestricted resources may be used at the discretion of the governing board to meet current expenses for any purpose. This qualifies as a stabilization arrangement, which is a formal arrangement set aside by the District to maintain amounts for budget stabilization or working capital needs. These funds may be spent through a transfer, an abolishment, or an abatement of amounts needed by the District. Amounts can be added to the working cash balance through replenishment, the issuance of bonds, or the levy of property taxes.

6. OTHER ACCRUALS AND OTHER LIABILITIES

City Colleges' other accruals and other liabilities consist of the following as of June 30, 2025:

	<u>2025</u>
Other accruals	
Accrued interest	\$ 1,100,892
Other accruals	712,348
Total other accruals	<u>\$ 1,813,240</u>
 Other liabilities	
Self-insurance	\$ 3,281,122
Unclaimed property	7,930
ICCB	59,830
Other	709,231
Total other liabilities	<u>\$ 4,058,113</u>

7. EMPLOYEE RETIREMENT PENSION PLAN

Plan Description – City Colleges contributes to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit plan (Plan) with a special funding situation whereby the State of Illinois (State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established on July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's Annual Comprehensive Financial Report as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 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 accessing the website at www.SURS.org.

**City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2025**

7. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

Benefits Provided – A traditional benefit plan was established in 1941. Public Act 90-0448, enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members who began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2024, can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

Contributions - The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions that are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer’s normal cost for fiscal year 2024 and fiscal year 2025, respectively, was 12.53% and 11.98% of employee payroll. Contributions for fiscal years 2024 and 2025 were \$1,857,392 and \$1,569,170, respectively. The normal cost is equal to the value of the current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of the annual covered salary, except for police officers and firefighters, who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State’s General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants), Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor). City Colleges accrued \$8,407 for the liability due to earnings that exceed the Governor’s salary.

**City Colleges of Chicago
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Notes to Basic Financial Statements
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7. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

For purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The state of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

Pension Liabilities, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

Net Pension Liability - The net pension liability (NPL) was measured as of June 30, 2024. As of June 30, 2024, the collective NPL was \$30,230,907,727.

Employer Proportionate Share of Net Pension Liability – The amount of the proportionate share of the NPL to be recognized for City Colleges is \$0. The proportionate share of the State's NPL associated with City Colleges is \$1,522,905,859 or 5.0376%. City Colleges' proportionate share changed by 0.1027% from 4.9349% since the last measurement date on June 30, 2023. This amount is not recognized in City Colleges' financial statements. The NPL and total pension liability as of June 30, 2024, were determined based on the June 30, 2023, actuarial valuation rolled forward to the measurement date. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to the SURS defined benefit plan during fiscal year 2023.

Pension Expense - For the year ending June 30, 2024, collective net pension expense was \$1,996,285,670.

Employer Proportionate Share of Pension Expense - The employer proportionate share of the State's pension expense that is associated with City Colleges of Chicago is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share is the actual reported pensionable contributions made to the SURS defined benefit plan during fiscal year 2024. As a result, City Colleges recognized revenue and pension expense of \$102,114,742 from this special funding situation during the year ended June 30, 2025. On the statement of revenues, expenses and changes in net position, the revenue is reflected in other state grants and contracts and the pension expense is reflected in fringe benefits.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025

7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Deferred Outflows and Deferred Inflows of Resources Related to Pensions - Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of a net position that is applicable to future reporting periods.

Collective Deferred Outflows and Deferred Inflows of Resources by Sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 305,114,071	\$ -
Changes in assumptions	483,809,428	-
Net difference between projected and actual earnings on pension plan investments	-	27,577,324
Total	<u>\$ 788,923,499</u>	<u>\$ 27,577,324</u>

Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses are as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows of Resources</u>
2025	\$ 126,531,380
2026	756,545,086
2027	(49,545,529)
2028	(72,184,762)
Thereafter	-
Total	<u>\$ 761,346,175</u>

City Colleges of Chicago's Deferral of Fiscal Year 2025 Contributions – The City Colleges of Chicago paid \$1,569,170 in federal, trust or grant contributions to the SURS defined benefit pension plan during the year ended June 30, 2025. These contributions were made subsequent to the pension liability measurement date of June 30, 2024, and are recognized as deferred outflows of resources as of June 30, 2025, on the statement of net position.

**City Colleges of Chicago
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Notes to Basic Financial Statements
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7. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study for the period from June 30, 2020, through June 30, 2023. The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.15 to 15.00 percent, including inflation
Investment rate of return	6.50 percent

Mortality rates were based on the PUB-2010 employee and retiree gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

There were assumption changes for the June 30, 2024 valuation due to the Public Act 103-0548, effective August 11, 2023. Changes were made to the calculation of service time and eliminated the part-time adjustment for participants on or after September 1, 2024. Additionally, the inflation rate and salary increases also changed.

The long-term expected rate of return on pension plan investments (6.50%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

**City Colleges of Chicago
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7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	36.0 %	7.13 %
Stabilized Growth		
Core Real Assets	8.0	5.06
Public Credit Fixed Income	6.5	4.10
Private Credit	2.5	7.36
Non-Traditional Growth		
Private Equity	11.0	10.92
Non-Core Real Assets	4.0	9.09
Inflation Sensitive		
U.S. TIPS	5.0	2.12
Principal Protection		
Core Fixed Income	10.0	1.34
Crisis Risk Offset		
Systematic Trend Following	10.0	2.90
Alternative Risk Premia	3.0	2.62
Long Duration	2.0	2.84
Long Volatility/Tail Risk	2.0	(1.22)
Total	100.0 %	5.63 %
Inflation		2.80
Expected arithmetic return		8.43 %

Discount Rate - A single discount rate of 6.35% (a decrease of 0.02% from fiscal year 2024) was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 3.97% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2024). The projection of cash flows used to determine this single discount rate was the amounts of contributions attributable to current plan members, assuming that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

7. EMPLOYEE RETIREMENT PENSION PLAN *(Continued)*

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.35%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.35%	6.35%	7.35%
\$36,700,168,358	\$30,230,907,727	\$24,839,790,537

Additional information regarding the SURS basic financial statements, including the plan's net position, can be found in the SURS Annual Comprehensive Financial Report by accessing the website at www.SURS.org.

8. CHANGES IN NON-CURRENT LIABILITIES

Changes in non-current liabilities for the year ended June 30, 2025, are as follows:

	July 1, 2024	Additions	Reductions/ Adjustments	June 30, 2025	Amounts due within one year
Accrued compensated absences	\$ 4,540,899	\$ 10,002,975	\$ (8,837,784)	\$ 5,706,090	\$ 1,460,781
Sick leave benefits	2,561,988	81,320	(178,876)	2,464,432	136,076
Other post-retirement benefits	54,896,086	-	(4,714,918)	50,181,168	2,323,433
Bonds payable	264,520,000	-	(115,000)	264,405,000	120,000
Bonds premiums and discounts	26,977,330	-	(2,299,990)	24,677,340	-
Workers' compensation	1,431,030	472,640	(299,728)	1,603,942	535,391
Accrued property tax refund	18,965,040	3,746,832	(7,175,704)	15,536,168	-
Subscription-based liabilities	5,364,905	1,707,276	(2,447,956)	4,624,225	2,394,000
Lease obligations	10,029,919	-	(778,674)	9,251,245	828,225
Other	4,684,992	-	(836,567)	3,848,425	861,663
	<u>\$ 393,972,189</u>	<u>\$ 16,011,043</u>	<u>\$ (27,685,197)</u>	<u>\$ 382,298,035</u>	<u>\$ 8,659,569</u>

**City Colleges of Chicago
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Notes to Basic Financial Statements
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9. ACCRUED COMPENSATED ABSENCES

Administrators and full time, non-bargained for employees accrue and accumulate paid vacation days based upon their years of service and cannot accrue in excess of maximum number of vacation days as set forth in the policy. Bargained-for employees receive paid leave days in accordance with their applicable collective bargaining agreements.

Accrued compensated absences are recognized when leave (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Unless otherwise specified by a collective bargaining agreement, leave earned in the current fiscal year is considered used for unused leave earned in the prior fiscal year (last in first out, LIFO method).

Compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees (e.g., jury duty) are recognized as a liability when the leave commences. Holiday leave is recognized when the leave is taken. The liability for leave that has been used, but not yet taken has been recognized in accrued payroll. The liability for leave that has not been used is recognized in accrued compensated absences.

A. Vacation

Accumulated unused vacation leave banks will be paid out upon termination of employment. On June 30, 2025, City Colleges recorded a liability of \$5,706,090 for compensated absences and estimated that \$1,460,781 of these liabilities is current and due within one year.
(See Note 8)

B. Sick Leave

The compensated absences for the sick leave policies were reviewed. It was determined with the adoption of GASB No. 101, *Compensated Absences*, did not result in an additional liability.

10. SICK LEAVE BENEFITS

Upon the retirement, permanent disability, or death of a full-time eligible employee, it is the policy of City Colleges to pay over a three-to-five-year period an amount equal to a percentage of the individual's accumulated unused sick days in the form of a benefit. Eligible employees include administrative and non-bargained-for employees, if hired prior to January 1, 2012, and certain union-represented employees pursuant to their respective collective bargaining agreements, 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. The method of calculating the value of an eligible employee's benefit liability uses the actual sick leave balances at 80% multiplied by the current daily rates. Some benefit payments are made 60 days after retirement.

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10. SICK LEAVE BENEFITS (Continued)

On June 30, 2025, City Colleges accrued \$2,406,822 for the value of these future benefits for current eligible employees and \$57,610 in benefits payable to inactive (retired) employees for a total of \$2,464,432. (See Note 8)

11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description: In addition to providing the pension benefits described in Note 8, City Colleges provides other post-employment healthcare 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 a single employer defined benefit plan. An irrevocable trust has not been established to account for the plan, so the plan is not accounted for as a trust fund and does not issue a separate report.

Benefits Provided: City Colleges pays approximately 85% 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 SURS. It is expected that all full-time active employees who retire directly from City Colleges and meet the eligibility criteria will participate.

Effective October 5, 2017, City Colleges eliminated the other post-employment benefits for new administrators and non-bargained-for employees not covered by a collective bargaining agreement. Effective July 1, 2023, for Local 1708 and effective July 16, 2022, for Local 1600 the subsidy period for these collective bargaining units will end at 1) ten (10) years after retirement, or 2) until the employee is eligible for Medicare, whichever occurs first, provided that health insurance coverage(s) shall be reduced to the extent that Medicare or comparable benefits are otherwise available to the early retiree.

Membership: As of July 1, 2023, consists of:

Retirees currently receiving benefits	559
Spouses of retirees	157
Active employees	<u>1,525</u>
Total	<u><u>2,241</u></u>
Participating Employers	1

**City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2025**

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy: Currently, City Colleges provides subsidized coverage for the medical, dental and vision insurance for a period of 10 years from the employee's retirement date. Retired employees are covered for life insurance for a period of six to ten years, with City Colleges paying the cost of the coverage. During the ten-year subsidy period, City Colleges pays approximately 85% of the cost of the premiums and retirees pay approximately 15% of the cost of the medical, dental and vision coverage. City Colleges' contribution is estimated and is based on premiums, retiree contributions and retirees participating in the plan in 2025. The actuarial valuation is used to determine the total actuarial accrued liability and the annual OPEB expense for the post-retirement medical and life insurance benefits provided for purposes of GASB Statement No. 75. For the fiscal year ended June 30, 2025, City Colleges contributed \$2,323,433.

The City Colleges' total OPEB liability was determined by an actuarial valuation as of July 1, 2023, and rolled forward to the measurement date of June 30, 2025.

Annual OPEB costs and the total OPEB liability are based on the calculations and parameters prescribed in GASB Statement No. 75. The Entry Age Normal actuarial cost method was used. The Actuarially Determined Contribution (ADC) expense includes interest charge on the Unfunded Actuarial Liability and the gains and losses are amortized over the "Average Service to Retirement" of 8.10 years. The amortization of gains, losses, and actuarial assumption changes is referred to as "deferred inflows and outflows". The assumptions also include data regarding demographic and mortality rates, an inflation rate of 2.60% per year, a salary rate increase of 2.60%, an interest rate assumption of 5.20% per year, and a healthcare cost trend rate assumption that starts at 4.00% to 7.50% over 52 years. Mortality rates were based on the PUB-2010 headcount-weighted for Teachers, projected fully generationally with MP-2021 ultimate scale.

OPEB Assumption changes:

	<u>2025</u>	<u>2024</u>
Valuation date	July 1, 2023	July 1, 2023
Measurement date	June 30, 2025	June 30, 2024
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.60%	2.60%
Medical trend rate	4.00% - 7.50%	4.00% - 7.50%
Salary increases including inflation	2.60%	2.60%
Discount rate		
20-Year Tax Exempt Municipal Bond Yield	5.20%	3.93%
Mortality table	Employee Mortality for Teachers	Employee Mortality for Teachers
Generational projection scale	MP-2021 Ultimate	MP-2021 Ultimate

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

This valuation also considers projections and estimates of future retiree healthcare benefits based on actuarial standards issued by the Actuarial Standards Board. In performing the actuarial valuation of the OPEB program, the actuarial assumptions for fiscal year 2025 included premium rates, payroll data, variation of healthcare costs, census data regarding participants and age factors in each plan.

Actuarial calculations of City Colleges' OPEB plan reflect a long-term perspective. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future.

The actuarial value of assets was not determined as City Colleges has not advance-funded its obligation. Based upon the above valuations, City Colleges' total OPEB liability is \$50,181,168 as of June 30, 2025.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2024	<u>\$ 54,896,086</u>
Changes for the Year:	
Service Cost	1,647,601
Interest	2,176,952
Change of Assumptions	(6,216,038)
Benefit Payments	<u>(2,323,433)</u>
Net Changes:	<u>(4,714,918)</u>
Balance as of June 30, 2025	<u><u>\$ 50,181,168</u></u>

Changes in the actuarial assumptions reflect the changes in the discount rate from 3.93% as of June 30, 2024, to 5.20%, an increase of 1.27% as of June 30, 2025.

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2025, City Colleges recognized OPEB expense of \$1,493,413. On June 30, 2025, City Colleges reported deferred outflows and inflows of resources related to OPEB from the following sources.

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (998,883)	\$ 637,127
Changes of assumptions	(5,737,644)	5,493,727
Total	<u>\$ (6,736,527)</u>	<u>\$ 6,130,854</u>

Amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be amortized over the average remaining service lives of the active and inactive members and will be recognized in OPEB expense as follows:

	<u>Year ended June 30</u>
2026	\$ (730,264)
2027	61,174
2028	61,174
2029	61,174
2030	61,174
Thereafter	(120,106)
Total	<u>\$ (605,674)</u>

Sensitivity of the total OPEB liability to changes in the discount rate.

The following chart presents the total OPEB liability of the plan as of June 30, 2025, calculated using the discount rate of 5.20% for a 20-year Tax Exempt Municipal Bond Yield, as well as what the total OPEB liability would be if calculated using a discount rate that is 1 percentage point lower (4.20%) or 1 percentage point higher (6.20%) than the current discount rate.

	<u>1% Decrease (4.20%)</u>	<u>Discount Rate (5.20%)</u>	<u>1% Increase (6.20%)</u>
Total OPEB Liability	\$ 54,997,999	\$ 50,181,168	\$ 45,896,484

City Colleges of Chicago
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11. OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Sensitivity of the total OPEB liability to changes in the health care trend rate.

The following chart presents the total OPEB liability of the plan as of June 30, 2025, calculated using the current healthcare cost trend rate as well as what the total OPEB liability would be if calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 44,455,897	\$ 50,181,168	\$ 56,953,526

12. LONG-TERM DEBT

General Obligation Bonds – Series 2017: On December 11, 2017, City Colleges issued \$78,065,000 in Unlimited Tax General Obligation Bonds (Series 2017) at a net premium of \$7,330,176. The bonds were issued with interest rates ranging from 4% to 5% with payment dates of June 1 and December 1 of each year. The proceeds derived from the issuance of the bonds were to pay for (i) all or a portion of the costs of the Capital Plan, (ii) any capitalized interest on the Bonds, (iii) costs of issuance of the Bonds, including bond insurance. The Bonds are secured by the pledged revenues of tuition and fees, and state grants. Furthermore, City Colleges has levied the pledged property taxes to satisfy the debt service on the bonds if the pledged revenues are insufficient; however, based on projected receipts of pledged revenues, City Colleges anticipates that all pledged taxes will be abated on a year-by-year basis prior to such pledged taxes being extended.

The future debt service requirements for the bonds are as follows:

Fiscal Year	Principal Payment	Interest	Total
2026	\$ 120,000	\$ 3,879,450	\$ 3,999,450
2027	130,000	3,873,200	4,003,200
2028	135,000	3,866,575	4,001,575
2029	135,000	3,859,825	3,994,825
2030	145,000	3,852,825	3,997,825
2031 - 2035	845,000	19,147,925	19,992,925
2036 - 2040	1,035,000	18,948,500	19,983,500
2041 - 2045	18,250,000	18,243,250	36,493,250
2046 - 2048	57,045,000	4,371,125	61,416,125
Total	<u>\$ 77,840,000</u>	<u>\$ 80,042,675</u>	<u>\$ 157,882,675</u>

**City Colleges of Chicago
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Notes to Basic Financial Statements
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12. LONG-TERM DEBT *(Continued)*

General Obligation Bonds – Series 2024: On January 24, 2024, City Colleges issued \$186,565,000 at a net premium of \$22,303,798 in General Obligation Bonds with an average interest rate of 5.00% to advance refund \$206,555,000 of outstanding Series 2013 bonds with an average interest rate of 5.25%. The net proceeds of \$206,629,716 (after payment of \$2,239,082 in underwriting fees, insurance, and other issuance costs) plus an additional \$1,405,554 from Series 2013 bond funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2013 bonds. As a result, the Series 2013 bonds are considered to be defeased, and the liability for those refunded bonds has been removed from the long-term debt.

The advance refunding resulted in a gain on refunding which is being amortized over the remaining life of the old bonds, which has a remaining unamortized balance of \$600,510 for the year ended June 30, 2025, but City Colleges in effect reduced its aggregate debt service payment by \$27,508,529 over the next 20 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$25,534,090. Series 2013 bonds were all called on 4/23/24.

The future debt service requirements for the Bonds are as follows:

Fiscal Year	Principal Payment	Interest	Total
2026	\$ -	\$ 9,328,250	\$ 9,328,250
2027	-	9,328,250	9,328,250
2028	2,960,000	9,254,250	12,214,250
2029	7,760,000	8,986,250	16,746,250
2030	8,150,000	8,588,500	16,738,500
2031 - 2035	47,280,000	36,244,000	83,524,000
2036 - 2040	60,345,000	22,854,625	83,199,625
2041 - 2044	60,070,000	6,190,000	66,260,000
Total	<u>\$ 186,565,000</u>	<u>\$ 110,774,125</u>	<u>\$ 297,339,125</u>

**City Colleges of Chicago
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Notes to Basic Financial Statements
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12. LONG-TERM DEBT *(Continued)*

City Colleges has pledged revenues to repay its bond issues. The pledges will remain until the bonds are retired. The amount of pledges remaining as of June 30, 2025 is as follows:

<u>Debt Issue</u>	<u>Pledge Revenue Source</u>	<u>Pledge Remaining</u>	<u>Commitment End Date</u>
Series 2017	Tuition, fees and state grants	\$ 157,882,675	2048
Series 2024	Tuition, fees and state grants	297,339,125	2044
Total		<u>\$ 455,221,800</u>	

<u>Debt Issue</u>	<u>Pledge Revenue Source</u>	<u>Pledge Revenue</u>	<u>Principal and Interest Retired</u>	<u>Percentage of Revenue Pledged</u>
Series 2017	Tuition, fees and state grants	\$ 83,428,548	\$ 4,000,325	4.79%
Series 2024	Tuition, fees and state grants	\$ 83,428,548	\$ 9,328,250	11.18%

Investors who purchase municipal bonds use debt ratings as an indicator of the financial stability of an organization and consequently the safety and security of the debt sold by that organization. In general, higher credit ratings often result in lower borrowing costs via reduced interest rates paid on municipal bonds. A strong rating also promotes a wider market and more buyers of City Colleges' municipal bonds. There are several rating agencies that assign ratings to municipal debt, including debt issued by City Colleges. As of June 30, 2025, City Colleges' ratings are AA- and BBB+ by Fitch Ratings and S&P Global Ratings, respectively.

13. 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. These matters are managed by the Office of Risk Management in concert with the Office of the General Counsel and the District's insurance broker, insurance carriers and third-party claims administrator.

a. General Liability - Property Policy and Educators Legal Liability Policy

General Liability includes claims of property and non-property matters. This exposure is insured under a buffer policy and an excess policy. The underlying retention is \$250,000. Property insurance is designed to provide coverage for the District's real estate assets, boilers, machinery, and contents, as well as its vehicles. City Colleges maintains a commercial property policy with limits equal to \$500,000,000, with various sub-limits dependent upon the nature of the loss. The retention stands at \$25,000.

**City Colleges of Chicago
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Notes to Basic Financial Statements
June 30, 2025**

13. RISK MANAGEMENT *(Continued)*

a. General Liability - Property Policy and Educators Legal Liability Policy *(Continued)*

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 qualifying tort-related expenses.

The District procures an Educators Legal Liability Policy (ELL) to cover a broad range of non-bodily injury or non-property damage liability claims made against the District, administrators, employees and staff and includes a sublimit providing Directors & Officers Liability in the Policy amount of \$10,000,000 to address the actions of the Board of Trustees. Claims associated with ELL matters are managed by the Office of the General Counsel with the cooperation of the Office of Risk Management. Policy limits of \$5,000,000 in the aggregate and \$5,000,000 per occurrence apply, with a retention of \$250,000.

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 funds for estimated future claims of \$1,191,000 as of June 30, 2025.

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

b. Health 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 \$2,090,122 as of June 30, 2025, that have been incurred but not paid.

c. Workers' Compensation

City Colleges retains a portion of workers' compensation risk and maintains an excess commercial policy for individual claims exceeding \$600,000 up to the statutory limit. City Colleges estimates future claims based on a loss development factor and a specific claim reserve. City Colleges' management 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 has accrued an estimated workers' compensation liability of \$1,603,942 and estimated that \$535,391 is current and due within one year as of June 30, 2025. (See Note 8)

**City Colleges of Chicago
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Notes to Basic Financial Statements
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13. RISK MANAGEMENT *(Continued)*

The following table shows the activity within City Colleges' self-insurance liability, which is reported within other current liabilities on the statement of net position. (See Note 6)

Summary of Changes in Self-Insurance*

	June 30, 2024	Incurred Claims	Payment on Claims	June 30, 2025
General liability	\$ 854,428	\$ 1,451,128	\$ (1,114,556)	\$ 1,191,000
Health insurance	1,937,000	42,298,394	(42,145,272)	2,090,122
Workers' compensation	1,431,031	472,640	(299,729)	1,603,942
	<u>\$ 4,222,459</u>	<u>\$ 44,222,162</u>	<u>\$ (43,559,557)</u>	<u>\$ 4,885,064</u>

	June 30, 2023	Incurred Claims	Payment on Claims	June 30, 2024
General liability	\$ 1,409,559	\$ (600,131)	\$ 45,000	\$ 854,428
Health insurance	1,846,072	40,261,647	(40,170,719)	1,937,000
Workers' compensation	1,268,600	449,247	(286,816)	1,431,031
	<u>\$ 4,524,231</u>	<u>\$ 40,110,763</u>	<u>\$ (40,412,535)</u>	<u>\$ 4,222,459</u>

*Workers' compensation is also presented in Note 8.

**14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY
ARRANGEMENTS**

A. Lessor

City Colleges did not initiate any new leases as the lessor during the fiscal year, and all previous lease agreements in which City Colleges acted as the lessor have concluded.

City Colleges did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have an agreement that includes sale-leaseback and lease-leaseback transactions.

B. Lessee

City Colleges entered into a twelve-year, ten-month lease for its District Office commencing on May 1, 2018, and terminating on May 28, 2031. City Colleges has the option to renew the term of this lease for one additional period of five years, which it is reasonably certain it will exercise. Total outflows (expense) recognized during the fiscal year for payments is \$868,612. The annual interest rate charged on this lease is 4.5%.

**City Colleges of Chicago
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**14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY
ARRANGEMENTS (Continued)**

B. Lessee (Continued)

City Colleges also entered into a five-year lease for its inspector general's office beginning July 1, 2014. City Colleges renewed the contract to extend it to December 31, 2028. The total outflows (expense) recognized during the fiscal year is \$22,680. The annual interest rate charged on this lease is 3.31%.

City Colleges entered into a new five-year lease with a previous vendor. The lease started June 1, 2024, with an option to renew for two additional years. The total outflows (expense) recognized during the fiscal year is \$325,845. The annual interest rate charged on the new lease is 4.78%.

City Colleges did not incur expenses regarding its leasing activities that related to residual value guarantees or lease termination penalties. It also does not currently have an agreement that includes sale-leaseback and lease-leaseback transactions as a lessee.

Future annual lease payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 828,225	\$ 402,833	\$ 1,231,058
2027	880,128	364,850	1,244,978
2028	934,496	324,402	1,258,898
2029	957,209	277,117	1,234,326
2030	701,742	236,472	938,214
2031-2036	4,949,445	656,897	5,606,342
	<u>\$ 9,251,245</u>	<u>\$ 2,262,571</u>	<u>\$ 11,513,816</u>

**City Colleges of Chicago
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June 30, 2025**

14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS *(continued)*

C. Subscription-Based Arrangements

City Colleges entered into seven new subscription-based technology arrangements during the fiscal year and renewed one existing agreement.

City Colleges has the noncancelable right to use certain third-party vendor information technology software. These subscription-based technology arrangements primarily consist of software used for student assessment and engagement, the Learning Management System, the Library and other software needs. These arrangements have terms ranging from 1 to 5 years. The principal and interest payments to maturity for subscription-based liabilities on June 30, 2025, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,394,000	\$ 140,376	2,534,376
2027	1,611,010	51,205	1,662,215
2028	267,462	21,466	288,928
2029	230,888	10,468	241,356
2030	120,865	1,266	122,131
	<u>\$ 4,624,225</u>	<u>\$ 224,781</u>	<u>\$ 4,849,006</u>

15. TAX ABATEMENT

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. It requires the government to disclose: (1) Brief descriptive information about the agreement; (2) The gross dollar amount of taxes abated during the period; and (3) Commitments made by the government, other than to abate taxes, that are part of the tax abatement agreement.

In fiscal year 2025, City Colleges did not directly enter into any tax abatement agreements with any taxpayer.

**City Colleges of Chicago
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15. TAX ABATEMENT *(Continued)*

Tax Abatement Agreements Entered into by Other Governments – Cook County

Cook County provides tax reductions under numerous programs with different taxpayers. The purpose of these agreements is to encourage the development and rehabilitation of new and existing industrial and commercial property, the reutilization of abandoned property, and the increase multi-family residential affordable rental housing throughout Cook County by offering a real estate tax incentive. An eligibility application must be filed prior to commencement of a project and include a resolution from the municipality where the real estate is located. Once the project has been completed, the applicant must file an Incentive Appeal Form with the County Assessor's Office. Upon approval by the County Assessor's Office and based on the property classification, the applicant is eligible to receive one of the following tax incentives:

- Property will be assessed at 10% of market value for the first 10 years, 15% in the 11th year and 20% in the 12th year.
- Property will be assessed at 10% of market value for the first 3 years, 15% in the 4th year and 20% in the 5th year.
- Property will be assessed at 10% of the market value for 10 years from the date of completion of major rehabilitation.

Without the incentive, the property tax would be assessed at 25% of its market value. This incentive constitutes a substantial reduction in the level of assessment and results in significant tax savings for eligible applicants.

For fiscal year 2025, City Colleges estimated its portion of annual abatement of property taxes to various taxpayers under the development incentive programs approximates \$2.5 million.

16. DISCRETELY PRESENTED COMPONENT UNIT

A. Operations

City Colleges of Chicago Foundation (the "Foundation") is an Illinois not-for-profit, tax-exempt Corporation established to pursue financial support from the private sector and to promote the programs of the City Colleges of Chicago, Community College District No. 508 ("City Colleges"). The Foundation receives, administers, and distributes funds to City Colleges for various grants, scholarships, and programs. Substantially all of the Foundation's revenues and support are for the benefit of City Colleges. The Foundation is supported primarily through donor contributions and grants. The Foundation is considered a component unit of City Colleges and is discretely presented in City Colleges' financial statements.

**City Colleges of Chicago
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June 30, 2025**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies

Management Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – As of June 30, 2025, cash and cash equivalents include highly liquid investments with maturities of three months or less at the date of purchase, and are stated at cost, which approximates fair value. The Foundation maintains its cash in commercial bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash – Held for City Colleges — As of June 30, 2025, the Foundation has \$3,559,252 in cash and cash equivalents that is held on behalf of City Colleges. The corresponding liability is included as due to City Colleges in the statement of financial position. The amounts are to be paid to City Colleges to fund scholarships based on an agreement City Colleges has with a third party.

Investments — The Foundation’s investment policy permits the Foundation’s Board of Directors to oversee the investment of Foundation assets through the use of an internally appointed investment committee and external investment managers and custodians. The policy reflects the objectives and constraints associated with investing the Foundation’s assets. Investments are measured at fair value in the statement of financial position. Net investment return (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as an increase or decrease in net assets without donor restrictions, unless such income or loss is restricted by explicit donor stipulations or by law.

Contributions – Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions receivable at June 30, 2025, are considered fully collectible and management has determined that no allowance is necessary.

**City Colleges of Chicago
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Notes to Basic Financial Statements
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16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

Contributions of Nonfinancial Assets - The Foundation receives contributed services consisting of personnel salaries and benefits (\$782,439) and other administrative expenses (\$42,697) from City Colleges. Donated accounting services are determined based on estimated hours of services provided at market rates. Other operating support is determined based on allocation of expenses based on square footage. These amounts are included as contributions of nonfinancial assets revenue in the statement of activities.

Functional Allocation of Expenses – Expenses are recognized in the period they are incurred. When an expense is identified with a specific program, fundraising, or general and management function, it will be charged directly to that category. In some circumstances, an expense will be allocated between the program services, fundraising, or general and management categories based on the specific transaction. The accounting services received consist of salaries and fringe benefits paid to City Colleges employees who estimate their percentage of time spent on Foundation duties. The other operating support includes occupancy (lease and utilities) cost which is allocated based on square footage, as well as the audit fee. These expenses are charged to the proper functional category and are presented in footnote 7 — Functional Expenses.

Basis of Presentation — The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

B. Significant Accounting Policies *(continued)*

Tax Status - The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(c) (3). Accordingly, no provision for such taxes has been recognized in these financial statements.

The accounting standard on Accounting for Uncertainty in Income Taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and the various positions related to the potential sources of unrelated business income tax. There were no unrecognized tax benefits identified or recorded as liabilities during the year ended June 30, 2025.

The Foundation files Forms 990 in the U.S. federal jurisdiction and the State of Illinois.

Subsequent Events — The Foundation has evaluated all subsequent events through November 19th, 2025, which is the date the financial statements were available to be issued.

C. Fair Value of Investments

The Fair Value Measurements and Disclosures Topic of the Accounting Standards Codification defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction among market participants on the measurement date. The accounting guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels:

Level 1 — Quoted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 — Valuations derived from valuation techniques in which one or more significant inputs are not observable.

The Foundation attempts to establish fair value as an exit price in an orderly transaction consistent with normal settlement market conventions. The Foundation is responsible for the valuation process and seeks to obtain quoted market prices for all securities.

**City Colleges of Chicago
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Notes to Basic Financial Statements
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16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

C. Fair Value of Investments *(continued)*

For the year ended June 30, 2025, the application of valuation techniques applied to similar assets and liabilities has been consistent. The Foundation's investments are the only assets or liabilities that are measured at fair value on a recurring basis.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. For the year ended June 30, 2025, there were no such transfers.

The Foundation invests in domestic equity and fixed income mutual funds, which are open-ended Securities and Exchange Commission registered investment funds with a daily net asset value ("NAV"). These mutual funds are designed to be liquid and allow investors to sell their interests daily to the fund at the published NAV, with no restrictions on redemptions and no unfunded commitments.

The Foundation also invests in alternative investments — real estate fund. The fair value of certain funds is based on the NAV of units in the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimating fair value. The NAV is based upon the fair value of the underlying investments comprising the fund less its liabilities. Redemption is allowed quarterly with 60 days' notice. There are no unfunded commitments.

Fair value measurements for investments on June 30, 2025, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Fixed income funds	\$ 5,331,172	\$ -	\$ -	\$ 5,331,172
Equity funds	12,734,664	-	-	12,734,664
Total investments at fair value	<u>\$ 18,065,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,065,836</u>
Alternative investment - real estate fund*				479,451
Total investments				<u>\$ 18,545,287</u>

*Investments held at NAV

Investments measured using NAVs are not traded in an active market and are not included in the Level 1, 2, or 3, but are separately reported.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

C. Fair Value of Investments *(continued)*

The components of net investment return for the year ended June 30, 2025, are as follows:

	<u>2025</u>
Interest and dividends	\$ 578,149
Net realized gains	1,955,160
Net unrealized gains	<u>(297,842)</u>
Total	<u>\$ 2,235,467</u>

D. Net Assets with Donor Restrictions

Net assets with donor restrictions on June 30, 2025, are restricted to the following purposes:

Net Assets with Donor Restrictions	<u>2025</u>
Subject to expenditure for specified purpose:	
Scholarships and instructional services	\$ 12,708,510
Goldman Sachs 10,000 Small Businesses Initiative	9,043
Project Grants	336,628
Miscellaneous	965,545
Time Restriction	<u>666,792</u>
Purpose and/or time restrictions	<u>14,686,518</u>
 Endowments:	
Subject to Foundation's spending policy and appropriation:	
Scholarships	\$ 4,218,522
Miscellaneous	405
	<u>4,218,927</u>
	<u>\$ 18,905,445</u>

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

D. Net Assets with Donor Restrictions *(continued)*

Net assets released from donor restrictions are as follows for the year ended June 30, 2025:

Scholarships and instructional services	\$ 2,451,408
Miscellaneous	4,748,500
Goldman Sachs 10,000 Small Businesses Initiative	828,119
Project grants	<u>64,828</u>
Total released from donor restrictions	<u><u>\$ 8,092,855</u></u>

E. Endowment Net Assets

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift, as of the gift date of the donation, as perpetual restricted funds in the absence of explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as perpetual donor-restricted net assets with donor restrictions (a) the original value of the gifts, (b) the original value of subsequent gifts, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate perpetual donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

The Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide adequate liquidity to enable the Foundation to meet all operating requirements which may be reasonably anticipated in any fund. Endowment assets are invested in a diversified asset mix, which includes equity and fixed income securities. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

E. Endowment Net Assets *(continued)*

The Foundation's spending policy provides that only the income from endowments may be used for the specific purpose outlined by the donor, with the Foundation withdrawing income as it is needed. The Foundation's annual spending target is up to 5% of a rolling five-year average of quarterly market values of endowed assets. The Foundation's expenditures, including those for scholarships, are considered authorized appropriations as approved by the Board of Directors, with funding first from donations specifically designated by donors, next from investment earnings on endowments and finally from all other sources.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2025.

The Foundation's endowment composition is as follows for the year ended June 30, 2025:

Donor-restricted endowment funds:	\$ 2,180,382
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	2,038,545
Accumulated investment gains	<u>\$ 4,218,927</u>

Changes in endowment net assets for the year ended June 30, 2025, are as follows:

	<u>With Donor Restriction</u>
Endowment net assets - beginning of year	<u>\$ 4,149,657</u>
Investment return:	
Investment income	96,504
Net gain (realized and unrealized)	<u>389,909</u>
Total investment return	486,413
Contributions	20,000
Appropriation of endowment assets for expenditures	<u>(437,143)</u>
Endowment net assets - end of year	<u>\$ 4,218,927</u>

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

F. Related Party Transactions

The Foundation receives contributed services without restrictions from City Colleges including personnel salaries and benefits and other administrative expenses. For the year ended June 30, 2025, contributed services within the statement of activities included:

	2025
Personnel salaries and benefits	\$ 782,439
Rent and utilities	11,997
Professional services	30,700
Total	<u>\$ 825,136</u>

The personnel salaries and benefits are reported using the personnel's current rates for the salaries and benefits. Rent and utilities are calculated based on estimated square footage use of City Colleges' District Office. Professional services are based on the Foundation's portion of invoices provided by vendors. The contributed services were utilized in the Foundation's program services, as well as the Foundation's management and general and fundraising functions.

G. Functional Expenses

The Foundation expenses by function are as follows:

	Program Services	Management and General	Fundraising	Total
Distributions to City Colleges of Chicago for scholarships, grants and programs	\$ 5,842,717	\$ -	\$ -	\$ 5,842,717
Scholarships	1,957,585	-	-	1,957,585
Grants and other program services	275,534	134,955	125,008	535,497
Supplies	33,868	-	148	34,016
Bank fees	-	9,530	-	9,530
Contributed services	132,729	601,917	90,491	825,137
	<u>\$ 8,242,433</u>	<u>\$ 746,402</u>	<u>\$ 215,647</u>	<u>\$ 9,204,482</u>

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

16. DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

H. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or board restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2025</u>
Financial assets at year-end:	
Cash and cash equivalents	\$ 4,450,816
Investments	18,545,287
Pledge receivable, net	<u>669,160</u>
Total financial assets	<u>\$ 23,665,263</u>
 Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>18,905,445</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u><u>\$ 4,759,818</u></u>

Certain investments of the Foundation consist of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specific periods. Income from donor-restricted funds is restricted for scholarship and educational purposes. The Board approves the use of funds without donor restrictions for operating expenses.

As part of its liquidity management plan, the Foundation invests excess cash in short-term investments, including money market funds and short-term investments.

City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025

17. COMMITMENTS AND CONTINGENCIES

City Colleges is 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, 2025, City Colleges had approximately \$66,900,000 in commitments for its capital plan, all of which are being funded by City Colleges.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including loss of revenue due to decrease in enrollment, higher health cost, and higher OPEB liabilities.

City Colleges participates in a number of Federal and State grant programs. Participation in these programs is subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to grantor agency for expenditures disallowed under terms of the grant.

In January 2025, President Trump signed several executive orders (EOs) ordering the pause or termination of federal assistance for programs that do not align with the new administration's policies. The Administration tasked federal departments with evaluating all federal programs they administer, to determine if the funding being provided falls under any of the EOs. During the year ended June 30, 2025, City Colleges recognized federal financial assistance totaling approximately \$97.1 million, and on June 30, 2025, had outstanding federal receivables of approximately \$13.3 million. Management does not consider the actions under the EOs to have a direct and significant impact on its funding or current operations, however there is uncertainty surrounding future federal funding actions. As of the date of this report, Management has not received any communication from its federal funding agencies indicating the termination of or significant decline in federal funding. Management is actively monitoring the situation and will continue to assess the potential effect, if any, on City Colleges' financial statements.

**City Colleges of Chicago
Community College District No. 508
Notes to Basic Financial Statements
June 30, 2025**

18. SUBSEQUENT EVENTS

A. Tax Anticipation Note

On September 4, 2025, the Board of Trustees of Community College District No. 505 issued and sold \$60 million notes in anticipation of the collection of the taxes heretofore levied for educational purposes and for operations and maintenance of facilities purposes by the District for the levy year 2024. The proceeds of the Notes shall be used to provide funds for the payment of necessary expenses incurred for educational purposes of the District and for operations and maintenance of facilities purposes of the District.

B. Debt Certificates and Obligations

On October 6, 2025, the District issued a request for expression of interest in tax-exempt drawdown debt certificates in the amount of \$85 million. The proceeds from these debt certificates are intended to finance the District's capital projects.

On October 9, 2025, the District expressed an intent to issue a maximum principal amount of obligation of \$150 million for the District's capital projects.

Required Supplementary Information

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2025**

Other Post-Employment Benefit Plan

Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Total OPEB Liability					
Service Cost	\$ 5,227,410	\$ 2,815,597	\$ 2,885,987	\$ 2,367,953	\$ 1,697,411
Interest	5,458,342	4,310,846	3,422,135	2,349,164	2,264,072
Change in Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	(12,995,395)	(15,938,464)	-	-	(10,987,691)
Change of Assumptions	(20,818,383)	4,816,393	8,985,260	512,169	(3,179,240)
Benefit Payments	(4,968,061)	(5,436,298)	(6,288,983)	(6,761,637)	(5,304,869)
Net Change in Total OPEB Liability	<u>\$ (28,096,087)</u>	<u>\$ (9,431,926)</u>	<u>\$ 9,004,399</u>	<u>\$ (1,532,351)</u>	<u>\$ (15,510,317)</u>
Total OPEB Liability - Beginning	<u>\$ 135,815,015</u>	<u>\$ 107,718,928</u>	<u>\$ 98,287,002</u>	<u>\$ 107,291,401</u>	<u>\$ 105,759,050</u>
Total OPEB Liability - Ending	<u><u>\$ 107,718,928</u></u>	<u><u>\$ 98,287,002</u></u>	<u><u>\$ 107,291,401</u></u>	<u><u>\$ 105,759,050</u></u>	<u><u>\$ 90,248,733</u></u>
 Covered - Employee Payroll	 \$ 115,957,481	 \$ 110,108,221	 \$ 110,108,221	 \$ 110,108,221	 \$ 127,006,364
Total OPEB Liability as a Percentage of					
Covered - Employee Payroll	92.90%	89.26%	97.44%	96.05%	71.06%

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2025**

Other Post-Employment Benefit Plan *(Continued)*

Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Total OPEB Liability			
Service Cost	\$ 1,517,705	\$ 1,346,016	\$ 1,647,601
Interest	3,153,286	3,383,230	2,176,952
Change in Benefit Terms	-	(47,324,612)	-
Difference between Expected and Actual Experience	-	824,517	-
Change of Assumptions	2,978,794	6,467,045	(6,216,038)
Benefit Payments	(5,428,330)	(2,270,298)	(2,323,433)
Net Change in Total OPEB Liability	<u>\$ 2,221,455</u>	<u>\$ (37,574,102)</u>	<u>\$ (4,714,918)</u>
 Total OPEB Liability - Beginning	 <u>\$ 90,248,733</u>	 <u>\$ 92,470,188</u>	 <u>\$ 54,896,086</u>
Total OPEB Liability - Ending	<u><u>\$ 92,470,188</u></u>	<u><u>\$ 54,896,086</u></u>	<u><u>\$ 50,181,168</u></u>
 Covered - Employee Payroll	 \$ 127,006,364	 \$ 151,577,778	 \$ 151,577,778
Total OPEB Liability as a Percentage of			
Covered - Employee Payroll	72.81%	36.22%	33.11%

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2025**

Other Post-Employment Benefit Plan (Continued)

The information above is presented for as many years as available and is intended to show information for 10 years.

Changes of Assumptions: Changes of assumptions and other inputs reflect that the discount rate was changed to 5.20% in 2025 from 3.93% in 2024 to comply with GASB Statement No. 75 , *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Changes in assumptions also reflect the changes in mortality rate, turnover rate and retirement rate. The plan is a single employer defined benefit plan. An irrevocable trust has not been established to account for the plan, so the plan is not accounted for as a trust fund and does not issue a separate report. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

There are no changes to the benefit terms and the assumption changes are noted below.

	<u>2025</u>	<u>2024</u>
Valuation date	July 1, 2023	July 1, 2023
Measurement date	June 30, 2025	June 30, 2024
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.60%	2.60%
Medical trend rate	4.00% - 7.50%	4.00% - 7.50%
Salary increases including inflation	2.60%	2.60%
Discount rate		
20-Year Tax Exempt Municipal Bond Yield	5.20%	3.93%
Mortality table	Employee Mortality for Teachers	Employee Mortality for Teachers
Generational projection scale	MP-2021 Ultimate	MP-2021 Ultimate

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2025**

Employer Retirement Pension Plan

Schedule of Proportionate Share of Net Pension Liability:	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%
Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
Portion of Non-employer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	<u>\$ 1,355,491,236</u>	<u>\$ 1,308,352,868</u>	<u>\$ 1,313,662,424</u>	<u>\$ 1,414,808,146</u>	<u>\$ 1,517,786,988</u>
Total	<u>\$ 1,355,491,236</u>	<u>\$ 1,308,352,868</u>	<u>\$ 1,313,662,424</u>	<u>\$ 1,414,808,146</u>	<u>\$ 1,517,786,988</u>
Employer Defined Benefit Covered Payroll	\$ 189,147,615	\$ 181,881,925	\$ 171,283,952	\$ 178,671,966	\$ 184,360,074
Proportion of Collective Net Pension Liability associated with Employer as a Percentage of Covered Payroll	716.63%	719.34%	766.95%	791.85%	823.27%
SURS Plan Net Position as a Percentage of Total Pension Liability	39.57%	42.04%	41.27%	40.71%	39.05%
Schedule of Contributions:	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Federal, Trust, Grant and Other Contribution	\$ 812,143	\$ 1,100,852	\$ 920,479	\$ 681,719	\$ 653,884
Contribution in Relation to Required Contribution	<u>812,143</u>	<u>1,100,852</u>	<u>920,479</u>	<u>681,719</u>	<u>653,884</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Covered Payroll	\$ 212,512,956	\$ 204,273,077	\$ 191,786,539	\$ 196,471,620	\$ 201,460,474
Contributions as a Percentage of Covered Payroll	0.38%	0.54%	0.48%	0.35%	0.32%

**City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2025**

Employer Retirement Pension Plan *(continued)*

Schedule of Proportionate Share of Net Pension Liability:	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	
Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	
Portion of Non-employer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	<u>\$ 1,410,599,964</u>	<u>\$ 1,376,309,651</u>	<u>\$ 1,453,052,916</u>	<u>\$ 1,522,905,859</u>	
Total	<u>\$ 1,410,599,964</u>	<u>\$ 1,376,309,651</u>	<u>\$ 1,453,052,916</u>	<u>\$ 1,522,905,859</u>	
Employer Defined Benefit Covered Payroll	\$ 176,945,580	\$ 188,745,059	\$ 201,863,115	\$ 232,814,130	
Proportion of Collective Net Pension Liability associated with Employer as a Percentage of Covered Payroll	797.19%	729.19%	719.82%	654.13%	
SURS Plan Net Position as a Percentage of Total Pension Liability	45.45%	43.65%	44.06%	44.06%	
Schedule of Contributions:	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Federal, Trust, Grant and Other Contribution	\$ 1,913,328	\$ 1,327,707	\$ 1,757,933	\$ 2,199,877	\$ 1,547,559
Contribution in Relation to Required Contribution	<u>1,913,328</u>	<u>1,327,707</u>	<u>1,757,933</u>	<u>2,199,877</u>	<u>1,547,559</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Covered Payroll	\$ 200,258,542	\$ 208,823,070	\$ 226,796,593	\$ 251,220,384	\$ 273,388,278
Contributions as a Percentage of Covered Payroll	0.96%	0.64%	0.78%	0.88%	0.57%

City Colleges of Chicago
Community College District No. 508
Required Supplementary Information
June 30, 2025

Notes to Required Supplementary Information

These pension schedules are presented to illustrate the requirements of the Governmental Accounting Standards Board's Statement No. 68 to show information for 10 years.

Changes of benefit terms.

Public Act 103-0548, effective August 11, 2023, made changes to the calculation of service and eliminated the part-time adjustment for participants on or after September 1, 2024. This change was first reflected in the Total Pension Liability as of June 30, 2024.

Changes of assumptions. In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2020, to June 30, 2023, was performed in Spring 2024, resulting in the adoption of new assumptions as of June 30, 2024. These assumptions are listed below.

- Salary increase. The overall assumed rates of salary increase range from 3.15 percent to 15.00 percent based on years of service, with an underlying wage inflation rate of 2.40 percent. Separate rates of increase are assumed for members in academic and non-academic positions.
- Investment return. The investment return is assumed to be 6.50 percent. This reflects an assumed real rate of return to 4.10 percent and assumed price inflation of 2.40 percent.
- Effective rate of interest. The long-term assumption for the effective rate of interest for crediting the money purchase accounts to 7.00 percent.
- Normal retirement rates. Separate rates are assumed for members in academic positions, nonacademic, and public safety positions. Rates are generally highest for public safety positions and lowest for academic positions.
- Early retirement rates. Separate rates are assumed for members in academic positions and nonacademic positions. Rates are generally higher for non-academic positions.
- Turnover rates. Assumed rates maintain the pattern of decreasing termination rates as years of service increase, with separate rates for academic and non-academic positions.
- Mortality rates. Use of Pub-2010 mortality tables reflects its high applicability to public pensions. The projection scale utilized is the MP-2021 scale, with separate rates for academic, nonacademic, and public safety members.
- Disability rates. Separate rates for members in academic positions, non-academic positions, and public safety positions, as well as for males and females. Public safety disability incidence is assumed to be 50 percent line-of-duty related and 50 percent ordinary.

**City Colleges of Chicago
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June 30, 2025**

Notes to Required Supplementary Information *(Continued)*

- Plan election. For new non-academic members, assumed plan election rates are 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP). For new academic members, assumed plan election rates are 55 percent Tier 2 and 45 RSP.
- Cost of living adjustment. Annual annuity increases are assumed to be 3.00 percent for Tier 1 members and 1.20 percent for Tier 2 members.

Statistical Section

This section of City Colleges' Annual Comprehensive Financial Report includes detailed information as a context for understanding the financial statements and note disclosures related to the college's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how City Colleges' financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess City Colleges' significant local revenue sources, property taxes and tuition and fees revenue.

Debt Capacity

These schedules present information to help the reader assess City Colleges' current levels of outstanding debt and City Colleges' 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 City Colleges operates.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in City Colleges' financial reports 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 annual comprehensive financial reports for the relevant year.

City Colleges of Chicago
Community College District No. 508

Table A

Financial Trends
Components of Net Position *(Unaudited)*
Last Ten Fiscal Years
Fiscal Years Ended June 30

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Position:										
Net investment in capital assets	\$ 719,559,997	\$ 704,854,741	\$ 653,939,196	\$ 622,386,371	\$ 535,255,971	\$ 509,655,082	\$ 488,858,156	\$ 474,138,462	\$ 461,839,098	\$ 454,018,631
Agency	-	-	-	-	1,309,037	1,020,227	1,012,595	1,022,200	93,317	122,529
Audit	36,209	29,488	156,235	238,546	293,763	334,907	424,501	332,785	958,955	910,529
Liability, protection, and settlement	2,632,672	705,482	-	194,117	-	-	-	-	-	-
Bonds and interest	-	-	1,851,574	-	-	-	-	-	-	-
Grants	-	-	-	-	-	2,461,883	3,080,149	1,593,425	-	-
Unrestricted	24,896,253	(37,672,764)	(78,655,342)	(82,590,665)	(52,921,570)	(19,455,184)	21,118,668	35,956,063	51,380,767	(13,589,659)
Total Net Position	\$ 747,125,131	\$ 667,916,947	\$ 577,291,663	\$ 540,228,369	\$ 483,937,201	\$ 494,016,915	\$ 514,494,069	\$ 513,042,935	\$ 514,272,137	\$ 441,462,030

Note: City Colleges implemented GASB 84 in fiscal year 2021. Fiscal year 2020 was updated to reflect the effect of the implementation.

Source: City Colleges of Chicago Annual Comprehensive Financial Reports

City Colleges of Chicago
Community College District No. 508

Table B

Financial Trends
Changes in Net Position *(Unaudited)*
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 55,841,074	\$ 52,507,277	\$ 43,510,241	\$ 36,145,477	\$ 38,895,808	\$ 30,045,582	\$ 24,378,506	\$ 17,055,406	\$ 31,114,310	\$ 34,073,794
Other operating revenues	7,680,657	6,702,496	6,177,539	5,143,109	2,298,628	2,683,054	5,567,071	2,937,804	4,005,200	2,857,355
Total operating revenues	63,521,731	59,209,773	49,687,780	41,288,586	41,194,436	32,728,636	29,945,577	19,993,210	35,119,510	36,931,149
Operating expenses:										
Instructional salaries	90,918,944	83,858,803	89,214,382	88,524,100	91,069,112	90,179,547	91,156,656	97,386,526	106,651,138	115,735,013
Non-instructional salaries	123,980,168	123,024,189	104,875,488	109,912,039	112,315,513	111,071,138	118,865,175	131,025,489	146,984,598	160,635,383
Fringe benefits	150,741,188	176,176,135	159,033,078	155,017,642	177,342,268	191,085,401	151,824,451	134,974,988	96,891,272	152,971,697
Supplies	20,032,747	14,732,670	12,561,866	16,590,301	19,369,703	20,876,911	23,021,322	29,656,103	29,808,291	30,301,916
Professional development	1,304,104	742,743	933,234	1,080,524	670,323	191,859	558,721	1,272,013	1,792,506	1,699,609
Utilities	7,889,555	8,090,810	7,994,976	8,140,159	7,447,037	8,647,525	9,072,584	8,572,212	9,960,322	10,400,085
Contractual services	29,714,332	26,683,165	21,276,138	22,418,335	28,022,825	17,667,481	22,286,105	28,074,434	27,185,635	27,851,595
Depreciation and amortization	49,604,285	42,741,190	64,736,965	46,570,373	46,108,387	34,655,652	32,105,950	29,771,317	32,641,459	32,787,831
Financial aid (exclusive of scholarship allowances)	32,657,219	33,531,205	31,441,226	30,392,713	33,362,697	47,233,334	69,627,115	54,212,003	47,381,768	59,210,167
Other expenses	15,151,528	10,045,675	12,689,108	6,245,996	3,184,974	(266,064)	200,116	1,369,329	1,549,570	6,734,444
Total operating expenses	521,994,070	519,626,585	504,756,461	484,892,182	518,892,839	521,342,784	518,718,195	516,314,414	500,846,559	598,327,740
Operating loss	(458,472,339)	(460,416,812)	(455,068,681)	(443,603,596)	(477,698,403)	(488,614,148)	(488,772,618)	(496,321,204)	(465,727,049)	(561,396,591)
Non-operating revenues (expenses):										
State apportionment and equalization	10,653,563	16,737,354	77,554,415	47,565,890	45,538,109	45,952,397	47,185,162	47,405,311	48,776,261	49,354,755
Other state grants and contracts	113,032,192	144,823,351	146,689,797	139,865,030	169,183,060	185,805,080	137,039,661	128,242,262	136,019,437	140,770,793
Local grants and contracts	2,263,905	4,186,138	3,088,038	4,461,449	10,861,218	7,722,619	10,655,865	13,046,116	11,086,560	12,944,604
Local property taxes	125,659,171	123,263,682	125,366,633	125,547,962	130,359,887	135,789,947	141,347,110	153,197,663	158,528,510	169,739,413
Personal property replacement tax	11,637,706	16,422,533	12,122,670	13,490,094	14,586,627	20,323,479	43,942,972	45,857,431	27,632,747	18,529,912
Federal grants and contracts	84,341,753	80,082,538	74,028,272	72,002,237	71,494,722	116,062,253	139,623,169	114,230,563	85,404,472	97,060,654
Litigation settlement	-	-	730,338	-	-	-	16,600	-	4,352,777	617,446
Investment income	1,461,132	503,916	2,170,929	3,941,896	2,917,927	301,851	(1,468,428)	4,548,586	7,771,600	6,561,553
Building lease and interest payments on debt	(4,961,335)	(11,688,580)	(12,117,213)	(12,632,012)	(15,047,917)	(14,906,707)	(14,738,790)	(14,544,449)	(12,885,770)	(10,913,106)
Other non-operating revenue	1,846,475	6,075,845	8,438,747	586,271	(11,699,314)	80,806	579,532	(39,178)	(1,083,075)	2,029,708
Non-operating revenues, net	345,934,562	380,406,777	438,072,626	394,828,817	418,194,319	497,131,725	504,182,853	491,944,305	465,603,519	486,695,732
Income (loss) before capital appropriations and grants	(112,537,777)	(80,010,035)	(16,996,055)	(48,774,779)	(59,504,084)	8,517,577	15,410,235	(4,376,899)	(123,530)	(74,700,859)
Capital appropriations and grants	658,608	801,851	1,918,132	11,711,485	1,825,038	1,562,137	5,066,919	2,925,765	1,352,732	1,890,752
	<u>\$ (111,879,169)</u>	<u>\$ (79,208,184)</u>	<u>\$ (15,077,923)</u>	<u>\$ (37,063,294)</u>	<u>\$ (57,679,046)</u>	<u>\$ 10,079,714</u>	<u>\$ 20,477,154</u>	<u>\$ (1,451,134)</u>	<u>\$ 1,229,202</u>	<u>\$ (72,810,107)</u>

Note: City Colleges implemented GASB 84 in fiscal year 2021. Fiscal year 2020 was updated to reflect the implementation.

Source: City Colleges of Chicago Annual Comprehensive Financial Reports

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

Table C

**Revenue Capacity
Assessed and Estimated Value of Taxable Property (Unaudited)
Last Ten Fiscal Years**

Tax Year Levy	Class 2 Residential Property	Class 5 Commercial Property	Class 5 Industrial Property	Other Railroad Property	Total Equalized Assessed Valuation (1)	Total Equalized Assessed Valuation (2)	Total Direct Tax Rate	Total Estimated Fair Value (3)	Assessed Value as a Percentage of Estimated Fair Value
2015	\$ 43,871,767,527	\$ 24,955,908,048	\$ 1,943,080,901	\$ 148,390,582	\$ 70,919,147,058	\$ 70,924,421,349	0.177	\$ 212,773,264,047	33.33%
2016	45,774,355,574	26,093,545,448	1,964,171,087	148,006,500	73,980,078,609	73,984,605,433	0.169	221,953,816,299	33.33%
2017	47,154,589,038	27,405,102,153	2,002,796,882	156,007,870	76,718,495,943	76,722,182,440	0.164	230,166,547,320	33.33%
2018	53,179,494,934	30,824,287,901	2,091,437,327	181,450,474	86,276,670,636	86,286,411,094	0.147	258,859,233,282	33.33%
2019	53,727,795,420	31,715,562,586	2,138,147,273	185,020,498	87,766,525,777	87,776,056,332	0.149	263,328,168,996	33.33%
2020	54,854,403,410	32,130,756,913	2,286,713,081	197,280,051	89,469,153,455	89,478,355,786	0.151	268,435,067,358	33.33%
2021	60,824,820,535	33,323,094,513	2,518,278,663	197,672,375	96,863,866,086	96,868,463,441	0.145	290,605,390,323	33.33%
2022	60,373,070,968	33,802,396,747	2,437,209,993	230,199,162	96,842,876,870	96,847,230,931	0.155	290,541,692,793	33.33%
2023	62,166,577,392	34,735,205,347	2,450,607,648	242,697,870	99,595,088,257	99,601,789,704	0.158	298,805,369,112	33.33%
2024	-----Not available-----				-----		0.149	329,311,616,508	33.33%
2025	-----Not available-----				-----				

Note: Assessed value is computed by the Cook County Clerk's office at one-third estimated actual value. 2024 & 2025 Data is not available

Sources: Cook County Clerk's Offices

- (1) Source: Cook County Clerk's Office. Includes Cook County Valuation only
- (2) Source: Cook County Clerk's Office. Includes Cook & DuPage County Valuation
- (3) Tax rates are per \$100 of assessed value.

City Colleges of Chicago
Community College District No. 508

Table D
Revenue Capacity
Property Tax Rates - Direct and Overlapping Governments (Unaudited)
Last Ten Levy Years

		Tax Levy Year									
Taxing Bodies (per \$100 of assessed valuation)	Legal Limit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>City Colleges of Chicago</u>											
Audit Fund	\$ 0.005	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000
Tort Liability	N/A	0.001	0.009	0.009	0.005	0.005	0.005	0.006	0.011	0.007	0.007
Education Fund	0.175	0.126	0.124	0.120	0.109	0.110	0.112	0.107	0.107	0.121	0.115
Operations and Maintenance Fund	0.050	0.049	0.035	0.034	0.032	0.033	0.033	0.031	0.034	0.027	0.026
Total City Colleges of Chicago Rate		<u>\$ 0.177</u>	<u>\$ 0.169</u>	<u>\$ 0.164</u>	<u>\$ 0.147</u>	<u>\$ 0.149</u>	<u>\$ 0.151</u>	<u>\$ 0.144</u>	<u>\$ 0.152</u>	<u>\$ 0.155</u>	<u>\$ 0.148</u>
<u>Overlapping Rates</u>											
Chicago Board of Education		3.455	3.726	3.890	3.552	3.620	3.656	3.517	3.757	3.829	N/A
City of Chicago		1.806	1.880	1.894	1.812	1.893	1.886	1.838	1.914	1.884	N/A
Chicago Park District		0.382	0.368	0.358	0.330	0.362	0.329	0.311	0.323	0.318	N/A
Metropolitan Water Reclamation District		0.426	0.406	0.402	0.396	0.389	0.378	0.382	0.374	0.345	N/A
Cook County		0.552	0.533	0.496	0.489	0.454	0.453	0.446	0.431	0.386	N/A
Cook County Forest Preserve		0.069	0.063	0.062	0.060	0.059	0.058	0.058	0.081	0.075	N/A
South Cook County Mosquito Abatement		0.017	0.017	0.016	0.017	0.018	0.017	0.019	0.021	0.017	N/A
Total Overlapping Rate		<u>\$ 6.707</u>	<u>\$ 6.993</u>	<u>\$ 7.118</u>	<u>\$ 6.656</u>	<u>\$ 6.795</u>	<u>\$ 6.777</u>	<u>\$ 6.571</u>	<u>\$ 6.901</u>	<u>\$ 6.854</u>	<u>N/A</u>
Total Rate		<u>\$ 6.884</u>	<u>\$ 7.162</u>	<u>\$ 7.282</u>	<u>\$ 6.803</u>	<u>\$ 6.944</u>	<u>\$ 6.928</u>	<u>\$ 6.715</u>	<u>\$ 7.053</u>	<u>\$ 7.009</u>	<u>N/A</u>
<u>Tax Extensions (\$ thousands)</u>											
Audit Fund		\$ 384	\$ 684	\$ 684	\$ 558	\$ 538	\$ 426	\$ 432	\$ 185	\$ 456	\$ 471
Tort Liability		985	6,984	6,984	4,543	4,680	4,783	5,652	10,329	7,297	7,546
Education Fund		88,610	91,677	92,338	93,644	96,501	100,474	103,168	103,256	120,704	125,969
Operations and Maintenance Fund		34,911	25,612	25,613	27,934	28,775	29,411	29,820	33,377	27,173	28,097
		<u>\$ 124,890</u>	<u>\$ 124,957</u>	<u>\$ 125,619</u>	<u>\$ 126,679</u>	<u>\$ 130,494</u>	<u>\$ 135,094</u>	<u>\$ 139,072</u>	<u>\$ 147,147</u>	<u>\$ 155,630</u>	<u>\$ 162,084</u>

Source: Cook County Clerk's Office - 2024 Overlapping Rates and 2025 Data are not available.

N/A = Not Available

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

Table E

**Principal Property Taxpayers (Unaudited)
Prior Year and Nine Years Ago**

Taxpayer	2023			2014		
	Equalized Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Equalized Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation
BRE 312 Owner LLC	\$ 762,520	1	0.77%	\$ 364,455	1	0.56%
Wanxiang Sterling Stetson Owner, LLC	373,271	2	0.37%	184,101	7	0.28%
110 North Wacker Titleholder LLC	369,316	3	0.37%	-	-	-
601 W Companies LLC	349,289	4	0.35%	241,081	2	0.37%
CBRE Suite 2530	349,246	5	0.35%	-	-	-
227 Monroe Street LLC	314,720	6	0.32%	187,461	6	0.29%
HCSC Blue Cross	312,645	7	0.31%	206,782	3	0.32%
River Point LLC	287,914	8	0.29%	-	-	-
300 LaSalle LLC	274,578	9	0.28%	183,764	8	0.28%
Merchandise Mart Properties, Inc.	266,932	10	0.27%	-	-	-
Water Tower Owner LLC	-	-	-	195,486	4	0.30%
JPMorgan Chase Bank NA	-	-	-	194,963	5	0.30%
3 FNP Owner LLC	-	-	-	182,084	9	0.28%
Mark Davids	-	-	-	181,210	10	0.28%
	<u><u>\$ 3,660,431</u></u>		<u><u>3.68%</u></u>	<u><u>\$ 2,121,387</u></u>		<u><u>3.27%</u></u>

Note: Every effort has been made to seek out and report the largest taxpayers; however, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Source: Cook County Assessor's Office – 2023 is latest data available.

Cook County Clerk's Office 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	Fiscal Year of Extension	Tax Levied (C)	Collected within the Fiscal Year of Extension (A)		Collections in Subsequent Years	Total Collections to Date (B)	
			Amount	Percentage of Tax Levy		Amount	Percentage of Levy
2015	2016	\$ 124,903,382	\$ 64,993,572	52.04%	\$ 56,963,242	\$ 121,956,814	97.64%
2016	2017	124,970,382	64,816,536	51.87%	56,911,652	121,728,188	97.41%
2017	2018	125,631,380	65,921,912	52.47%	56,501,241	122,423,153	97.45%
2018	2019	126,691,690	66,440,187	52.44%	56,826,333	123,266,520	97.30%
2019	2020	130,507,003	66,458,041	50.92%	60,744,229	127,202,270	97.47%
2020	2021	135,013,605	68,259,809	50.56%	64,283,413	132,543,222	98.17%
2021	2022	140,360,333	72,595,503	51.72%	66,566,137	139,161,640	99.15%
2022	2023	150,261,215	71,973,562	47.90%	76,901,022	148,874,584	99.08%
2023	2024	157,379,916	77,196,504	49.05%	76,318,889	153,515,393	97.54%
2024	2025	164,093,272	84,966,663	51.78%	-	84,966,663	51.78%

Notes: (A) The amount does not represent a full year's tax collection.

(B) The total amount collected to date is net of refunds.

(C) Beginning levy year 2021, the tax levied amounts include levy adjustment made by Cook County per PA 102-0519 recapturing property tax refunds.

Source: City Colleges of Chicago and Cook County Treasurer's Tax Records, Office of the County Clerk, and Dupage County Collector

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	FTE Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses	In-District Tuition & Fees per Semester Hr	Out-of-District Tuition & Fees per Semester Hr	Out of State Tuition & Fees per Semester Hr	VI - F-1 Visa Students Fees per Semester Hr	Total Semester Credit Hours Generated	Tuition & Fees Revenue	Less: Scholarships and Allowances	Tuition & Fees Revenue (Net)
2016	26,410	57,372	39,017	\$ 133.36	\$ 353.16	\$ 359.73	\$ 624.68	983,907.0	\$ 105,005,157	\$ (49,164,083)	\$ 55,841,074
2017	24,200	51,772	34,559	133.36	353.16	359.73	624.68	904,038.0	99,177,882	(46,670,605)	52,507,277
2018	23,825	50,436	32,958	133.36	353.16	359.73	624.68	821,349.0	94,772,150	(51,261,909)	43,510,241
2019	23,147	50,558	28,927	146.00	384.00	481.00	481.00	791,761.5	92,474,466	(56,328,989)	36,145,477
2020	21,481	46,522	25,329	146.00	384.00	481.00	481.00	750,937.0	85,769,182	(46,873,374)	38,895,808
2021	18,632	40,988	29,222	146.00	384.00	481.00	481.00	653,576.0	76,746,431	(46,700,849)	30,045,582
2022	16,937	38,359	18,616	146.00	384.00	481.00	481.00	596,893.5	73,363,188	(48,984,682)	24,378,506
2023	17,720	40,134	24,037	146.00	384.00	481.00	481.00	619,501.0	76,655,210	(59,599,804)	17,055,406
2024	19,245	43,891	24,360	153.00	403.00	505.00	505.00	743,663.0	83,407,037	(52,292,727)	31,114,310
2025	21,485	48,602	26,848	157.00	414.00	518.00	518.00	743,663.0	96,221,577	(62,147,783)	34,073,794

Source: City Colleges of Chicago Annual Comprehensive Financial Report

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

Table H
Debt Capacity
Ratios of General Bonded Debt Outstanding (Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Premiums (Discounts)	Leased Asset Obligations	Subscription-based Information Technology Arrangements Liability	Total Outstanding Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2016	\$ 245,995,000	\$ 5,094,656	\$ -	\$ -	\$ 251,089,656	0.12%	\$ 92.29
2017	241,830,000	4,103,132	-	-	245,933,132	0.11%	90.92
2018	315,560,000	10,427,163	-	-	325,987,163	0.14%	120.00
2019	311,010,000	9,435,797	-	-	320,445,797	0.12%	118.42
2020	306,235,000	8,562,847	-	-	314,797,847	0.12%	116.85
2021	301,220,000	7,794,437	-	-	309,014,437	0.12%	114.48
2022	295,955,000	7,116,153	8,302,808	-	311,373,961	0.11%	115.47
2023	290,425,000	6,514,507	9,260,975	2,839,709	309,040,191	0.11%	115.96
2024	264,520,000	26,977,330	10,029,919	5,364,905	306,892,154	0.10%	115.18
2025	264,405,000	24,677,340	9,251,245	4,624,225	302,957,810	0.09%	111.33

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

Sources: Per capita is based on the population obtained from the US Census Bureau (USCB) and the total outstanding debt. The census is conducted decennially at the start of each decade.

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

Table I

**Debt Capacity
Direct and Overlapping Long-Term Debt (Unaudited)
(\$000s)**

	As of June 30, 2025		
	Net Direct Long-Term Debt (1)	Estimated Percentage Applicable (2)	Share of Overlapping Debt
Direct Debt			
City Colleges of Chicago	\$ 302,957	100.00%	\$ 302,957
Estimated General Obligation Overlapping Debt			
City of Chicago General Obligation Bonds (2)	\$ 5,756,924	100.00%	\$ 5,756,924
Chicago Board of Education (3)	9,083,805	100.00%	9,083,805
Chicago Park District (4)	831,335	100.00%	831,335
Metropolitan Water Reclamation District of Greater Chicago (5)	2,653,451	50.92%	1,351,137
Cook County (6)	2,769,786	50.03%	1,385,724
Cook County Forest Preserve District (7)	75,290	50.03%	37,668
Total Estimated Overlapping Long-Term Debt			18,446,593
Direct and Estimated Overlapping Long-Term Debt			<u>\$ 18,749,550</u>

City Colleges Direct Debt includes long-term liabilities of leased assets and subscription based technology arrangements.

(1) Assessed value data used to estimate applicable percentage is provided by the Office of the Cook County

(2) **Source:** *City of Chicago*

(3) **Source:** *Board of Education*

(4) **Source:** *Chicago Park District*

(5) **Source:** *Metropolitan Water Reclamation District of Greater Chicago*

(6) **Source:** *Cook County*

(7) **Source:** *Cook County Forest Preserve District*

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

Table J

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

Fiscal Year	(A) Population	Personal Income (in thousands)	(B) Per Capita Personal Income	(C) Unemployment Rate
2016	2,704,965	* \$ 154,656,374	* \$ 57,175	6.50%
2017	2,716,462	* 161,474,651	* 59,443	5.40%
2018	2,705,988	* 171,657,055	* 63,436	4.40%
2019	2,693,959	* 175,931,686	* 65,306	4.10%
2020	2,699,347	* 188,778,832	* 69,935	12.00%
2021	2,696,561	* 198,350,937	* 73,557	7.60%
2022	2,665,064	* 194,141,917	* 72,847	5.30%
2023	2,664,454	* 207,659,551	* 77,937	4.70%
2024	2,721,326	* -----Data Not Available-----		5.50%
2025	2,611,867	* -----Data Not Available-----		

Sources: **A)** US Census Bureau (USCB) data.census.gov. The census is conducted decennially at the start of each decade.
 B) 2016 - 2025 Data from the Bureau of Economic Analysis (BEA). These rates are for Cook County. 2024 and 2025 data is not available.
 C) Illinois Workforce Info Center Website

*Estimated

City Colleges of Chicago
Community College District No. 508

Table K

Demographic and Economic Information
Principal Employers (Unaudited)
Last Ten Fiscal Years

Employer	Fiscal Year 2025			Fiscal Year 2024			Fiscal Year 2023			Fiscal Year 2022			Fiscal Year 2021		
	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment
U.S. Government	1	52,157	1.90%	1	52,315	1.96%	1	52,315	1.96%	1	52,316	1.94%	1	52,357	1.91%
Chicago Public Schools	2	44,786	1.63%	2	43,286	1.62%	2	41,469	1.56%	2	40,119	1.49%	2	38,637	1.41%
Amazon.com Inc.	3	33,247	1.21%	5	30,100	1.13%	4	28,994	1.09%	4	27,050	1.00%	9	16,610	0.60%
City of Chicago	4	32,465	1.18%	4	30,918	1.16%	3	30,216	1.13%	3	31,020	1.15%	3	30,928	1.13%
Advocate Health Care	5	30,751	1.12%	3	38,679	1.45%	5	26,841	1.01%	5	25,906	0.96%	4	26,335	0.96%
Northwestern Memorial Healthcare	6	29,434	1.07%	6	25,386	0.95%	6	24,120	0.91%	6	24,053	0.89%	6	21,999	0.80%
University of Chicago	7	22,287	0.81%	7	22,395	0.84%	7	21,618	0.81%	8	20,781	0.77%	7	18,732	0.68%
Endeavor Health	8	21,134	0.77%	8	20,251	0.76%	-	-	-	-	-	-	-	-	-
Cook County	9	20,323	0.74%	9	19,797	0.74%	8	19,263	0.72%	7	22,074	0.82%	5	22,074	0.80%
United Airlines Holdings Inc.	10	18,000	0.66%	-	-	-	-	-	-	-	-	-	-	-	-
Walgreens Boots Alliance Inc.	-	-	-	-	-	-	9	17,344	0.65%	10	16,817	0.62%	-	-	-
Amita Health	-	-	-	-	-	-	-	-	-	-	-	-	10	14,282	0.52%
Walmart Inc.	-	-	-	10	17,400	0.65%	10	17,300	0.65%	9	18,500	0.69%	8	16,711	0.61%
		<u>304,584</u>	<u>11.09%</u>		<u>300,527</u>	<u>11.28%</u>		<u>279,480</u>	<u>10.49%</u>		<u>278,636</u>	<u>10.33%</u>		<u>258,665</u>	<u>9.42%</u>

Employer	Fiscal Year 2020			Fiscal Year 2019			Fiscal Year 2018			Fiscal Year 2017			Fiscal Year 2016		
	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment	Rank	City of Chicago Number of Employees	% of City of Chicago Area Employment
U.S. Government	1	45,736	1.70%	1	41,500	1.53%	1	41,500	1.53%	1	42,663	1.58%	1	42,887	1.58%
Chicago Public Schools	2	37,731	1.40%	2	36,415	1.35%	2	35,447	1.30%	2	35,862	1.33%	2	37,406	1.37%
City of Chicago	3	31,621	1.17%	3	31,854	1.18%	3	31,160	1.15%	3	30,754	1.14%	3	30,276	1.11%
Advocate Health Care	4	25,917	0.96%	6	19,513	0.72%	5	19,049	0.70%	5	18,930	0.70%	5	18,308	0.67%
Cook County	5	22,438	0.83%	4	22,438	0.83%	4	21,316	0.78%	4	20,716	0.77%	4	21,795	0.80%
Northwestern Memorial Healthcare	6	21,264	0.79%	5	19,886	0.73%	6	16,667	0.61%	7	15,747	0.58%	7	15,317	0.56%
Amita Health	7	20,046	0.74%	8	16,231	0.60%	-	-	-	-	-	-	-	-	-
University of Chicago	8	18,276	0.68%	7	17,345	0.64%	7	16,583	0.61%	6	16,374	0.61%	6	16,197	0.60%
Amazon.com Inc.	9	14,610	0.54%	10	14,018	0.52%	10	13,240	0.49%	-	-	-	-	-	-
United Airlines Holdings Inc.	10	14,520	0.54%	9	14,582	0.54%	-	-	-	9	15,157	0.56%	10	14,000	0.51%
JP Morgan Chase	-	-	-	-	-	-	8	15,701	0.58%	8	15,229	0.56%	9	14,158	0.52%
State of Illinois	-	-	-	-	-	-	9	14,690	0.54%	10	13,524	0.50%	8	15,136	0.56%
		<u>252,159</u>	<u>9.36%</u>		<u>233,782</u>	<u>8.64%</u>		<u>225,353</u>	<u>8.30%</u>		<u>224,956</u>	<u>8.32%</u>		<u>225,480</u>	<u>8.29%</u>

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

Table L

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

Functional Job Type	Full-time FTE			Part-time FTE			Total FTE		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Faculty	558	565	577	1,044	1,004	1,038	1,602	1,569	1,615
Professional/Technical Staff	327	374	391	30	35	37	357	409	428
Administrators	310	369	392	-	-	-	310	369	392
Clerical	216	228	229	12	10	13	228	238	242
Front-Line Direct Support (Custodial/Maintenance/Security)	233	232	237	178	151	165	411	383	402
Academic Support/Direct Student-Facing Personnel	375	425	452	237	193	200	612	618	652
Student Workers	-	-	-	23	24	24	23	24	24
Totals	2,019	2,193	2,278	1,524	1,417	1,477	3,543	3,610	3,755

Data Source: City Colleges of Chicago Budget Department FY2023 - FY2025 Budget Data - Full-Time Equivalent by Position (FTE).

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

Table M

**Demographic and Economic Information
Student Enrollment Demographic Statistics
Student Enrollment Credit Hours by Category (Unaudited)
Last Ten Fiscal Years**

Fiscal Year	Total	Baccalaureate	Business	Occupational Technical	Health	Remedial Development	Adult Basic Secondary Education
2025	743,663.0	380,793.0	53,069.0	43,200.5	35,005.0	31,163.0	200,432.5
2024	678,077.5	342,744.0	44,879.5	37,677.0	32,271.0	33,181.0	187,325.0
2023	619,501.0	321,748.0	38,747.0	32,381.0	28,652.0	34,764.0	163,209.0
2022	596,893.5	314,615.0	35,686.5	25,767.0	28,062.5	33,624.0	159,138.5
2021	653,576.0	357,564.5	36,886.0	25,821.0	25,340.5	34,407.0	173,557.0
2020	750,937.0	396,941.0	40,124.0	30,744.5	29,389.0	49,979.0	203,759.5
2019	791,761.5	427,442.0	34,142.0	37,525.5	28,703.0	51,409.0	212,540.0
2018	821,349.0	447,130.0	33,480.0	38,827.5	28,755.0	51,423.0	221,733.5
2017	904,038.0	455,404.0	33,621.0	56,363.5	25,955.0	59,925.0	272,769.5
2016	983,907.0	489,438.0	36,204.0	59,245.5	32,958.5	72,423.0	293,638.0

Data Source: College records

City Colleges of Chicago
Community College District No. 508

Table N

Operating Information
Capital Assets Statistics (Unaudited)
Last Ten Fiscal Years

Capital Asset Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Land	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464	\$ 51,376,464
Construction in progress	88,290,037	41,526,514	58,259,377	5,906,563	6,320,470	5,657,131	11,761,874	19,351,965	24,359,260	31,439,342
Lease assets	-	-	-	-	-	-	12,198,706	11,782,941	11,531,129	11,531,129
Subscription-based assets	-	-	-	-	-	-	3,565,179	3,944,314	8,086,235	8,945,938
Equipment	52,985,078	63,800,500	64,058,673	64,301,331	64,817,510	64,817,510	64,876,508	65,968,604	66,442,871	68,133,803
Software	62,395,481	69,966,816	72,588,654	42,553,643	42,883,798	47,878,119	48,303,665	48,322,415	51,771,424	52,563,709
Buildings and improvements	1,097,180,326	1,083,419,269	1,091,365,536	1,192,565,831	1,103,821,256	1,105,655,491	1,108,439,948	1,112,426,513	1,114,554,360	1,119,818,394
Total Capital Assets	1,352,227,386	1,310,089,563	1,337,648,704	1,356,703,832	1,269,219,498	1,275,384,715	1,300,522,344	1,313,173,216	1,328,121,743	1,343,808,779
Less Accumulated depreciation and amortization	(380,512,960)	(358,250,800)	(419,672,387)	(435,368,507)	(431,067,638)	(464,903,109)	(498,403,198)	(526,634,029)	(556,290,335)	(584,764,973)
Net Capital Assets	<u>\$ 971,714,426</u>	<u>\$ 951,838,763</u>	<u>\$ 917,976,317</u>	<u>\$ 921,335,325</u>	<u>\$ 838,151,860</u>	<u>\$ 810,481,606</u>	<u>\$ 802,119,146</u>	<u>\$ 786,539,187</u>	<u>\$ 771,831,408</u>	<u>\$ 759,043,806</u>
Bond Obligations	<u>\$ 245,995,000</u>	<u>\$ 241,830,000</u>	<u>\$ 315,560,000</u>	<u>\$ 311,010,000</u>	<u>\$ 306,235,000</u>	<u>\$ 301,220,000</u>	<u>\$ 295,955,000</u>	<u>\$ 290,425,000</u>	<u>\$ 264,520,000</u>	<u>\$ 264,405,000</u>

Data Sources: Summary of Capital Assets Schedule, (See Note 4)
and prior-year Annual Comprehensive Financial Reports

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

Table O

**Operating Information
Miscellaneous Statistics (*Unaudited*)**

City Colleges of Chicago - Founded 1911

<u>Accreditation by the Higher Learning Commission</u>	<u>Most Recent Accreditation</u>	<u>Next Review</u>
Daley	2021-22	2031-32
Harold Washington	2018-19	2028-29
Kennedy-King	2015-16	2025-26
Malcolm X	2017-18	2027-28
Olive-Harvey	2020-21	2030-31
Truman	2019-20	2029-30
Wright	2020-21	2029-30
Current gross square footage		4,265,154
Size of district		227.4 square miles
Counties served		Cook and DuPage
Population of district		2,746,388
Number of faculty		1,615
Number of professional / technical staff		428
Number of administrators		392
Number of clerical staff		242
Number of custodial / maintenance staff		402
Number of academic support staff		652
Number of student/work study staff		24
Degrees and certificates awarded (fiscal year 2025)		9,118

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

Table P

**Operating Information
Community College State Funding
Last Ten Fiscal Years**

Fiscal Year	State Funding to All State Community Colleges	ICCB Funding to the District
2016	\$ 74,142,300	\$ 14,370,863
2017	114,525,000	22,463,354
2018	409,595,700 *	80,276,413 *
2019	257,111,600	47,594,594
2020	269,222,284	45,566,809
2021	269,222,286	44,107,140
2022	264,957,888	43,064,265
2023	278,178,400	45,531,354
2024	301,876,696	46,793,997
2025	307,818,006	47,480,798

Source: *Illinois Community College Board*

**Amounts include the appropriations from Illinois
Senate Bill 6 passed on July 6, 2017.*

City Colleges of Chicago
Community College District No. 508

Table Q

Operating Information
Revenues and Expenditures by Campus (Unaudited)
Fiscal Year Ended June 30, 2025

	Daley	Harold Washington	Kennedy-King	Malcolm X	Olive-Harvey	Truman	Wright	District Office	Total
Revenues:									
Local Tax Revenue	\$ 30,327,187	\$ 30,834,804	\$ 15,564,578	\$ 30,570,828	\$ 14,866,191	\$ 32,492,888	\$ 33,612,850	\$ -	\$ 188,269,326
All Other Local Revenue	101,111	-	-	-	1,402,042	5,005,710	52,230	325,172	6,886,265
ICCB Grants	582,795	-	242,451	456,801	280,990	714,168	560,328	51,180,478	54,018,011
All Other State Revenue	14,492,492	16,465,181	15,844,201	26,681,136	13,237,355	16,472,862	16,837,495	16,076,814	136,107,536
Federal Revenue	8,140,546	15,046,691	10,355,858	27,508,185	8,794,263	10,818,264	14,412,900	1,983,947	97,060,654
Student Tuition and Fees	14,937,508	14,983,674	8,114,516	18,764,376	7,407,331	15,826,554	16,187,617	-	96,221,576
All Other Revenue	151,266	696,565	667,422	1,265,243	2,456,900	313,550	1,107,416	13,185,550	19,843,912
Total Revenue before Capital Appropriations	68,732,905	78,026,915	50,789,026	105,246,569	48,445,072	81,643,996	82,770,836	82,751,961	598,407,280
Capital Appropriations	47,462	58,659	36,367	417,346	181,390	996,323	153,205	-	1,890,752
Total Revenue	<u>\$ 68,780,367</u>	<u>\$ 78,085,574</u>	<u>\$ 50,825,393</u>	<u>\$ 105,663,915</u>	<u>\$ 48,626,462</u>	<u>\$ 82,640,319</u>	<u>\$ 82,924,041</u>	<u>\$ 82,751,961</u>	<u>\$ 600,298,032</u>
Expenditures by program									
Instruction	\$ 19,997,568	\$ 30,723,902	\$ 18,532,833	\$ 36,365,725	\$ 16,503,899	\$ 26,840,702	\$ 27,652,786	\$ 3,300,155	\$ 179,917,570
Academic Support	2,304,052	5,076,613	6,212,036	12,210,628	6,072,194	6,489,195	5,979,256	7,322,164	51,666,138
Student Services	8,587,236	10,465,701	9,035,576	9,533,086	5,757,064	11,795,756	10,526,879	7,743,169	73,444,467
Public Service/Continuing Education	812,115	-	760,894	392,045	435,632	244,533	303,064	2,831,548	5,779,831
Auxiliary Services	1,050,464	203,242	3,432,304	1,582,991	1,502,456	2,211,454	435,271	7,379,894	17,798,076
Operations and Maintenance	11,761,723	6,194,690	17,795,755	17,230,671	10,265,207	11,034,909	11,444,592	16,245,411	101,972,958
Institutional Support	5,104,327	4,487,290	7,187,560	8,812,220	5,107,705	6,797,611	3,841,357	83,024,292	124,362,362
Scholarships, Grants, Waivers	9,077,917	17,282,922	10,723,900	29,260,366	9,473,563	10,653,818	19,754,791	11,939,459	118,166,736
Total Expenditures	<u>\$ 58,695,402</u>	<u>\$ 74,434,360</u>	<u>\$ 73,680,858</u>	<u>\$ 115,387,732</u>	<u>\$ 55,117,720</u>	<u>\$ 76,067,978</u>	<u>\$ 79,937,996</u>	<u>\$ 139,786,092</u>	<u>\$ 673,108,138</u>

This schedule presents revenues and expenditures for each college.

SPECIAL REPORTS SECTION

State Required Reports Section

City Colleges of Chicago
Community College District No. 508
All Funds Summary
Uniform Financial Statement #1
Fiscal Year Ended June 30, 2025

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Trust & Agency Fund	Audit Fund	Liability, Protection Settlement Fund	Building Bonds Proceeds Fund	GASB 34/35 Adjustment	Total
Fund Balance: June 30, 2024	\$ 99,209,621	\$ 4,897,370	\$ 14,724,526	\$ (1,722,615)	\$ (15,649,485)	\$ (2,368,426)	\$ 67,013,532	\$ 958,955	\$ 93,317	\$ 2,307,128	\$ 243	\$ 344,807,971	\$ 514,272,137
Revenues:													
Local Tax Revenue	\$ 140,538,752	\$ 27,677,437	\$ -	\$ 11,955,250	\$ -	\$ -	\$ -	\$ -	\$ 457,212	\$ 7,640,675	\$ -	\$ -	\$ 188,269,326
All Other Local Revenue	-	-	-	-	-	6,886,265	-	-	-	-	-	1,890,752	8,777,017
ICCB Grants	50,924,296	-	-	-	-	3,093,715	-	-	-	-	-	-	54,018,011
All Other State Revenue	87,779	-	-	-	-	136,019,757	-	-	-	-	-	-	136,107,536
Federal Revenue	72,643	-	-	-	-	96,988,011	-	-	-	-	-	-	97,060,654
Student Tuition and Fees	90,268,265	-	-	-	5,953,311	-	-	-	-	-	-	-	96,221,576
All Other Revenue	7,286,003	1,890,546	2,872,281	387,121	1,857,517	5,221,422	-	295,516	-	-	228	33,278	19,843,912
Total Revenues	289,177,738	29,567,983	2,872,281	12,342,371	7,810,828	248,209,170	-	295,516	457,212	7,640,675	228	1,924,030	600,298,032
Expenses													
Instruction	126,463,365	-	-	-	190,146	53,109,155	-	-	-	-	-	154,904	179,917,570
Academic Support	28,402,998	-	-	-	500	23,834,909	-	-	-	-	-	(572,269)	51,666,138
Student Services	45,238,665	3,420	-	-	17,041	28,307,165	-	343,942	-	-	-	(465,766)	73,444,467
Public Service/Continuing Education	640,995	-	-	-	1,269,275	3,820,260	-	-	-	-	-	49,301	5,779,831
Auxiliary Services	7,615,359	-	-	-	5,917,949	4,263,720	-	-	-	-	-	1,048	17,798,076
Operations and Maintenance	13,280,524	33,820,812	11,351,239	13,328,096	-	11,786,543	-	-	-	-	-	18,405,744	101,972,958
Institutional Support	81,676,066	3,000	12,769,409	-	577,246	23,247,575	-	-	428,000	8,970,652	-	(3,309,586)	124,362,362
Scholarships, Grants, Waivers	13,335,852	-	-	-	-	104,830,884	-	-	-	-	-	-	118,166,736
Total Expenses	316,653,824	33,827,232	24,120,648	13,328,096	7,972,157	253,200,211	-	343,942	428,000	8,970,652	-	14,263,376	673,108,138
Net Transfers	11,140,000	-	-	-	-	-	(11,140,000)	-	-	-	-	-	-
Fund Balance: June 30, 2025	\$ 82,873,535	\$ 638,121	\$ (6,523,841)	\$ (2,708,340)	\$ (15,810,814)	\$ (7,359,467)	\$ 55,873,532	\$ 910,529	\$ 122,529	\$ 977,151	\$ 471	\$ 332,468,625	\$ 441,462,031

* The Investment in Plant Fund and the Long-Term Debt Fund Summaries were consolidated into the GASB 34/35 Adjustment Fund Summary.

City Colleges of Chicago
Community College District No. 508
Summary of Fixed Assets and Debt
Uniform Financial Statement #2
Fiscal Year Ended June 30, 2025

	Capital Assets		Deletions and	Capital Assets
	July 1, 2024	Additions	Transfers	June 30, 2025
Fixed Assets				
Land	\$ 51,376,464	\$ -	\$ -	\$ 51,376,464
Construction in progress	24,359,260	16,846,459	(9,766,377)	31,439,342
Buildings and improvements	1,114,554,360	8,670,219	(3,406,185)	1,119,818,394
Lease assets	11,531,129	-	-	11,531,129
Subscription-based assets	8,086,235	1,954,004	(1,094,301)	8,945,938
Equipment	66,442,871	1,690,932	-	68,133,803
Software	51,771,424	792,285	-	52,563,709
Accumulated depreciation and amortization	(556,290,335)	(32,787,830)	4,313,192	(584,764,973)
Net Fixed Assets	\$ 771,831,408	\$ (2,833,931)	\$ (9,953,671)	\$ 759,043,806
	Long-Term Debt		Deletions and	Long-Term Debt
	July 1, 2024	Additions	Transfers	June 30, 2025
Fixed Debt				
Bonds payable	\$ 264,520,000	\$ -	\$ (115,000)	\$ 264,405,000
Total Fixed Debt	\$ 264,520,000	\$ -	\$ (115,000)	\$ 264,405,000

City Colleges of Chicago
Community College District No. 508
Operating Funds Revenues and Expenditures
Uniform Financial Statement #3
Fiscal Year Ended June 30, 2025

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUES BY SOURCE			
Local Government Revenue			
Local Taxes	\$ 133,964,089	\$ 27,677,437	\$ 161,641,526
Personal Property Replacement Tax	6,574,663	-	6,574,663
TOTAL LOCAL GOVERNMENT	140,538,752	27,677,437	168,216,189
State Government			
ICCB Base Operating Grant	34,152,955	-	34,152,955
ICCB Equalization Grants	15,201,800	-	15,201,800
ICCB Career and Technical Education	1,561,216	-	1,561,216
Other (Include other ICCB grants not listed above)	96,104	-	96,104
TOTAL STATE GOVERNMENT	51,012,075	-	51,012,075
Federal Government			
Department of Education	72,643	-	72,643
TOTAL FEDERAL GOVERNMENT	72,643	-	72,643
Student Tuition and Fees			
Tuition	90,454,507	-	90,454,507
Fees	(186,242)	-	(186,242)
TOTAL TUITION AND FEES	90,268,265	-	90,268,265
Other Sources			
Sales and Service Fees	53,572	-	53,572
Facilities Revenue	-	1,889,698	1,889,698
Investment Revenue	6,172,299	848	6,173,147
Other	1,060,132	-	1,060,132
TOTAL OTHER REVENUE	7,286,003	1,890,546	9,176,549
TOTAL REVENUE	\$ 289,177,738	\$ 29,567,983	\$ 318,745,721
OPERATING EXPENDITURES BY PROGRAM			
Instruction	\$ 126,463,365	\$ -	\$ 126,463,365
Academic Support	28,402,998	-	28,402,998
Student Services	45,238,665	3,420	45,242,085
Public Service/Continuing Education	640,995	-	640,995
Auxiliary Services	7,615,359	-	7,615,359
Operations and Maintenance	13,280,524	33,820,812	47,101,336
Institutional Support	81,676,066	3,000	81,679,066
Scholarships, Grants, Waivers	13,335,852	-	13,335,852
TOTAL EXPENDITURES	\$ 316,653,824	\$ 33,827,232	\$ 350,481,056
OPERATING EXPENDITURES BY OBJECT			
Salaries	\$ 230,569,216	\$ 16,997,875	\$ 247,567,091
Employee Benefits	37,085,269	3,267,878	40,353,147
Contractual Services	10,671,110	2,278,276	12,949,386
General Materials and Supplies	17,039,809	1,015,146	18,054,955
Professional Development	1,154,239	-	1,154,239
Fixed Charges	555,083	1,093,465	1,648,548
Utilities	1,225,493	9,174,592	10,400,085
Capital Outlay	11,799	-	11,799
Other	4,967,514	-	4,967,514
Student Grants & Scholarships	13,374,292	-	13,374,292
TOTAL EXPENDITURES	316,653,824	33,827,232	350,481,056
Plus Non-Operating Items			
Transfers in from Non-Operating Funds	11,140,000	-	11,140,000
ADJUSTED EXPENDITURES	\$ 327,793,824	\$ 33,827,232	\$ 361,621,056

**City Colleges of Chicago
Community College District No. 508
Restricted Purposes Fund Revenues and Expenditures
Uniform Financial Statement #4
Fiscal Year Ended June 30, 2025**

REVENUE BY SOURCE	
TOTAL LOCAL GOVERNMENT	\$ 6,886,265
State Government	
ICCB - Adult Education	3,093,715
SURS - On Behalf	102,114,742
Other	33,905,015
TOTAL STATE GOVERNMENT	139,113,472
Federal Government	
Department of Education	80,663,878
Other	16,324,133
TOTAL FEDERAL GOVERNMENT	96,988,011
Other Sources	
Other	5,221,422
TOTAL OTHER SOURCES	5,221,422
TOTAL RESTRICTED PURPOSES FUND REVENUES	\$ 248,209,170
EXPENDITURES BY PROGRAM	
Instruction	\$ 53,109,155
Academic Support	23,834,909
Student Services	28,307,165
Public Service/Continuing Education	3,820,260
Auxiliary Services	4,263,720
Operations and Maintenance	11,786,543
Institutional Support	23,247,575
Scholarships, Grants and Waivers	104,830,884
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$ 253,200,211
EXPENDITURES BY OBJECT	
Salaries	\$ 23,731,495
Employee Benefits	106,593,808
Contractual Services	4,507,687
General Materials and Supplies	6,669,105
Professional Development	543,920
Fixed Charges	71
Capital Outlay	1,985,023
Scholarships, Grants, Waivers	107,403,553
Other	1,765,549
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$ 253,200,211

City Colleges of Chicago
Community College District No. 508
Current Funds* Expenditures by Activity
Uniform Financial Statement #5
Fiscal Year Ended June 30, 2025

INSTRUCTION	
Instructional Programs	\$ 179,762,666
Total Instruction	<u>179,762,666</u>
ACADEMIC SUPPORT	
Library Center	5,887,084
Instructional Materials Center	440,104
Educational Media Services	2,500
Academic Computing Support	3,140,939
Academic Administration and Planning	29,390,673
Other	13,377,107
Total Academic Support	<u>52,238,407</u>
STUDENT SERVICES SUPPORT	
Admissions and Records	13,125,571
Counseling and Career Services	19,170,645
Financial Aid Administration	6,357,443
Other	34,912,632
Total Student Services Support	<u>73,566,291</u>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community Education	655,464
Customized Training (Instructional)	526,045
Community Services	1,883,076
Other	2,665,945
Total Public Service/Continuing Education	<u>5,730,530</u>
AUXILIARY SERVICES	<u>17,797,028</u>
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	16,225,963
Custodial Services	11,692,872
Grounds	392,069
Campus Security	15,019,444
Transportation	16,986
Utilities	9,174,592
Administration	3,100,551
Other	3,265,402
Total Operations and Maintenance of Plant	<u>58,887,879</u>
INSTITUTIONAL SUPPORT	
Executive Management	14,357,524
Fiscal Operations	28,192,782
Community Relations	9,855,117
Administrative Support Services	58,680,647
Board of Trustees	476,979
General Institutional	22,073,443
Institutional Research	1,129,899
Administrative Data Processing	13,493,617
Other Institutional Support	(22,217,467)
Total Institutional Support	<u>126,042,539</u>
SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	<u>118,166,736</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u>\$ 632,192,076</u>

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

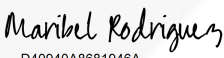
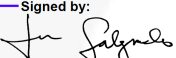
Schedule 6

**CITY COLLEGES OF CHICAGO
ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 508**

**FISCAL YEAR 2026 CERTIFICATION OF PER CAPITA COST
FOR FISCAL YEAR ENDED JUNE 30, 2025**

All Fiscal Year 2025 Noncapital Audited Operating Expenditures are from the following funds:

Education Fund	\$ 316,653,824
Operations and Maintenance Fund	33,827,232
Operations and Maintenance Fund (Restricted)	24,120,648
Bond and Interest Fund	13,328,096
Restricted Purposes Fund	151,085,469
Audit Fund	428,000
Liability, Protection and Settlement Fund	8,970,652
Total noncapital expenditures	\$ 548,413,921
Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$ 22,903,421</u>
Total costs included (line 10 plus line 11)	<u><u>\$ 571,317,342</u></u>
Total certified semester credit hours for fiscal year 2025	743,663.0
Per capita cost	\$ 768.25

Approved:	Signed by:  D40940A9681946A... Maribel Rodriguez, Chief Financial Officer	11/13/2025 7:33:46 PM CST Date
Approved:	Signed by:  F72280413173443... Juan Salgado, Chancellor	11/14/2025 3:44:49 PM CST Date



**Independent Accountant's Report on the Schedule of Enrollment Data
and Other Bases on Which Claims are Filed**

RSM US LLP

Board of Trustees of
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, 2025. City Colleges' management is responsible for preparing the Schedule in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. 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 AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule presented is in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule is presented in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects.

Other Information

Management is responsible for the other information that accompanies the Schedule. The other information comprises the Student Residency Verification Process and Summary of Assessed Valuations, but does not include the Schedule and our independent accountant's report thereon. Our opinion on the Schedule does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our examination of the Schedule, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Schedule, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

RSM US LLP

Chicago, Illinois
November 19, 2025

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**City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases on Which Claims are Filed
Year ended June 30, 2025**

**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	45,925.0	269.0	165,342.0	237.0	168,358.0	662.0	379,625.0	1,168.0
Business Occupational	6,177.0	258.0	22,445.0	42.0	24,006.0	141.0	52,628.0	441.0
Technical Occupational	4,490.0	249.0	19,263.0	591.0	17,820.5	787.0	41,573.5	1,627.0
Health Occupational	4,210.0	-	14,947.5	384.0	15,355.5	108.0	34,513.0	492.0
Remedial/Developmental	2,710.0	-	16,259.0	36.0	12,050.0	108.0	31,019.0	144.0
Adult Basic/Secondary Education	43,731.5	3,759.0	66,497.5	10,339.0	76,048.5	57.0	186,277.5	14,155.0
Total	107,243.5	4,535.0	304,754.0	11,629.0	313,638.5	1,863.0	725,636.0	18,027.0

Reconciliation of Total Semester Credit Hours for the Year Ended June 30, 2025

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	379,625.0	379,625.0	-	1,168.0	1,168.0	-
Business Occupational	52,628.0	52,628.0	-	441.0	441.0	-
Technical Occupational	41,573.5	41,573.5	-	1,627.0	1,627.0	-
Health Occupational	34,513.0	34,513.0	-	492.0	492.0	-
Remedial/Developmental	31,019.0	31,019.0	-	144.0	144.0	-
Adult Basic/Secondary Education	186,277.5	186,277.5	-	14,155.0	14,155.0	-
Total	725,636.0	725,636.0	-	18,027.0	18,027.0	-

Summary of Certified Dual Credit and Dual Enrollment Hours for the Year Ended June 30, 2025

	Unrestricted		Restricted	
	Dual Credit	Dual Enrollment	Dual Credit	Dual Enrollment
Reimbursable Semester Credit Hours (All Terms)	42,243.0	19,967.0	382.0	232.0

City Colleges of Chicago
Schedule of Enrollment Data and
Other Bases on Which Claims are Filed *(Continued)*
Year ended June 30, 2025

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

	Attending In-District	Attending Out-of-District on Chargeback or Cooperative/ Contractual Agreement	Total
Unrestricted in-district resident hours	698,004.0		
Restricted in-district resident hours	16,828.0		
Semester credit hours (all terms)	714,832.0	1,336.5	716,168.5
District prior year equalized assessed valuation		\$ 109,770,538,836	
	Total Credit Hours	Total Credit Hours Certified by ICCB	Difference
In-district resident	714,832.0	714,832.0	-
Out-of-district (chargeback/contractual agreement)	1,336.5	1,336.5	-
Total	716,168.5	716,168.5	-

Student Residency Verification Process (Unexamined)

Due to the District's campuses being 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).
- Students who live out of district may qualify for in-district tuition if they work more than 35 hours per week in the City of Chicago. Proof of full-time employment must be shown at registration.

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:

- Students 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 (Unexamined)

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>
2024	\$ 109,770,538,836
2023	99,601,789,704
2022	96,847,230,931
2021	96,868,463,441
2020	89,478,355,786
2019	87,776,056,332
2018	86,286,411,094
2017	76,722,182,440
2016	73,984,605,433
2015	70,924,421,349

State Grant Compliance Section



RSM US LLP

Independent Auditor's Report on Audit of Grant Program Financial Statements

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of net position and statement of revenues, expenses and changes in net position (financial statements) of the State Adult Education and Family Literacy Grants (State Basic and State Performance) (the Grant Program) of City Colleges of Chicago, Community College District No. 508 (City Colleges), as of and for the year ended June 30, 2025, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Grant Program, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Our responsibilities under those standards and guidelines are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Colleges and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

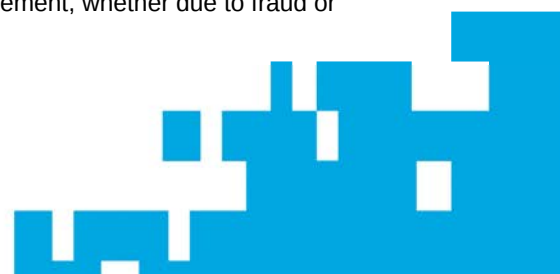
As discussed in Note 2, the financial statements of the grant program of City Colleges are intended to present the financial position and changes in financial position of City Colleges that are attributable to the transactions of the Grant Program. They do not purport to, and do not, present fairly the financial position of City Colleges, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025, on our consideration of City Colleges' internal control over financial reporting of the Grant Program and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of City Colleges' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Colleges' internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
November 19, 2025



**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**

RSM US LLP

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, the financial statements of the State Adult Education and Family Literacy Grants (State Basic and State Performance) (the Grant Program) of City Colleges of Chicago, Community College District No. 508 (City Colleges) as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Grant Program financial statements, we considered City Colleges' internal control over financial reporting (internal control) as a basis of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control. Accordingly, we do not express an opinion on the effectiveness of City Colleges' internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

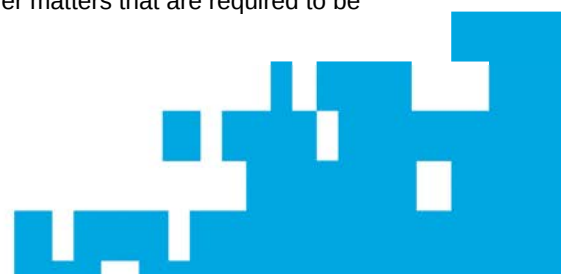
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City Colleges' Grant Program financial statements are free from 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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
November 19, 2025

Grant Program Financial Statements

City Colleges of Chicago
Community College District No. 508
State Adult Education and Family Literacy Grant Program

Statement of Net Position
June 30, 2025

	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Assets			
Due from City Colleges	\$ 7,581	\$ 9,002	\$ 16,583
Total assets	<u>7,581</u>	<u>9,002</u>	<u>16,583</u>
Liabilities and Net Position			
Accrued payroll	7,581	9,002	16,583
Total Liabilities	<u>7,581</u>	<u>9,002</u>	<u>16,583</u>
Net Position	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Position	<u><u>\$ 7,581</u></u>	<u><u>\$ 9,002</u></u>	<u><u>\$ 16,583</u></u>

Statement of Revenues, Expenses
and Changes in Net Position
Year ended June 30, 2025

	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Revenue			
State Sources	\$ 1,652,045	\$ 1,441,670	\$ 3,093,715
Expenses By Program			
Instruction	1,071,142	747,454	1,818,596
Guidance Services	92,034	166,760	258,794
Assessment and Testing	251,745	-	251,745
Subtotal Instructional and Student Services	<u>1,414,921</u>	<u>914,214</u>	<u>2,329,135</u>
Program Support			
Improvement of Instructional Services	-	111,835	111,835
General Administration	-	63,708	63,708
Data and Information Services	98,244	234,611	332,855
Approved Indirect Cost	138,880	117,302	256,182
Subtotal Program Support	<u>237,124</u>	<u>527,456</u>	<u>764,580</u>
Total Expenses	<u>1,652,045</u>	<u>1,441,670</u>	<u>3,093,715</u>
Excess of Revenue Over Expenses			
Net Position - July 1, 2024	-	-	-
Net Position - June 30, 2025	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

see accompanying notes to grant program financial statements

Notes to Grant Program Financial Statements

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2025

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. State 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 in fiscal year 2025. State funds include two categories: (1) State Basic and (2) State Performance. Federal funds include one category in fiscal year 2025, (1) Federal Basic. Funding is allocated through a competitive process. The funding source determines the applicable statutory regulations, policies, and guidelines including allowable costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Reporting

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

Grant revenues are reported in these grant program financial statements when allowable grant expenses are made. Expenses 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 shall be returned to ICCB by October 15 following the end of the fiscal year. The State Adult Education and Family Literacy programs were fully expended within the grant period.

City Colleges of Chicago
Community College District No. 508
Notes to Grant Program Financial Statements
June 30, 2025

A. Basis of Reporting *(Continued)*

These grant program financial statements cover only the State Adult Education and Family Literacy grants. 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 grant program cash for the State Adult Education and Family Literacy program is pooled with City Colleges.

C. Due from City Colleges

A receivable is recorded for the funds to be received from the ICCB on June 30, 2025, for reimbursement of the allowable expenditures incurred during the fiscal year.

D. Accrued Payroll

Accrued payroll is all forms of compensation owed to employees that have not yet been paid to them and is a liability of City Colleges. The key components of accrued payroll are salaries, wages, and payroll taxes.

E. Uses of Estimates

The preparation of the grant program 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.

Please contact us if you would like additional copies of the Annual Comprehensive Financial Report for the year ended June 30, 2025: <https://www.ccc.edu/departments/annual-finance-and-budget-reports/>

For further information or to learn about our education, operational and employment opportunities, please visit the CCC website at <http://www.ccc.edu>.

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OF CHICAGO

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture for the Bonds not summarized elsewhere in this Official Statement. Reference is made to such Indenture for a complete description thereof. The discussion herein is qualified by such reference.

Definitions of Certain Terms

“*Act*” means the Public Community College Act of the State, as amended.

“*Additional Bonds*” means any Alternate Bonds issued in the future in accordance with the provisions of the Debt Reform Act on a parity with and sharing ratably and equally in all or any portion of the Pledged Revenues with the Bonds, the Series 2017 Bonds and the Series 2024 Bonds, as described in this APPENDIX B under the heading “Additional Bonds and Subordinate Obligations Payable from Pledged Revenues.”

“*Alternate Bonds*” means general obligation bonds payable from any revenue source as provided by the Debt Reform Act, particularly Section 15 thereof.

“*Annual Debt Service Requirement*” means, for any Bond Year, the sum of the interest on and principal of the Bonds that will become due and payable, whether at maturity or upon mandatory sinking fund redemption, during such Bond Year.

“*Authorized Denominations*” means \$5,000 or any integral multiple thereof.

“*Authorized Officer*” means (i) any Designated Official, (ii) the Controller and Chief Operating Officer of the Issuer acting together or (iii) any other officer or employee of the Issuer authorized to perform specific acts or duties hereunder by resolution duly adopted by the Board.

“*BAM*” means the Build America Mutual Assurance Company.

“*Board*” means the Board of Trustees of the District.

“*Bond Counsel*” means any nationally recognized firm(s) of municipal bond attorneys approved by the District.

“*Bondholder*” means the Owner of any Bond.

“*Bond Payment Account*” means the Bond Payment Account established in the Indenture.

“*Bond Resolution*” means Board Report No. 35787, adopted by the Board on March 5, 2026, authorizing the issuance of the Bonds.

“*Bond Year*” means each annual period beginning on December 2nd of a calendar year to and including December 1st of the next succeeding calendar year.

“*Bonds*” means the \$90,000,000 Community College District No. 508, County of Cook and State of Illinois Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026 of the Issuer, issued pursuant to the Indenture.

“*Business Day*” means any day which is not a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the designated corporate trust office of any Fiduciary is located are authorized by law or executive order to close (and such Fiduciary is in fact closed).

“*Chief Financial Officer*” means the Chief Financial Officer (including any interim Chief Financial Officer) of the Issuer.

“*Code*” or “*Code and Regulations*” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated or proposed pursuant thereto as the same may be in effect from time to time.

“*Costs of Issuance Fund*” means the account of that name established in the Indenture.

“*Counsel’s Opinion*” means any Opinion of Counsel or any Opinion of Bond Counsel.

“*County Clerks*” means, collectively, the County Clerks of The Counties of Cook and DuPage, Illinois.

“*County Collectors*” means, collectively, the County Treasurers of The Counties of Cook and DuPage, Illinois, in their respective capacities as county collector, or, respectively, such other officer as may be lawfully appointed in the future to serve as county collector in either of said counties.

“*Debt Reform Act*” means the Local Government Debt Reform Act of the State, as amended.

“*Debt Service Fund*” means the Debt Service Fund established in the Indenture.

“*Defeasance Government Obligations*” means Government Obligations which are not subject to redemption other than at the option of the holder thereof.

“*Defeasance Obligations*” means (i) Defeasance Government Obligations and (ii) Pre-refunded Municipal Obligations.

“*Deposit Date*” means February 15 of each year or such earlier date as may be necessary to permit the Issuer to lawfully make the abatement of taxes described under the heading “SECURITY FOR THE BONDS – Pledged Taxes” in the Official Statement.

“*Designated Official*” means (i) the Chancellor of the District, (ii) the Chief Financial Officer or (iii) any other officer of the Issuer authorized to perform specific acts and duties hereunder by resolution duly adopted by the Board.

“*District*” or “*Issuer*” means Community College District No. 508, County of Cook and State of Illinois, a community college district established pursuant to the Act.

“*DTC*” means The Depository Trust Company, New York, New York, as securities depository for the Bonds.

“*Event of Default*” means any event so designated and specified as described in this APPENDIX B under the heading “Events of Defaults and Remedies – Events of Default.”

“*Fiduciary*” or “*Fiduciaries*” means the Trustee, the Registrar and any Paying Agent, or any or all of them, as may be appropriate.

“*Forward Supply Contract*” means any contract entered into between the Issuer and a supplier of Investment Securities selected by or pursuant to the direction of the Issuer (a “*Counterparty*”) pursuant to

which the Counterparty agrees to sell to the Issuer (or to the Trustee on behalf of the Issuer) and the Issuer (or the Trustee on behalf of the Issuer) agrees to purchase specified Investment Securities on specific dates at specific purchase prices, all as established at the time of the execution and delivery of such contract and as set forth in such contract. Any amounts due and owing from the Issuer to the Counterparty pursuant to any Forward Supply Contract (other than the specified purchase prices of the Investment Securities set forth therein) shall be treated as current operating expenses of the Issuer subject to annual appropriation, and shall not constitute indebtedness of the Issuer.

“Government Obligations” means any direct obligations of or obligations guaranteed by the United States of America, including but not limited to: Treasury bills, bonds, notes, and STRIPS and U.S. Treasury Certificates, Bills, Notes and Bonds (including State and Local Government Series – (SLGs); Resolution Funding Corporation (*“REFCORP”*) Interest STRIPS; and United States Agency for International Development (*“US AID”*) guaranteed notes (including stripped securities) provided that any US AID security shall mature at least 5 business days prior to any cash flow or escrow requirement.

“Indenture” means the Trust Indenture, dated as of March 1, 2026, by and between the District and the Trustee, as from time to time amended and supplemented and relating to the Bonds.

“Interest Payment Date” means each June 1st and December 1st, commencing December 1, 2026.

“Interest Sub-Account” means the sub-account of that name in the Bond Payment Account established in the Indenture.

“Investment Policy” means the investment policy of the District as currently in effect and as may be amended from time to time.

“Investment Securities” means any of the following securities authorized by law and by the Investment Policy as permitted investments of District funds at the time of purchase thereof:

- (i) Government Obligations;
- (ii) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
 - Export-Import Bank
 - Farm Credit System Financial Assistance Corporation
 - Farmers Home Administration
 - General Services Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - Government National Mortgage Association (GNMA)
 - U.S. Department of Housing & Urban Development (PHA’s)
 - Federal Housing Administration
 - Tennessee Valley Authority
 - United States Postal Service
 - Private Export Funding Corporation

(iii) Senior debt obligations issued by Fannie Mae or the Federal Home Loan Mortgage Corporation or senior debt obligations of other government agencies;

(iv) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and its affiliates) rated in the highest short term rating category, without respect to modifier, by a Rating Agency at the time of purchase and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(v) Commercial paper which is rated in the highest short term rating category, without respect to modifier, by a Rating Agency at the time of purchase and which matures not more than 270 days after the date of purchase;

(vi) Investments in a money market fund which at the time of purchase is rated in the second highest rating category or higher, without respect to modifier, by a Rating Agency at the time of purchase, including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise;

(vii) Investments in the Public Treasurers' Investment Pool;

(viii) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 subject to the provisions of said Act and the Regulations issued thereunder. The government securities that are the subject of such repurchase agreements, unless registered or inscribed in the name of the Issuer, shall be purchased through banks or trust companies authorized to do business in the State of Illinois;

(ix) Pre-refunded Municipal Obligations;

(x) Any Forward Supply Contract; and

(xi) Any other investment securities authorized by law as permitted investments of Issuer funds from time to time.

"*Issuer*" or "*District*" means Community College District No. 508, County of Cook and State of Illinois, a community college district established pursuant to the Act.

"*Opinion of Bond Counsel*" means a written opinion of Bond Counsel, the scope, form, substance and other aspects of which are described in the applicable article or section requiring the delivery of such opinion, which opinion may be based on a ruling or rulings of the Internal Revenue Service.

"*Opinion of Counsel*" means an opinion signed by an attorney or firm of attorneys of recognized standing in the area of law to which the opinion relates, selected by the District, who may be counsel to the District (including the General Counsel of the District).

"*Outstanding*" means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Any Bonds cancelled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys and/or Defeasance Obligations, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, are held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the

maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption will have been given as provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds will have been authenticated and delivered in connection with any substitution, transfer or exchange; and

(iv) Bonds deemed to have been paid as described in this APPENDIX B under the heading “Defeasance.”

“Owner” means any Person who shall be the registered owner of any Bond or Bonds.

“Paying Agent” means the Trustee and any other bank, national banking association or trust company designated by a Designated Official as paying agent for the Bonds, and any successor or successors appointed by a Designated Official under the Indenture.

“Person” means and includes an association, unincorporated organization, a corporation, a limited liability company, a partnership, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

“Pledged Revenues” means State Grant Revenues and Tuition and Fee Revenues in amounts each year the Bonds are Outstanding as shall provide for the payment of 1.25 times annual debt service on the Bonds, the Series 2017 Bonds and the Series 2024 Bonds in such years.

“Pledged Revenues Account” means the account of that name in the Debt Service Fund established in the Indenture.

“Pledged Taxes” means the *ad valorem* taxes levied against all of the taxable property in the District without limitation as to rate or amount and pledged under the Indenture as security for the Bonds.

“Pledged Taxes Account” means the account of that name in the Debt Service Fund established in the Indenture.

“Policy” means the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Bonds when due.

“Pre-refunded Municipal Obligations” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) are rated by at least one Rating Agency at the time of purchase, the rating afforded to the United States of America; and

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations

described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

“Principal Sub-Account” means the sub-account of that name in the Bond Payment Account established in the Indenture.

“Rating Agencies” means Kroll Bond Rating Agency, Fitch Ratings, Inc., Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services and each of their successors or assigns.

“Record Date” means, with respect to any Interest Payment Date for the Bonds, the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“Redemption Price” means, with respect to any Bond, the amount payable upon the date fixed for redemption.

“Registrar” means the Trustee and any other bank, national banking association or trust company appointed by a Designated Official under the Indenture and designated as registrar for the Bonds, and its successor or successors.

“Series 2017 Bonds” means the \$78,065,000 Community College District Number 508, County of Cook and State of Illinois Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2017 of the Issuer.

“Series 2024 Bonds” means the \$186,565,000 Community College District Number 508, County of Cook and State of Illinois Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues), Series 2024 of the Issuer.

“SLGS” means United States Treasury Certificates of Indebtedness, Notes and Bonds—State and Local Government Series.

“State” means the State of Illinois.

“State Grant Revenues” means any grants and other revenues received by the District from the Illinois Community College Board pursuant to the Act.

“Subordinate Obligations” means bonds or other evidences of indebtedness payable from all or a portion of the Pledged Revenues subordinate to the Bonds and any Additional Bonds.

“Supplemental Indenture” means any Supplemental Indenture between the District and the Trustee authorized as described in this APPENDIX B under the caption “Supplemental Indenture.”

“Tax Agreement” means the Tax Exemption Certificate and Agreement of the Issuer relating to the Bonds.

“Trustee” means U.S. Bank Trust Company, National Association, Chicago, Illinois, and any successor or successors appointed under the Indenture. The “designated corporate trust office” of the Trustee means 190 S. LaSalle Street, Chicago, Illinois 60603 or such other address as is provided by the Trustee; provided, however, that with respect to payments on the Bonds and any exchange, transfer, or other surrender of the Bonds, the Trustee’s “designated corporate trust office” shall mean the corporate trust operations office of the Trustee in St. Paul, Minnesota or such other office or location designated by the Trustee by written notice.

“*Trust Estate*” means the Pledged Revenues, the Pledged Taxes and all other property pledged to the Trustee pursuant to the Granting Clauses of the Indenture.

“*Tuition and Fee Revenues*” means student tuition and fees, net of scholarship allowances, imposed and collected pursuant to the Act.

“*2025 Authorization*” or “*2025 Authorizing Resolution*” means the authorization adopted by the Board pursuant to Board Report No. 35688 on December 5, 2025, authorizing the issuance of alternate bonds pursuant to the Debt Reform Act in an amount not to exceed \$180,000,000.

“*Year*” or “*year*” means a calendar year.

Pledge of Trust Estate

In order to secure the payment of the principal of, premium, if any, and interest on all Bonds issued under the Indenture, according to the import thereof and the performance and observance of each and every covenant and condition contained in the Indenture and in the Bonds, the District pledges and grants in the Indenture a lien upon the following Trust Estate to the Trustee and its successors in trust and assigns, for the benefit of the Owners, to the extent provided in the Indenture:

(a) The Pledged Revenues and the Pledged Taxes; provided that the pledge of the Pledged Revenues to the payment of the Bonds is on a parity with the pledge of such revenues to the payment of the Series 2017 Bonds, the Series 2024 Bonds and any Additional Bonds (as defined herein) that may be hereafter issued;

(b) All moneys and securities and earnings thereon in all Funds, Accounts and Sub-Accounts established pursuant to the Indenture; and

(c) Any and all other moneys, securities and property furnished from time to time to the Trustee by the District or on behalf of the District or by any other Persons to be held by the Trustee under the terms of the Indenture.

Pursuant to Section 13 of the Debt Reform Act, the moneys, securities and properties pledged and received by the District, are immediately subject to the lien and pledge of the Indenture without any physical delivery or further act, and the lien and pledge of the Indenture is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice of the lien and pledge of the Indenture.

The Bonds Are General Obligations

The Bonds are at all times Outstanding the general obligation of the District, for the payment of which its full faith and credit are pledged, and are payable from the levy of Pledged Taxes and the Pledged Revenues, as described in the Indenture. The Bonds do not represent or constitute a debt of the District within the meaning of any constitutional or any statutory limitation unless the Pledged Taxes have been extended for collection, in which case the Outstanding Bonds will, to the extent required by law, be included in the computation of indebtedness of the District for purposes of all statutory provisions or limitations until such time as an audit of the District shows that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year of the District.

Additional Bonds and Subordinate Obligations Payable From Pledged Revenues

Except as provided below, the District shall not hereafter issue any bonds or other evidences of indebtedness, other than the Bonds, which are secured by a pledge of or lien on the Pledged Revenues, the Pledged Taxes or the moneys, securities or funds held or set aside by the District or by the Trustee under the Indenture, and shall not, except as expressly authorized in the Indenture, create or cause to be created any lien or charge on the Pledged Revenues, the Pledged Taxes or such moneys, securities or funds.

The District reserves the right to issue Additional Bonds from time to time payable from all or any portion of the Pledged Revenues or any other source of revenues that may be pledged under the Debt Reform Act, and any such Additional Bonds will share ratably and equally in the Pledged Revenues with the Bonds, the Series 2017 Bonds and the Series 2024 Bonds; provided, however, that no Additional Bonds are permitted under the Indenture to be issued except in accordance with the provisions of the Debt Reform Act as in existence on the date of issuance of the Additional Bonds.

The District also reserves the right to issue bonds or other evidences of indebtedness payable from Pledged Revenues subordinate to the Bonds and any Additional Bonds. Such Subordinate Obligations will be paid from such Pledged Revenues available to the District in each year in excess of those required under the Indenture to be deposited in the Pledged Revenues Account during such Year.

Provisions Regarding Payment of Bonds

The principal and Redemption Price of the Bonds are payable at the designated corporate trust office of the Trustee, as Paying Agent, and at such offices of any co-Paying Agent or successor Paying Agent or Paying Agents appointed pursuant to the Indenture. Interest on the Bonds is payable by check or bank draft mailed or delivered by the Trustee to the Owners as the same appear on the registration books of the Issuer maintained by the Registrar as of the Record Date. At the option of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds, interest is payable by wire transfer of immediately available funds to such bank in the continental United States as said Owner shall request in writing to the Registrar prior to the Record Date. Notwithstanding the foregoing, while DTC's nominee is the Owner of the Bonds, payments of principal and Redemption Price of the Bonds will be made in accordance with existing arrangements between the Trustee and DTC.

Provisions Regarding Transfer and Exchange of Bonds

Subject to the provisions described in the Official Statement under the heading "The Bonds – Book-Entry-Only System" and in the immediately succeeding sentence, any Bond, upon surrender at the principal office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney, may, at the option of the Owner and upon payment of any taxes, fees or charges as provided in the Indenture, be exchanged for an equal aggregate principal amount of fully registered Bonds of like maturity and interest rate of any other Authorized Denominations. Neither the Trustee nor any Registrar shall be required to make any registration, transfer or exchange of any Bond after such Bond has been called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days next preceding the date of first giving notice of such redemption. For any exchange or transfer of Bonds, whether temporary or definitive, the Issuer, the Trustee or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid.

Investment of Funds

Investment of Certain Moneys

Moneys held in the Accounts and Sub-Accounts of the Debt Service Fund will be invested and reinvested by the Trustee at the written direction of a Designated Official in Investment Securities within the parameters established in the Indenture which mature no later than necessary to provide moneys when needed for payments to be made from such Fund or Account. If the District fails to provide written direction regarding moneys held in the Debt Service Fund as described in the preceding sentence, the Trustee will hold such moneys in uninvested cash. The Trustee may make any and all such investments through its trust department or the bond department of any bank (including the Trustee) or trust company under common control with the Trustee. The Issuer acknowledges that all investment directions provided to the Trustee by the Designated Official are required to be consistent with the expectations expressed in the Tax Agreement.

Valuation and Sale of Investments

Investment Securities in any Fund, Account or Sub-Account created under the Indenture will be deemed at all times to be part of such Fund, Account or Sub-Account and any profit realized from the liquidation of such investment will be credited to such Fund, Account or Sub-Account and any loss resulting from liquidation of such investment will be charged to such Fund, Account or Sub-Account. Valuations of Investment Securities held in the Funds, Accounts and Sub-Accounts established under the Indenture will be made by the Trustee when required pursuant to the Indenture or as requested by the Issuer; provided the Issuer shall request any such valuations no more than monthly. In computing the amounts in such Funds, Accounts and Sub-Accounts, Investment Securities therein will be valued as provided in the following paragraph.

The value of Investment Securities will mean the fair market value thereof, provided, however, that all SLGS will be valued at par and those obligations which are redeemable at the option of the holder will be valued at the price at which such obligations are then redeemable.

Except as otherwise provided in the Indenture, the Trustee at the written direction of a Designated Official will sell at the best price reasonably obtainable, or present for redemption, any Investment Security held in any Fund, Account or Sub-Account held by the Trustee whenever it will be necessary to provide moneys to meet any payment or transfer from such Fund, Account or Sub-Account as the case may be.

Particular Covenants and Representations of the District

Covenants Regarding Pledged Revenues

Pursuant to the Debt Reform Act, the District covenants under the Indenture, so long as there are any Outstanding Bonds, to provide for, collect and apply Pledged Revenues sufficient for the payment of the Bonds, the Series 2017 Bonds and the Series 2024 Bonds and the provision of not less than an additional .25 times annual debt service on the Bonds, the Series 2017 Bonds and the Series 2024 Bonds and further to establish annually a schedule of Tuition and Fee Revenues sufficient, together with State Grant Revenues, for the payment of the Bonds, the Series 2017 Bonds and the Series 2024 Bonds and the provision of not less than an additional .25 times annual debt service on the Bonds, the Series 2017 Bonds and the Series 2024 Bonds. The District and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues may be allocated and paid to the District for application as provided in the Indenture.

Covenants Regarding Pledged Taxes

The District represents that it has directed the County Collectors to deposit all collections of the Pledged Taxes, if and when extended for collection, directly with the Trustee for application in accordance with the provisions of the Indenture. As long as any of the Bonds remain Outstanding, the District will not modify or amend such direction, except for such modifications or amendments as may be necessitated by changes in State law, procedures, rules or regulations thereunder with respect to the collection and distribution of *ad valorem* property taxes; provided, that no such modification or amendment may provide for the deposit with the Trustee of less than all of the Pledged Taxes to be collected in any Year.

As described in the Official Statement under the heading “Security for the Bonds – Pledged Taxes,” the District will direct the abatement of the Pledged Taxes in whole or in part as described therein, and proper notification of any such abatement will be filed with (i) the County Clerks, in a timely manner to effect such abatement and (ii) the County Collectors, so as to advise such officers of the amount of the Pledged Taxes to be extended for the relevant levy year.

As long as there are any Outstanding Bonds, the District and its officers will comply with all present and future applicable laws in order to ensure that the Pledged Taxes may be levied and extended and collected and deposited to the Pledged Taxes Account.

In furtherance of the general obligation, full faith and credit promise of the District to pay the principal and Redemption Price of and interest on the Bonds, the District will take all actions necessary to (i) cause the levy and extension of Pledged Taxes, including any Pledged Taxes required to be levied in excess of those levied pursuant to the Bond Resolution, for collection on a timely basis to make all such payments and (ii) to cause such Pledged Taxes when extended for collection to be deposited directly with the Trustee for application pursuant to the Indenture.

Accounts and Reports

The District will keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries will be made of its transactions relating to the Pledged Revenues, the Pledged Taxes and the Funds, Accounts and Sub-Accounts established by the Indenture, and which, together with all other books and financial records of the District, will at all reasonable times be available for the inspection of the Trustee and the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds or their representatives duly authorized in writing.

Tax Covenants

The District will not at any time permit any of the proceeds of the Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any Bond to constitute a “private activity bond” within the meaning of the Code. In addition, the District will not permit any of the proceeds of the Bonds or other moneys to be invested in any manner that would cause any Bond to constitute an “arbitrage bond” or a “hedge bond” within the meaning of the Code.

Events of Default and Remedies

Events of Default

Each of the following events constitutes an Event of Default under the Indenture:

- (1) if a default occurs in the due and punctual payment of interest on any Bond, when and as such interest becomes due and payable;

(2) if a default occurs in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same becomes due and payable, whether at maturity or by call for redemption or otherwise;

(3) if a default occurs in the performance or observance by the District of any other of the covenants, agreements or conditions contained in the Indenture or in the Bonds, and such default continues for a period of sixty (60) days after written notice thereof to the District by the Trustee or after written notice thereof to the District and to the Trustee by the Owners of not less than 25% in aggregate principal amount of the Outstanding Bonds, provided that if the nature of the default is such that it cannot be cured within the 60-day cure period but can be cured within a longer period, no event of default shall occur if the District institutes corrective action within the 60-day period and diligently pursues such action until the default is corrected (provided such default is correctable) and provides the Trustee with a certification to that effect; or

(4) if the District files a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State.

Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Upon the occurrence and continuance of a default or an Event of Default under the Indenture, BAM will be deemed to be the sole holder of the Bonds for all purposes thereunder other than enforcing the tax covenants therein and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds for the benefit of such holders hereunder. The Trustee may not waive any default or event of default without BAM's written consent.

Proceedings Brought By Trustee

There is no provision for the acceleration of the maturity of the Bonds if an Event of Default occurs under the Indenture.

If an Event of Default happens and is not remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon identical written request of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding and upon being indemnified to its satisfaction will proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under the Bonds or the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for an accounting against the District as if the District were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, will deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture or enforce any of the rights or interests of the Owners of the Bonds under the Bonds or the Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding, and any such suit or other proceeding instituted by the Trustee shall be brought in its name.

All actions against the District under the Indenture must be brought in a state or federal court located in the State.

The Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the enforcement of any remedy available to the Trustee, or for the exercise of any trust or power conferred upon the Trustee, provided that the Trustee will have the right to decline to follow any such direction if the Trustee is advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith determines that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners not parties to such direction.

Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee has the power, but unless requested in writing by the Owners of 25% in aggregate principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, is under no obligation to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under the Indenture and to preserve or protect its interests and the interest of the Owners.

Application of Trust Estate and Other Moneys on Default

During the continuance of an Event of Default, the Trustee will apply all moneys, securities, funds, Pledged Revenues and Pledged Taxes and the income therefrom (other than amounts not constituting part of the Trust Estate) as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee, including the reasonable fees and expenses of counsel employed by it and the creation of a reasonable reserve for anticipated fees, costs and expenses; and

(2) to the payment of the principal of, Redemption Price and interest on the Bonds then due, as follows:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available is not sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

SECOND: to the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which have become due, whether at maturity or by call for redemption and, if the amount available is not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

If and whenever all overdue installments of principal and Redemption Price of and interest on, Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other overdue sums payable by the District under the Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on, all Bonds held by or for the account of the District, or provision satisfactory to the Trustee is made for such payments, and all defaults under the Indenture or the Bonds are made good

or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate is made therefor, the Trustee will pay over to the District all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon the District, the Trustee and the Owners will be restored, respectively, to their former positions and rights under the Indenture. No such payment to the District by the Trustee nor such restoration of the District and the Trustee to their former positions and rights will extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Whenever moneys are to be applied as provided above, the Trustee may, in its discretion, establish and maintain a reserve for future fees and expenses, and may apply moneys to be distributed at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix a date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates, and for which moneys are available, shall cease to accrue. The Trustee shall also select a Record Date for such payment date. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such Record Date and payment date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Restrictions on Bondholders' Actions

No Owner of any Bond will have any right to institute any suit or proceeding at law or in equity for the enforcement or violation of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Owner has previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding have filed a written request with the Trustee, and have offered it reasonable opportunity either to exercise the powers granted in the Indenture or by the laws of the State or to institute such suit or proceeding in its own name, and unless such Owners will have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or failed to comply with such request within 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by the Indenture or to enforce any right under the Indenture, except in the manner provided in the Indenture; and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

Nothing contained in the Indenture or in the Bonds will affect or impair the general obligation of the District to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action of any Owner to enforce such payment of its Bond from the sources provided in the Indenture.

Restriction on BAM's Actions

If an Insurer Default shall occur and be continuing, then, notwithstanding anything herein to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of any such principal payment only, BAM will be treated like the Bondholder with respect only to such principal paid for all purposes, including giving of consents, and (2) if BAM has not made any principal payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Insurance Policy, in which

event, the foregoing clause (1) will control. For purposes of this paragraph, “Insurer Default” means: (A) BAM has failed to make any payment under the Insurance Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

Remedies Conferred By The Debt Reform Act

The District and the Trustee each acknowledge that Section 15(e) of the Debt Reform Act provides that all covenants of the District relating to the issuance of the Bonds as Alternate Bonds pursuant to Section 15 of the Debt Reform Act and the conditions and obligations imposed by said Section 15 are enforceable by any Owner of the Bonds, any taxpayer of the District and the people of the State acting through the Attorney General of the State or any designee, and in the event that any such action results in an order finding that the District has not properly collected and applied the Pledged Revenues or Pledged Taxes as required by the Debt Reform Act, the plaintiff in any such action shall be awarded reasonable attorney’s fees.

No Remedy Exclusive

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners is intended to be exclusive of any other remedy, but each remedy will be cumulative and will be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute on or after the date of the execution and delivery of the Indenture.

No delay or omission of the Trustee or any Owner to exercise any right or power arising upon the happening of an Event of Default will impair any right or power or will be construed to be a waiver of any such Event of Default or be construed to be an acquiescence to any such Event of Default.

Waiver

The Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds waive any past default under the Indenture and its consequences, except a default in the payment of interest on, or principal or Redemption Price of any of the Bonds when due. No such waiver will extend to any subsequent or other default or impair any right consequent thereon.

Provisions Relating to Trustee

Resignation and Removal of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by the Indenture by giving not less than sixty (60) days’ written notice to the District, all Owners of the Bonds and the other Fiduciaries, and such resignation will take effect upon the day specified in such notice but only if a successor will have been appointed by the District or the Owners as provided below and accepted such appointment, in which event such resignation will take effect immediately on the appointment of such successor whether or not the date specified for such resignation to take effect has arrived. If a successor Trustee has not been appointed and accepted such

appointment within a period of sixty (60) days following the giving of notice, then the Trustee is authorized to petition any court of competent jurisdiction, at the expense of the District, to appoint a successor Trustee as described below.

The Trustee may be removed upon 60 days written notice at any time by an instrument in writing approved by and executed in the name of the District and delivered to the Trustee; provided, however, that if an Event of Default has occurred and is continuing, the Trustee may be so removed by the District only with the written concurrence of the Owners of a majority in aggregate principal amount of Bonds then Outstanding (excluding Bonds held by or for the account of the District). The Trustee may be removed at any time by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the District, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or their attorneys-in-fact duly authorized, and delivered to the District. Copies of each such instrument shall be delivered by the District to each Fiduciary.

Appointment of Successor Trustee. In case at any time the Trustee resigns, is removed or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, is appointed, or if any public officer or court takes charge or control of the Trustee, or of its property or affairs, the District will appoint a successor Trustee. The District will cause notice of any such appointment made by it to be mailed to all Owners of the Bonds.

If no appointment of a Trustee is made by the District within sixty (60) days following such resignation or removal as described in the foregoing paragraphs, the Trustee or the Owner of any Outstanding Bond may apply to any court of competent jurisdiction, at the expense of the District, to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee appointed under the provisions of the Indenture must be a bank or trust company or national banking association, doing business and having a corporate trust office in the United States of America, and having capital stock and surplus aggregating at least \$15,000,000, or a wholly owned subsidiary of such an entity, if there be such a bank, trust company, national banking association or subsidiary willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture.

Supplemental Indenture

Supplemental Indenture Not Requiring Consent of Owners. The District and the Trustee may without the consent of, or notice to, any of the Owners, enter into a Supplemental Indenture or Supplemental Indentures not inconsistent with the Indenture for any one or more of the following purposes:

- (i) to impose additional covenants or agreements to be observed by the District;
- (ii) to impose other limitations or restrictions upon the District;
- (iii) to surrender any right, power or privilege reserved to or conferred upon the District by the Indenture;
- (iv) to confirm, as further assurance, any pledge of or lien upon the Pledged Revenues, the Pledged Taxes or any other moneys, securities or funds;
- (v) to supplement the Indenture in connection with the issuance of Additional Bonds as authorized in the Indenture;

- (vi) to supplement the Indenture in connection with the issuance of Subordinate Obligations as authorized in the Indenture;
- (vii) to cure any ambiguity, omission or defect in the Indenture;
- (viii) to provide for the appointment of a successor securities depository;
- (ix) to provide for the appointment of any successor Fiduciary; and
- (x) to make any other change which, in the judgment of the Trustee, does not materially adversely affect the rights of the Owners or the Trustee.

Supplemental Indenture Effective upon Consent of Owners. Any Supplemental Indenture not effective in accordance with the foregoing provisions will take effect only if permitted and approved and in the manner described below under the heading “Amendments – Consent of Owners.”

Amendments

General. Except for Supplemental Indentures not requiring consent of the Owners as described above, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding have the right, from time to time, to (i) consent to and approve the execution by the District and the Trustee of such other indenture or indentures supplemental to the Indenture as may be deemed necessary and desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture, or (ii) waive or consent to the taking by the District of any action prohibited, or the omission by the District of the taking of any action required, by any of the provisions of the Indenture or of any supplemental indenture; provided, however, that nothing in this paragraph or as described under “Supplemental Indenture Not Requiring Consent of Owners” above permits or may be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the payment or redemption of any Bond, without the consent of the Owner of such Bond, (b) except for the pledge of the Pledged Revenues in connection with the issuance of Additional Bonds, the creation of any lien prior to or on a parity with the lien of the Indenture, without the consent of the Owners of all the Bonds at the time Outstanding, (c) a reduction in the aforesaid aggregate principal amount of Bonds, the Owners of which are required to consent to any such waiver or Supplemental Indenture, without the consent of the Owners of all the Bonds at the time Outstanding that would be affected by the action to be taken, (d) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (e) with respect to the Bonds, the loss of the exclusion from federal gross income of the Owners of the interest paid on the Bonds held by a non-consenting Bondholder to the extent otherwise afforded under the Code and Regulations.

Consent of Owners. The District may at any time authorize the execution and delivery of a Supplemental Indenture making a modification or amendment described in the preceding paragraph, to take effect when and as described in this paragraph. Upon the authorization of such Supplemental Indenture, a copy thereof will be delivered to and held by the Trustee for the inspection of the Owners. A copy of such Supplemental Indenture (or summary thereof or reference thereto prepared by the Issuer) together with a request to Owners for their consent thereto in form satisfactory to the Trustee, will be mailed to the Owners, but failure to mail such copy and request will not affect the validity of such Supplemental Indenture when consented to as described below. Such Supplemental Indenture will not be effective unless and until, and will take effect in accordance with its terms when (a) there has been filed with the Trustee (i) the written consents of the Owners of the required aggregate principal amount of Outstanding Bonds, and (ii) a Counsel’s Opinion stating that the execution and delivery of such Supplemental Indenture has been duly authorized by the District in accordance with the provisions of the Indenture, is authorized or permitted by

the Indenture and, when effective, will be valid and binding upon the District and the Trustee, (b) an Opinion of Bond Counsel to the effect that the Supplemental Indenture will not adversely affect any exemption from federal income tax of the interest paid on the Bonds to which such Bonds are otherwise entitled and (c) the notice described below has been mailed. Any such consent will be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor or replacement thereto whether or not such subsequent Owner has notice thereof, provided, however, that any consent may be revoked by any Owner of such Bonds by filing with the Trustee, prior to the time when the Trustee's written statement described below is filed, a written revocation, with proof that such Bonds are held by the signer of such revocation. The Trustee will give notice by mail within 30 days of receiving sufficient consent to the Owners of the Bonds that the Supplemental Indenture has been consented to by the Owners of the required aggregate principal amount of Outstanding Bonds and will be effective (but failure to mail such notice or any defect therein will not prevent such Supplemental Indenture from becoming effective and binding). The Trustee will deliver to the District proof of the mailing of such notice. A record, consisting of the information required or permitted by the Indenture to be delivered by or to the Trustee, will be proof of the matters therein stated.

The Indenture and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended in any respect by a Supplemental Indenture effecting such modification or amendment and with the consents of the Owners of all the Bonds then Outstanding, each such consent to be accompanied by proof of the holding at the date of such consent of the Bonds with respect to which such consent is given. Such Supplemental Indenture will take effect upon the filing (a) with the Trustee of (i) a copy thereof, (ii) such consents and accompanying proofs and (iii) the Counsel's Opinion referred to in the preceding paragraph and (b) with the District of the Trustee's written statement that the consents of the Owners of all Outstanding Bonds have been filed with it. No mailing or publication of any Supplemental Indenture (or reference thereto or summary thereof) or of any request or notice will be required. No such modification or amendment, however, shall change or modify any of the rights or obligations of any Fiduciary without its written consent thereto.

The prior written consent of BAM is required for any amendments or supplements to the Indenture that require the consent of the Bondholders or that adversely affects the rights or interests of BAM other than with respect to amendments to the provision regarding tax covenants.

Defeasance

If the District pays or causes to be paid or there is otherwise paid to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the District to the Owners will thereupon be discharged and satisfied. In such event, the Trustee, upon request of the District, will provide an accounting of the assets managed by the Trustee to be prepared and filed with the District for any year or part thereof requested, and will execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Paying Agent will pay over or deliver to the District all moneys and securities held by it pursuant to the Indenture which are not required for the payment of Bonds not previously surrendered for such payment or redemption. If the District pays or causes to be paid, or there is otherwise paid, to the Owners of all or a portion of Outstanding Bonds of a particular maturity and interest rate (and if only a portion of such particular maturity and interest rate, such portion will be selected by lot by the Trustee in the manner provided in the Indenture for the selection of Bonds to be redeemed in part), the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated in such Bond and in the Indenture, such Bonds will cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the District to the Owners of such Bonds and to the Trustee will thereupon be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date will be deemed to have been paid as described in the preceding paragraph if the District has delivered to or deposited with the Trustee (a) irrevocable instructions to pay or redeem all of said Bonds or interest installments, as applicable, in specified amounts no less than the respective amounts of their principal or interest, and on specified dates no later than the respective due dates thereof, (b) irrevocable instructions to mail the required notice of redemption of any Bonds or interest installments, as applicable, so to be redeemed, (c) either moneys in an amount which will be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which will be sufficient, without further reinvestment, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (d) if any of said Bonds or interest installments, as applicable, are not to be redeemed within the next succeeding sixty (60) days, irrevocable instructions to mail to all Owners of said Bonds a notice that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. The Defeasance Obligations and moneys deposited with the Trustee as described in this paragraph will be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds. No payments of principal of any such Defeasance Obligations or interest thereon shall be withdrawn or used for any purpose other than the payment of such principal or Redemption Price of, or interest on, said Bonds unless after such withdrawal the amount held by the Trustee and interest to accrue on Defeasance Obligations so held shall be sufficient to provide fully for the payment of the principal of or Redemption Price and interest on said Bonds, at maturity or upon redemption, as the case may be.

The Defeasance Obligations (or any portion thereof) held for the payment of the principal and redemption price of and interest on said Bonds as described in the preceding paragraph may not be sold, redeemed, invested, reinvested or removed from the lien of the Indenture in any manner or other Defeasance Obligations substituted therefor (any such direction to sell, redeem, invest, reinvest, remove or substitute to be referred to as a "subsequent action") unless prior to the taking of such subsequent action, the Trustee has received the following: (i) either (a) a certified copy of the proceedings of the District authorizing the subsequent action, or (b) an opinion of counsel for the District to the effect that such subsequent action has been duly authorized by all necessary action on the part of the District; (ii) an opinion from a nationally recognized firm of independent public accountants to the effect that the Defeasance Obligations and cash available or to be available for payment of the Bonds after the taking of the subsequent action will remain sufficient to pay, without any further reinvestment thereof, the principal and redemption price of and interest on said Bonds at or prior to their maturity in the manner provided in the preceding paragraph; (iii) an opinion of bond counsel to the effect that the subsequent action will not adversely affect any exemption from federal income tax of the interest paid on the Bonds to which such Bonds are otherwise entitled; and (iv) such other documents and showings as the Trustee may reasonably require. The Trustee will give notice to the owners of any subsequent action in the same manner as notices of redemption are required to be sent pursuant to the Indenture.

APPENDIX C

[PROPOSED FORM OF OPINION OF BOND COUNSEL]

March 26, 2026

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

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Trustees of Community College District No. 508, County of Cook and State of Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026 (the “*Bonds*”), to the amount of \$90,000,000, dated March 26, 2026, due on December 1 of the years and in the amounts and bearing interest as follows:

2051	\$40,200,000	5.500%
2055	49,800,000	5.500

the Bonds due on or after December 1, 2035, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Trustee), as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

The Bonds maturing in the years 2051 and 2055 are term bonds subject to mandatory redemption, in part and by lot, on December 1 of the years and in the respective principal amounts set forth in the following tables, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date:

2051 Term Bonds		2055 Term Bonds	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2048	\$ 9,260,000	2052	\$11,470,000
2049	9,765,000	2053	12,100,000
2050	10,305,000	2054	12,765,000
2051*	10,870,000	2055*	13,465,000

*Final maturity.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and is payable from (i)(a) student tuition and fees, net of scholarship allowances, imposed and collected pursuant to the Public Community College Act and (b) grants and other revenues received by the District from the Illinois Community College Board pursuant to the Public Community College Act and (ii) ad valorem property taxes levied against all of the taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company (“DTC”) of New York, New York has been furnished by DTC for use in this Official Statement. None of the District, the Trustee nor the Underwriters take responsibility for its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has an S&P rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither of the District, the Trustee nor the Underwriters takes any responsibility for the accuracy thereof.

The District, the Trustee and the Underwriters cannot and do not give any assurances that DTC, direct participants or indirect participants of DTC, will distribute to the beneficial owners of the Bonds (1) payments of principal of or interest or redemption premium on the Bonds, (2) confirmations of their ownership interests in the Bonds or (3) other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, direct participants or indirect participants of DTC, will serve and act in the manner described in this Official Statement.

Neither the District, the Trustee nor the Underwriters will have any responsibility or obligations to DTC, Direct participants or the Indirect Participants of DTC, or the beneficial owners with respect to (1) the accuracy of any records maintained by DTC or any direct participants or indirect participants of DTC; (2) the payment by DTC or any direct participants or indirect participants of DTC of any amount due to any beneficial owner in respect of the principal amount of or interest or redemption premium on the Bonds; (3) the delivery by DTC or any direct participants or indirect participants of DTC of any notice to any beneficial owner that is required or permitted to be given to owners under the terms of the Indenture; (4) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as Owner of the Bonds.

FOR SO LONG AS THE BONDS ARE REGISTERED IN THE NAME OF DTC OR ITS NOMINEE, CEDE & CO., THE DISTRICT AND THE TRUSTEE WILL RECOGNIZE ONLY DTC OR ITS NOMINEE, CEDE & CO., AS THE REGISTERED OWNER OF THE BONDS FOR ALL PURPOSES, INCLUDING PAYMENTS, NOTICES AND VOTING.

Any references in this Official Statement to notices or other communication to be provided to owners by the District or the Trustee will be given to DTC, as the owner. Conveyance of notices and other communications by DTC and by Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. The District and the Trustee shall have no responsibility or obligation to assure that any such notice is forwarded by DTC to the Participants or by any Participant to the Beneficial Owner.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the “**Agreement**”) is executed and delivered by the Community College District No. 508, County of Cook and State of Illinois, a community college district established pursuant to the Public Community College Act (the “**District**”), in connection with the issuance of its \$90,000,000 aggregate principal amount of its Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026 (the “**Bonds**”). The Bonds are being issued under and pursuant to the Public Community College Act of the State of Illinois, as amended, 110 ILCS 805/1-1 et seq., including, without limitation, Section 7-1.1 and the Local Government Debt Reform Act of the State of Illinois, as amended, 30 ILCS 350/1 et seq., a resolution adopted by the Board of Trustees of the District (the “**Board**”) on December 4, 2025, a resolution adopted by the Board on March 5, 2026, and a Trust Indenture, dated as of March 1, 2026 (the “**Indenture**”), by and between the District and U.S. Bank Trust Company, National Association, Chicago, Illinois, as trustee. The Bonds will be as described in, and secured pursuant to, the Indenture.

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds for the purpose of providing certain information annually and to provide notice of certain events to the MSRB (defined below) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters (as defined below) and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“**Annual Financial Information**” means the financial information and operating data described in Exhibit I.

“**Annual Financial Information Disclosure**” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“**Audited Financial Statements**” means the combined financial statements of the District prepared in accordance with generally accepted accounting principles and Government Auditing Standards, issued by the Comptroller General of the United States, and as described in Exhibit I.

“**Commission**” means the Securities and Exchange Commission.

“Dissemination Agent” means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure accessible at <http://www.emma.msrb.org/> or through any other electronic format or system prescribed by the Commission from time to time for purposes of the Rule.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Events Disclosure” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“MSRB” means the Municipal Securities Rulemaking Board or any successor entity as described in the Rule.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“Reportable Event” means the occurrence of any of the events set forth in Exhibit II.

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“State” means the State of Illinois.

“Undertaking” means the obligations of the District pursuant to Sections 4 and 5.

Section 3. CUSIP Numbers/Official Statement. The CUSIP Numbers of the Bonds are as set forth in Exhibit III. The final Official Statement relating to the Bonds is dated March 17, 2026 (the **“Final Official Statement”**).

Section 4. Annual Financial Information Disclosure. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements in electronic format (in the form and by the dates set forth in Exhibit I hereto) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. If Audited Financial Statements are not available when the Annual Financial Information is filed, the District will file unaudited financial statements. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents filed within EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District shall disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Reportable Events Disclosure. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten (10) business days after the occurrence of the Reportable Event) Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery to such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the bondholders pursuant to the Indenture.

Section 6. Duty To Update the Procedures. The District shall determine, in the manner it deems appropriate, the proper procedures for disseminating such information required to be disseminated under the Rules each time it is required to file such information with EMMA.

Section 7. Consequences of Failure of the District to Provide Information. The District shall give notice in a timely manner to the EMMA of any failure to provide Annual Financial Information and Audited Financial Statements when the same is due hereunder. In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order to the cause the District to comply with its obligations under this Agreement. Any court action to enforce this Agreement must be commenced in the Circuit Court of Cook County, Illinois.

A default under this Agreement shall not be deemed an event of default under the Indenture with respect to the Bonds, and the sole remedy in the event of any failure of the District to comply with this Agreement shall be an action to compel performance. A failure by the District to comply with this Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a “*no action*” letter issued by the Commission, a change in law, or change in the identity, nature or status of the District or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by a party unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the District

shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 9. Termination of Undertaking. The Undertaking of the District shall be terminated hereunder if the District no longer has any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. If this Section is applicable, the District shall give notice in a timely manner to the MSRB.

Section 10. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Section 12. Beneficiaries. This Agreement has been executed to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The District shall maintain records of all Annual Financial Information Disclosure and Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Assignment. The District shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the District under this Agreement or to execute a similar agreement obligating such transference to comply with the provisions of the Rule.

Section 15. Governing Law. This Agreement shall be governed by the internal laws of the State of Illinois applicable to contracts performed wholly therein and without reference to its conflict of laws principles.

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COMMUNITY COLLEGE DISTRICT NO. 508

By: _____

Name: Maribel Rodriguez

Its: Chief Financial Officer

Date: March 26, 2026

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

Annual Financial Information includes the financial information and operating data as set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements (as set forth below) may be included by reference to other documents, including other official statements (subject to the following sentence), which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information

“*Annual Financial Information*” means information of the type contained in the following charts, tables, headings, subheadings and exhibits of the Final Official Statement, which may be presented in such format as the District determines:

- “Tuition and Fees” chart under “SECURITY FOR THE BONDS – Pledged Revenues.”
- “Community College State Funding” chart under “SECURITY FOR THE BONDS – Pledged Revenues.”
- “Direct and Overlapping General Obligation Debt” table under “OTHER LOCAL GOVERNMENTAL UNITS – Overlapping Entities.”
- “Assessed and Estimated Value of Taxable Property in the City” table under “THE REAL PROPERTY TAX SYSTEM – Property Tax Information.”
- “District’s Property Tax Extensions and Collections” table under “THE REAL PROPERTY TAX SYSTEM – Property Tax Information.”

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA not more than 210 days after the last day of the District’s Fiscal Year which is June 30th of each calendar year.

Audited Financial Statements will be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (*i.e.*, as subject to the pronouncements of the Governmental Standards Accounting Board) and subject to any express requirements of State law. Audited Financial Statements will be submitted to EMMA within 30 days after availability to the District.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Agreement, the District will disseminate a notice of such change as required by Section 4 herein.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to the rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District¹
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation² of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

² For purposes of this Undertaking, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

EXHIBIT III

CUSIP NUMBERS

Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2026

<u>Maturity</u>	<u>Principal Amount</u>	<u>CUSIP</u> [†]
December 1, 2051	\$40,200,000	213187EK9
December 1, 2055	\$49,800,000	213187EL7

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the registered owners of the Bonds. Neither the District nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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