



Fiscal Year Ended June 30, 2019

POPULAR ANNUAL

Financial Report

Community College District 502
Counties of DuPage, Cook and Will and State of Illinois

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College of DuPage Vision and Mission

In order to fulfill our duty as responsible stewards of a valuable resource, we profess the following statements as guiding principles in all that we hope to achieve in service of the community at large.

Vision

College of DuPage will be the primary college district residents choose for high quality education.

Mission

The mission of College of DuPage is to be a center for excellence in teaching, learning, and cultural experiences by providing accessible, affordable, and comprehensive education.

Values

INTEGRITY

We expect the highest standard of moral character and ethical behavior.

HONESTY

We expect truthfulness and trustworthiness.

RESPECT

We expect courtesy and dignity in all interpersonal interactions.

RESPONSIBILITY

We expect fulfillment of obligations and accountability.



**Residents and Businesses of District 502
and College Community Members:**

I am pleased to present to you the third-annual Popular Annual Financial Report (PAFR) of College of DuPage. This report addresses the College's financial condition for the fiscal year ended June 30, 2019. The College's issuance of a PAFR is becoming a tradition. This is a case for one simple reason: the PAFR meets the needs of College stakeholders for clear and concise financial information.

The PAFR is a summarized version of the College's Comprehensive Annual Financial Report (CAFR). Where the CAFR is voluminous and technically complex, the PAFR is designed to be more understandable for individuals who are not finance or accounting professionals. The PAFR points the reader to the highlights of the College's financial results for the past fiscal year. As such, the PAFR reflects the College's efforts to promote transparency.

The issuance of a PAFR is completely voluntary on the part of the College. That is, the issuance of a PAFR is not required by any regulatory body. The Government Finance Officers Association of the United States and Canada, the widely recognized professional association of government finance officers, encourages state and local governments (including community college districts) to issue PAFRs. However, only a small number of governments and institutions of higher education do so. We are proud to be within the ranks of the entities that endeavor to engage the public in the discussion of their financial condition.

I trust that you will find the 2019 PAFR to be highly informative. If you have any questions about the College's 2019 PAFR or any aspect of our finances, I encourage you to contact our Administrative Affairs Division at administrativeaffairs@cod.edu or (630) 942-2218.

Respectfully,

Brian W. Caputo, Ph.D., C.P.A.
President
College of DuPage

COLLEGE OF DUPAGE AT A GLANCE

Institutional Profile

Among Illinois' public colleges and universities, College of DuPage is the second largest provider of undergraduate education.

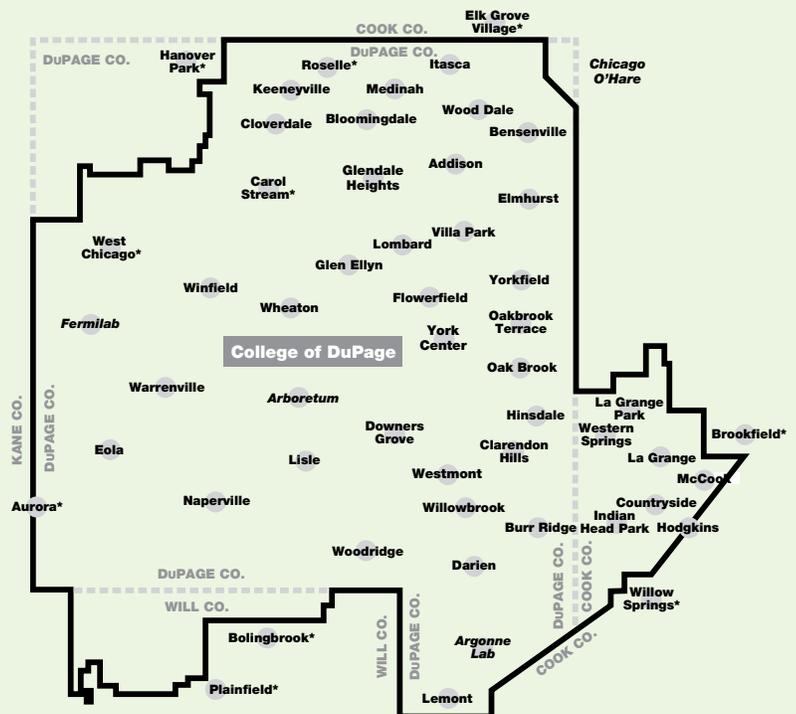
- More than 25% of all District 502 high school graduates attend College of DuPage during their college career.
- Approximately 24,000 students attend College of DuPage each semester.
- College of DuPage offers seven associate degrees in two general areas, baccalaureate transfer and career and technical education. Baccalaureate transfer degrees include the Associate in Arts, Associate in Science, Associate in Engineering Science, Associate in Fine Arts in Art, and the Associate in Fine Arts in Music. The Associate in Applied Science degree provides education in more than 40 career and technical programs. The College also offers an Associate in General Studies degree designed for students who desire to arrange a program to meet their personal needs and interests. In addition, the College offers over 175 certificates in almost 60 career and technical fields.
- The Glen Ellyn campus covers 273 acres and has 12 major buildings.
- The College of DuPage Library maintains a collection of 240,000 books, 72,000 microfiche, 26,000 video recordings (VHS and DVD), 25,000 sound recordings (CDs), 393 current periodical subscriptions (7,900 bound periodical back files), and 15 newspapers.
- There are more than 90 student clubs and organizations on campus.
- In addition to Institutional Accreditation by the Higher Learning Commission and recognition by the Illinois Community College Board, a number of College earner and technical programs are approved or accredited by appropriate specialized associations or agencies.
- The College's fiscal year (FY) runs from July 1 through June 30.

COMMUNITY COLLEGE DISTRICT 502

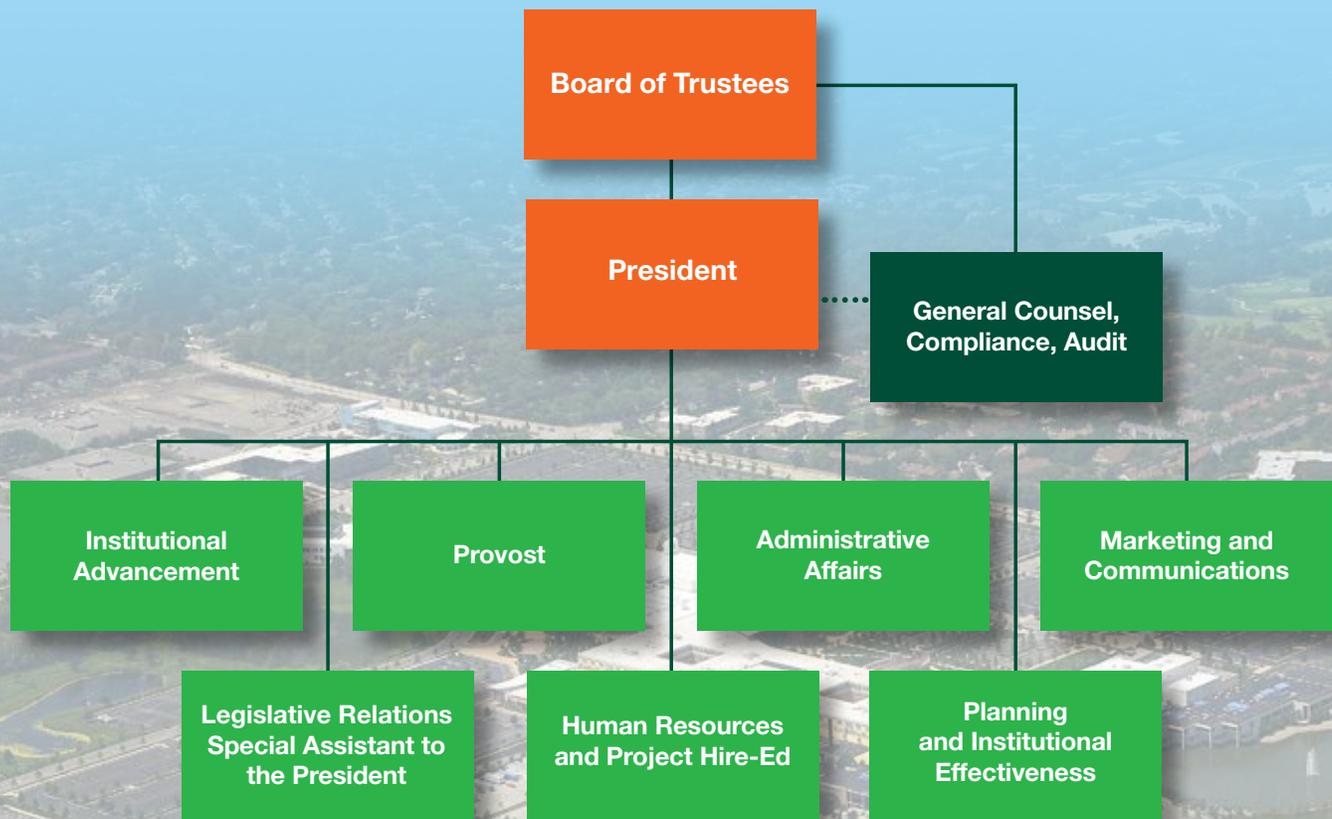
—— Community College District

----- DuPage County Line

*Only portions of these communities are in District 502.



ORGANIZATION CHART



College of DuPage Board of Trustees



Frank Napolitano
Board Chairman
Bloomingdale

Christine M. Fenne
Board Vice Chairman
Wheaton

Daniel Markwell
Board Secretary
Lombard

Charles Bernstein
Wheaton

Annette K. Corrigan
Wheaton

Maureen Dunne
Naperville

Heidi Holan
Glen Ellyn

Jasmine Schuett
Student Trustee

Achievements and Outcomes

Frida Kahlo 2020: During FY2019 the College worked to complete an agreement to bring an exhibition of works by Frida Kahlo to the Glen Ellyn campus in the summer of 2020. This comprehensive presentation of the life and works of the artist will feature 26 original pieces, as well as an immersive historical exhibit that provides a framework of the life, circumstances and events that led to Kahlo becoming one of the most important painters of the 20th century, and of our time.

Bond Refunding and Bond Rating: In March 2019, the College issued Series 2019 General Obligation Refunding Bonds in the amount of \$40.8 million. The proceeds of these bonds were used to refund the College’s Series 2009B General Obligation Taxable Bonds resulting in a net present value savings of \$3.1 million. At that same time, Standard & Poor’s Global Ratings affirmed its AA+ bond rating and outlook of “stable” on the College’s outstanding general obligation bonds.

Innovation DuPage Celebrates Grand Opening: The space (in the Glen Ellyn Civic Center) will allow start-ups and early-stage businesses to share ideas, grow, learn and develop public and private partnerships. The new space also includes the Business Development Center (formerly the College’s Center for Entrepreneurship), which houses the Illinois Small Business Development Center, Illinois Procurement Technical Assistance Center and Illinois International Trade Center.

Project Hire-Ed: College of DuPage has partnered with the Village of Addison to launch the pilot model of Project Hire-Ed, the College’s new apprenticeship program that aims to address what business leaders believe is absent in the skills set of some recent graduates and what is missing from the workforce. The program is open to all ages and backgrounds, including COD students, high school students, recent high school or GED graduates, career changers, veterans and more. The inaugural businesses that are partnering with Project Hire-Ed include: Pioneer Service Inc., SWD Inc. and Mauser Packaging Solutions.

Popular Annual Financial Report: The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the College of DuPage for its Popular Annual Financial Report for the fiscal year ended June 30, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

Financial Administration Recognition: The College once again received GFOA awards for its FY2018 Comprehensive Annual Financial Report and for its FY2019 Budget.

College of DuPage FINANCIAL HIGHLIGHTS

Statement of Net Position

As of June 30, 2019 (in millions)

Assets

Current assets	\$423.1
Non-current assets	
Capital assets, net of depreciation	440.2
Total assets	\$863.3

Deferred outflows of resources	\$7.2
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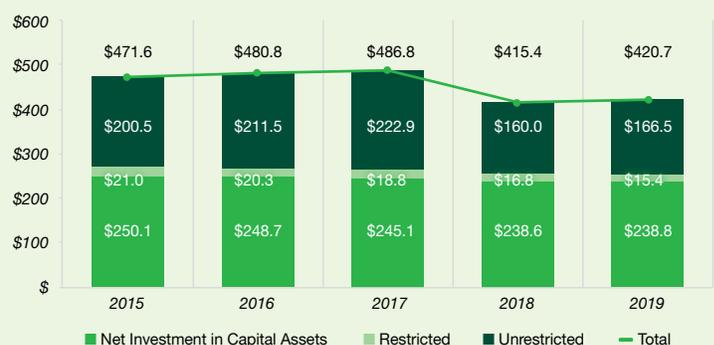
Liabilities

Current liabilities	\$101.2
Non-current liabilities	284.3
Total liabilities	\$385.5

Deferred inflows of resources	\$64.3
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Net Position

Net investment in capital assets	\$238.8
Restricted	15.4
Unrestricted	166.5
Total net position	\$420.7



The Statement of Net Position most notably includes the College's assets, liabilities, and net position as of the last day of the fiscal year. An asset is a resource with present service capacity that the College presently controls. A liability is a present obligation to sacrifice resources that the College has little or no discretion to avoid. Net position is the residual of all other elements presented in the Statement of Net Position. The Statement of Net Position also includes deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Reflected in the Statement of Net Position are current and non-current items. Current items are generally expected to be either liquidated or satisfied within one year. Non-current items are generally expected to be either liquidated or satisfied beyond one year.

The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of College activities, which are supported substantially by property taxes, state and federal grants and contracts, student tuition and fees, and auxiliary enterprises revenues. The summarized information is presented to enhance the reader's understanding of the financial results of the various College services provided to students and the public.

Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2019 (in millions)

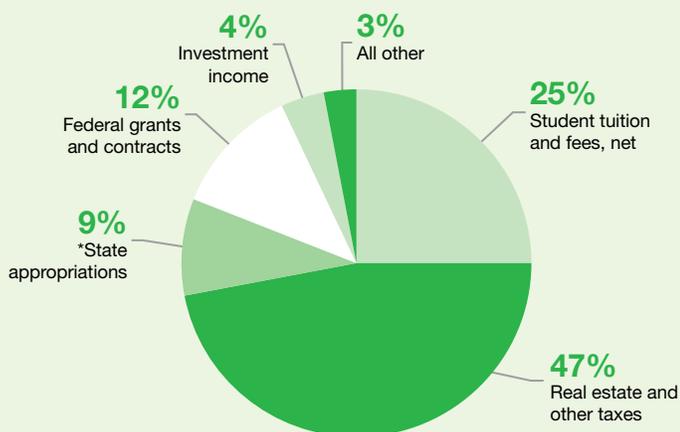
Revenues

Operating revenues	
Student tuition and fees, net	\$56.4
Sales and service fees	3.7
Other operating revenues	1.3
Total operating revenues	\$61.4
Non-operating revenues	
Real estate and other taxes	\$103.5
State appropriations	95.5
Federal grants and contracts	25.9
Investment income	8.4
Other non-operating revenues	1.4
Total non-operating revenues	\$234.7
Total revenues	\$296.1

Expenses

Operating expenses	
Instruction	\$117.6
Academic support	15.6
Student services	25.7
Public service	3.9
Operation and maintenance of plant	21.4
General administration	17.7
General institutional	27.7
Auxiliary enterprises	11.8
Scholarship expense	10.7
Depreciation expense	31.4
Total operating expenses	\$283.5
Non-operating expenses	
Interest on capital asset-related debt	\$7.3
Total expenses	\$290.8

Increase in net position	5.3
Net position at beginning of year	415.4
Net position at end of year	\$420.7



*The chart (left) excludes pension and healthcare payments made by the State of Illinois on behalf of the College (on behalf payments). These state payments are recognized as both revenue and an expenditure in the College's financial statements.

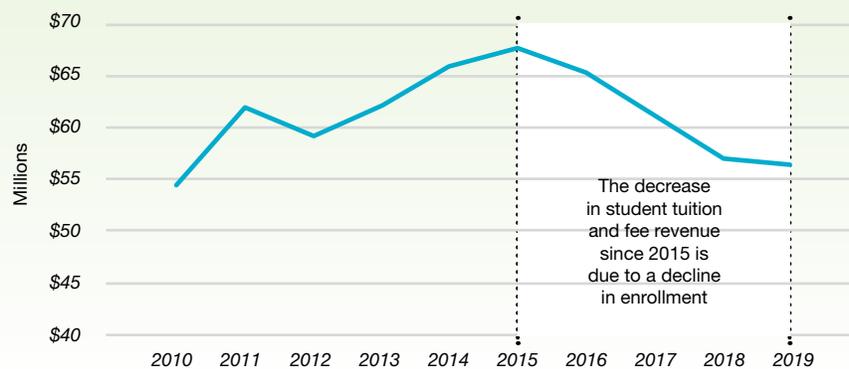
Revenue Trends

WHERE DOES THE MONEY COME FROM?

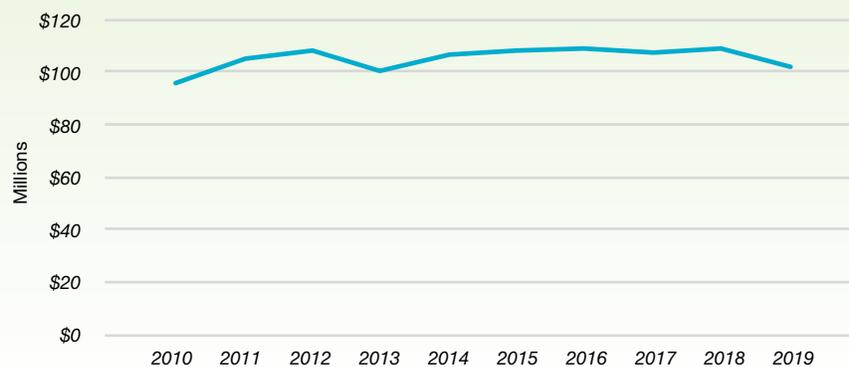
College of DuPage has a diversified funding base consisting of local property taxes, student tuition and fees, state and federal aid, and other institutionally-generated revenues. Local taxes, student tuition and fees, and state and federal aid comprised a combined 95% of total revenues in FY2019.

Revenues

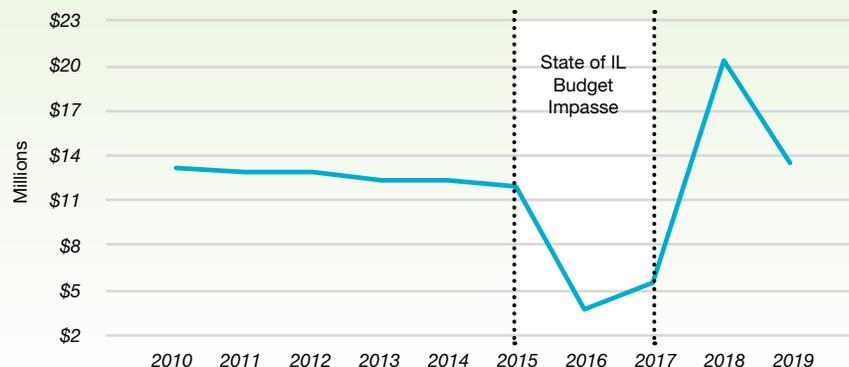
Student tuition and fees



Property Taxes



Illinois Community College Board Base Operating Grant



Property Taxes

Local taxes, including property taxes and corporate personal property replacement taxes, continue to be among the College’s primary revenue sources, accounting for about 35% of total revenues in FY2019 (considering on-behalf revenues). Property taxes are used to pay operating costs and general obligation debt service.

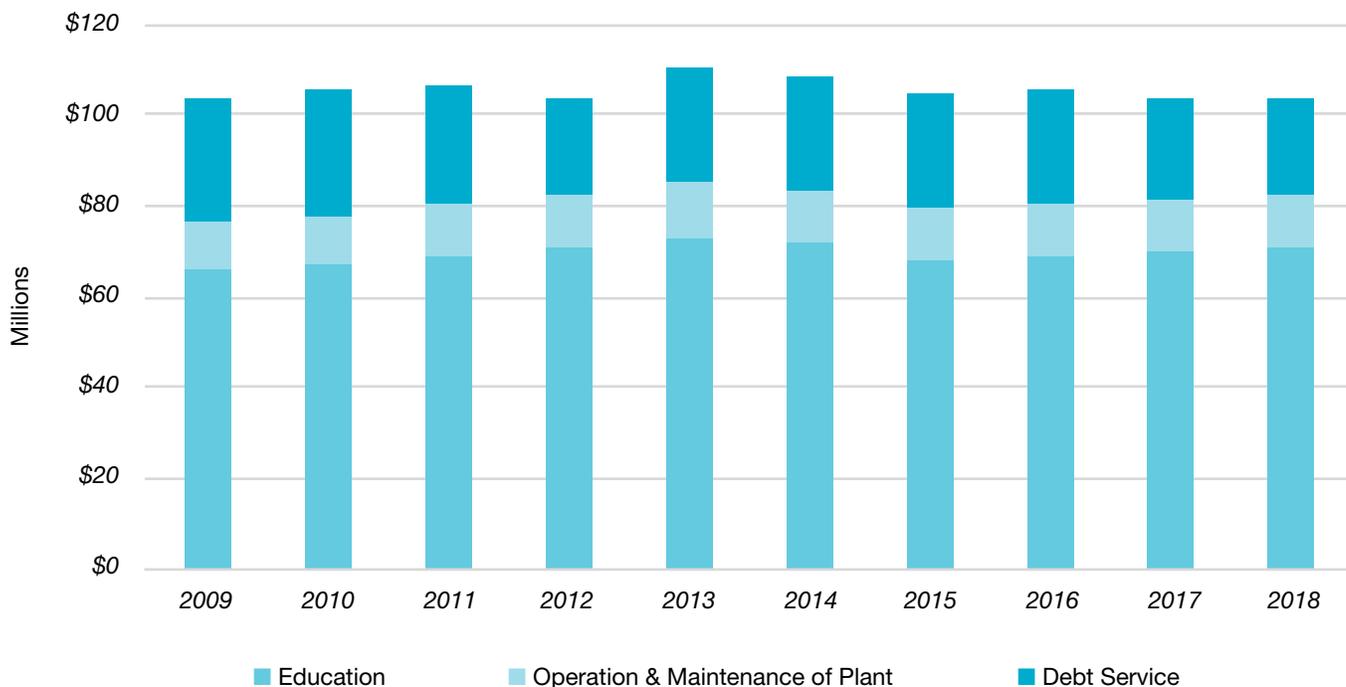
2018 District 502 Equalized Assessed Value

DuPage County	\$38,655,603,402	86%
Cook County	\$3,587,890,668	8%
Will County	\$2,648,626,621	6%
Total	\$44,892,120,691	100%



Quick fact: District 502 includes DuPage County, and parts of Cook and Will Counties.

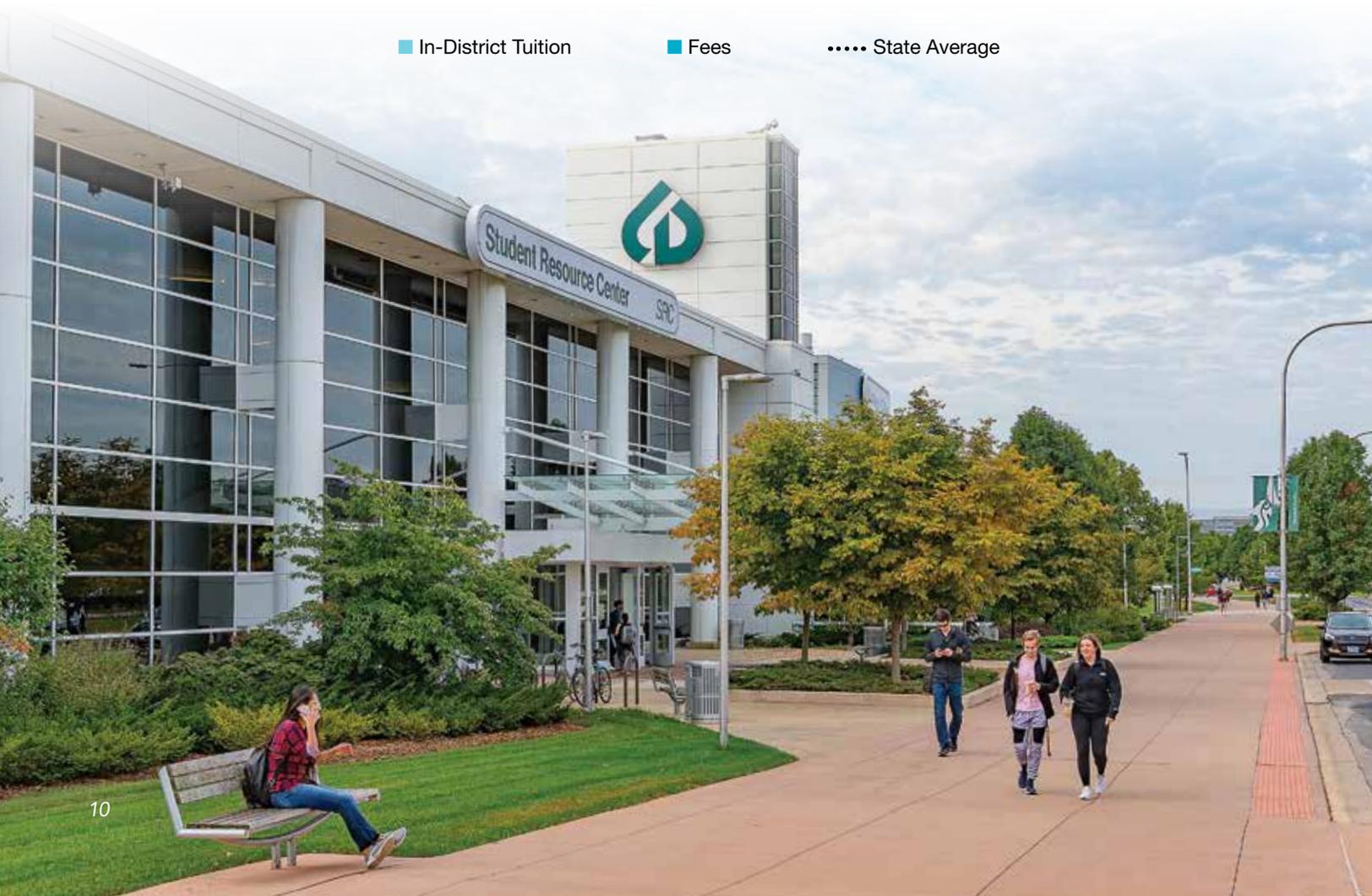
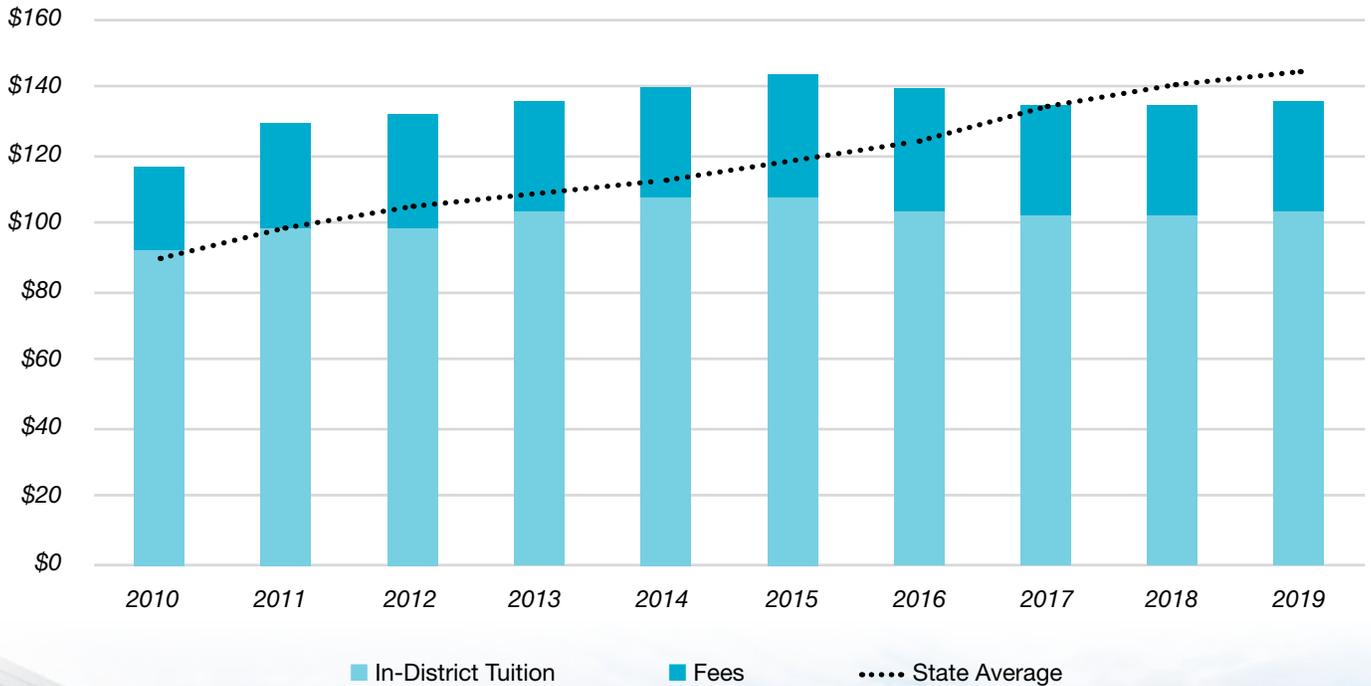
Property Tax Levy



Tuition and Fees

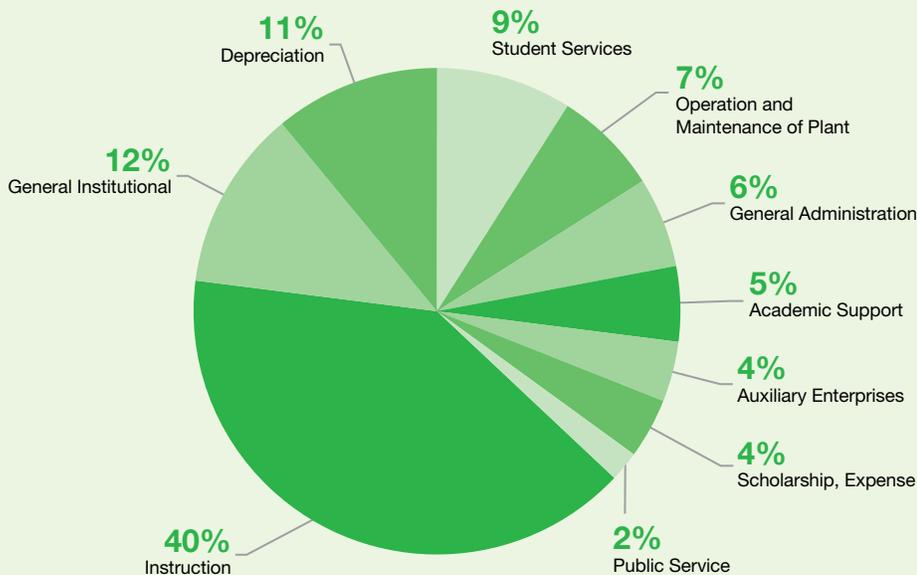
As described in the mission statement, College of DuPage strives to be a center for excellence in teaching, learning, and cultural experiences by providing accessible, affordable, and comprehensive education. This is accomplished by keeping tuition as low as possible without impairing the quality or integrity of college programs and services.

Per Credit Hour Rate History



WHERE IS THE MONEY GOING?

Total College Expenses by Function



Per Credit Cost
\$521.94

The total cost of delivering a credit hour of instruction at College of DuPage in FY2019 was \$521.94.

College Functions

Instruction – Activities dealing directly with the teaching of students such as labor, equipment, materials, and supplies.

Academic Support – Activities designed to provide support services for College’s primary missions of instruction, public service, and research. Includes operations of the Library, educational media services, and academic computing.

Student Services – Provides assistance in the areas of financial aid, admissions, records, and counseling.

Public Service – Consists of non-credit classes and other activities of an educational nature, such as workshops, seminars, forums, and exhibits.

Auxiliary Enterprises – Provides for the operation of the cafeteria, bookstore, radio station, performing arts, continuing education, and other business-related activities.

Operation and Maintenance of Plant – Building and grounds maintenance activity costs that are necessary to keep the physical facilities open and ready for use.

General Administration – Includes expenditures for administrative activities that support the entire institution. Examples include information technology, financial affairs, and human resources.

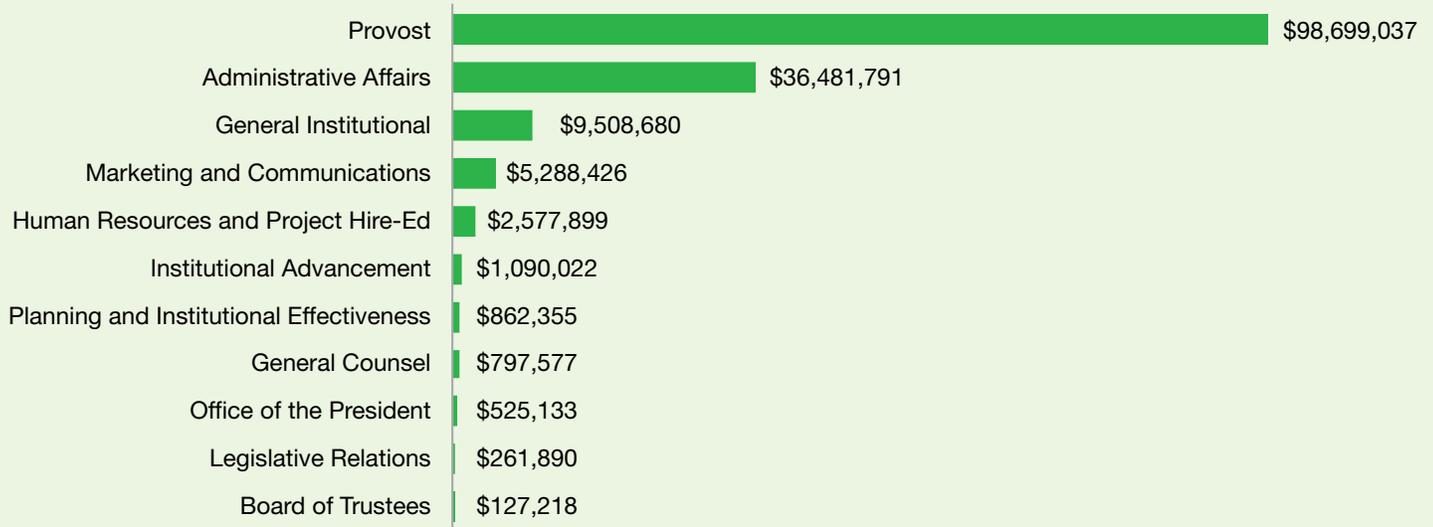
General Institutional – Central executive-level activities and support services that benefit the entire institution. Examples include research and development, marketing, debt service payments, and insurance.

Scholarships Expense – Activities in the form of grants or financial aid to students.

Depreciation Expense – The cost of capitalized facilities and equipment allocated across the years of its useful life.

GENERAL FUND

Expenditures by Division



The College's Funds

General Fund

The General Fund includes the expenditures needed to conduct the day-to-day business of the College. Most of the instruction and instructional support activities are recorded in the General Fund.

Operations and Maintenance (Restricted) Fund

Expenditures accounted for in this fund are typically non-recurring capital items and relate to projects that often take more than a year to complete.

Bond and Interest Fund

This fund is used to account for the payment of principal, interest, and related charges on any outstanding long-term debt.

Auxiliary Enterprises Fund

The Auxiliary Enterprises Fund is used to record revenues and expenditures related to providing services to students, faculty, staff, and the general public for which a fee is charged that is intended to recover associated costs.

Restricted Purposes Fund

The Restricted Purposes Fund is used to account for monies that have restrictions pertaining to their use, such as grants.

Working Cash Fund

This fund is used to facilitate effective cash flow for the College.



What is a Fund?

A fund is a set of accounts that are segregated to identify the transactions associated with a specific activity conducted by a government.

At the fund level, outflows of resources are termed "expenditures" rather than "expenses."

2019 Schedule of Revenues, Expenditures, and Changes in Fund Balance

GENERAL FUND

For the Fiscal Year Ended June 30, 2019 (in millions)

Revenues

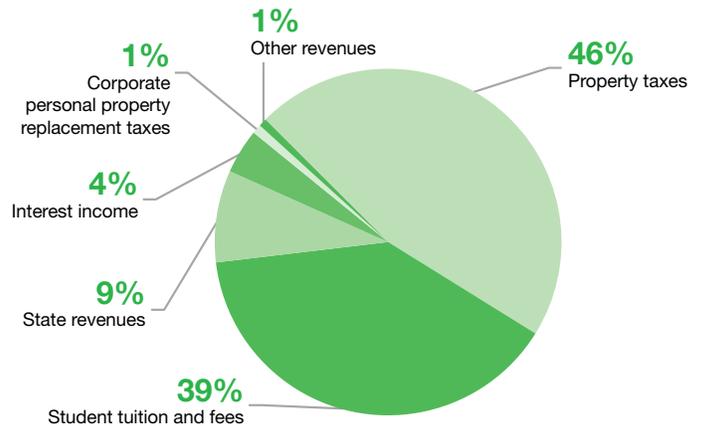
Property taxes	\$79.9
Student tuition and fees	67.7
State revenues	14.8
Interest income	7.2
Corporate personal property replacement taxes	1.5
Other revenues	1.3
Total Revenues	\$172.4

Expenditures

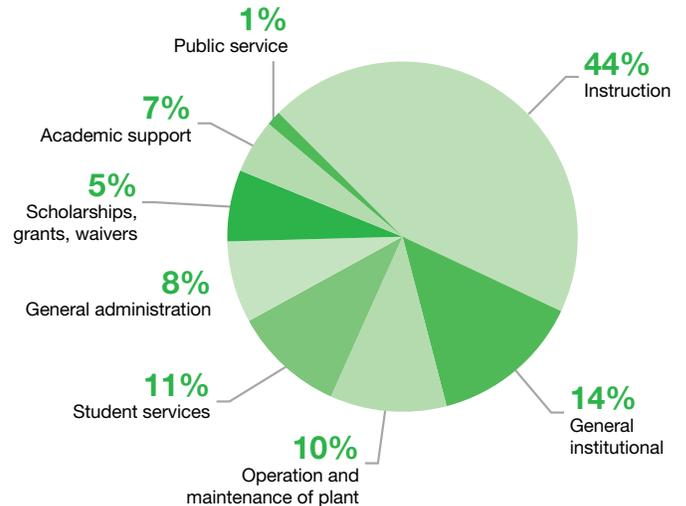
Instruction	\$69.5
General institutional	21.8
Student services	16.8
Operation and maintenance of plant	16.1
General administration	11.8
Academic support	10.3
Scholarships, grants and waivers	7.8
Public service	2.1
Total Expenditures	\$156.2

Excess of Revenues over Expenditures	\$16.2
Net transfers in / (out)	(3.3)
Net change in fund balance	12.9
Fund Balance, July 1, 2018	233.7
Fund Balance, June 30, 2019	\$246.6

Revenues



Expenditures





AUXILIARY ENTERPRISES FUND

Major Business Enterprises

Continuing Education

There are more than 35 departments under the banner of Continuing Education (CE) organized into three main divisions: Business Solutions, Youth Academy, and Adult Enrichment. CE provides both credit and non-credit classes.

McAninch Arts Center

The McAninch Arts Center (MAC) houses and manages the performing arts for the College. The three major functions of the arts center consist of performances by internal and hired artists; touring shows; and operations and building upgrades.

WDCB Radio

WDCB is a broadcast service of College of DuPage from which the College can reach the community through cultural and news/public affairs programming. WDCB presents the College to a vast audience in northeastern Illinois, especially the greater Chicago metropolitan area and District 502.

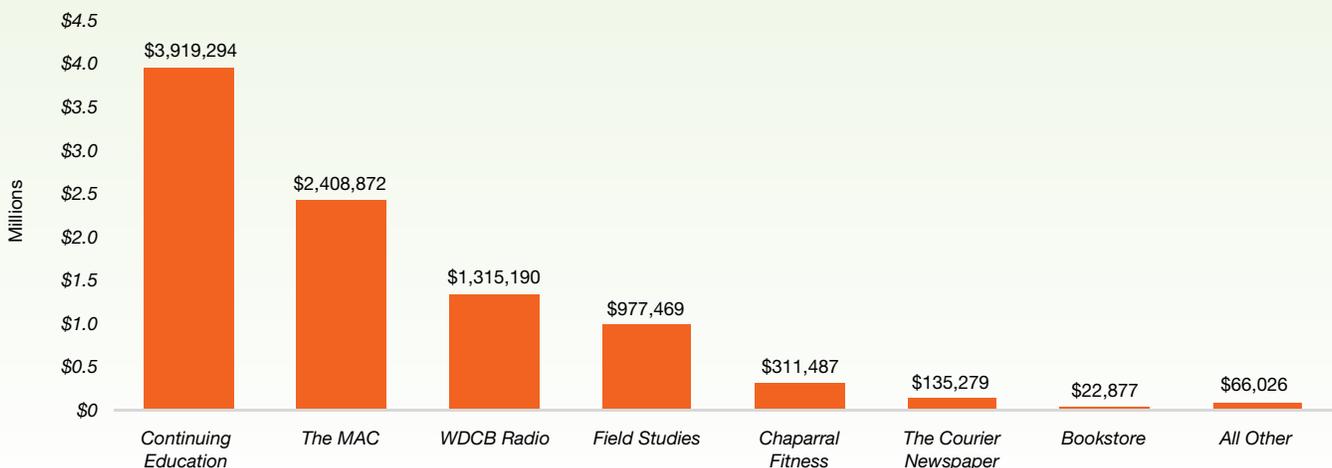
Field Studies

Field Studies offers credit courses that combine classroom work with field experiences. Classes are experience based and faculty led. Courses include Arts and Culture, Interdisciplinary Learning Communities, Outdoor Adventure, and Science and Nature. The courses vary from local to international destinations. Study Abroad courses immerse the student in culture and language of the host country.

The Auxiliary Enterprises Fund is used to record revenues and expenditures associated with the provision of services to students, faculty, staff, and the general public for a fee that is directly related to the service provided.

Each activity is accounted for in a manner similar to that which is used for a private business enterprise.

Auxiliary Expenditures by Business Unit



2019 Schedule of Revenues, Expenditures, and Changes in Fund Balance

AUXILIARY ENTERPRISES FUND

For the Fiscal Year Ended June 30, 2019 (in millions)

Revenues

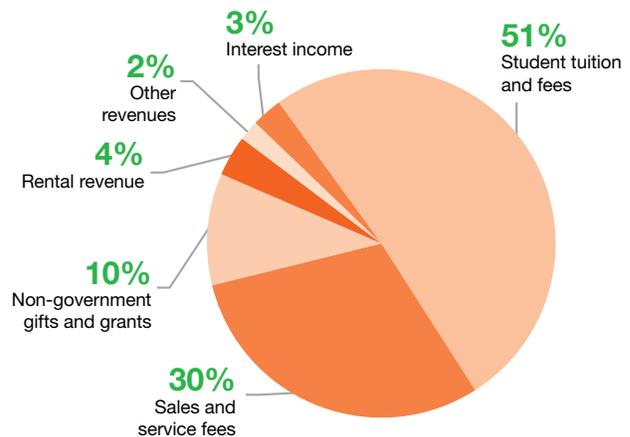
Student tuition and fees	\$5.4
Sales and service fees	3.2
Non-government gifts and grants	1.1
Rental revenue	0.4
Interest income	0.3
Other revenues	0.2
Total Revenues	\$10.6

Expenditures

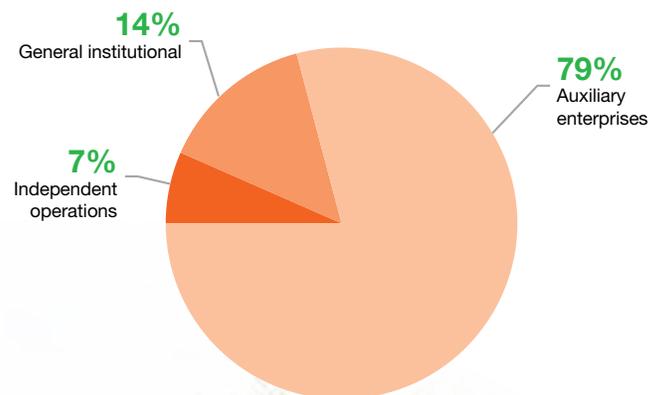
Independent operations	\$0.6
General institutional	1.3
Auxiliary enterprises	7.2
Total Expenditures	\$9.1

Excess of Revenues over Expenditures	\$1.5
Fund Balance, July 1, 2018	12.1
Fund Balance, June 30, 2019	\$13.6

Revenues



Expenditures

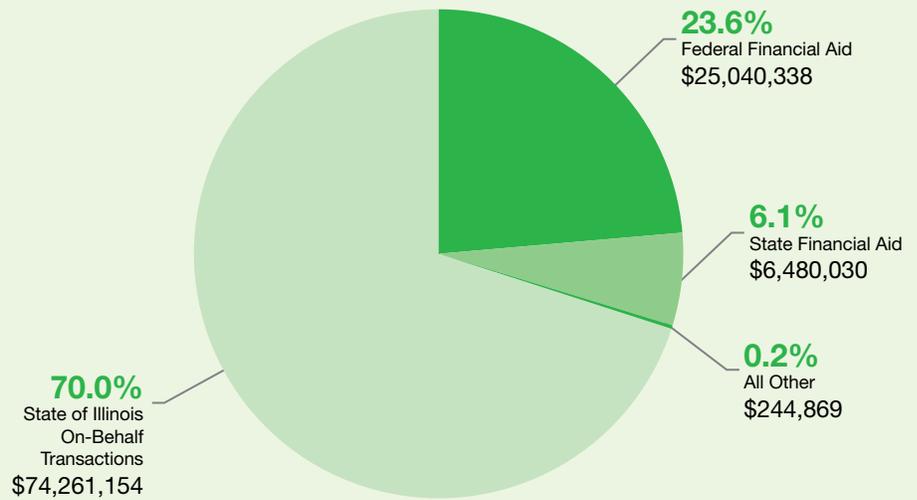


RESTRICTED PURPOSES FUND

The Restricted Purposes Fund is used to account for monies that have restrictions regarding their expenditure, such as grants.

- The State of Illinois makes pension and retiree healthcare contributions on behalf of the College. These payments were recognized as offsetting revenue and expense in the College's financial statements in the amount of \$74.3 million in FY2019. These transactions are referred to as "on-behalf transactions."
- The College participates in federally funded programs providing Pell Grants, Supplemental Educational Opportunity Grants, federal work-study, and federal direct loans to students to help pay for college.

Restricted Purposes Fund Expenditures



CAPITAL ASSETS

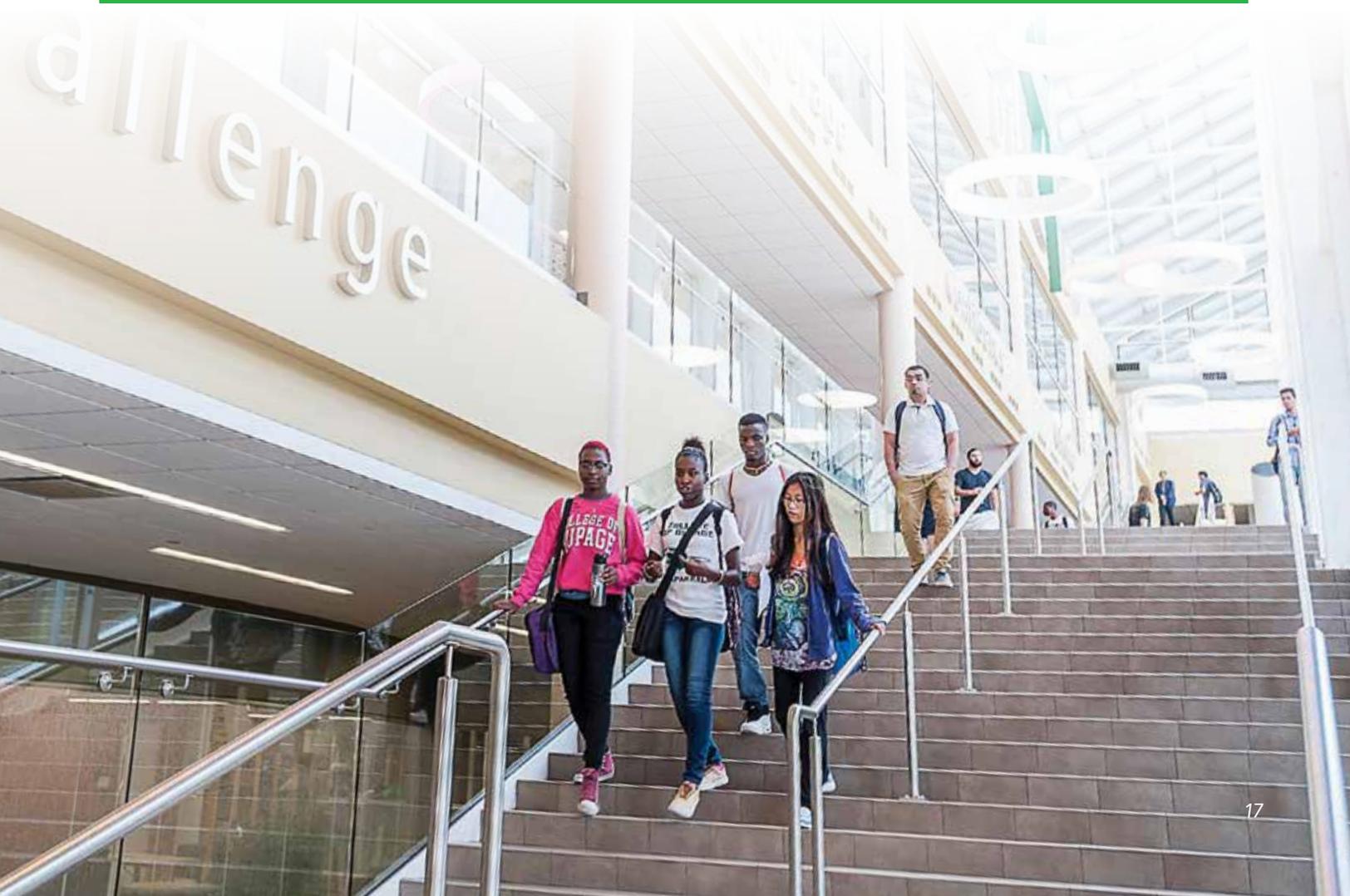
Capital assets include property, plant, equipment, and infrastructure assets such as roads, parking lots, and sidewalks, that have initial unit costs greater than or equal to the College's defined capitalization thresholds and estimated useful lives of more than one year.

Major ongoing projects started in FY2019 include the Cleve Carney Art Gallery expansion, Institutional Resource Center renovation, and creation of a Center for Student Success.

Capital Assets Activity During FY2019

(in millions)

	June 30, 2018	Additions	Retirements	Transfers	June 30, 2019
Land and Land Improvements	\$95.5	\$—	\$—	—	\$95.5
Art Collection	2.6	—	—	—	2.6
Construction in Progress	1.4	9.0	—	(5.9)	4.5
Buildings and Building Improvements	569.7	—	—	3.5	573.2
Leasehold Improvements	—	—	—	2.1	2.1
Equipment	56.4	1.9	(1.5)	0.3	57.1
Less:					
Accumulated Depreciation	(264.9)	(31.3)	1.4	—	(294.8)
TOTAL	\$460.7	(\$20.4)	\$ (0.1)	\$ (0.0)	\$440.2



DEBT STATUS

As of June 30, 2019, there were seven series of general obligation (GO) bonds outstanding. GO bonds are backed by the full faith and credit of the community college district and are typically paid with property taxes. However, for three of the outstanding issuances (Series 2006, Series 2011B, and Series 2019), the College uses other revenue sources (per credit hour fees) to pay the debt service so as to reduce property taxes.

In March 2019, the College issued Series 2019 General Obligation Refunding Bonds in the amount of \$40.8 million. The proceeds of these bonds were used to “crossover” refund the College’s Series 2009B General Obligation Taxable Bonds. The Series 2009B Bonds were not called until July 1, 2019, therefore, as of June 30, 2019, the outstanding principal of both the 2009B and the 2019

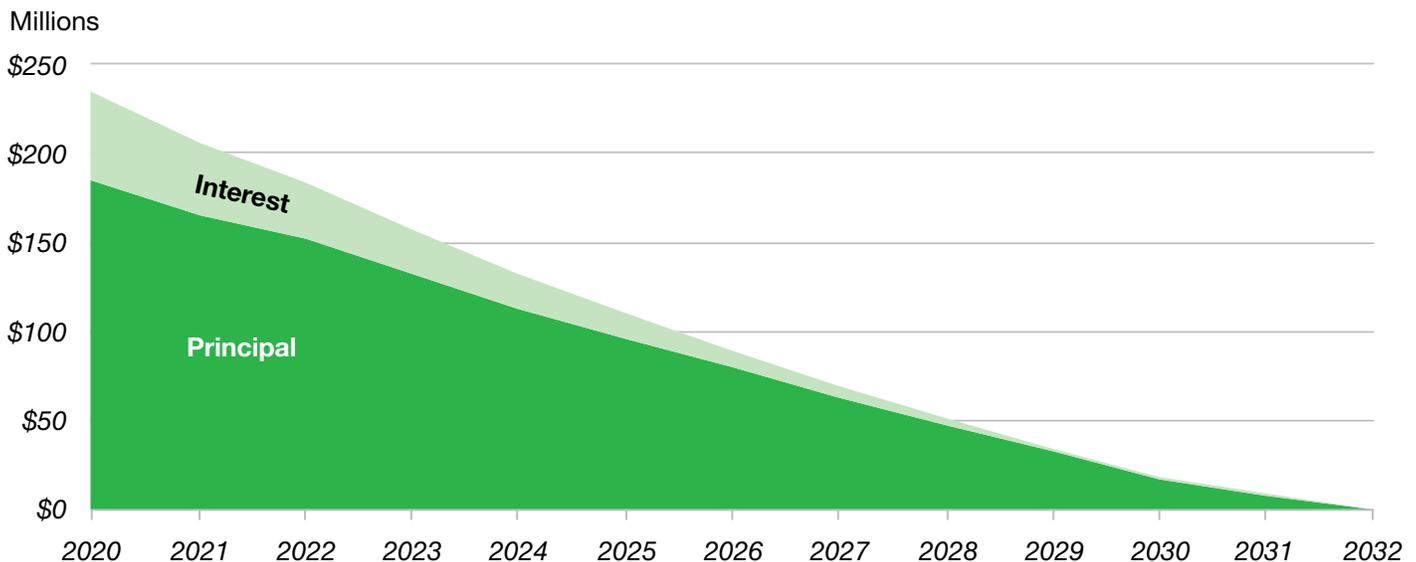
Bonds were shown on the College’s financial statements. The refunding resulted in a net present value savings of \$3.1 million.

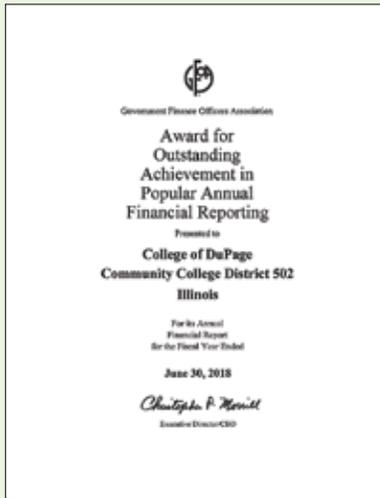
- The Series 2006, Series 2011B, a portion of the Series 2011A, Series 2018, and Series 2019 bond proceeds were used to refund previous outstanding issuances.
- The Series 2009B, Series 2013A, and a portion of Series 2011A bond proceeds were issued to finance capital projects, including building additions and renovations.
- In March 2019, Standard and Poor’s Global Ratings affirmed its AA+ bond rating and outlook of “stable” on the College’s outstanding general obligation bonds. The high rating recognizes the College’s continuing positive financial operations.

Outstanding Principal as of June 30, 2019

	Funded by Tax Levy	Funded by Other Sources	Total
Series 2006	\$—	\$1,985,000	\$1,985,000
Series 2009B	—	44,785,000	44,785,000
Series 2011A	45,190,000	—	45,190,000
Series 2011B	—	6,345,000	6,345,000
Series 2013A	68,160,000	—	68,160,000
Series 2018	22,920,000	—	22,920,000
Series 2019	—	40,780,000	40,780,000
Total	\$136,270,000	\$93,895,000	\$230,165,000

College’s Outstanding Debt





The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to College of DuPage for its Popular Annual Financial Report for the fiscal year ended June 30, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to both generally accepted accounting principles (GAAP) and also program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. This is the first time the College has applied for and received the Popular Award. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

College of DuPage Financial Affairs Staff

Scott Brady, *Interim CFO and Treasurer*

Shameica Hall, *Accountant II*

Kevin Hickey, *Senior Accountant*

Ben Ho, *Grant Accountant*

Maki Jursinic, *Accounting Supervisor*

Bobby Marek, *Senior Accountant*

David Virgilio, *Interim Controller*

Judy Vosicky, *Accounting Supervisor*

Judy Zeh, *Grant Accountant*

This Popular Annual Financial Report (PAFR) is intended to provide selected information on the College's financial condition in a summarized, easily understandable format. Comments or suggestions for improving the document should be addressed to College of DuPage Financial Affairs Department, 425 Fawell Blvd., Glen Ellyn, Illinois, 60137.

The PAFR is based upon the College's Comprehensive Annual Financial Report (CAFR), which contains more detailed information on the College's finances, and is consistent with GAAP. The CAFR, PAFR, and other financial reports can be found on the College's website at cod.edu/financials.

Financial information about the College of DuPage Foundation is not included in this document. The Foundation is a component unit of the College.



College of DuPage
425 Fawell Blvd.
Glen Ellyn, IL 60137 6599
cod.edu