

1967-2017

FIFTY YEARS

 College of DuPage

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

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended June 30, 2016 and 2015







**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
GLEN ELLYN, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEARS ENDED  
JUNE 30, 2016 AND JUNE 30, 2015**

**Prepared by the Financial Affairs Department**

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## I. INTRODUCTORY SECTION

### **Vision**

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



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October 13, 2016

Board of Trustees College of DuPage and  
Citizens of DuPage Community College District Number 502:

State law, as enacted in the Public Community College Act, requires Community Colleges to submit audited financial statements to the Illinois Community College Board (ICCB) by October 15<sup>th</sup> each year. The Comprehensive Annual Financial Report (CAFR) of Community College District Number 502, Counties of DuPage, Cook, and Will, and the State of Illinois, College of DuPage (C.O.D., College), for the fiscal year ended June 30, 2016 is hereby submitted.

Management assumes full responsibility for both the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal controls it has established for this purpose. Because the costs of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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, changes in financial position and cash flows of the College.

CliftonLarsonAllen LLP, an independent firm of licensed public accountants, has audited the financial statements of the College and has issued an unmodified ("clean") opinion on the College's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is located at the front of the Financial section of the CAFR report.

The CAFR is presented in four sections: Introductory, Financial, Statistical, and Special Reports. The Introductory section includes this transmittal letter, the College's principal officials, and an organization chart. The Financial section includes the report of the independent auditors, management's discussion and analysis, basic financial statements, notes to the financial statements, and required supplementary information. The Statistical section includes selected unaudited financial and demographic information presented on a multi-year basis. The Special Reports section includes Uniform Financial Statements, Certificate of Chargeback Reimbursement, supplementary financial information, grant financial statements, and enrollment schedules required by the ICCB, together with the related auditor's reports.

This letter of transmittal should be read in conjunction with Management's Discussion and Analysis (MD&A) which immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements and focuses on current activities, accounting changes, and currently known facts.



## **PROFILE/HISTORY OF THE COLLEGE**

The origins of College of DuPage can be traced to two signature events: the adoption of the Public Community College Act of 1965 by the Illinois General Assembly and the approval of a December 4, 1965 referendum by DuPage County high school district voters. This foresight created a new community college to serve the dynamically growing and prospering DuPage area. College of DuPage is one of the Midwest's largest comprehensive, single campus community colleges, and is dedicated to serving the diverse higher educational, civic and cultural needs of the residents of Community College District 502.

On Sept. 25, 1967, College of DuPage opened under the leadership of President Rodney K. Berg and Board of Trustees Chairman George L. Seaton. Classes were held in office trailers and at leased suburban sites throughout the newly formed Community College District 502. Driving from class to class, the students, faculty and staff of this “campus-less” community college became affectionately known as road runners, hence the school’s nickname, “Chaparrals.”

In 1968, a 273-acre Glen Ellyn campus site was acquired, and a year later, three interim buildings were constructed west of Lambert Road. The first permanent building, today’s Berg Instructional Center, opened in 1973. Four years later, the top floor of the BIC was completed. The year 1979 marked the appointment of Harold D. McAninch as College of DuPage’s second president, and in 1983 the Student Resource Center (SRC) and Physical Education and Community Recreation Center opened.

Over the next decade, the McAninch Arts Center (1986) and Seaton Computing Center (1990) opened on campus, while new Naperville and Westmont centers (1991) offered an even greater regional presence.

Michael T. Murphy became College of DuPage’s third president in 1994. Under President Murphy, College of DuPage became America’s largest single-campus community college, a distinction it held through 2003. Today, with approximately 29,000 students, College of DuPage is the second largest provider of public undergraduate education in Illinois.

Capping the 2002 academic year, voters approved a \$183-million bond issue that provided funds for the renovation and rebuilding of the Glen Ellyn campus and several off-campus locations.

The arrival of the College’s fourth president, Dr. Sunil Chand highlighted 2003. Throughout 2004 and 2005, Chand launched major initiatives for the College’s academic accreditation through the AQIP quality improvement process and curriculum conversion from quarters to semesters that officially began with the fall 2005 semester.

College of DuPage opened its Carol Stream Community Education Center in 2004. The year 2006 brought the Frontier Campus in Naperville, a collaboration between College of DuPage and Indian Prairie District 204. Year 2007 included completion of the Early Childhood Center, along with construction of efficient new campus roadways and revamped parking lots.

College of DuPage in 2008 received a maximum seven-year reaccreditation through the North Central Association of Colleges and Schools Commission on Institutions of Higher Education.

Dr. Robert L. Breuder took over for Interim President Harold McAninch in January 2009, and that summer both the Health and Science Center and Technical Education Center opened on the Glen Ellyn campus. Construction and other physical improvements, including landscaping and signage, intensified in November 2010 when District 502 voters approved a \$168-million capital referendum initiative.

Funds from the 2002 referendum have been used for construction of the Homeland Security Education Center, the Student Services Center and the Culinary & Hospitality Center. The 2010 referendum supported the renovation of the Student Resource Center, the Seaton Computing Center, the McAninch Arts Center, the Campus Maintenance Center and the Physical Education Center. The College realized several major outcomes, including significant semester-to-semester enrollment increases, the addition of approximately 50 new academic programs, and the creation of the 3+1 degree program that allows students to earn an entire bachelor's degree with a partner university without leaving the COD campus.

On April 30, 2015, Executive Vice President Joseph E. Collins, Ph.D., was selected by the Board of Trustees to serve as Acting Interim President.

The College of DuPage Board of Trustees voted during a May 2, 2016 Special Board Meeting to select Dr. Ann Rondeau to serve as the sixth president in the College's 49-year history. The College conducted a nationwide search to fill the position.

The community college district served by College of DuPage has grown significantly over the years. Originally formed from 10 high school districts, District 502 has become the most populous in Illinois, outside of Chicago. More than one million residents from all or part of 51 communities comprise today's District 502, with boundaries encompassing significant parts of Cook and Will counties, as well as the majority of DuPage County.

Since its humble beginnings in 1967, College of DuPage has grown in breadth and stature to take its place as one of the nation's finest community colleges.

The College is recognized by the Illinois Community College Board (ICCB) and governed by a locally-elected seven-member Board of Trustees and one elected, non-voting student representative. The College is accredited by the Higher Learning Commission. In October 2012, examiners from Illinois Performance Excellence (ILPEX) evaluated College systems and processes against nationally developed Baldrige Education Criteria for Performance Excellence and awarded the College the Bronze Award, making College of DuPage only the sixth community college recipient of this award since its inception in 1996.

College of DuPage's operating revenue is derived primarily from local property taxes and tuition and fees. Additionally, the College receives state allocations and grant funding from state and federal sources. Gifts and grants from foundations and private sources are accepted through College of DuPage Foundation, a related but independent 501(c) (3) corporation.

College of DuPage is a comprehensive community college that meets five key community educational needs: Transfer Education that prepares students for transfer to a four-year institution to pursue a bachelor's degree; Careers and Technical Education that prepares students who will graduate with an Associate in Applied Sciences degree or certificate to directly enter the workforce; Developmental Education that provides remedial education for students who are not academically

ready to enroll in college-level courses; Continuing Education that provides non-credit courses to the community for personal development and enrichment; and Business Training that provides specialized or customized training and education to local companies for their employees. College of DuPage grants nine associate degrees: the Associate in Arts; the Associate in Science; the Associate in Engineering Science; the Associate in Applied Science; the Associate in General Studies; the Associate in Fine Arts in Art; the Associate in Fine Arts in Music; the Associate in Arts in Teaching Secondary Mathematics; and the Associate in Arts in Teaching Early Childhood Education. In addition to associate degrees, College of DuPage offers over 170 certificates in more than 50 areas of study. College credit and Continuing Education classes are offered on the College's 273-acre Glen Ellyn campus, at four regional centers, and at area high schools and other community locations. Educational opportunities at College of DuPage include face-to-face courses, accelerated programs for adults, field and experiential learning, an honors program, online and hybrid courses, special programs for youth and older adults, customized training for business and industry, and courses required for licensure in various professions.

College of DuPage participates in the North Central Community College Conference (N4C) and is a member of the National Junior College Athletic Association (NJCAA). Intercollegiate sports for men include baseball, basketball, cross country, football, golf, soccer, tennis, and track and field. College of DuPage has women's teams in basketball, cross-country, soccer, softball, tennis, track and field, and volleyball. There is also a spirit squad that performs at home football and basketball games.

### **LOCAL ECONOMY**

The College's district includes the majority of DuPage County and portions of Cook and Will Counties. DuPage County is in northeastern Illinois and covers 332.1 square miles. DuPage is at the hub of the nation's rail, air, freight and trucking systems. The County plays a critical role in maintaining a large, efficient transportation system and infrastructure which includes six major expressways and three major commuter rail lines. DuPage Airport Authority is one of Illinois's busiest airports and O'Hare International Airport is on the County's northeastern border.

The District normally has a relatively low unemployment rate and one of the highest equalized assessed valuations per community college student. DuPage County has a highly skilled employment pool, reflecting the educational commitment of its residents. School test scores consistently rank above the state average, and school operating expenditures per child exceed the state average. Twenty private or public colleges are located in DuPage County.

The County has a very diverse economic base, comprised of construction and manufacturing, wholesale and retail trade, various service sectors and research. A high tech research and development corridor covers the width of DuPage County, stretching from the Argonne National Laboratory in the southern part of the County to the Fermi National Accelerator Laboratory on the western boundary. A pro-business atmosphere, a commitment to a well-educated workforce and a modern transportation system make DuPage County an ideal location for business expansion and relocation.

The population of DuPage County is as follows:

<u>Year</u>	<u>Population</u>
1995	855,531
2000	906,284
2010	917,911
2015	939,507

## **OUTREACH**

The College offers many different forums to engage and provide programming to members of the community.

### **McAninch Arts Center (MAC)**

The McAninch Arts Center is a state-of-the-art facility, housing three performance spaces, a new outdoor Lakeside Pavilion Stage, the Cleve Carney art gallery, studios, production space, and classrooms for the College's academic programming. This unique facility has presented theater, music, dance, lectures social events and visual arts to more than 1.5 million people since its opening in 1986. The MAC is also home to the New Philharmonic Orchestra which is in residence. The result is a collection of touring, resident, and student performances that foster enlightened education and entertaining performance opportunities to encourage artistic expression, promote a lasting relationship between people and art, and enrich the cultural vitality of the community. The MAC underwent a \$35 million renovation in 2013, including upgrades in seating, acoustics, energy efficiency, and the addition of a new gallery, concession area, box office and outdoor space. The MAC re-opened to a sold out performance on New Year's Eve 2013.

### **WDCB-TV**

An educational and community service provided by College of DuPage, WDCB-TV's broadcast schedule originates from the College and runs 24-hours a day, seven days a week. Programs are aired with public service announcements and WDCB-FM news.

Primary sources of programming for WDCB-TV are college-credit telecourses offered by the College's Center for Extended Learning. The College's Multimedia Services Department produces *Images*, *Career Paths*, *That Beepin' Show* and *The College Lecture Series*. These four general interest video programs cover a wide range of College issues. WDCB-TV is available in Wheaton, Glen Ellyn, Naperville, West Chicago, Geneva and St. Charles.

### **WDCB 90.9 FM Public Radio**

The College's award-winning public radio station provides Chicagoland and beyond with jazz, news, blues, and more, 24-hours a day, seven days a week. WDCB serves the entire metropolitan area with a 5-kilowatt signal broadcasting from C.O.D.'s Glen Ellyn campus, and also streams its signal to the rest of the world at [www.wdcb.org](http://www.wdcb.org).

## **VISION, MISSION, VALUES, AND PHILOSOPHY**

### **Vision**

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

### **Mission**

The mission statement of College of DuPage identifies the fundamental purpose and aspirations of the College. The mission is the foundation upon which all College activities are built and ultimately measured against.

*"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 openness to difference and to the uniqueness of all individuals.*

**RESPONSIBILITY:** *We expect fulfillment of obligations and accountability.*

### **Philosophy**

***"College of DuPage believes in the power of teaching and learning.** We endorse the right of each person to accessible and affordable opportunities to learn and affirm the innate value of the pursuit of knowledge and its application to life. Our primary commitment is to facilitate and support student success in learning.*

***College of DuPage is committed to excellence.** We seek quality in all that we do. To ensure quality, we are committed to continual assessment and self-evaluation.*

***College of DuPage values diversity.** We seek to reflect and meet the educational needs of the residents of our large, multicultural district. We recognize the importance of embracing individual differences and cultures and value the contributions made to the College by people of all ethnic and cultural backgrounds. We affirm our role as a catalyst for promoting dialogue and tolerance on issues supporting the common good.*

***College of DuPage promotes participation in planning and decision making.** We support participatory governance and the involvement of the College community in the development of a shared vision. We believe that all students, staff, and residents can make meaningful contributions within a respectful environment that encourages meaningful discourse. We strive to build an organizational climate in which freedom of expression is defended and civility is affirmed.*

***College of DuPage will be a benefit to students and community.** The needs of our students and community are central to all we do."*



## **FINANCIAL INFORMATION**

The College maintains its accounts and prepares its financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Boards (GASB), and the ICCB. The ICCB requires accounting by sub-funds in order that limitations and restrictions on resources can be easily accounted for. The funds required are as follows:

<b><u>Fund Group</u></b>	<b><u>Fund</u></b>
General	Education
	Operating & Maintenance
Capital Projects	Operating & Maintenance (Restricted)
Debt Service	Bond & Interest
Proprietary	Auxiliary Enterprises
Special Revenue	Restricted

The financial records of the College are maintained on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when an obligation has been incurred. The notes to the financial statements expand and explain the financial statements and the accounting principles applied.

**Internal Controls:** Management of the College is responsible for establishing and maintaining internal controls to protect the assets of the College, prevent loss from theft or misuse, and to provide that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: the cost of a control should not exceed the benefit likely to be derived; and the valuation of costs and benefits requires estimates and judgments by management.

**Budgeting Controls:** The College maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees. Activities of the subfunds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established for each individual subfund. The College also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end, unless reserved. However, encumbrances generally are re-authorized as part of the following year's budget.

As demonstrated by the statements and supplementary financial information included in the Financial section of this report, the College continues to meet its responsibility for sound financial management.

## **PROPERTY TAXES**

Taxes are collected on a calendar year basis; taxes levied in 2015 are collected in 2016. Legislation limits the increase in the amount of taxes the College can levy to 5 percent of the prior year tax extension or the Consumer Price Index (CPI) annual increase, whichever is lower, plus the taxes on new construction. The prior year CPI is used for the current levy year. The 1991 tax levy was the

first levy affected by the tax cap legislation. Current and historical information on property taxes is presented in the Statistical section of this report.

Calendar year 2010 was the first year DuPage County experienced a decrease in Equalized Assessed Valuation (EAV). The assessed valuations for the total District 502 decreased 5.2 percent in levy year 2010, 7.4 percent in levy year 2011, 7.7 percent in levy year 2012, 5.1 percent in 2013, and 0.4 percent in 2014 before increasing 4.0 percent in 2015.

## **PROSPECTS FOR THE FUTURE**

As part of College of DuPage's overall planning activities, a five-year financial plan is prepared that is integrated with the strategic planning initiatives and annual budget process. This plan, which is updated annually and presented to the Board of Trustees, identifies major areas of concern that must be addressed if the College is to continue to fulfill its mission, vision and values consistent with the Strategic Long-Range Plan. The College's financial goal of maintaining a healthy financial position through the prudent allocation and use of available resources in support of its educational goals and mission remains unchanged. Looking forward, the College remains concerned about how the State of Illinois's financial situation, the pension reform law, and the Affordable Care Act may adversely impact the financial results of the College.

Through strategic tuition and fee increases; continuous process improvements to lower costs; the development of marketing programs to build enrollment, especially in under-represented populations, focusing on retention; the expansion of course offerings, including on-line classes, to increase opportunities to learn; and seeking additional grant and private funding to reduce operating costs, the College has achieved a very healthy financial position. The College will continue to conserve resources through the application of financial controls and reduction in expenses, where possible, without affecting the quality of its educational programs. However, given the College's current healthy financial condition, management has submitted a recommendation to the College Board of Trustees to maintain the per credit hour tuition and fee rate effective with the Fall 2016 semester. The Board of Trustees, at its April 7, 2016 Board meeting, approved keeping the total tuition and fee rate unchanged effective with the Fall 2016 semester.

The President and Cabinet develop the goals and tasks that are the Institutional Priorities for the College and complete a comprehensive Strategic Long-Range Plan including review of the College's mission, vision, and core values. The FY2017-2019 Plan is currently being developed. Presented here are the Board approved FY2016 Goals & Tasks:

### **GOAL 1**

**Goal Statement:** Ensure a comprehensive offering of programs and services that anticipate and meet the needs of our community.

#### **Tasks:**

- 1.1 Grow combined Fall and Spring (academic year 2015-2016) 10th day FTEs enrollment.
- 1.2 Ensure that our curricular offerings maintain high quality and align with changing community needs by modifying or discontinuing existing programs and/or adding new degree and certificate programs as appropriate.
- 1.3 Add additional and strengthen current academic transfer partnership agreements (e.g., 3+1, 2+2, etc.) leading to a bachelor's degree.

- 1.4 Enhance and expand opportunities to support student learning needs.
- 1.5 Enhance work force education and training opportunities for District residents.
- 1.6 Expand efforts to recruit and provide services and resources for non-traditional students.
- 1.7 Support the Illinois Council of Community College Presidents' recommendation that Illinois community college system be allowed to grant four-year baccalaureate degrees in nursing and other applied career areas.
- 1.8 Continue to develop and enhance cultural and community events and programs (e.g., MAC, Waterleaf, PE Center, Continuing Education, etc.)
- 1.9 Make the online enrollment system user-friendly, interactive and simple.

## GOAL 2

**Goal Statement:** Demonstrate student success by implementing approaches resulting in top quartile retention, persistence and graduation rates.

### Tasks:

- 2.1 Grow financial resources to assist student persistence.
- 2.2 Develop and implement practices that improve student success as measured by retention, persistence and completion rates with an emphasis on mathematics and online learning.
- 2.3 Pilot Early College Enrollment program, analyze results and if appropriate plan for growth and expansion.
- 2.4 Enhance and expand academic counseling resources and services for students in special programs (e.g., 3+1, enhanced 2+2, Early College Enrollment, etc.)
- 2.5 Create awareness among staff and faculty concerning student mental health and disability issues, and adapt College policies and procedures to ensure they meet the needs of this population.

## GOAL 3

**Goal Statement:** Strengthen local, national and global partnerships.

### Tasks:

- 3.1 Ensure that the College of DuPage Foundation increases the number of annual individual donors, grows its assets and awards funds for student scholarships, program development, instructional equipment procurement and grants to the College, with a special focus on cultural arts, corporate/foundation giving programs and alumni relationship building.
- 3.2 Strengthen and diversify partnerships with District high schools.
- 3.3 Expand partnering opportunities with other community colleges, state and national organizations, and business and industry to create and leverage best practices.
- 3.4 Position the College of DuPage Foundation to be among the top three charity choices for District community members and alumni residing in the District.
- 3.5 Develop and align program support and student scholarships with the needs, interests and priorities of the College and donors.
- 3.6 Develop new and enhance existing partnerships to implement outreach and targeted programs focusing on the adult student population, middle school students, underrepresented students, and first generation low income students.

- 3.7 Pursue a legislative agenda that will assist in meeting the needs of students, community and the College.

## **GOAL 4**

**Goal Statement:** Promote the assets of the College: people, programs and facilities.

**Tasks:**

- 4.1 Maintain Higher Learning Commission/AQIP and other appropriate accreditations and certifications.
- 4.2 Influence community perception and differentiate the College from competitors through branding.
- 4.3 Enhance the public's awareness of significant programs, services, capabilities and institutional stewardship of taxpayer resources.
- 4.4 Leverage Regional Centers to promote College programs and services.
- 4.5 Identify, promote and leverage alumni and other significant stakeholders to enhance the academic reputation of the College.

## **GOAL 5**

**Goal Statement:** Address the impact of changing demographics in a global society.

**Tasks:**

- 5.1 Expand and coordinate academic, social and personal support systems for underrepresented populations.
- 5.2 Through programs and activities, continue to foster a culture of inclusiveness for students and employees.
- 5.3 Expand efforts to recruit, retain and graduate underrepresented students.
- 5.4 Continue to provide English as a Second Language (ESL), GED, etc., with a focus on transitioning students from non-credit to college degree and certificate programs of study.
- 5.5 Enhance recruitment of and support for international students.
- 5.6 Develop and implement programs and services to enhance institutional diversity and global engagement.

## **GOAL 6**

**Goal Statement:** Enhance College of DuPage's strong financial position.

**Tasks:**

- 6.1 Ensure the financial integrity and performance of the College (e.g., receive clean audit opinion, maintain the unrestricted fund balance per Board of Trustee Policy 10-40 and maintain "AAA/Aaa" ratings by Standard & Poor's and Moody's, respectively).
- 6.2 Strengthen fiscal performance of all auxiliary enterprises (e.g., WDCB, Inn at Water's Edge/Waterleaf, McAninch Arts Center, Business Solutions, Multimedia Services and Regional Centers).
- 6.3 Strengthen and expand fund raising activities to exponentially increase return on investment.
- 6.4 Establish reserves to address potential operating environmental challenges and strategic initiatives.

## GOAL 7

**Goal Statement:** Build a culture reflective of a positively engaged work force focused on the College's mission, vision and values.

**Tasks:**

- 7.1 Enhance employees' effectiveness and capabilities in supporting the goals and tasks of the College including building and enhancing leadership skills through professional development programs.
- 7.2 Improve College climate through enhanced collaboration and encouragement of involvement in service activities (e.g., *COD Cares*).
- 7.3 Promote and utilize recognition programs (e.g., the *I Am COD Individual Award!*) to reinforce high performance and work force engagement.
- 7.4 Using the 2014 PACE survey results, work with all constituency groups to positively impact the climate and culture.

## GOAL 8

**Goal Statement:** Expand and enhance state-of-the-art facilities.

**Tasks:**

- 8.1 Finalize construction of the Homeland Security Training Center on the Glen Ellyn campus.
- 8.2 Continue updating the Facility Master Plan.
- 8.3 Continue to enhance and maintain the aesthetics of campus buildings and grounds.
- 8.4 Continue to maintain the College's buildings and grounds to optimize the teaching and learning environment, with a focus on environmental sustainability.
- 8.5 Continue planning for additional teaching and learning space.

## GOAL 9

**Goal Statement:** Ensure a dynamic technological environment.

**Tasks:**

- 9.1 Revise and implement the Information Technology Strategic Plan.
- 9.2 Continue to improve the information technology infrastructure in order to enhance student learning and provide necessary support mechanisms.
- 9.3 Continue to improve the information technology infrastructure in order to maximize institutional effectiveness and to ensure that hardware and software are reliable, secure and user friendly.
- 9.4 Continue to enhance and refine efforts to address cybersecurity across the institution.

## **FINANCIAL POLICIES**

College of DuPage engages in planning to assure that it is future-oriented in serving its students, community, and other stakeholders. The Strategic Long-Range Plan (SLRP) is a continuous process that guides the future direction of the institution. Specifically, the SLRP defines C.O.D.'s institutional philosophy, mission, vision, core values, long-term goals, and associated tasks.



At College of DuPage, the SLRP is based on the concept of planning “from the outside-in,” therefore, the SLRP is a map for the development and delivery of programs and services that address community challenges and needs. The Annual Plan ensures that the College follows a predetermined agenda in an organized and systematic manner. The result is high performance and maximum achievement with minimal waste and maximum resource utilization. Further, the Annual Plan is intended to promote collegiality and facilitate two-way communication. This encourages individual commitment and engagement of all staff. We believe that a stronger, more efficient and effective institution will enable the College to fulfill its mission, achieve its vision, maintain high academic standards, increase opportunities for learning, and respond to future challenges and opportunities.

Budget decisions are made in accordance with the College’s Financial Plan and conform to the requirements as set forth in the Illinois Community College Board Fiscal Management Manual. College of DuPage’s budgetary goals include the following:

- Annual operating expenditures not to exceed projected revenues. (Expenditures shall be budgeted according to the College’s strategic priorities).
- Adequate funding to address debt service, both current (due in less than 12 months) and long-term.
- Adequate reserves for maintenance and repairs to its existing facilities.
- Adequate reserves for acquisition, maintenance and replacement of capital equipment.
- Adequate reserves for strategic capital projects.
- Adequate funding levels to fulfill future terms and conditions of employment, including early retirement benefits.
- Adequate allocations for special projects related to the strategic directions of the College.
- Appropriate allocations for contingencies (unforeseen events requiring expenditures of current resources).
- Permanently stabilize its finances in their entirety (operating budget, reserves, contingencies and ending fund balances) when it perceives a long-term change (increase or decrease) to its available future recurring resources.
- Maintain unrestricted fund balance to equal no less than 50 percent of total operating revenue.

## **DEBT ADMINISTRATION**

Equalized Assessed Valuation of Taxable Property	\$ 38,018,285,744
College of DuPage General Obligation Bonded Debt	\$ 193,170,000

Long-Term Debt Percent of Assessed Valuation	0.51 percent
----------------------------------------------	--------------

The legal debt limit is 2.875 percent of the District’s assessed valuation. The debt limitation would therefore be \$1,093,025,715. The College’s current bonded debt of \$193,170,000 is well below the legal limit.

## **OTHER INFORMATION**

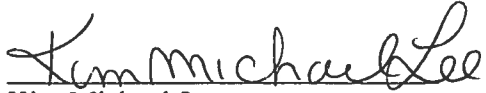
### **Awards**

College of DuPage has earned GFOA’s Award for Distinguished Budget Presentation for its annual budget for the years ending June 30, 1999 through 2016. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and a communications device.

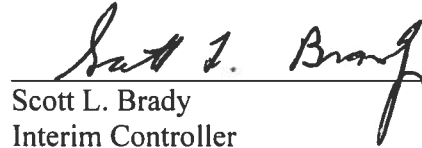
**Acknowledgements**

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of Financial Affairs. The finance staff has our sincere appreciation for the contributions made in the preparation of this report. We wish to thank the President of the College of DuPage, Dr. Ann Rondeau, the Board of Trustees, and the members of the President's Cabinet for their continued interest and support for maintaining the highest standards of professionalism in the management of College of DuPage's finances.

Respectfully submitted,



Kim Michael-Lee  
Interim Vice President, Administration  
and Treasurer



Scott L. Brady  
Interim Controller

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**COMMUNITY COLLEGE DISTRICT #502  
JUNE 30, 2016**

**PRINCIPAL OFFICIALS**

**Board of Trustees**

<b><u>Trustee Name</u></b>	<b><u>Position</u></b>	<b><u>Term Expiration</u></b>
Charles Bernstein	Trustee	2021
Erin Birt	Trustee	2017
Deanne Mazzochi	Trustee	2021
Dianne McGuire	Trustee	2017
Frank Napolitano	Trustee	2021
David Olsen	Trustee	2017
Joseph C. Wozniak	Trustee	2019
Luzelena Escamilla	Student Trustee	April 2017

**Appointed Annually**

Deanne Mazzochi	Board Chairman to 2017
David Olsen	Board Vice Chairman to 2017
Frank Napolitano	Board Secretary to 2017
Kim Michael-Lee	Treasurer

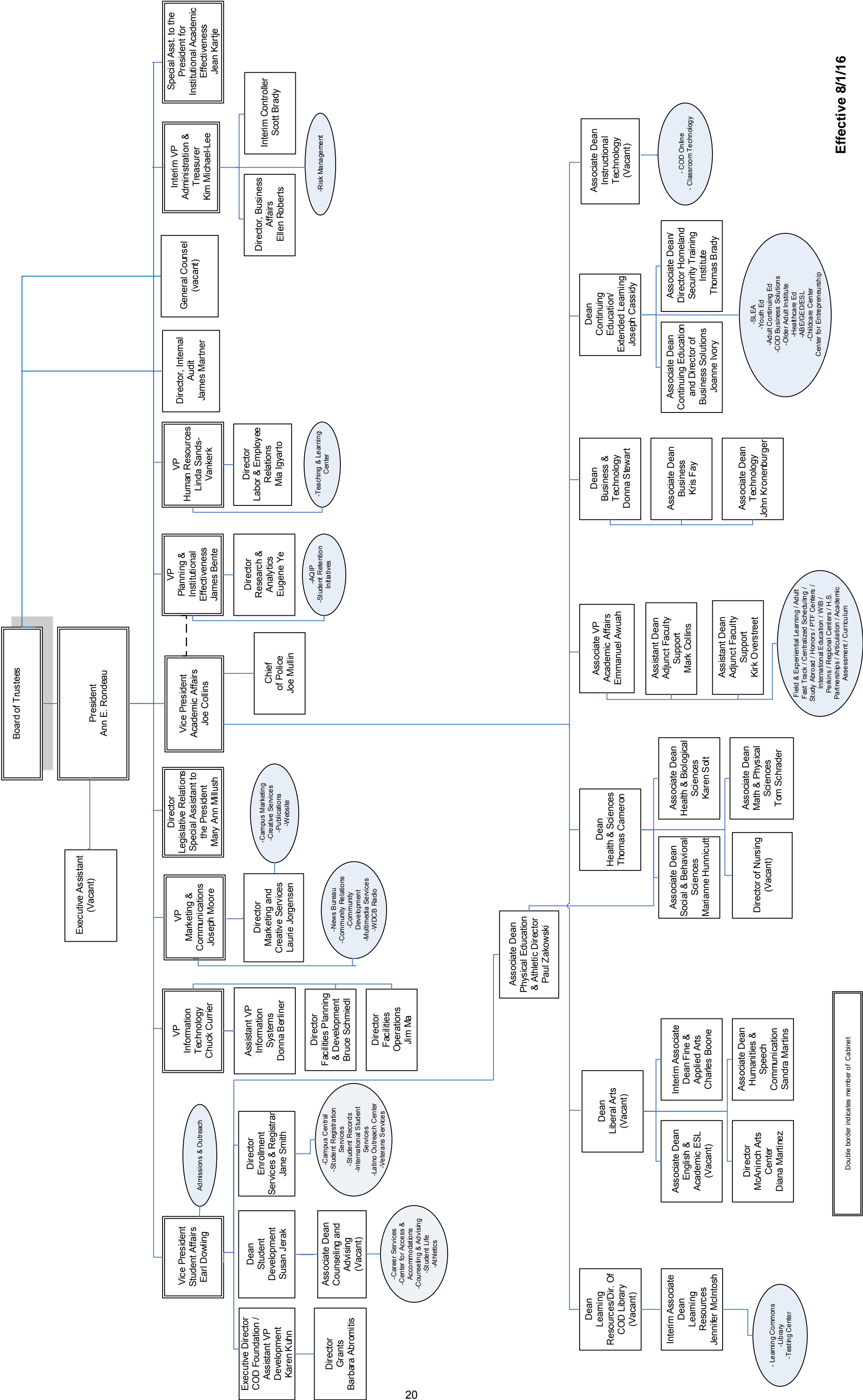
**President's Cabinet**

Dr. Ann E. Rondeau, President  
James Benté, Vice President, Planning & Institutional Effectiveness  
Dr. Joseph Collins, Vice President, Academic Affairs  
Dr. Charles Currier, Vice President, Information Technology  
Kim Michael-Lee, Interim Vice President Administration  
Earl Dowling, Vice President, Student Affairs  
Dr. Jean Kartje, Special Assistant to the President for Institutional Academic Effectiveness  
Mary Ann Millush, Director, Legislative Relations & Special Assistant to the President  
Joseph Moore, Vice President, Marketing & Communications  
Linda Sands-Vankerk, Vice President, Human Resources

**Officials Issuing Report**

Kim Michael-Lee, Interim Vice President Administration  
Scott Brady, Interim Controller

COLLEGE OF DUPAGE ADMINISTRATION ORGANIZATION CHART



Double border indicates member of Cabinet

Effective 8/1/16





## II. FINANCIAL SECTION

### **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.”*



## Independent Auditors' Report

Board of Trustees  
College of DuPage, Community College District Number 502  
Glen Ellyn, Illinois

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of College of DuPage, Community College District Number 502 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the basic financial statements based on our audits. We did not audit the financial statements of the District's component unit. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditor. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the District's component unit were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinions***

In our opinion, based on our audit and the report of the other auditor on the financial statements of the District's discretely presented component unit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District and its discretely presented component unit as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Adjustment to Prior Period Financial Statements***

The financial statements of the District as of June 30, 2015, were audited by other auditors whose opinion dated October 8, 2015, on those statements was unmodified. As discussed in Note 12 to the financial statements the District has restated its June 30, 2015 financial statements during the current year to properly report deferred bond premiums in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the June 30, 2015 financial statements before the restatement.

As part of our audit of the June 30, 2016 financial statements, we also audited the adjustment described in Note 12 that was applied to restate the June 30, 2015 financial statements. In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the June 30, 2015 financial statements of the District other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2015 financial statements as a whole.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Other Post Employment Benefits – Schedule of Funding Progress, and Pension Benefits – Schedule of Employer's Share of Net Pension Liability & Schedule of Employer's Contributions and related Notes to Required Supplementary Information – Pension Benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.



*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, statistical section, supplemental financial information and the other supplemental financial information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental financial information, the combining schedule of revenues, expenses, and changes in subfund balances, all subfunds and account groups, and the schedule of auxiliary subfunds as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section and other supplementary financial information as listed in the table of contents has not been subjected to auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any insurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016, on our consideration of the District's internal control over financial reporting 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
October 13, 2016





**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**JUNE 30, 2016**

**Management's Discussion and Analysis  
(unaudited)**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **JUNE 30, 2016 AND 2015 (UNAUDITED)**

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#### **INTRODUCTION AND BACKGROUND**

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This section of College of DuPage, Community College District 502's (the College) Comprehensive Annual Financial Report presents management's discussion and analysis (MD&A) of the College's financial activity during the fiscal years ended June 30, 2016 and June 30, 2015. Because this MD&A is designed to focus on current activities, resulting changes, and currently known facts, please read it in conjunction with the Transmittal Letter and the College's basic financial statements including the notes to the financial statements. Responsibility for the completeness and fairness of this information rests with the College.

#### **USING THIS ANNUAL REPORT**

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The financial statements focus on the College as a whole and are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The financial statements consists of four primary parts: (1) the statements of net position, (2) statements of revenues, expenses, and changes in net position, (3) statements of cash flow and (4) notes to the financial statements. The financial statements are prepared on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, expenses are recorded when incurred, and all revenues are recognized when earned in accordance with generally accepted accounting principles.

During FY2016, the College implemented Governmental Accounting Standards Board (GASB) Statement 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. As a result, the College has updated its note disclosure on Cash Deposits and Investments. See Note 2 to the financial statements for more information.

The Statement of Net Position is presented in the format where assets plus deferred outflows of resources equal liabilities plus deferred inflows of resources plus net position. Assets and liabilities are presented in order of liquidity and are classified as current (convertible into cash within one year) and non-current. This statement combines and consolidates current financial resources (short-term spendable resources) with long-term capital assets and deferred inflows and outflows of resources. The focus of this statement is to show the overall liquidity and health of the College as of the end of the fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross and net 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. This approach is intended to summarize and simplify the user's analysis of the financial results of the various College services to students and the public.

The Statement of Cash Flow discloses net cash provided by or used for operating, non-capital financing, and related financing activities. This statement shows the College’s cash flows are sufficient to pay current liabilities.

The notes to the financial statements are an integral part of the basic statements and describe the College’s significant accounting policies. The reader is encouraged to review the notes in conjunction with management’s discussion and analysis of the financial statements.

## FINANCIAL HIGHLIGHTS

### STATEMENT OF NET POSITION

The major components of College of DuPage’s assets, deferred outflows, liabilities, deferred inflows, and net position as of June 30, 2016, 2015, and 2014 are as follows (in millions of dollars):

	2016	2015	2014	Change 2016-15	Change 2015-14
<b>Assets</b>					
Current assets	\$ 335.9	\$ 331.7	\$ 331.5	\$ 4.2	\$ 0.2
Non-current assets					
Other assets	0.1	0.1	0.1	-	-
Capital assets, net of depreciation	513.6	539.9	542.8	(26.3)	(2.9)
Total assets	849.6	871.7	874.4	(22.1)	(2.7)
<b>Deferred outflows of resources</b>					
Deferred charge SURS contributions	0.1	0.2	-	(0.1)	0.2
Deferred charge on refunding	0.2	0.2	0.3	-	(0.1)
Total deferred outflows of resources	0.3	0.4	0.3	(0.1)	0.1
<b>Liabilities</b>					
Current liabilities	58.1	62.2	66.2	(4.1)	(4.0)
Non-current liabilities	258.5	282.8	309.3	(24.3)	(26.5)
Total liabilities	316.6	345.0	375.5	(28.4)	(30.5)
<b>Deferred inflows of resources</b>					
Deferred revenues	52.8	55.5	54.8	(2.7)	0.7
<b>Net Position</b>					
Net investment in capital assets	248.7	250.1	248.8	(1.4)	1.3
Restricted	20.3	21.0	21.9	(0.7)	(0.9)
Unrestricted	211.5	200.5	173.7	11.0	26.8
Total net position	\$ 480.5	\$ 471.6	\$ 444.4	\$ 8.9	\$ 27.2

### **Fiscal Year 2016 Compared to 2015**

Total current assets increased \$4.2 million from the prior year, due to a \$6.9 million increase in cash and investments that was slightly offset by a \$3.0 million decrease in receivables. The increase in cash and investments is primarily due to the College’s \$8.9 million operating surplus. The College issued \$168 million in bonds that were authorized by a voter referendum in November 2010 for construction or renovation of various College facilities. The College issued \$84.0 million of the voter approved referendum bonds in FY2011 and the remaining \$84.0 million in FY2013. At the

end of FY2016, \$4.7 million of the bond funds were unspent. The decrease in receivables is primarily due to a \$2.7 million decrease in the property tax receivable.

Non-current assets, comprised of other assets and capital assets, decreased by \$26.3 million from the previous year due to the decrease in net capital assets. The total cost value of capital assets decreased \$3.8 million from the previous year coupled with an increase of \$22.5 in accumulated depreciation. During FY2016 the major additions to capital assets (transferred out of construction in progress) were \$17.0 million for the construction of Phase II of the Homeland Security facility and \$3.5 million for site improvements throughout the campus and signage. Costs accumulated in construction in progress were transferred to depreciable building or building improvements in FY2016 to reflect the completion of these projects. Other assets equaled \$0.1 million and represent the cumulative amount paid in excess of the required actuarial contributions for the retiree healthcare costs (OPEB).

The deferred outflow of resources decreased \$0.1 million in FY2016. The deferred outflow of resources category includes the cost of deferred charges on bond refunding that resulted in a loss and contributions to the State University Retirement System (SURS) after the pension liability measurement date. Losses result when refunding bonds issued exceed the carrying amount of the bonds being refunded. The balances for deferred charges (loss on bond refunding) are amortized over the life of the refunding bonds. The contributions to SURS the College is required to make for grant funded employees occurred after the pension liability measurement date and are reported as a deferred outflow and will be expensed in the next fiscal year.

Current liabilities decreased \$4.1 million primarily due to a decrease in accounts payable and accrued expenses of \$3.4 million and a decrease of \$1.6 million in unearned tuition and fee revenue offset by an increase of \$0.5 million in accrued salaries and benefits. The decrease in the payables balance is due to a decrease in unpaid invoices for construction costs and other operating expenses. Unearned tuition and fee revenue decreased from the prior year due to a \$5.00 per hour decrease in tuition rate from the previous year (effective Spring 2016) and a decrease in Fall 2016 enrollment as of June 30, 2016. The current portion of bonds payable increased \$0.9 million due to the timing of principal payments on the College's outstanding bonds; the amount due in FY2017 is more than what was required to be paid in FY2016. Termination benefits payable decreased \$0.3 million due to the discontinuance of this program as part of contract negotiations. The College expects to pay the remaining balance of \$0.1 million in FY2017.

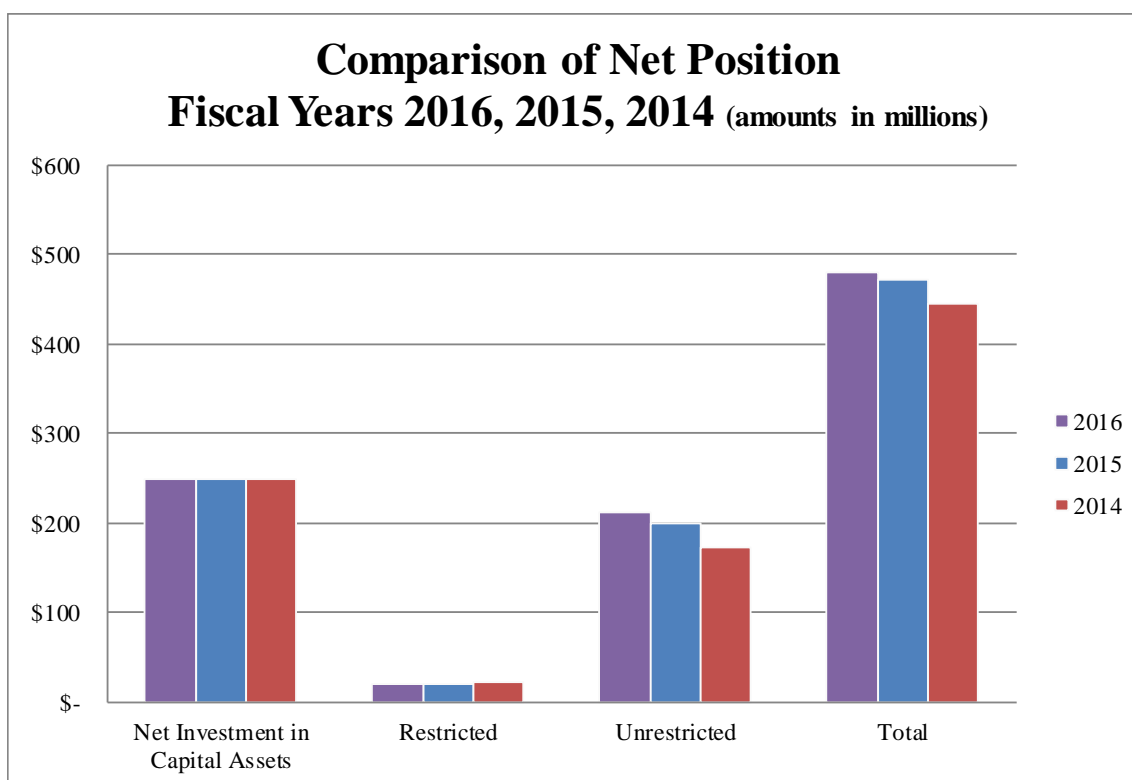
Non-current liabilities decreased \$24.3 million over the previous year primarily due to a \$23.3 million decrease in bonds payable and a \$0.2 million decrease in compensated absences. In FY2016, debt service payments included \$20.8 million in principal payments. Additionally bond premiums of \$2.3 million were amortized during FY2016.

Deferred inflows of resources decreased \$2.7 million over the prior year balance due to a decrease in deferred property tax revenues for property tax revenues levied in previous calendar years that are not expected to be collected.

Total net position (equity) increased \$8.9 million over prior year primarily due to favorable operating results. The Net Position category is comprised of three line items: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets decreased by \$1.4 million due to the decrease in overall investment in capital assets during fiscal year 2016 net of the decreased debt outstanding as of the end of the fiscal year.

Total restricted net assets decreased \$0.7 million from the prior year primarily due to a \$0.5 million decrease in the amount restricted for debt service. As the College makes annual debt service payments, the amount of funds available for future debt payments will continue to decrease.

Unrestricted net position increased \$11.0 million to \$211.5 million as a result of the operating surplus. The Board of Trustees has approved six reservations of unrestricted net position totaling \$91,250,000: \$33,000,000 for a new Teaching and Learning Center facility; \$14,000,000 to fund retiree healthcare costs; \$17,000,000 to fund potential future pension payments if the State of Illinois pushes this funding to the School Districts; \$16,000,000 to fund annual maintenance costs which are expected to increase with the expansion of the College’s physical plant; \$6,250,000 for the required match of 25 percent of Capital Development Board funding the College may receive; and \$5,000,000 for future Information Technology Plan costs identified in the Information Technology Strategic Plan.



#### **Fiscal Year 2015 Compared to 2014**

Total current assets increased \$0.2 million from the prior year, due to a \$2.9 million increase in cash and investments that was slightly offset by a \$2.2 million decrease in receivables and a \$0.5 million decrease in prepaid expenses. The increase in cash and investments is primarily due to the College’s

\$23.2 million operating surplus offset by the use of \$20.7 of construction fund balance. The College issued \$168 million in bonds that were authorized by a voter referendum in November 2010 for construction or renovation of various College facilities. The College issued \$84.0 million of the voter approved referendum bonds in FY2011 and the remaining \$84.0 million in FY2013. At the end of FY2015, \$9.9 million of the bond funds were unspent. The decrease in receivables is primarily due to a \$0.9 million decrease in the property tax receivable and a \$1.1 million decrease in government claims receivable due to the State of Illinois only owing the College for one payment of the base operating grant at the end of FY2015 compared to owing the College for two payments in the previous year.

Non-current assets, comprised of other assets and capital assets, decreased by \$2.9 million from the previous year due to the decrease in net capital assets. The total cost value of capital assets increased \$24.4 million from the previous year and was offset by an increase of \$27.3 in accumulated depreciation. The cost value of capital assets increased due to the continuation of work on projects authorized in the Facilities Master Plan and voter referendum for new buildings, renovations of existing facilities, and land improvements for parking and landscaping. During FY2015 the major additions to capital assets were \$14.2 million for the construction of Phase II of the Homeland Security facility; \$5.1 million for the renovation at the Naperville Regional Center; and \$2.5 million for site improvements throughout the campus. During FY2015 the College completed site, infrastructure, and parking improvement projects (\$27.7 million); irrigation and drainage project (\$1.2 million); Naperville Regional Center renovations (\$6.2 million); athletic facilities improvements (\$2.3 million); and other projects (\$1.5 million). Costs accumulated in construction in progress were transferred to depreciable building improvements in FY2015 to reflect the completion of these projects. Other assets equaled \$0.1 million and represent the cumulative amount paid in excess of the required actuarial contributions for the retiree healthcare costs (OPEB).

The deferred outflow of resources increased \$0.1 million in FY2015. The deferred outflow of resources category includes the cost of deferred charges on bond refunding that resulted in a loss and contributions to the State University Retirement System (SURS) after the pension liability measurement date. Losses result when refunding bonds issued exceed the carrying amount of the bonds being refunded. The balances for deferred charges (loss on bond refunding) are amortized over the life of the refunding bonds. The contributions to SURS the College is required to make for grant funded employees occurred after the pension liability measurement date and are reported as a deferred outflow and will be expensed in the next fiscal year.

Current liabilities decreased \$4.0 million primarily due to a decrease in accounts payable and accrued expenses of \$4.1 million and a decrease of \$1.2 million in unearned tuition and fee revenue offset by an increase of \$1.4 million in accrued salaries and benefits. The decrease in the payables balance is due to a decrease in unpaid invoices for construction costs and other operating expenses. Unearned tuition and fee revenue decreased from the prior year due to a \$4.00 per hour decrease in tuition rate from the previous year and a decrease in Fall 2015 enrollment as of June 30, 2015. The current portion of bonds payable increased \$0.8 million due to the timing of principal payments on the College's outstanding bonds; the amount due in FY2016 is more than what was required to be paid in FY2015. Termination benefits payable decreased \$0.4 million due to the discontinuance of this program as part of the contract negotiations. The College expects to pay the remaining balance of \$0.3 million in FY2016.

Non-current liabilities decreased \$26.5 million over the previous year primarily due to a \$22.4 million decrease in bonds payable and a \$0.4 million decrease in termination benefits payable. In FY2015, debt service payments included \$20.0 million in principal payments. Additionally bond premiums of \$2.5 million were amortized during FY2015. The long-term portion of termination benefits payable decreased \$0.4 million as the remaining payments are due to be paid in FY2016 and were reclassified to current liabilities.

Deferred inflows of resources increased \$0.7 million over the prior year balance due to an increase in deferred property tax revenues for property tax revenues levied in calendar year 2014 that are not collected until FY2016. This increase primarily reflects the annual CPI growth in the property tax levy and an increase in the debt service portion of the levy.

Total net position (equity) increased \$27.2 million over prior year primarily due to favorable operating results. The College had an operating surplus of \$24.2 million in FY2015 and an increase of \$3.0 million due to a prior period restatement; \$25.0 million of which is from the College’s education and operations and maintenance activities. The Net Position category is comprised of three line items: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets increased by \$1.3 million due to the increase in overall investment in capital assets during fiscal year 2015 net of the decreased debt outstanding as of the end of the fiscal year.

Total restricted net assets decreased \$0.9 million from the prior year primarily due to a \$0.8 million decrease in the amount restricted for debt service. As the College makes annual debt service payments, the amount of funds available for future debt payments will continue to decrease.

Unrestricted net position increased \$26.8 million to \$200.5 million as a result of the operating surplus. The Board of Trustees has approved six reservations of unrestricted net position totaling \$91,250,000: \$33,000,000 for a new Teaching and Learning Center facility; \$14,000,000 to fund retiree healthcare costs; \$17,000,000 to fund potential future pension payments if the State of Illinois pushes this funding to the School Districts; \$16,000,000 to fund annual maintenance costs which are expected to increase with the expansion of the College’s physical plant; \$6,250,000 for the required match of 25 percent of Capital Development Board funding the College may receive; and \$5,000,000 for future Information Technology Plan costs identified in the Information Technology Strategic Plan.



**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The following table presents the statement of revenues, expenses, and changes in net position for the College for fiscal years 2016, 2015, and 2014 (in millions of dollars).

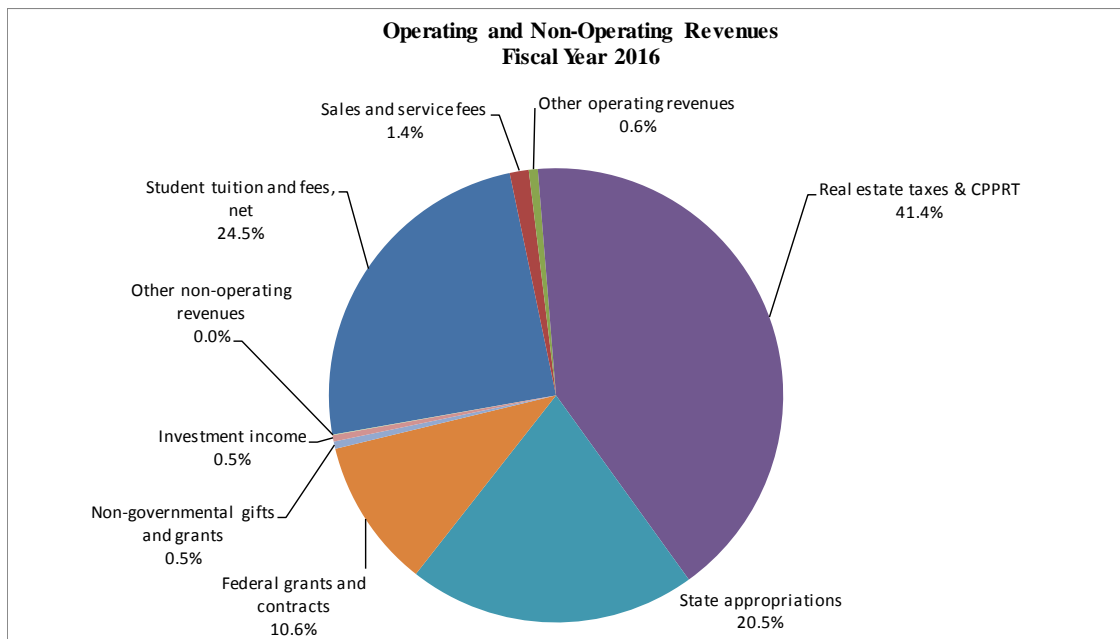
**Statement of Revenues, Expenses, and Changes in Net Position**

	2016	2015	2014	Change 2016-15	Change 2015-14
<u>Revenues</u>					
Operating revenues					
Student tuition and fees, net	\$ 65.3	\$ 67.6	\$ 65.9	\$ (2.3)	\$ 1.7
Sales and service fees	3.6	4.8	3.2	(1.2)	1.6
Other operating revenues	1.7	2.2	2.0	(0.5)	0.2
Total Operating revenues	70.6	74.6	71.1	(4.0)	3.5
Non-operating revenues					
Real estate taxes & CPPRT	110.2	109.7	107.7	0.5	2.0
State appropriations	54.7	57.2	54.7	(2.5)	2.5
Federal grants and contracts	28.3	30.5	31.1	(2.2)	(0.6)
Investment income	1.2	(0.8)	2.2	2.0	(3.0)
Other non-operating revenues	1.5	1.2	1.1	0.3	0.1
Total non-operating revenues	195.9	197.8	196.8	(1.9)	1.0
Total revenues	266.5	272.4	267.9	(5.9)	4.5
<u>Expenses</u>					
Operating expenses					
Instruction	105.3	100.6	93.3	4.7	7.3
Academic support	11.3	10.1	10.1	1.2	-
Student services	19.8	17.9	16.0	1.9	1.9
Public service	2.6	2.6	2.8	-	(0.2)
Independent operations	-	-	-	-	-
Operation and maintenance of plant	19.2	19.2	18.3	-	0.9
General administration	15.2	16.0	14.0	(0.8)	2.0
General institutional	22.6	20.8	21.8	1.8	(1.0)
Auxiliary enterprises	11.1	10.7	10.0	0.4	0.7
Scholarship expense	8.3	10.8	11.1	(2.5)	(0.3)
Depreciation expense	31.3	29.7	24.1	1.6	5.6
Total Operating Expenses	246.7	238.4	221.5	8.3	16.9
Non-operating expenses					
Interest on capital asset-related debt	11.0	9.9	9.9	1.1	-
Total non-operating expenses	11.0	9.9	9.9	1.1	-
Total expenses	257.7	248.3	231.4	9.4	16.9
Net income before capital contributions	8.8	24.1	36.5	(15.3)	(12.4)
Capital Contributions	0.1	0.1	-	-	0.1
Increase in net position	8.9	24.2	36.5	(15.3)	(12.3)
Net position at beginning of year	471.6	444.4	407.9	27.2	36.5
Prior period adjustments	-	3.0	-	(3.0)	3.0
Net position at end of year	\$ 480.5	\$ 471.6	\$ 444.4	\$ 8.9	\$ 27.2

## Revenues:

### Fiscal Year 2016 Compared to 2015

The College’s operating and non-operating revenues were \$266.5 million for fiscal year 2016, a decrease of \$5.9 million from the prior year. This decrease in revenues was driven by lower student tuition and fees, sales and service fees, State of Illinois revenue, and Federal revenues. The College has three primary revenue sources that account for 97.0 percent of total revenues in FY2016. Real estate and corporate personal property replacement taxes continue to be the College’s primary revenue source accounting for \$110.2 million or 41.4 percent of FY2016 total revenues. The second largest source of revenue was student tuition and fees totaling \$65.3 million or 24.5 percent of total revenues in FY2016. The third largest revenue source, state and federal grants, totaled \$83.0 million and accounted for 31.1 percent of FY2016 total revenues.



Operating revenues decreased \$4.0 million in FY2016 due to a decrease in revenue from student tuition and fees (\$2.3 million) and sales of service fees (\$1.2 million). The lower tuition revenue was due to both a decrease in enrollment and a tuition rate decrease of \$5.00 per credit hour effective in the Spring 2016 semester. The College lowered the Spring 2016 tuition rate to \$135.00 per credit hour, a reduction of \$5.00 per credit hour. A decrease in enrollment also drove the decrease in tuition revenue from the prior year. The College’s 10<sup>th</sup> day enrollment for FY2016 was 36,984 full-time equivalents (FTEs) or 554,753 credit hours; this represents a decrease of 15,930 credit hours or 2.8 percent less than prior year. The College experienced a decrease in delinquent student receivables due to improved collection efforts. Delinquent student receivables are due in part to loss of financial aid awarded to students, students dropping classes after the refund period, and students’ inability or unwillingness to pay their balance. Generally Accepted Accounting Principles (GAAP) requires bad debt expense to be netted against tuition revenue. GAAP also requires colleges to report tuition and fees funded by state and federal financial awards as non-operating revenues and not as tuition. As shown in the following table, total student tuition and fees revenue before adjustment for the re-class of tuition funded by state and federal grants was \$95.1 million in FY2016; this was \$5.3 million lower than the prior year.

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	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>	<u>Change</u> <u>2016-15</u>	<u>Change</u> <u>2015-14</u>	<u>% Change</u> <u>2016-15</u>	<u>% Change</u> <u>2015-14</u>
Student tuition and fees	\$ 95.1	\$ 100.4	\$ 96.2	\$ (5.3)	\$ 4.2	-5%	4%
Federal and State Awards	(29.8)	(32.8)	(30.3)	3.0	(2.5)	-9%	8%
Student tuition and fees, net	<u>\$ 65.3</u>	<u>\$ 67.6</u>	<u>\$ 65.9</u>	<u>\$ (2.3)</u>	<u>\$ 1.7</u>	-3%	3%

The decrease in tuition funded from Federal and State awards reflects a decrease in Adult Basic Education, Presidential Scholarships, and Pell Grants/Federal Direct Loans.

Sales and service fee revenue decreased \$1.2 million from the previous year mainly due to sales at the Waterleaf restaurant decreasing \$0.9 million from the previous year due to the closing of the restaurant on August 31, 2015.

Non-operating revenues decreased \$1.9 million from the prior year to \$195.9 million. Revenue from property taxes increased \$0.5 million from FY2015 due to the debt service levy receipts increasing \$0.5 million from the previous year. The College historically receives 99.5 percent of the annual tax levy collections. Through June 30, 2016 the College has received approximately 50 percent of the 2015 tax year levy from all three counties within the District’s boundaries. Revenues from the State of Illinois were \$2.5 million less than prior year. There was an increase of \$10.1 million in the SURS pension contributions that was \$48.5 million in FY2016. The State makes this contribution on behalf of the College. The College records revenue as part of the State Appropriations line item in Statement 2, and expense for the in-kind payment made by the State. The increase in SURS funding was offset by a decrease of \$9.4 million in State Base Operating Grant and Career and Technical Education Grant. The College received approximately \$12.0 million from the State for Base Operating Grant in FY2015, when the State paid all 12 monthly payments. In FY2016, the College was only appropriated 3 out of 12 payments, totaling \$3.5 million. The College typically received approximately \$1.0 million annually in Career and Technical Education Grant payments. No payments were received in FY2016.

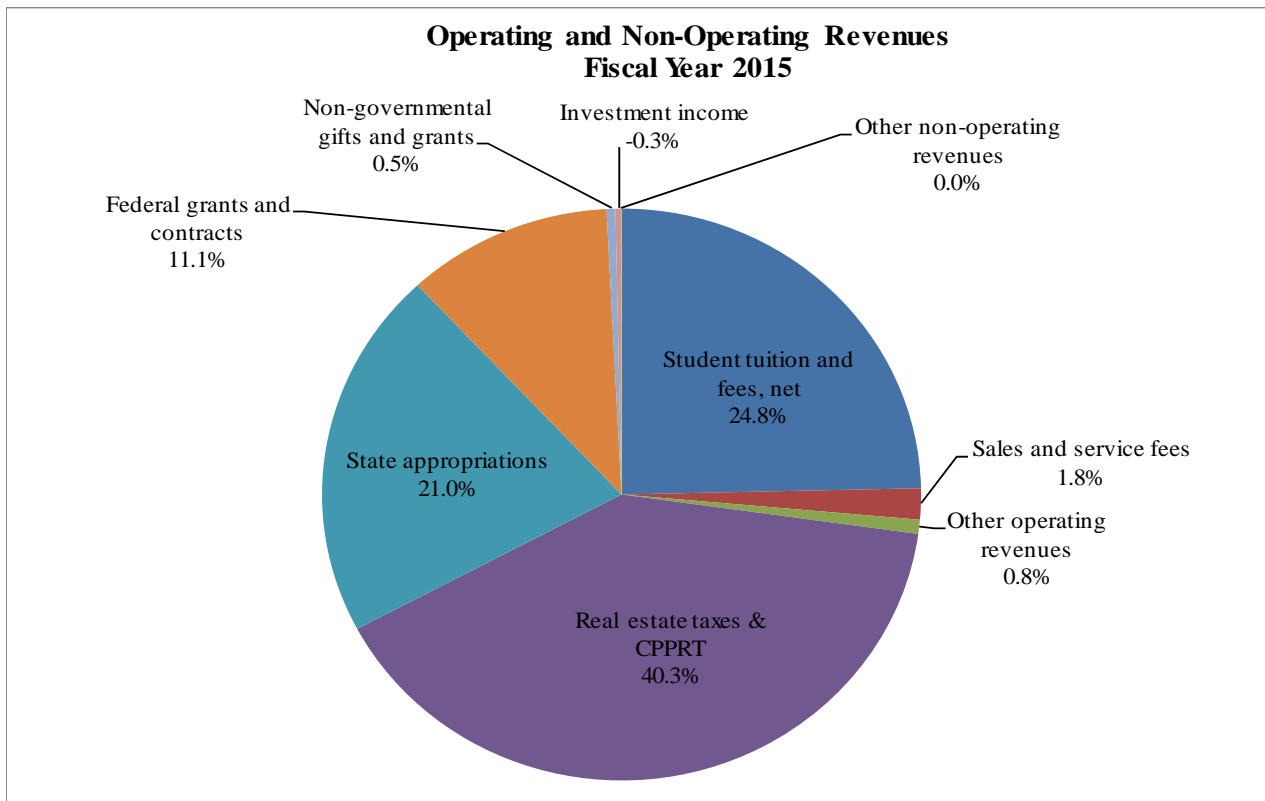
The College had investment income of \$1.2 million for FY2016, \$2.0 million more than prior year, as summarized in the chart below. During FY2015 the College had to write off \$2.1 million of its investment in the Illinois Metropolitan Investment Fund (IMET), a local government investment pool. During FY2015, IMET notified its members that there were defaults on certain guaranteed loans caused by fraud on the part of a U.S. Department of Agriculture approved lender. The College liquidated its available funds at IMET, however, the College’s share of the default, \$2.2 million, was set aside by IMET in a trust to be used to recover assets. As assets are recovered, funds will be returned to the College. As of June 30, 2016, the College has received \$0.1 million from seized assets. No distributions were received during FY2016. Excluding realized losses of \$2.6 million in FY2015, the College had earned \$1.7 million in investment income, which was \$0.1 million more than the previous year due to higher amount of investable cash and investments. The unrealized gain reflects the difference in market value and historical costs due to the change in market value caused by the market's sensitivity to potential interest rate increases.

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	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>	<u>Change 2016-15</u>	<u>Change 2015-14</u>
Investment Income and					
Realized Gains/Losses	\$ 1,278,596	\$ (881,366)	\$ 966,132	\$ 2,159,962	\$ (1,847,498)
Unrealized gain (loss)	(81,414)	26,639	1,269,483	(108,053)	(1,242,844)
Total investment income	<u>\$ 1,197,182</u>	<u>\$ (854,727)</u>	<u>\$ 2,235,615</u>	<u>\$ 2,051,909</u>	<u>\$ (3,090,342)</u>

**Fiscal Year 2015 Compared to 2014**

The College's operating and non-operating revenues were \$272.4 million for fiscal year 2015, an increase of \$4.5 million from the prior year. This increase in revenues was driven by higher student tuition and fees, sales and service fees, State of Illinois revenue, and real estate tax revenues. The College has three primary revenue sources that account for 97.3 percent of total revenues in FY2015. Real estate and corporate personal property replacement taxes continue to be the College's primary revenue source accounting for \$109.7 million or 40.3 percent of FY2015 total revenues. The second largest source of revenue was student tuition and fees totaling \$67.6 million or 24.8 percent of total revenues in FY2015. The third largest revenue source, state and federal grants, totaled \$87.7 million and accounted for 32.2 percent of FY2015 total revenues.



Operating revenues increased \$3.5 million in FY2015 due to an increase in revenue from student tuition and fees (\$1.7 million) and sales of service fees (\$1.6 million). The higher tuition revenue was due to both an increase in enrollment and a fee increase of \$4.00 per credit hour in for the Fall 2014 semester. The College lowered the Spring 2015 tuition rate to \$140.00 per credit hour, a reduction of

\$4.00 per credit hour. The increase in enrollment drove the increase in tuition from the prior year, despite the reduction in the tuition rate. The College’s 10<sup>th</sup> day enrollment for FY2015 was 38,046 full-time equivalents (FTEs) or 570,690 credit hours; this represents an increase of 6,992 credit hours or 1.2 percent more than prior year. The College experienced a decrease in delinquent student receivables due to improved collection efforts by the College. Delinquent student receivables are due in part to loss of financial aid awarded to students, students dropping classes after the refund period, and students’ inability or unwillingness to pay their balance. Generally Accepted Accounting Principles (GAAP) requires bad debt expense to be netted against tuition revenue. GAAP also requires colleges to report tuition and fees funded by state and federal financial awards as non-operating revenues and not as tuition. As shown in the following table, total student tuition and fees revenue before adjustment for the re-class of tuition funded by state and federal grants was \$100.4 million in FY2015; this was \$4.2 million higher than the prior year.

	<u>FY2015</u>	<u>FY2014</u>	<u>FY2013</u>	<u>Change</u> <u>2015-14</u>	<u>Change</u> <u>2014-13</u>	<u>% Change</u> <u>2015-14</u>	<u>% Change</u> <u>2014-13</u>
Student tuition and fees	\$ 100.4	\$ 96.2	\$ 91.1	\$ 4.2	\$ 5.1	4%	6%
Federal and State Awards	(32.8)	(30.3)	(29.0)	(2.5)	(1.3)	8%	4%
Student tuition and fees, net	<u>\$ 67.6</u>	<u>\$ 65.9</u>	<u>\$ 62.1</u>	<u>\$ 1.7</u>	<u>\$ 3.8</u>	3%	6%

The increase in tuition funded from Federal and State awards reflects an increase in Adult Basic Education, Presidential Scholarships and High School Dual Credit waivers.

Sales and service fee revenue increased \$1.6 million from the previous year. Sales at the MAC increased \$0.9 million from the previous year due to the MAC being opened for the entire fiscal year, compared to only five months of operations during the previous year due to the MAC being closed for renovations. Due to a change in the contract with the bookstore vendor, the College’s bookstore revenue increased \$0.5 million from the previous year. Sales at the Waterleaf restaurant increased \$0.2 million from the previous year.

Non-operating revenues increased \$1.0 million from the prior year to \$197.8 million. Revenue from property taxes increased \$2.0 million from FY2014 due to the debt service levy receipts increasing \$1.6 million from the previous year. The College historically receives 99.5 percent of the annual tax levy collections. Through June 30, 2015 the College has received approximately 50 percent of the 2014 tax year levy from all three counties within the District’s boundaries. Revenues from the State of Illinois were \$2.5 million higher than prior year due to an increase of \$4.2 million in the SURS pension contributions that was \$38.4 million in FY2015. The State makes this contribution on behalf of the College. The College records revenue as part of the State Appropriations line item in Statement 2, and expense for the in-kind payment made by the State. The increase in SURS funding was offset by a decrease of \$1.9 million in on-behalf funding from the Capital Development Board for demolition work performed by the State on-behalf of the College as the work was completed in FY2015.

The College had investment income of \$(0.9) million for FY2014, \$3.1 million less than prior year, as summarized in the chart below. During FY2015 the College had to write off \$2.1 million of its investment in the Illinois Metropolitan Investment Fund (IMET), a local government investment

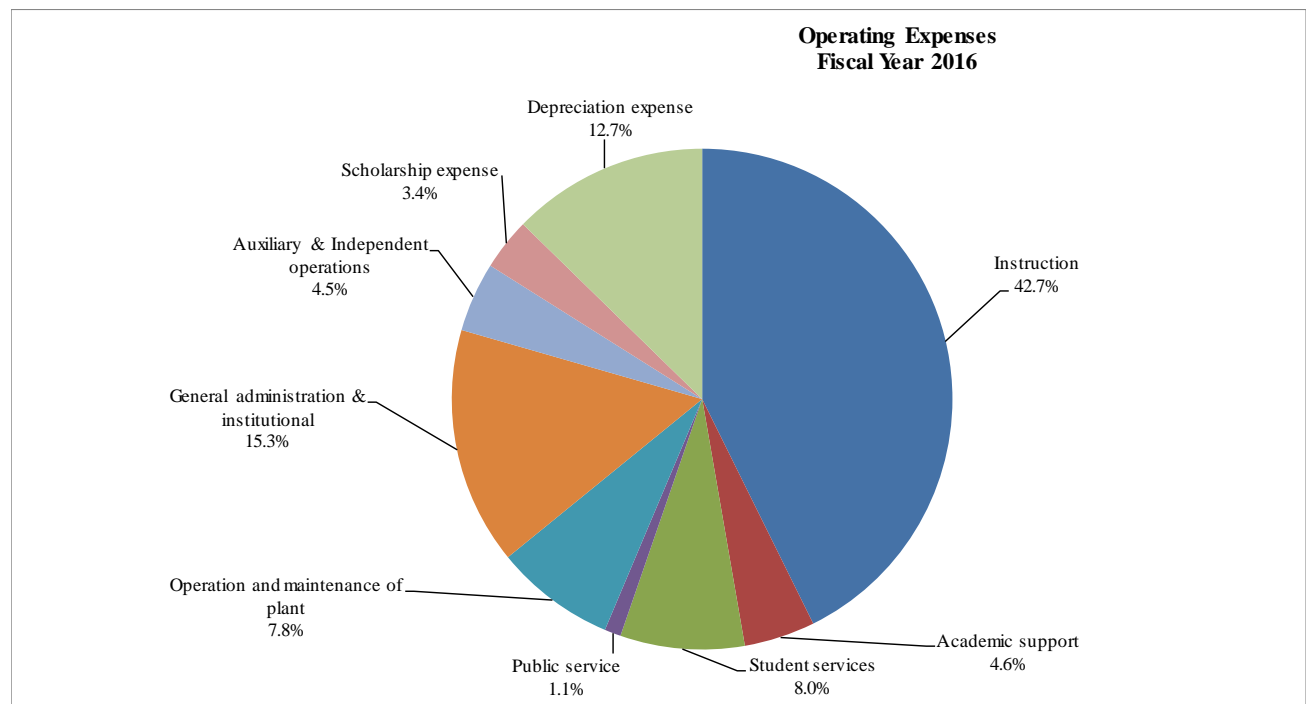
pool. During FY2015, IMET notified its members that there were defaults on certain guaranteed loans caused by fraud on the part of a U.S. Department of Agriculture approved lender. The College liquidated its available funds at IMET, however, the College's share of the default, \$2.2 million, was set aside by IMET in a trust to be used to recover assets. As assets are recovered, funds will be returned to the College. As of June 30, 2015, the College received \$0.1 million from seized assets. Excluding the realized losses of \$2.6 million in FY2015, the College had earned \$1.7 million in investment income, which was \$0.1 million more than the previous year due to higher amount of investable cash and investments. The unrealized gain reflects the difference in market value and historical costs due to the change in market value caused by the market's sensitivity to potential interest rate increases.

	<u>FY2015</u>	<u>FY2014</u>	<u>FY2013</u>	<u>Change 2015-14</u>	<u>Change 2014-13</u>
Investment Income and					
Realized Gains/Losses	\$ (881,366)	\$ 966,132	\$ 1,180,097	\$ (1,847,498)	\$ (213,965)
Unrealized gain (loss)	<u>26,639</u>	<u>1,269,483</u>	<u>(1,209,404)</u>	<u>(1,242,844)</u>	<u>2,478,887</u>
Total investment income	<u>\$ (854,727)</u>	<u>\$ 2,235,615</u>	<u>\$ (29,307)</u>	<u>\$ (3,090,342)</u>	<u>\$ 2,264,922</u>

#### **Expenses:**

##### **Fiscal Year 2016 Compared to 2015**

Total expenses for FY2016 were \$257.7 million, an increase of \$9.4 million from the previous fiscal year. Operating expenses increased \$8.3 million while non-operating expenses increased \$1.1 million.



SURS pension and retiree healthcare contributions included in operating expenses increased by \$10.1 million to \$48.5 million in FY2016. The State makes this contribution on behalf of the College. The College records an expense and revenue for the in-kind payment made by the State. This expense is then allocated to the different expense categories based on their prorated share of labor expense. The following table shows how the SURS on-behalf expenses have been allocated to the functional expense categories for the current year and the two previous years.

	FY2016	FY2015	FY2014	Change 2016-15	Change 2015-14
Instruction	\$ 27.5	\$ 21.8	\$ 19.8	\$ 5.7	\$ 2.0
Academic Support	2.7	2.0	1.9	0.7	0.1
Student Services	4.7	3.6	3.1	1.1	0.5
Public Services	0.6	0.5	0.3	0.1	0.2
Operations and Maintenance of Plant	1.8	2.6	2.3	(0.8)	0.3
General Administration	3.3	3.1	2.5	0.2	0.6
General Institutional	3.5	3.5	3.1	-	0.4
Auxiliary Enterprises	4.4	1.3	1.2	3.1	0.1
Total SURS on-behalf	<u>\$ 48.5</u>	<u>\$ 38.4</u>	<u>\$ 34.2</u>	<u>\$ 10.1</u>	<u>\$ 4.2</u>

Four categories of expenses primarily accounted for the \$8.3 million increase in operating expenses: Instruction, Academic Support, Student Services, and Depreciation.

Instruction represents all of the direct costs associated with teaching of students and is the largest component of operating expenses, accounting for 42.7 percent of total operating expenses. Expenses increased \$4.7 million from the previous year. Employee benefits increased \$6.2 million, or 22.2 percent, from the previous year primarily due to the increase of \$5.7 million in SURS on-behalf contributions. Capital outlay expense decreased \$0.9 million primarily due to the previous year purchase of new manufacturing equipment of \$0.9 million for the Manufacturing Technology department which was a one-time purchase in previous years.

Academic Support increased by \$1.2 million over prior year. Salaries increased \$0.4 million due to filling of vacancies, specifically a dean position and an associate dean position which were vacant for a majority of the previous year. Employee benefits increased by \$0.8 million mainly due to the increase of \$0.7 million in SURS on-behalf contributions.

Student Services expenses increased by \$1.9 million from prior year. This was due mainly to the increase in employee benefits of \$1.1 million because of SURS on-behalf payment increases of \$1.1 million. Salaries increased by \$0.3 million due to filling of vacancies, and capital outlay expenses increased by \$0.3 million due to purchases of new capital equipment for the physical education/athletics department which included new scoreboards.

The total scholarships, grants and waivers expense decreased by \$2.6 million from FY2015. The College disbursed \$38.1 in scholarships, awards and waivers to students in FY2016, a decrease of \$5.6 million from FY2015. Following GAAP rules, the College is only allowed to recognize the amount of excess funds distributed to students for living expenses as a scholarship, grant, and waiver expense. In FY2016, \$8.3 million of scholarships, grants, and waivers were recognized as expense as

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students utilized more of their awards to pay for their tuition in FY2016 and utilized the funds for living expenses.

	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>	<u>Change</u> <u>2016-15</u>	<u>Change</u> <u>2015-14</u>	<u>% Change</u> <u>2016-15</u>	<u>% Change</u> <u>2015-14</u>
Scholarships, grants, waivers	\$ 38.1	\$ 43.7	\$ 41.4	\$ (5.6)	\$ 2.3	-13%	6%
Federal and State Awards	(29.8)	(32.8)	(30.3)	3.0	(2.5)	-9%	8%
Scholarships, grants, waivers, net	<u>\$ 8.3</u>	<u>\$ 10.9</u>	<u>\$ 11.1</u>	<u>\$ (2.6)</u>	<u>\$ (0.2)</u>	-24%	-2%

Depreciation expense increased \$1.6 million from the previous year as a result of \$23.8 million of depreciable capital assets put into service during FY2016. This reflects the completion of Phase II of the Homeland Security facility (\$17.0 million); various site improvements throughout the campus and signage (\$3.5 million); and other additions (\$2.8 million).

The College restated certain amounts related to the amortization of its existing bond premiums. Previously, the College had been amortizing the premiums using the straight line method. Generally accepted accounting principles indicate that the straight line method is acceptable if it approximates the effective interest method, which is the preferred method. During the year ended June 30, 2016, the College recalculated its premium amortization using the effective interest method.

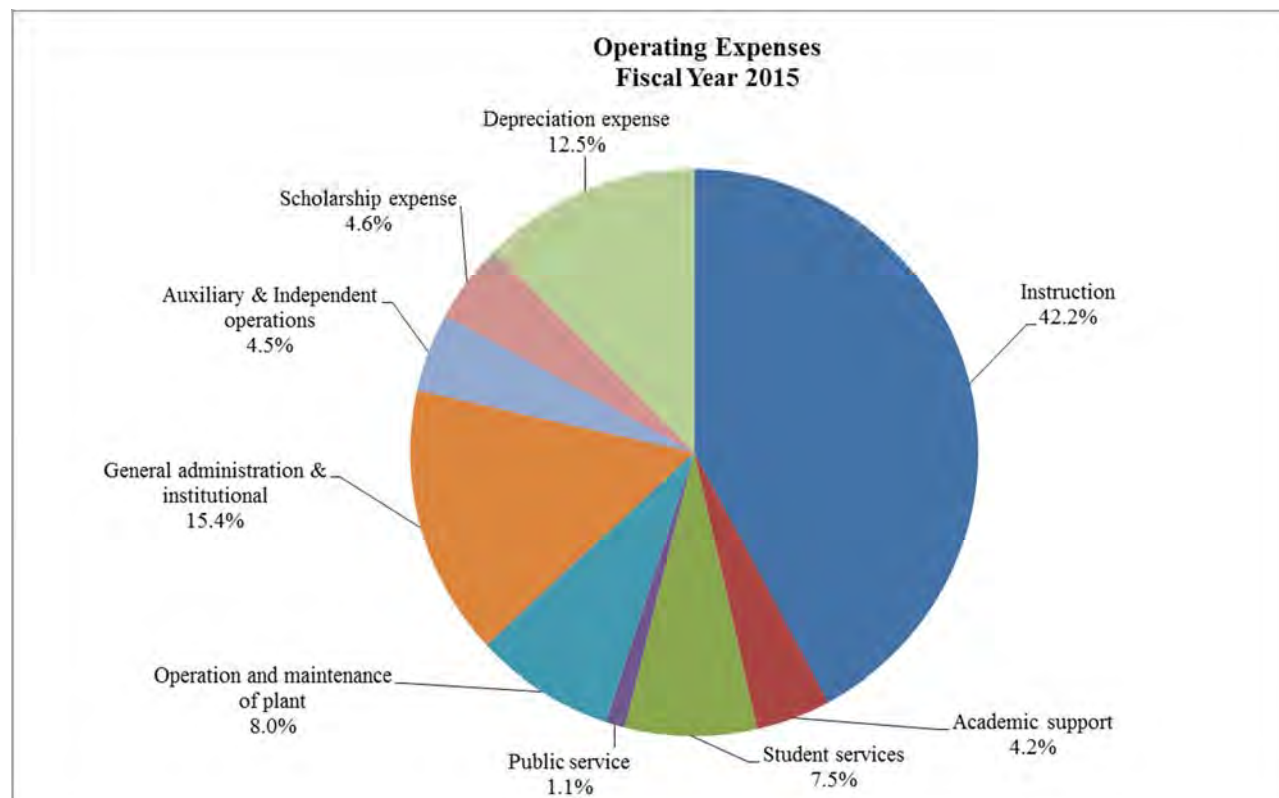
A summary of changes to previously presented financial statements as of and for the year ended June 30, 2015 is as follows:

	<u>2015</u>		
	<u>Previously</u> <u>Presented</u>	<u>Restatement</u>	<u>Restated</u>
Bonds payable, non-current	\$ 285,925,691	\$ (3,955,546)	\$ 281,970,145
Net position, net investment in capital assets	246,163,362	3,955,546	250,118,908
Interest on capital asset-related debt	(10,890,526)	922,466	(9,968,060)
Change in net position	23,271,374	922,466	24,193,840
Net position, beginning of year	\$ 444,376,459	\$ 3,033,080	\$ 447,409,539

**Fiscal Year 2015 Compared to 2014**

Total expenses for FY2015 were \$249.3 million, an increase of \$17.9 million from the previous fiscal year. Operating expenses increased \$16.9 million while non-operating expenses increased \$1.0 million.





SURS pension and retiree healthcare contributions included in operating expenses increased by \$4.2 million to \$38.4 million in FY2015. The State makes this contribution on behalf of the College. The College records an expense and revenue for the in-kind payment made by the State. This expense is then allocated to the different expense categories based on their prorated share of labor expense. The following table shows how the SURS on-behalf expenses have been allocated to the functional expense categories for the current year and the two previous years.

	FY2015	FY2014	FY2013	Change 2015-14	Change 2014-13
Instruction	\$ 21.8	\$ 19.8	\$ 18.7	\$ 2.0	\$ 1.1
Academic Support	2.0	1.9	1.8	0.1	0.1
Student Services	3.6	3.1	2.4	0.5	0.7
Public Services	0.5	0.3	0.4	0.2	(0.1)
Operations and Maintenance of Plant	2.6	2.3	2.1	0.3	0.2
General Administration	3.1	2.5	2.3	0.6	0.2
General Institutional	3.5	3.1	2.8	0.4	0.3
Auxiliary Enterprises	1.3	1.2	1.4	0.1	(0.2)
Total SURS on-behalf	<u>\$ 38.4</u>	<u>\$ 34.2</u>	<u>\$ 31.9</u>	<u>\$ 4.2</u>	<u>\$ 2.3</u>

Four categories of expense primarily accounted for the increase in operating expenses: Instruction, Student Services, General Administration, and Depreciation.

Instruction represents all of the direct costs associated with teaching of students and is the largest component of operating expenses, accounting for 42.2 percent of total operating expenses. Expenses increased \$7.3 million from the previous year. Salaries increased \$2.3 million, or 3.9 percent, from the previous year as a result of an overall increase in employee wages of 4.15 percent. Employee benefits increased \$2.7 million, or 9.2 percent, from the previous year primarily due to the increase of \$2.0 million in SURS on-behalf contributions. Capital outlay expense increased \$1.5 million primarily due to the purchase of new manufacturing equipment of \$0.9 million for the Manufacturing Technology department and \$0.1 million increase in the Automotive Technology department for purchase of vehicles and other automotive equipment.

Student Services expenses increased by \$1.9 million from prior year. This was due to the increase in salaries of \$1.0 million and SURS on-behalf payments of \$0.5 million. The salary increase is due to the 4.15 percent employee salary rate increase, new positions added to the Financial Aid, Registration, and Student Life departments, the Counseling and Advising department added more part-time counselors, and FY2015 was the first full year of the Center for Diversity and Inclusion.

General Administration expenses increased \$2.0 million from the prior year. Salaries increased \$1.2 million from the previous year due to the 4.15 employee salary rate increase, the addition of new employees in the Risk Assessment and Internal Audit departments, the reclassification of a dean previously part of Student Services, and the retirement payout of the President for \$0.8 million. The SURS on-behalf expenses increased \$0.6 million from the prior year.

The total scholarships, grants and waivers expense decreased by \$0.2 million from FY2014. The College disbursed \$43.7 in scholarships, awards and waivers to students in FY2015, an increase of \$2.3 million from FY2014. Following GAAP rules, the College is only allowed to recognize the amount of excess funds distributed to students for living expenses as a scholarship, grant, and waiver expense. In FY2015, \$10.9 million of scholarships, grants, and waivers were recognized as expense as students utilized more of their awards to pay for their tuition in FY2015 and utilized the funds for living expenses.

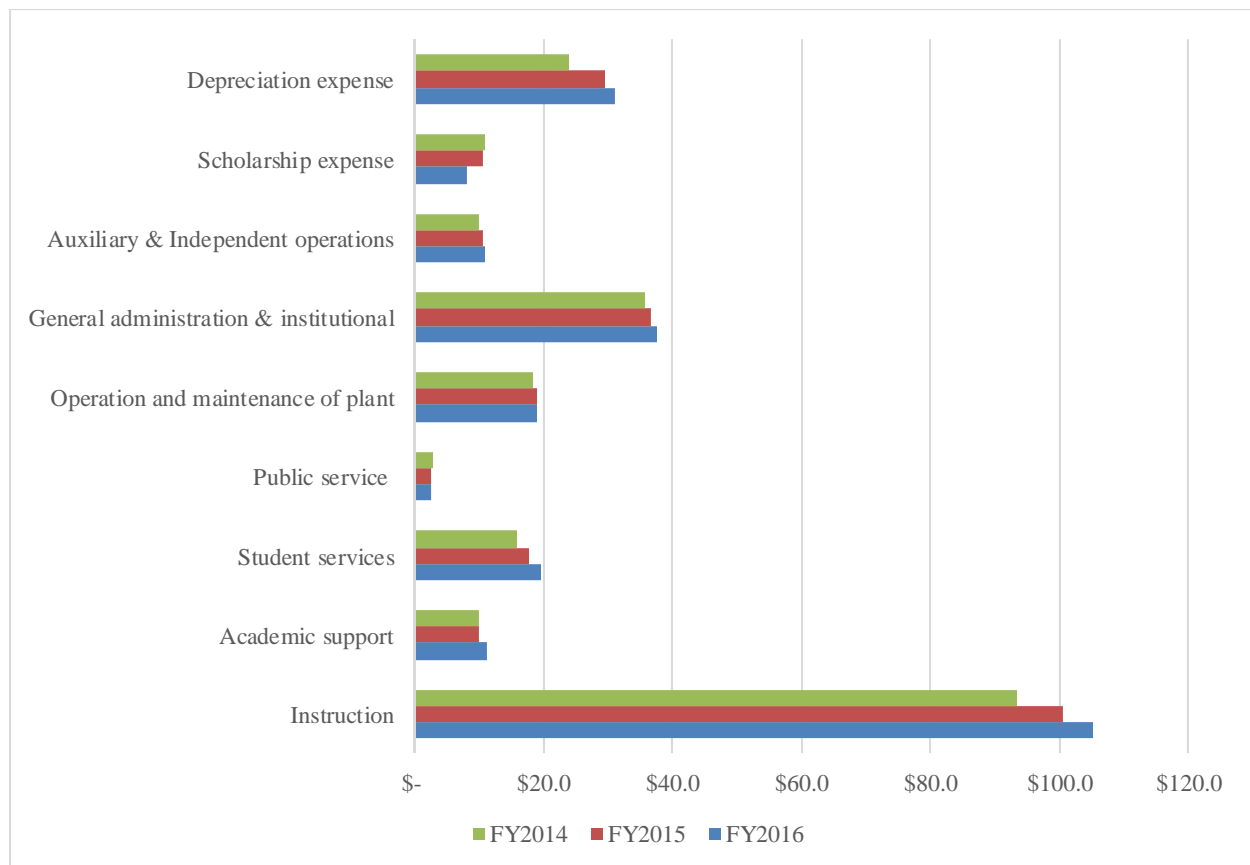
	FY2015	FY2014	FY2013	Change 2015-14	Change 2014-13	% Change 2015-14	% Change 2014-13
Scholarships, grants, waivers	\$ 43.7	\$ 41.4	\$ 39.8	\$ 2.3	\$ 1.6	6%	4%
Federal and State Awards	(32.8)	(30.3)	(29.0)	(2.5)	(1.3)	8%	4%
Scholarships, grants, waivers, net	<u>\$ 10.9</u>	<u>\$ 11.1</u>	<u>\$ 10.8</u>	<u>\$ (0.2)</u>	<u>\$ 0.3</u>	-2%	3%

Depreciation expense increased \$5.6 million from the previous year as a result of \$41.8 million of depreciable capital assets put into service during FY2015. This reflects the completion of various site, infrastructure and parking improvements throughout the College (\$27.7 million); the renovation of the Naperville Regional Center (\$6.2 million); irrigation and drainage project (\$1.2 million); the purchase of new equipment (\$2.9 million); and other additions (\$3.8 million).

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The following graph shows the College’s operating expenses by function for the current year and the two previous years (\$ in millions).



STATEMENT OF NET CAPITAL ASSETS AND LONG-TERM DEBT

	2016	2015	2014	Change 2016-15	Change 2015-14
<u>Capital assets</u>					
Land and improvements	\$ 94.7	\$ 94.5	\$ 67.8	\$ 0.2	\$ 26.7
Construction in progress	0.1	18.9	34.0	(18.8)	(15.1)
Art collection	0.7	0.7	0.6	-	0.1
Building and improvements	567.5	551.0	538.9	16.5	12.1
Equipment	53.7	55.4	54.8	(1.7)	0.6
Subtotal	716.7	720.5	696.1	(3.8)	24.4
Less: accumulated depreciation	(203.1)	(180.6)	(153.3)	(22.5)	(27.3)
Capital assets, net	<u>\$ 513.6</u>	<u>\$ 539.9</u>	<u>\$ 542.8</u>	<u>\$ (26.3)</u>	<u>\$ (2.9)</u>
	2016	2015	2014	Change 2016-15	Change 2015-14
<u>Long-term debt</u>					
Bonds					
General obligation bonds	\$ 262.7	\$ 283.5	\$ 303.5	\$ (20.8)	\$ (20.0)
Bond premiums	16.9	19.3	21.8	(2.4)	(2.5)
Total bonds, net	279.6	302.8	325.3	(23.2)	(22.5)
Termination, OPEB, & Compensated Absences	2.7	3.0	3.6	(0.3)	(0.6)
Total long-term debt, net	<u>\$ 282.3</u>	<u>\$ 305.8</u>	<u>\$ 328.9</u>	<u>\$ (23.5)</u>	<u>\$ (23.1)</u>

**Fiscal Year 2016 Compared to 2015**

As of June 30, 2016, the College had net capital assets of \$513.6 million, a decrease of \$26.3 million from the prior year. The cost value of capital assets decreased \$3.8 million due to the completion of work on projects throughout campus. The College continued spending down the voter approved November 2010 referendum bond proceeds received in FY2013.

Construction in progress decreased by \$18.8 million in FY2016 due to completion of Phase II of the Homeland Security facility (\$17.0 million), and various site improvements throughout the campus and signage (\$3.5 million). The change in activities for capital assets is provided in Note 3 to the financial statements. The increases in land and improvements and building and improvements is a result of these projects in construction in progress completed and transferred to these depreciable capital asset categories in FY2016.

The College's long-term debt decreased \$23.5 million from the prior year to \$282.3 million. The College paid outstanding bond principal of \$20.8 million using property tax revenue and tuition fees received during FY2016. The payment schedules, along with changes in activities for debt, are provided in Note 6 to the financial statements. As of February 2016, the College's Moody's rating was Aa1, and Standard and Poor's was AA on the existing debt and new issuances.

Termination, OPEB, and Compensated Absences decreased \$0.3 million in FY2016. Termination benefits decreased \$0.3 million as a result of payments made to retirees. The change in activities for long-term debt is provided in Note 6 to the financial statements.

#### **Fiscal Year 2015 Compared to 2014**

As of June 30, 2015, the College had net capital assets of \$539.9 million, a decrease of \$2.9 million from the prior year. The cost value of capital assets increased \$24.4 million due to construction spending under the Facilities Masters Plan. The College continued spending the voter approved November 2010 referendum bond proceeds received in FY2013.

Construction in progress decreased by \$15.1 million in FY2015. Additions to construction in progress of \$23.8 million included the continued work on the Homeland Security Phase II (\$14.2 million); Naperville Regional Center renovations (\$5.1 million); various site, infrastructure, and parking improvement projects (\$2.5 million); and other projects (\$2.0 million). During FY2015 \$38.9 million in construction in progress projects were completed, including various site, infrastructure, and parking improvement projects (\$27.7 million); and irrigation and drainage project (\$1.2 million); Naperville Center renovations (\$6.2 million); athletic facilities improvements (\$2.3 million); and other projects (\$1.5 million). The change in activities for capital assets is provided in Note 3 to the financial statements. The increases in land and improvements and building and improvements is a result of projects in construction in progress completed and transferred to these depreciable capital asset categories in FY2015.

The College’s long-term debt decreased \$23.1 million from the prior year to \$305.8 million. The College reduced outstanding bond principal by \$20.0 million using property tax revenue and tuition fees received during FY2015. The payment schedules, along with changes in activities for debt, are provided in Note 6 to the financial statements. All of the College’s debt is rated AAA/Aaa by Standard and Poor’s and Moody’s, respectively.

Termination, OPEB, and Compensated Absences decreased \$0.6 million in FY2015. Termination benefits decreased \$0.8 million as a result of payments made to retirees. Compensated absences increased \$0.2 million. The change in activities for long-term debt is provided in Note 6 to the financial statements.

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#### **OTHER**

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Over the course of FY2016 the College was under federal and state criminal grand jury investigations. Although the outcome cannot be forecast with certainty, based on information known at the time of the completion of the College’s 2016 Comprehensive Annual Financial Report management believes that the likelihood is remote that any finding as a result of the investigations will have a material adverse effect on the College’s financial position or results of operations.

In addition to the above investigations, as a response to several articles in the Chicago Tribune the College’s accreditor, the Higher Learning Commission (HLC) conducted an advisory visit on July 21 and 22, 2015. The College fully cooperated with the visit by providing requested documents

and answering all inquiries. Management believes it meets the HLC’s Criteria for Accreditation and Core Components and does not foresee this affecting the accreditation status of the institution.

The College of DuPage Board of Trustees voted during a May 2, 2016 Special Board Meeting to select Dr. Ann Rondeau to serve as the sixth president in the College’s 49-year history. The College conducted a nationwide search to fill the position. Dr. Rondeau’s term started July 1, 2016.

Management is not aware of any other currently known facts, decisions, or conditions that would have a significant impact on the College’s financial position (net position) or results of operations (revenues, expenses, and other changes in net position).

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### ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

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The College continues to be concerned with the budgetary deficits incurred by the State of Illinois and the impacts these deficits may have on future funding for community colleges and financial aid for students. As of the issuance of this report, the State of Illinois has passed stopgap funding for FY2017. SB 2047 appropriates \$1.0 billion for higher education expenses incurred during fiscal year 2016 and the first six months of fiscal year 2017, beginning on July 1. Governor Rauner has expressed his support of the legislation. Specifically, the legislation provides \$114.5 million for community college Base Operating, Equalization, and City Colleges of Chicago grants to build upon the \$74.0 million previously allocated to community college in April 2016. In addition, the legislation includes \$50.3 million for the fiscal year 2016 state required maintenance of effort for Adult Education and Career and Technical Education as well as \$43.0 million in federal funds for fiscal year 2017. SB 2047 also provides funding for high school equivalency testing and operations of the ICCB office.

The low interest rate environment provided the College a substantial opportunity to borrow at low costs to accelerate building construction and renovation under the approved Facilities Master Plan. However, the low interest rate environment has an adverse impact on the revenue the College generates from working cash and construction funds to help finance operations and capital investment.

On May 8, 2015, the state Supreme Court ruled that Public Act 98-599, the pension reform law, was unconstitutional. In 2014, the state Supreme Court ruled that health insurance premium subsidies promised to retirees are protected by the state Constitution. Both of these rulings precluded the Illinois General Assembly from diminishing or impairing retiree benefits. These court rulings pose significant financial risk to the College and the State of Illinois. The State of Illinois has the worst funded pension system in the country. As of the end of fiscal year 2014, the actuarial unfunded liability was \$111 billion. Given the State of Illinois’s precarious financial condition, the risk of the state pushing more of this obligation back to the colleges and local school districts is possible.

The College has been analyzing the potential impact the new health care reform law will have on the College. The health care reform law includes an excise tax ("Cadillac tax") on high-cost health plans that will go into effect in 2020. The tax will be imposed if, in 2020, the total employee and employer shares of the premium – without dental and vision – exceed \$10,200 for an individual

plan and \$27,500 for a family plan. The tax will be levied at a rate of 40 percent of the amount of the premium that exceeds these thresholds and will be paid by the College, not the employee. The current health care benefits the College provides to employees qualify for the Cadillac excise tax. The College could change the structuring of the plans to eliminate the tax or change the portion of the plan costs paid for by employees.

The College continues to track residential and commercial property values and economic activity in the residential and office construction sector to forecast future funding impacts on the College. Revenues from property taxes represent nearly half of the revenues the College receives to fund operations. Lower assessed valuations impede the growth in property tax revenues and ultimately result in the College having to either raise tuition or reduce costs or the product offering of services to contain costs.

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### CONTACTING FINANCIAL MANAGEMENT

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This financial report is designed to provide our bondholders, customers, community members, and other interested parties with a general overview of College of DuPage’s finances and to demonstrate College of DuPage’s accountability for the funds it receives.

If you have questions about this report or need additional information, contact the Financial Affairs department, at 425 Fawell Blvd., Glen Ellyn, IL 60137-6599, (630) 942-4285.

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**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**JUNE 30, 2016**

**BASIC FINANCIAL STATEMENTS**

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**STATEMENT 1**  
**COLLEGE OF DUPAGE**  
**COMMUNITY COLLEGE DISTRICT NUMBER 502**  
**STATEMENTS OF NET POSITION**  
**June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 33,302,511	\$ 168,870,869
Investments	238,178,023	95,720,788
Total cash, cash equivalents and investments	<u>271,480,534</u>	<u>264,591,657</u>
Receivables		
Property taxes receivable (net of allowances of \$892,806 and \$2,558,202, respectively)	53,088,597	55,814,073
Tuition and fees receivable (net of allowances of \$11,343,388 and \$11,552,351, respectively)	6,279,423	6,821,534
Government claims receivable	2,625,249	2,252,957
Interest receivable	310,479	276,559
Other accounts receivable	954,506	1,052,777
Total receivables	<u>63,258,254</u>	<u>66,217,900</u>
Inventory	200,335	109,749
Prepaid expenses	992,839	797,574
<b>Total Current Assets</b>	<u>335,931,962</u>	<u>331,716,880</u>
<b>Non-Current Assets</b>		
Other Assets	143,231	72,280
Capital assets not being depreciated	5,546,566	24,356,120
Capital assets being depreciated,	711,137,057	696,096,361
Less allowance for depreciation	<u>(203,141,359)</u>	<u>(180,562,429)</u>
<b>Total Non-Current Assets</b>	<u>513,685,495</u>	<u>539,962,332</u>
<b>Total Assets</b>	<u>849,617,457</u>	<u>871,679,212</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge SURS Contributions	59,101	153,999
Deferred charge on refunding	227,247	262,208
<b>Total Deferred Outflows of Resources</b>	<u>286,348</u>	<u>416,207</u>
<b>Subtotal, Assets and Deferred Outflows of Resources</b>	<u>849,903,805</u>	<u>872,095,419</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	7,434,239	10,839,954
Accrued salaries and benefits	5,994,281	5,490,726
Claims payable	1,014,474	993,447
Unearned tuition and fee revenues	16,568,771	18,132,643
Unearned grant revenues	11,387	54,868
Total accrued expenses and unearned revenues	<u>31,023,152</u>	<u>35,511,638</u>
Bonds payable - current	21,710,000	20,775,000
Bond interest payable	2,489,667	2,650,625
Termination benefits payable	86,210	341,027
Compensated absences	2,010,839	1,935,087
Deposits held in custody for others	519,013	676,221
Other current liabilities	231,931	345,167
<b>Total Current Liabilities</b>	<u>58,070,812</u>	<u>62,234,765</u>
<b>Non-Current Liabilities</b>		
Bonds payable	257,902,935	281,970,145
Compensated absences	590,120	745,660
<b>Total Non-Current Liabilities</b>	<u>258,493,055</u>	<u>282,715,805</u>
<b>Total Liabilities</b>	<u>316,563,867</u>	<u>344,950,570</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred property tax revenues	52,814,870	55,541,470
<b>Total Deferred Inflows of Resources</b>	<u>52,814,870</u>	<u>55,541,470</u>
<b>Subtotal, Liabilities and Deferred Inflows of Resources</b>	<u>369,378,737</u>	<u>400,492,040</u>
<b>NET POSITION</b>		
Net investment in capital assets	248,727,053	250,118,908
Restricted for:		
Debt service	11,917,088	12,442,812
Working cash	8,403,883	8,362,959
Unspent grant proceeds	24,870	202,648
Unrestricted	211,452,174	200,476,052
<b>Total Net Position</b>	<u>\$ 480,525,068</u>	<u>\$ 471,603,379</u>

See accompanying notes to financial statements.

**STATEMENT 2**  
**COLLEGE OF DUPAGE**  
**COMMUNITY COLLEGE DISTRICT NUMBER 502**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Student tuition and fees	\$ 65,289,259	\$ 67,640,163
(net of scholarship allowances of \$29,755,243 and		
\$32,790,779, respectively; and uncollectable of		
\$77,664 in FY2016 and \$372,200 in FY2015)		
Chargeback revenue	394,500	557,633
Sales and service fees	3,654,062	4,841,155
Other operating revenues	1,309,644	1,653,423
<b>Total Operating Revenues</b>	<u>70,647,465</u>	<u>74,692,374</u>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Instruction	105,288,900	100,574,125
Academic support	11,263,661	10,071,433
Student services	19,767,623	17,902,682
Public service	2,557,640	2,633,364
Independent operations	10,475	3,106
Operation and maintenance of plant	19,245,711	19,150,108
General administration	15,221,859	16,008,432
General institutional	22,619,028	20,839,665
Auxiliary enterprises	11,094,513	10,732,897
Scholarship expense	8,316,420	10,862,684
Depreciation expense	31,311,232	29,656,996
<b>Total Operating Expenses</b>	<u>246,697,062</u>	<u>238,435,492</u>
<b>Operating Income (Loss)</b>	<u>(176,049,597)</u>	<u>(163,743,118)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Real estate taxes	108,715,095	107,996,843
Corporate personal property replacement taxes	1,520,291	1,660,637
State appropriations	54,712,381	57,175,880
Federal grants and contracts	28,297,826	30,541,565
Non-governmental gifts and grants	1,394,821	1,249,566
Investment income	1,197,182	(854,727)
Interest on capital asset-related debt	(10,986,174)	(9,968,060)
Gain (loss) on sale of capital assets	56,439	94
<b>Net Non-Operating Revenues (Expenses)</b>	<u>184,907,861</u>	<u>187,801,798</u>
<b>Net Income Before Capital Contributions</b>	<u>8,858,264</u>	<u>24,058,680</u>
<b>CAPITAL CONTRIBUTIONS</b>		
Capital gifts and grants	63,425	135,160
<b>Increase in Net Position</b>	8,921,689	24,193,840
<b>Net Position at Beginning of Year</b>	471,603,379	444,376,459
Prior period adjustment:		
Change in calculation of bond premium amortization	-	3,033,080
<b>Net Position at Beginning of Year, as restated</b>	471,603,379	447,409,539
<b>Net Position at End of Year</b>	<u>\$ 480,525,068</u>	<u>\$ 471,603,379</u>

See accompanying notes to financial statements.

**STATEMENT 3  
COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
STATEMENTS OF CASH FLOW  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 94,494,905	\$ 100,190,846
Sales and Services	4,913,184	7,091,786
Payment to suppliers	(74,677,460)	(82,474,558)
Payment to employees	(126,114,737)	(123,846,616)
Net Cash from Operating Activities	<u>(101,384,108)</u>	<u>(99,038,542)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Real estate taxes & CPPRT	110,234,262	111,359,038
State appropriations	4,247,183	14,238,789
Grants & contracts	31,716,240	36,693,975
Net Cash from Non-Capital Financing Activities	<u>146,197,685</u>	<u>162,291,802</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(4,903,293)	(25,099,714)
Bond principal payments	(20,775,000)	(20,005,000)
Interest paid on capital debt	(13,469,380)	(14,287,405)
Proceeds from the Sales of Capital Assets	59,711	15,750
Net Cash from Capital and Related Financing Activities	<u>(39,087,962)</u>	<u>(59,376,369)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	95,800,712	120,752,515
Interest on investments	1,083,338	(919,877)
Purchase of investments	(238,178,023)	(40,873,283)
Net Cash from Investing Activities	<u>(141,293,973)</u>	<u>78,959,355</u>
Net Increase (Decrease) in Cash	(135,568,358)	82,836,246
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>168,870,869</u>	<u>86,034,623</u>
<b>Cash and Cash Equivalents - End of the Year</b>	<u>\$ 33,302,511</u>	<u>\$ 168,870,869</u>
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (176,049,597)	\$ (163,743,118)
Adjustments to Reconcile Income (Loss) to Net Cash from Operating Activities:		
Depreciation expense	31,311,232	29,656,996
State Universities Retirement System on-behalf payments	48,071,057	38,436,520
Capital Development Board on-behalf payments	2,993	672,958
Changes in Assets and Liabilities:		
Receivables (net)	592,165	330,014
Inventories	(90,586)	4,230
Prepaid expenses	(195,265)	510,577
Other assets	(70,952)	-
Deferred Outflow of Resources	94,898	(153,999)
Accounts payable	(3,405,714)	(4,714,993)
Accrued salaries and benefits	189,976	1,216,527
Other accrued liabilities	(106,911)	146,890
Unearned tuition and fees	(1,563,870)	(1,219,254)
Accrued post-employment benefits	-	(388,744)
Other unearned revenues	(163,534)	206,854
Net Cash from Operating Activities	<u>\$ (101,384,108)</u>	<u>\$ (99,038,542)</u>

Notes to the Statement of Cash Flows

1. Noncash investing, capital and financing activities: Decrease in the fair value of investments, \$81,414 in FY2016 and increase of \$26,639 in FY2015.
2. The College recognized \$48,459,288 and \$2,993 in state grant revenue in the form of on-behalf contributions from SURS and the Capital Development Board, respectively, which are not included in the Statement of Cash Flows in FY2016. The College recognized \$38,436,520 and \$672,958 in state grant revenue in the form of on-behalf contributions from SURS and the Capital Development Board, respectively, which are not included in the Statement of Cash Flows in FY2015. The on-behalf payments did not affect net position in either year.
3. The College received \$63,425 in capital contributions in FY2016 which are not included in the Statement of Cash Flows.

See accompanying notes to financial statements.

**STATEMENT 4**  
**COLLEGE OF DUPAGE FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 221,299	\$ 67,754
Investments	5,651,360	6,788,514
Pledges Receivable	185,916	207,586
Bequest Receivable - restricted funds	1,600,000	-
Cash Surrender Value of Life Insurance Policies	10,895	10,895
Investments - Restricted	5,515,392	5,452,426
Art Collection	1,733,068	1,733,068
Total Assets	<u>\$ 14,917,930</u>	<u>\$ 14,260,243</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 98,139	\$ -
Due to College of DuPage	253,998	223,628
Other Liabilities	2,795	8,956
Total Liabilities	<u>354,932</u>	<u>232,584</u>
<b>NET ASSETS</b>		
Unrestricted	2,502,079	3,035,473
Temporarily Restricted	4,945,527	5,539,760
Permanently Restricted	7,115,392	5,452,426
Total Net Assets	<u>14,562,998</u>	<u>14,027,659</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 14,917,930</u>	<u>\$ 14,260,243</u>

See accompanying notes to financial statements.

**STATEMENT 5**  
**COLLEGE OF DUPAGE FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
<b>Revenues</b>					
Gifts and Contributions	\$ 1,204,967	\$ 265,030	\$ 1,662,966	\$ 3,132,963	\$ 1,449,193
Noncash Contributions	82,498	28,261	-	110,759	847,847
College In-Kind Contributions	498,840	-	-	498,840	705,677
Net Investment Income	134,583	328,288	-	462,871	457,485
Net Realized Gain (Loss) on Sale of Investments	(207,187)	(413,620)	-	(620,807)	30,698
Net Unrealized Gain (Loss) on Investments	(87,131)	(177,726)	-	(264,857)	(949,718)
Change in Value of Split-Interest Agreement	-	6,161	-	6,161	6,604
Net Assets Released from Restrictions	630,627	(630,627)	-	-	-
<b>Total Revenues</b>	<b>2,257,197</b>	<b>(594,233)</b>	<b>1,662,966</b>	<b>3,325,930</b>	<b>2,547,786</b>
<b>Expenses</b>					
Program					
Scholarships Granted	471,699	-	-	471,699	382,803
Awards Granted	12,983	-	-	12,983	10,349
Cash Gifts to College of DuPage	1,399,965	-	-	1,399,965	1,476,961
Noncash Gifts to College of DuPage	110,760	-	-	110,760	248,673
College In-Kind Distributions	172,315	-	-	172,315	219,387
Other	199	-	-	199	1,248
<b>Total Program</b>	<b>2,167,921</b>	<b>-</b>	<b>-</b>	<b>2,167,921</b>	<b>2,339,421</b>
Management and General					
College In-Kind Distributions	94,065	-	-	94,065	106,264
Other	228,009	-	-	228,009	151,074
<b>Total Management and General</b>	<b>322,074</b>	<b>-</b>	<b>-</b>	<b>322,074</b>	<b>257,338</b>
Fundraising					
College In-Kind Distributions	232,460	-	-	232,460	380,026
Other	68,136	-	-	68,136	14,394
<b>Total Fundraising</b>	<b>300,596</b>	<b>-</b>	<b>-</b>	<b>300,596</b>	<b>394,420</b>
<b>Total Expenses</b>	<b>2,790,591</b>	<b>-</b>	<b>-</b>	<b>2,790,591</b>	<b>2,991,179</b>
<b>Change in Net Assets</b>	<b>(533,394)</b>	<b>(594,233)</b>	<b>1,662,966</b>	<b>535,339</b>	<b>(443,393)</b>
<b>Net Assets, Beginning of Year</b>	<b>3,035,473</b>	<b>5,539,760</b>	<b>5,452,426</b>	<b>14,027,659</b>	<b>14,471,052</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,502,079</b>	<b>\$ 4,945,527</b>	<b>\$ 7,115,392</b>	<b>\$ 14,562,998</b>	<b>\$ 14,027,659</b>

See accompanying notes to financial statements.

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of College of DuPage - Community College District Number 502 (the College) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government units and Illinois community colleges, as well as, those prescribed by the Illinois Community College Board (ICCB), as set forth in the ICCB Fiscal Management Manual. The College's reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant accounting policies.

### **A. Reporting Entity**

The College is a municipal corporation governed by an elected seven member Board of Trustees. GASB Statement No.14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* established standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body *and* either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Pursuant to the standards established in GASB Statement No. 14, *The Financial Reporting Entity*, the College is considered a primary government since it is fiscally independent. The College has determined that the College of DuPage Foundation meets the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, because of the nature and significance of the Foundation's relationship with the College, which has resulted in the College of DuPage Foundation being reported as a discretely presented component unit of the College. The College of DuPage Foundation is a legally separate not-for-profit established under Internal Revenue Code Section 501c (3). Separately issued financial statements of the Foundation are available from the Foundation's Executive Director, 425 Fawell Blvd, Glen Ellyn, Illinois 60137.

### **B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the College 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 the College must provide local resources to be used for a specific purpose, and expense requirements, in which the resources are provided to the College on a reimbursement basis.

### **C. Property Taxes**

The College's property taxes are levied each calendar year on all taxable real property located in the District. Property taxes are recorded on the accrual basis of accounting. Pursuant to guidance from the ICCB, and the College Board of Trustees resolution, property tax levies are allocated fifty percent for each of the two fiscal years after the levy year. Accordingly, the College estimates 50 percent of property taxes extended for the 2015 tax year and collected in 2016 are recorded as revenue in fiscal year 2016. The remaining 50 percent of revenues related to tax year 2015 has been deferred and will be recorded as revenue in fiscal year 2017. The 50 percent allocation is an approximation based on tax collections in prior years.

Each County Assessor is responsible for assessment of all taxable real property within each county except for certain railroad property that is assessed directly by the state. Reassessment is on a three-year schedule for Cook County and on a four-year schedule for DuPage and Will Counties, as established by their respective Assessors. Each County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the County Collector as the basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the taxing bodies their respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year, generally on June 1st and September 1st. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1, immediately following the levy year. Tax bills are levied in December by passage of a Tax Levy Ordinance. Public Act 89-1 placed limitations on the annual growth of most local government's property tax collections. Currently the limitation is the lesser of five percent or the rate of inflation, measured by the Consumer Price Index.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statutory maximum tax rates and the respective final rates for the past five tax years per \$100 of assessed valuation is presented below. The tax year levy is payable to the College in the next calendar year (i.e. the 2015 tax levy is payable in calendar year 2016).

	Maximum Authority	2015	2014	2013	2012	2011
Education	\$ 0.7500	\$ 0.1812	\$ 0.1958	\$ 0.1941	\$ 0.1818	\$ 0.1611
Operations and Maintenance	0.1000	0.0299	0.0322	0.0317	0.0298	0.0263
Bond and Interest	none	0.0675	0.0695	0.0698	0.0565	0.0621
Total		<u>\$ 0.2786</u>	<u>\$ 0.2975</u>	<u>\$ 0.2956</u>	<u>\$ 0.2681</u>	<u>\$ 0.2495</u>

The 2016 tax levy, which will attach as an enforceable lien on property as of January 1, 2017, has not been recorded as a receivable as of June 30, 2016 as the tax has not yet been levied by the counties within the College's district and will not be levied until December 2016 and, therefore, the levy is not measurable at June 30, 2016.

### D. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets such as roads, parking lots, and sidewalks. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Costs of normal maintenance and repairs that do not add to the value of the assets or materially extend their useful lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are defined by the College as assets with an initial unit cost greater than or equal to the College's dollar defined capitalization thresholds, and having an estimated useful life of at least one year. Capital assets of the College, other than land and construction-in-progress which are non-depreciable assets, are depreciated using the straight-line method over the following useful lives (See Note 3 for further detail).

Assets	Capitalization Threshold	Years
Buildings	\$ 500,000	50
Building improvements	500,000	20
Temporary buildings	100,000	20
Original land improvements	-	20
Renovations of original land improvements	100,000	10
Original infrastructure	-	20
Renovations of original infrastructure	500,000	10
Equipment	2,500	6
Vehicles	2,500	4
Computers and related equipment	2,500	4

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capitalized Interest: Since 2003, the College has issued General Obligation Bonds to fund various projects on campus such as new buildings, equipment, parking facilities, and renovations of existing buildings of the College. A portion of the interest cost incurred on this borrowing can be capitalized and has been included as part of the historical cost of the assets and depreciated over the useful life of the assets.

The portion of interest cost recognized on the bonds and capitalized was \$0 and \$1,507,167 during fiscal years 2016 and 2015, respectively. There was no capitalized interest in fiscal year 2016 since the major construction and renovation projects were completed by August 2016.

### **E. Cash and Cash Equivalents**

Cash includes deposits held at financial institutions and small amounts maintained for change and petty cash funds. Cash equivalents are defined as highly liquid investments readily converted to cash with original maturities of three months or less. Cash Equivalents could include amounts held in overnight Repurchase Agreements, Illinois Funds, Illinois School District Liquid Asset Fund Money Market, Illinois Institutional Investors Trust, and amounts held in banks as Trust Assets.

### **F. Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, nonnegotiable certificates of deposit and investments with a maturity of less than one year at date of purchase are stated at amortized cost, which approximates fair value. All other investments are stated at fair value.

### **G. Inventories**

Inventories consist of items purchased for resale in the restaurant, automotive services, information technology special services, law enforcement, and student activities areas. Inventory is stated at lower of cost (first-in, first-out) or market.

### **H. Compensated Absences**

The College records a liability for employees' vacation leave earned, but not taken. Employees are allowed to carry over a limited number of vacation days from year-to-year. The College has no commitment for accumulated sick leave and no liability is recorded. Employees who retire are given credit for unused sick leave towards years of service in the State Universities Retirement System pension plan (see Note 5 for further detail).

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **I. Unearned Revenue**

Unearned revenues include: amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that are related to the subsequent fiscal year; and amounts received from grants and contract sponsors that have not been earned.

### **J. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a reduction of net position (equity) that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. The College only has two items that qualify for reporting in this category; the deferred charge on bond refunding and the deferred charge for SURS contributions reported in the statement of net position. A deferred charge on bond refunding results when the carrying value of the refunded debt is less than the reacquisition price (loss on refunding); the loss from the refunding is deferred and amortized over the shorter of the life of the refunded bonds or the new bonds issued. The deferred contributions to SURS represents the federal, trust or grant contributions made by the College to SURS subsequent to the pension liability measurement date. The contributions will be recognized as an expense in the next fiscal year.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time. The College has one item that qualifies for reporting in this category; deferred revenue, which is derived from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **K. Net Position**

The College's net position is classified as follows:

**Net investment in capital assets** – this represents the College's total investment in capital assets, net of accumulated depreciation and net of any debt issued to acquire the capital asset, plus unspent bond proceeds.

#### **Restricted for:**

**Debt service** – this represents the amount that has been set aside for payments of bond principal and interest.

**Working cash** – this represents the principal balance of the Working Cash subfund, which pursuant to College Board of Trustees resolution and Illinois law, is held in perpetuity.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Unspent grant proceeds** – this represents unspent grant receipts in the Restricted Purposes subfund.

In addition to the restrictions presented on the financial statements, the Board of Trustees has approved six additional reservations of net position which total \$91,250,000: \$33,000,000 for a new Teaching and Learning Center facility; \$14,000,000 to fund retiree healthcare costs; \$17,000,000 to fund future pension payments to the State of Illinois; \$16,000,000 to fund annual maintenance costs which are expected to increase with the expansion of the College's physical plant; \$6,250,000 for the required match of 25 percent of Capital Development Board funding the College may receive; and \$5,000,000 for future Information Technology Plan costs identified in the Information Technology Strategic Plan.

**Unrestricted** – This includes the remaining resources derived from student tuition and fees, state appropriations, sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. Sometimes the College will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the College's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **L. Long-Term Obligations**

Long-term obligations are reported as liabilities in the applicable financial statements. Bonds payable are reported net of the applicable premium or discount. Bond premiums and discounts are amortized over the life of the bonds. Bond issuance costs are expensed at the time of the bond issuance. Arbitrage liabilities, if any, are recorded as interest expense in the year the potential liability is incurred.

### **M. Classification of Revenues and Expenses**

Operating revenue includes activities that have the characteristics of exchange transactions, such as student tuition and fees, net of scholarship discounts and allowances, and sales and services of auxiliary enterprises. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as local property taxes; state appropriations; most federal, state, and local grants; contracts and federal appropriations; gifts; and contributions. Operating expenses are those expenses directly attributable to the operations of the College.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### N. Federal Financial Assistance Programs

The College participates in federally funded programs providing Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study, Federal Direct Loans Program, and support for other grant programs not related to student financial aid. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 Audit of States, Local Governments and Non-Profit Organizations and the Compliance Supplement. The following table represents the amounts expended for the past two fiscal years from federally funded programs:

	Fiscal Year	
	2016	2015
Pell Grants	\$ 23,666,222	\$ 25,234,990
SEOG	436,258	567,493
Federal Work-Study	227,849	337,120
Federal Direct Student Loans	20,032,506	23,614,962
Carl Perkins Grants	841,371	753,379
Federal Adult Education	760,788	753,509
U.S. Department of Homeland Security	-	51,290
Other Federal Support	453,863	710,255
Totals	<u>\$ 46,418,857</u>	<u>\$ 52,022,998</u>

### O. On-Behalf Payments for Fringe Benefits and Salaries

The College recognizes as revenues and expenses contributions made by the State of Illinois to the State Universities Retirement System and the Community College Health Insurance Security Fund on behalf of the College's employees. In fiscal years 2016 and 2015, the state made contributions of \$48,459,288 and \$38,436,520 respectively (see Note 4 for further detail).

### P. Pensions

The College contributes to the State Universities Retirement System of Illinois, (SURS or the System) a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of SURS and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For the 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.

### **Q. Use of Estimates**

In order to prepare these financial statements in conformity with GAAP, management has made a number of estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; the reported amounts of revenues and expenses; and gains and losses during the reporting period. Actual results could differ from these estimates.

### **R. Implementation of New GASB Pronouncement**

In FY2016 the College implemented the requirements of GASB Statement 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement was effective for the College's fiscal year ended June 30, 2016. As a result of implementation, the College has updated its Notes to the Financial Statements (see Note 2) to reflect current requirements.

In FY2015 the College implemented the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of the implementation, the College recognized a deferred outflow of resources for contributions made subsequent to the measurement date, included new note disclosures and new required supplementary information. The College did not retroactively implement these statements as of July 1, 2013 because it was not deemed practical. The defined benefit plan the College participates in, the State University Retirement System, did not have the information readily available. Therefore, certain disclosures required under previous GASB statements are disclosed for fiscal year 2014 (see Note 4 for further detail).



## **2. CASH DEPOSITS AND INVESTMENTS**

The Illinois Public Community College Act and the Investment of the Public Funds Act authorize the College to invest in obligations issued by the United States Government, investments constituting direct obligations of any bank, short-term commercial paper of U.S. corporations with assets exceeding \$500 million, short-term obligations issued by the Federal National Mortgage Association, shares or other securities issued by savings and loan associations, share accounts of credit unions chartered in the United States with their principal office located in Illinois and securities issued by the Illinois Funds.

The College of DuPage Board of Trustees has adopted an investment policy (Policy 10-55) which governs the investment of College funds. It is the policy of the College to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the College and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy, in order of priority are: safety (preservation of capital and protection of investment principal), liquidity and return.

The investments which the College may purchase are limited by Illinois law to the following: (one) securities which are fully guaranteed by the U.S. Government as to principal and interest; (two) certain U.S. Government Agency securities; (three) certificates of deposit or time deposits of banks and savings and loan associations which are insured by a Federal corporation; (four) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (five) fully collateralized repurchase agreements; (six) the State Treasurer’s Illinois and Prime Funds and (seven) money market accounts and certain other instruments.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds’ share price, which is the price for which the investment could be sold. These investments are not required to be categorized based on custodial risk in accordance with GASB Statement No. 40 because they are not securities. The relationship between the College and the Illinois Funds is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership. For the College’s reporting purposes, Illinois Funds are considered cash equivalents.

## 2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)

### A. Deposits with Financial Institutions

Cash: The College's investment policy does not allow uninsured or uncollateralized deposits at any financial institution. Funds may be deposited in certificates of deposit, money market accounts, time deposits, or savings accounts, and only with banks, savings banks and savings and loan associations which are insured by the FDIC (Bank Insurance Fund or Savings Association Insurance Fund) or the National Credit Union Share Insurance Fund (NCUSIF). The deposits must be collateralized or insured at levels acceptable to the College in excess of the current maximum limit provided by the FDIC. At June 30, 2016 and 2015, the College had no bank balances on deposit which were uninsured and uncollateralized out of total bank balances on deposit of \$13,377,596, and \$121,438,820, respectively. In addition as of June 30, 2016, the College had \$20,699,316 in money market mutual funds, which were not subject to collateralization and are considered cash equivalents for the College's reporting purposes. The amount for June 30, 2015 was \$50,484,519. As of June 30, 2016 and 2015 the carrying value of cash on hand was \$33,302,511 and \$168,870,869, respectively.

### B. Investments

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs 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; Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30:

<b>June 30, 2016</b>	Total	Total	Duration Less	Duration
<u>Investment</u>	<u>Fair Value (Level 1)</u>	<u>Fair Value (Level 2)</u>	<u>Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Treasury Bond / Notes	\$ 27,483,714	\$ -	\$ 17,967,331	\$ 9,516,383
Commercial Paper	-	46,669,706	46,669,706	-
Federal Agency Bond / Notes	-	135,745,264	113,188,307	22,556,957
Municipal/State Bond	-	28,279,339	18,724,304	9,555,035
	<u>\$ 27,483,714</u>	<u>\$ 210,694,309</u>	<u>\$ 196,549,648</u>	<u>\$ 41,628,375</u>
<b>June 30, 2015</b>	Total	Total	Duration Less	Duration
<u>Investment</u>	<u>Fair Value (Level 1)</u>	<u>Fair Value (Level 2)</u>	<u>Than 1 Year</u>	<u>1 to 5 Years</u>
Time Deposits	\$ 10,443,831	\$ -	\$ 10,443,831	\$ -
U.S. Treasury Bond / Notes	13,441,988	-	-	13,441,988
Commercial Paper	-	524,171	524,171	-
Federal Agency Bond / Notes	-	49,930,262	30,949,813	18,980,449
Municipal Bond	-	21,380,536	5,915,739	15,464,797
	<u>\$ 23,885,819</u>	<u>\$ 71,834,969</u>	<u>\$ 47,833,554</u>	<u>\$ 47,887,234</u>

## **2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

Credit Risk: The College limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the U.S. government or securities issued by agencies of the U.S. government, limiting its investments in commercial paper to no more than 20 percent of the overall portfolio and limiting investments in mutual funds to the ten highest classifications established by a recognized rating service with no more than 5 percent of the portfolio invested in this fashion. At June 30, 2016, the College had 28 percent of its overall investment portfolio invested in Federal Home Loan Bank Notes, 20 percent in Commercial Papers, 12 percent in Federal Home Loan Bank Bonds, 12 percent in State/Municipal Bonds, 7 percent in U.S. Treasury Notes, and 7 percent in Federal Farm Credit Banks. At June 30, 2015, the College had 32 percent of its overall investment portfolio invested in Federal National Mortgage Association, 22 percent in Municipal Bonds, 14 percent in U.S. Treasury Bond/Notes, 11 percent in Time Deposits, and 10 percent in Federal Home Loan Banks.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty to the investment, the College will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure, the College's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the College's agent separate from where the investment was purchased. Additionally, financial institutions must collateralize all deposits in excess of the maximum limit provided by the FDIC to 102 percent of market value. Acceptable collateral includes the following:

- a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- b. Bonds, notes or other securities constituting the direct and general obligations of any agency or instrumentality of the United States, the interest and principal of which is guaranteed by the United States;
- c. Bonds issued by College of DuPage;
- d. Obligations of United States Government Agencies; and
- e. Certain surety bonds or letters of credit as approved by the Treasurer.

At June 30, 2016 the Federal Agency Bond/Note investments held by the College were all rated AA+/Aaa by Standard and Poors (S&P) and Moody's, respectively. The Commercial Papers were rated A-1+ by S&P and P-1 by Moody's. The State/Municipal Bonds were rated A- to AAA by S&P and A3 to Aaa by Moody's.

COLLEGE OF DUPAGE – COMMUNITY COLLEGE DISTRICT 502  
NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

## 2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2015 the Federal Agency Bond/Note investments held by the College were all rated AA+/Aaa by Standard and Poors (S&P) and Moody's, respectively. The Commercial Papers were rated A-1 by S&P and P-1 by Moody's. The Municipal Bonds were rated A- to AAA by S&P and A3 to Aa1 by Moody's.

At June 30, 2016 and 2015, the College's investment balances totaled \$238,178,023 and \$95,720,788, respectively. All required investments were insured or collateralized. Included in the investment balance at June 30, 2016 and 2015 were unspent bond funds of \$4,726,254 and \$9,981,230, respectively.

## 3. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Capital Assets, not being depreciated					
Land	\$ 4,786,881	\$ -	\$ -	\$ -	\$ 4,786,881
Art Collection	687,966	-	-	-	687,966
Construction in Progress	18,881,273	2,168,535	-	(20,978,090)	71,718
Total Capital Assets, not being depreciated	24,356,120	2,168,535	-	(20,978,090)	5,546,566
Capital Assets being depreciated					
Land Improvements	89,665,714	9,717	-	218,113	89,893,544
Buildings	261,028,996	-	-	16,233,451	277,262,447
Building Improvements	289,990,772	-	-	272,248	290,263,020
Equipment	55,410,879	2,793,984	8,741,095	4,254,278	53,718,047
Total Capital Assets being depreciated	696,096,361	2,803,701	8,741,095	20,978,090	711,137,057
Total Cost	720,452,481	4,972,236	8,741,095	-	716,683,623
Accumulated Depreciation					
Land Improvements	(23,974,147)	(7,282,361)	-	-	(31,256,508)
Buildings	(62,120,024)	(5,426,779)	-	-	(67,546,803)
Building Improvements	(53,694,130)	(14,180,035)	-	-	(67,874,165)
Equipment	(40,774,128)	(4,421,884)	(8,732,130)	-	(36,463,883)
Total Accumulated Depreciation	(180,562,429)	(31,311,060)	(8,732,130)	-	(203,141,359)
Net Capital Assets	\$ 539,890,052	\$ (26,338,823)	\$ 8,965	\$ -	\$ 513,542,264

COLLEGE OF DUPAGE – COMMUNITY COLLEGE DISTRICT 502  
NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

### 3. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the fiscal year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital Assets, not being depreciated					
Land	\$ 4,786,881	\$ -	\$ -	\$ -	\$ 4,786,881
Art Collection	583,450	-	-	104,516	687,966
Construction in Progress	33,955,254	23,857,892	-	(38,931,873)	18,881,273
Total Capital Assets, not being depreciated	39,325,585	23,857,892	-	(38,827,357)	24,356,120
Capital Assets being depreciated					
Land Improvements	63,035,717	-	-	26,629,997	89,665,714
Buildings	260,879,572	-	-	149,424	261,028,996
Building Improvements	278,009,215	-	-	11,981,557	289,990,772
Equipment	54,815,751	2,892,149	2,363,400	66,379	55,410,879
Total Capital Assets being depreciated	656,740,255	2,892,149	2,363,400	38,827,357	696,096,361
Total Cost	696,065,840	26,750,041	2,363,400	-	720,452,481
Accumulated Depreciation					
Land Improvements	(17,913,882)	(6,060,265)	-	-	(23,974,147)
Buildings	(56,884,070)	(5,235,954)	-	-	(62,120,024)
Building Improvements	(40,059,478)	(13,634,652)	-	-	(53,694,130)
Equipment	(38,387,747)	(4,726,125)	(2,339,744)	-	(40,774,128)
Total Accumulated Depreciation	(153,245,177)	(29,656,996)	(2,339,744)	-	(180,562,429)
Net Capital Assets	\$ 542,820,663	\$ (2,906,955)	\$ 23,656	\$ -	\$ 539,890,052

### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS

#### A. State Universities Retirement System of Illinois

Plan Description: The College contributes to the State Universities Retirement System of Illinois (SURS or the System), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established 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 of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40

#### **4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)**

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](http://www.SURS.org).

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 that 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 Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2015 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions: The State of Illinois 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 of the System 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 which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2015 and 2016 respectively, was 11.71% and 12.69% of employee payroll. The normal cost is equal to the value of 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 their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois 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) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

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

##### *Net Pension Liability*

At June 30, 2015, SURS reported a net pension liability (NPL) of \$23,756,361,087. The NPL was measured as of June 30, 2014.

#### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)

##### *Employer Proportionate Share of Net Pension Liability*

The amount of the proportionate share of the net pension liability to be recognized by the College is \$0. The proportionate share of the State's net pension liability associated with the College is \$572,546,237 or 2.4101%. This amount is not recognized in the College's financial statements. The net pension liability and total pension liability as of June 30, 2015 was determined based on the June 30, 2014 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2015.

##### *Pension Expense*

At June 30, 2015 SURS reported a collective net pension expense of \$1,994,587,170.

##### *Employer Proportionate Share of Pension Expense*

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2015. As a result, the College recognized on-behalf revenue and pension expense of \$48,071,057 for the fiscal year ended June 30, 2016.

##### *Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 27,312,043	\$ -
Changes in assumption	609,393,909	-
Net difference between projected and actual earnings on pension plan investments	593,840,642	953,329,464
Total	\$ 1,230,546,594	\$ 953,329,464

#### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be recognized in Future Pension Expenses:

Year Ending June 30	Net Deferred Outflows of Resources
2016	\$ 154,951,326
2017	118,957,720
2018	(145,152,075)
2019	148,460,159
2020	-
Thereafter	-
Total	\$ 277,217,130

Employer Deferral of Fiscal Year 2016 Pension Expense: The College paid \$59,101 in federal, trust or grant contributions for the fiscal year ended June 30, 2016. These contributions were made subsequent to the pension liability measurement date of June 30, 2015 and are recognized as Deferred Outflows of Resources as of June 30, 2016.

#### Assumptions and Other Inputs:

##### *Actuarial assumptions*

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.75 percent
- Salary increases: 3.75 to 12.00 percent, including inflation
- Investment rate of return: 7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

The long-term expected rate of return on pension plan investments 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 consultant(s) and actuary(s). For



#### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)

each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.77%
Private Equity	6%	9.23%
Non-U.S. Equity	19%	6.69%
Global Equity	8%	6.51%
Fixed Income	19%	1.12%
Treasury-Inflation Protected Securities	4%	1.22%
Emerging Market Debt	3%	4.61%
Real Estate REITS	4%	5.85%
Direct Real Estate	6%	4.37%
Commodities	2%	4.06%
Hedged Strategies	5%	3.99%
Opportunity Fund	1%	6.80%
<b>Total</b>	<b>100%</b>	<b>5.02%</b>
<b>Inflation</b>		<b>3.00%</b>
<b>Expected Arithmetic Return</b>		<b>8.02%</b>

#### *Discount Rate*

A single discount rate of 7.120 percent 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 7.250 percent and a municipal bond rate of 3.80 percent (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed 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 the System's 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 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

#### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)

*Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate*

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.12 percent, as well as what the plan's net pension liability 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
6.12%	7.12%	8.12%
\$ 28,929,333,917	\$ 23,756,361,087	\$ 19,470,982,362

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at [www.SURS.org](http://www.SURS.org).

B. Retiree Health Plan - Health coverage is currently available to eligible retirees through a state program – The College Insurance Plan.

Plan Description: In addition to the pension plan described previously, the College contributes to the State of Illinois Community College Health Insurance Security Fund (CIP), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of Illinois. CIP provides health, vision and dental benefits to retired staff and dependent beneficiaries of participating Community Colleges. The benefits, employer, employee, retiree and state contributions are dictated by ILCS through the State Group Insurance Act of 1971 (Act) and can only be changed by the Illinois General Assembly.

Separate financial statements, including required supplementary information, may be obtained from the Department of Healthcare and Family Services, 201 South Grand Avenue East, Springfield, Illinois 62763.

The Act requires every active contributor (employee) of SURS to contribute 0.5 percent of covered payroll and every community college district to contribute 0.5 percent of covered payroll. Retirees pay a premium for coverage that is also determined by ILCS. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires the State of Illinois to make an annual appropriation to the CIP to cover any expected expenditures in excess of the contributions by active employees, employers and retirees. The result is pay-as-you-go financing of the plan.

#### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)

The employer contributions to the CIP made by the College and the State of Illinois are as follows:

Year Ended June 30	College's Contribution*	College of DuPage	State of Illinois
2016	100%	\$ 388,231	\$ 388,231
2015	100%	384,521	384,521
2014	100%	373,672	373,672
2013	100%	367,300	367,300
2012	100%	382,479	382,479
2011	100%	375,175	375,175

\*As a percentage of required contribution.

The State contribution to the pension plan and the CIP plan is reported as an “on-behalf-payment” in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*.

#### C. Termination Benefit

As part of the new negotiated labor contracts, the College has terminated this benefit going forward for employees. The College used to provide compensation payments to its eligible benefited employees to encourage early retirement. Termination benefit payments were available to administrators, managers, classified, and faculty. The long-term liability for the payments, which is payable in installments up to a maximum of three years subsequent to retirement, was recorded in the fiscal year of election for retirement. The liability shown are for employees who were eligible for this benefit and elected to retire prior to termination date of this benefit under the terms of the labor contracts.

The expected future payments for administrators, managers, classified and faculty that were eligible for this benefit prior to the end of the previous labor contracts at June 30, 2016 and 2015 are as follows:

Fiscal year 2017 payments	\$ 86,210
Value of payments beyond fiscal year 2017	-
Total Liability as of June 30, 2016	<u>\$ 86,210</u>
 Fiscal year 2016 payments	 \$ 341,027
Value of payments beyond fiscal year 2016	-
Total Liability as of June 30, 2015	<u>\$ 341,027</u>

#### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)

A summary of changes in participants for past three fiscal years is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Participants Beginning of the Year	12	33	63
Additions	-	-	-
Deletions	<u>(10)</u>	<u>(21)</u>	<u>(30)</u>
Participants End of the Year	<u>2</u>	<u>12</u>	<u>33</u>

#### D. Other Post-Employment Benefits (OPEB)

College retirees are eligible to participate in the Illinois State University Retirement System's (SURS) healthcare plan. In addition to the healthcare coverage provided by SURS, the College provides fixed health care coverage reimbursements for insurance premiums capped at a fixed dollar amount to retirees. Any administrative costs for the plan are paid by the College.

This post-employment benefit plan is a single-employer plan. The amount of reimbursement provided to the retiree is dependent on the retirement notice date and age of the retiree. The College is not required to and currently does not advance funds to the cost of benefits that will become due and payable in the future. The College's most recent actuarial valuation was performed for the plan as of July 1, 2015 to determine the employer's annual required contribution (ARC) as of June 30, 2016.

#### Schedule of Funding Progress

Fiscal Year Ended June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2016	\$ -	\$ 11,894,865	\$ 11,894,865	0.0%	\$ 106,814,733	11.1%
2015	-	N/A	N/A	N/A	N/A	N/A
2014	-	15,056,291	15,056,291	0.0%	79,618,107	18.9%
2013	-	N/A	N/A	N/A	N/A	N/A
2012	-	14,598,947	14,598,947	0.0%	78,633,037	18.6%
2011	-	N/A	N/A	N/A	N/A	N/A

N/A – Actuarial study not performed in that year.

#### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)

##### Annual OPEB Cost and Net OPEB Obligation

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual Required Contribution	\$ 852,247	\$ 924,194	\$ 924,194
Interest on Net OPEB Obligation	(2,891)	-	669
Adjustment to Annual Required Obligation	<u>4,181</u>	<u>(1,493)</u>	<u>(1,493)</u>
Annual OPEB Cost	853,537	922,701	923,370
Contributions Made	<u>924,488</u>	<u>922,701</u>	<u>1,029,078</u>
Increase (Decrease) in Net OPEB Obligation	(70,951)	-	(105,708)
Net OPEB Obligation beginning of year	<u>(72,280)</u>	<u>(72,280)</u>	<u>33,428</u>
Net OPEB Obligation (Asset) end of year	<u>\$ (143,231)</u>	<u>\$ (72,280)</u>	<u>\$ (72,280)</u>
Percentage of OPEB Cost Contributed	108.3%	100.0%	111.5%

##### Three-Year Trend Information

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u> <u>(Asset)</u>
2016	\$ 853,537	108.3%	\$ (143,231)
2015	922,701	100.0%	(72,280)
2014	923,370	111.5%	(72,280)

#### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)

##### Funding Policy and Actuarial Assumptions

	<u>June 30, 2014</u>	<u>June 30, 2016</u>
Contribution Rates		
College	Fixed dollar amounts	Fixed dollar amounts
Plan Members	0.00%	0.00%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization period	Open, Level % of pay	Open, Level % of pay
Remaining Amortization Period	30 years	30 years
Asset valuation method	Market	Market
Actuarial assumptions		
Investment rate of return	2.00% (includes 2% inflation)	4.00% (includes 2.5% inflation)
Projected salary increases	5.00%	5.00%
Healthcare inflation rate (Healthcare benefit is capped at a fixed specified dollar amount and not subject to annual increases)		
Initial	8.00%	7.50%
Ultimate	5.00%	4.50%
Mortality rate	RP-2000 Combined Healthy Tables, projected generationally with Scale AA	RP-2014 White Collar Healthy Tables, projected generationally with Scale MP-2015
Turnover & Retirement rates	Same rates utilized for SURS	Same rates utilized for SURS
Percentage of active employees assumed to elect benefit	90%	90%
Employer Provided Benefit		
Retirement to age 65	Fixed Reimbursement; varies by employee depending on date of retirement notice. \$1,400 - \$3,600 per year.	Fixed Reimbursement; varies by employee depending on date of retirement notice. \$1,400 - \$3,600 per year.
After age 65	Fixed Reimbursement; varies by employee depending on date of retirement notice. \$900 - \$1,600 per year.	Fixed Reimbursement; varies by employee depending on date of retirement notice. \$900 - \$1,600 per year.

The first actuarial evaluation for the plan was performed as of June 30, 2009 and updated for June 30, 2010, June 30, 2012, June 30, 2014, and June 30, 2016. Data for years before 2009 is not available. The College will have actuarial evaluations performed once every two years. The fiscal years 2011, 2013 and 2015 calculations for Annual OPEB Cost and Net OPEB Obligation were prepared by the College. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new

#### 4. RETIREMENT, TERMINATION, AND POST EMPLOYMENT RELATED BENEFITS (CONTINUED)

estimates are made about the future. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective.

The schedule of funding progress follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

#### 5. COMPENSATED ABSENCES

The College records a liability for employees' vacation leave earned, but not taken. Employees are allowed to carry over a limited number of vacation days from year-to-year. As of June 30, 2016 and 2015, employees had earned but not taken annual vacation leave which, at salary rates then in effect, aggregated approximately \$ 2,600,959 and \$2,680,747, respectively.

Fiscal Year	Beginning Balance July 1	Issuances	Retirements	Ending Balance June 30
2016	\$ 2,680,747	\$ 2,989,580	\$ 3,069,368	\$ 2,600,959
2015	2,521,679	2,985,121	2,826,053	2,680,747
2014	3,525,842	2,769,303	3,773,466	2,521,679

The ending balances as of June 30, 2016, and 2015 are reported in the financial statements as follows:

Fiscal Year	Current Portion	Long-term Portion	Total
2016	\$ 2,010,839	\$ 590,120	\$ 2,600,959
2015	1,935,087	745,660	2,680,747

In FY2013 the College adopted a new policy which reduced the number of vacation days employees can carryover. Each employee group has its own vacation days carryover provisions, below is a summary of the changes in days employees can carryover:

Employee Group	Carryover (Days)		
	Current	Prior	Change
Administrators	40	40	0
Managerial	25	40	(15)
Classified	20	40	(20)
Police	40	40	0
Operating Engineers	20	40	(20)

COLLEGE OF DUPAGE – COMMUNITY COLLEGE DISTRICT 502  
NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

## 5. COMPENSATED ABSENCES (CONTINUED)

The College has no commitment for accumulated sick leave and no liability is recorded. Employees who retire are given credit for unused sick leave towards years of service in the State Universities Retirement System.

## 6. LONG-TERM DEBT

A. A summary of long-term debt transactions for the years ended June 30, 2016 and 2015 is as follows:

	Balance July 1, 2015	Issuances	Retirements/ Refunding	Balance June 30, 2016	Current Portion
<b>June 30, 2016</b>					
General Obligation Bonds					
Series 2007	\$ 61,910,000	\$ -	\$ 10,350,000	\$ 51,560,000	\$ 6,410,000
Series 2011A	63,250,000	-	2,845,000	60,405,000	6,255,000
Series 2013A	83,710,000	-	2,505,000	81,205,000	3,750,000
Alternative Revenue Source					
Series 2006	7,560,000	-	55,000	7,505,000	1,770,000
Series 2009B	59,100,000	-	3,435,000	55,665,000	3,525,000
Series 2011B	7,930,000	-	1,585,000	6,345,000	-
Subtotal	283,460,000	-	20,775,000	262,685,000	21,710,000
Bond Premiums					
Series 2007	1,322,890	-	310,990	1,011,900	-
Series 2011A	6,306,459	-	754,596	5,551,863	-
Series 2013A	11,014,439	-	1,186,024	9,828,415	-
Alternative Revenue Source					
Series 2006	9,033	-	1,871	7,162	-
Series 2009B	17,716	-	960	16,756	-
Series 2011B	614,608	-	102,769	511,839	-
Subtotal	19,285,145	-	2,357,210	16,927,935	-
Total G.O. Bonds	302,745,145	-	23,132,210	279,612,935	21,710,000
Termination Benefits	341,027	-	254,817	86,210	86,210
Compensated Absences	2,680,747	2,989,580	3,069,368	2,600,959	2,010,839
Total Long-Term Debt	\$ 305,766,919	\$ 2,989,580	\$ 26,456,395	\$ 282,300,104	\$ 23,807,049



COLLEGE OF DUPAGE – COMMUNITY COLLEGE DISTRICT 502  
NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

**6. LONG-TERM DEBT (CONTINUED)**

	Balance July 1, 2014 as restated	Issuances	Retirements/ Refunding	Balance June 30, 2015	Current Portion
<b>June 30, 2015</b>					
General Obligation Bonds					
Series 2007	\$ 66,030,000	\$ -	\$ 4,120,000	\$ 61,910,000	\$ 10,350,000
Series 2011A	73,910,000	-	10,660,000	63,250,000	2,845,000
Series 2013A	84,000,000	-	290,000	83,710,000	2,505,000
Alternative Revenue Source					
Series 2006	7,615,000	-	55,000	7,560,000	55,000
Series 2009B	62,450,000	-	3,350,000	59,100,000	3,435,000
Series 2011B	9,460,000	-	1,530,000	7,930,000	1,585,000
Subtotal	<u>303,465,000</u>	<u>-</u>	<u>20,005,000</u>	<u>283,460,000</u>	<u>20,775,000</u>
Bond Premiums					
Series 2007	1,655,325	-	332,435	1,322,890	-
Series 2011A	7,161,029	-	854,570	6,306,459	-
Series 2013A	12,204,173	-	1,189,734	11,014,439	-
Alternative Revenue Source					
Series 2006	10,832	-	1,799	9,033	-
Series 2009B	18,631	-	915	17,716	-
Series 2011B	735,367	-	120,759	614,608	-
Subtotal	<u>21,785,357</u>	<u>-</u>	<u>2,500,212</u>	<u>19,285,145</u>	<u>-</u>
Total G.O. Bonds	<u>325,250,357</u>	<u>-</u>	<u>22,505,212</u>	<u>302,745,145</u>	<u>20,775,000</u>
Termination Benefits	1,092,580	-	751,553	341,027	341,027
Compensated Absences	2,521,679	2,985,121	2,826,053	2,680,747	1,935,087
Total Long-Term Debt	<u>\$ 328,864,616</u>	<u>\$ 2,985,121</u>	<u>\$ 26,082,818</u>	<u>\$ 305,766,919</u>	<u>\$ 23,051,114</u>

B. The long-term debt of the College outstanding at June 30, 2016 is as follows:

General Obligation Bonds (Alternate Revenue Source) – Series 2006

On October 31, 2006, the College issued the Series 2006 refunding bonds in the amount of \$7,890,000. The proceeds were used to advance refund, through an in-substance defeasance, \$7,375,000 of the Series 2003B bonds and to pay the cost of issuing the bonds. The \$7,375,000 Series 2003B defeased bonds were called and paid on January 1, 2013. The Series 2006 refunding bonds were issued with interest rates ranging from 3.75 percent to 4.00 percent with payment dates of July 1 and January 1 each year through January 1, 2020. The College has pledged a portion of tuition revenue and a debt service fee assessed to students for the repayment of these bonds.

**6. LONG-TERM DEBT (CONTINUED)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,770,000	\$ 287,810	\$ 2,057,810
2018	1,840,000	217,010	2,057,010
2019	1,910,000	148,010	2,058,010
2020	1,985,000	75,430	2,060,430
Total	<u>\$ 7,505,000</u>	<u>\$ 728,260</u>	<u>\$ 8,233,260</u>

General Obligation Bonds – Series 2007

On February 13, 2007, the College issued the Series 2007 bonds in the amount of \$78,840,000. The proceeds derived from the issuance of these bonds were used by the College to build and equip new buildings, renovate existing facilities and to pay the cost of issuing the bonds. The bonds were issued with interest rates ranging from 4.00 percent to 5.00 percent with payment dates of June 1 and December 1 each year through June 1, 2023. The College levies an annual property tax for the repayment of these bonds.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,410,000	\$ 2,469,925	\$ 8,879,925
2018	7,040,000	2,149,425	9,189,425
2019	7,515,000	1,797,425	9,312,425
2020	7,895,000	1,421,675	9,316,675
2021	8,290,000	1,026,925	9,316,925
2022	8,700,000	612,425	9,312,425
2023	5,710,000	242,675	5,952,675
Total	<u>\$ 51,560,000</u>	<u>\$ 9,720,475</u>	<u>\$ 61,280,475</u>

General Obligation Bonds (Alternative Revenue Source) – Series 2009B

On May 4, 2009, the College issued the Series 2009B bonds in the amount of \$62,450,000. The proceeds derived from the issuance of these bonds were used by the College to finance certain capital projects, including additions and renovations and to pay the cost of issuing the bonds. The bonds were issued with interest rates ranging from 3.75 percent to 5.75 percent with payment dates of July 1 and January 1 each year through January 1, 2029. The College has pledged a portion of tuition revenue and a debt service fee assessed to students for the repayment of these bonds.

**6. LONG-TERM DEBT (CONTINUED)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,525,000	\$ 2,890,615	\$ 6,415,615
2018	3,625,000	2,736,396	6,361,396
2019	3,730,000	2,568,740	6,298,740
2020	3,850,000	2,386,903	6,236,903
2021	3,965,000	2,208,840	6,173,840
2022	4,095,000	2,010,590	6,105,590
2023	4,230,000	1,801,745	6,031,745
2024	4,370,000	1,579,670	5,949,670
2025	4,525,000	1,345,875	5,870,875
2026	4,680,000	1,099,263	5,779,263
2027	4,845,000	841,863	5,686,863
2028	5,020,000	575,388	5,595,388
2029	5,205,000	299,288	5,504,288
Total	<u>\$ 55,665,000</u>	<u>\$ 22,345,176</u>	<u>\$ 78,010,176</u>

These bonds are Build America Bonds and 35 percent of the interest paid each year by the College is supposed to be reimbursed by the U.S. Department of Treasury. As a result of the Federal government's budget sequestration, the College did not receive the full amount that it was entitled to under the terms of the Build America Bond program for the past two fiscal years. The College received reductions of 6.8 percent and 7.3 percent in FY2016 and FY2015, respectively. The College will receive a reduction in payments that will continue into future years barring any intervening U.S. Congressional action.

<u>Fiscal Year</u>	<u>Amount Owed to College</u>	<u>Amount Paid to College</u>	<u>Shortfall</u>
2016	\$ 1,035,761	\$ 965,566	\$ (70,195)
2015	1,081,790	1,002,819	(78,971)

## 6. LONG-TERM DEBT (CONTINUED)

### General Obligation Bonds – Series 2011A

On August 10, 2011 the College issued the Series 2011A bonds of \$95,440,000, of which \$84,000,000 was used by the College to finance certain capital projects, including additions and renovations and to pay the cost of issuing the bonds. The \$84 million represented the first issuance of the November 2010 voter approved referendum for \$168 million. The remaining \$11,440,000 was issued to advance refund \$11,375,000 of General Obligation Bonds Series 2003A. The refunded 2003A bonds were subsequently called and are no longer outstanding. The 2011A bonds were issued with interest rates ranging from 3.00 percent to 5.25 percent with payment dates of June 1 and December 1 each year through June 1, 2031. The College levies an annual property tax for the repayment of these bonds.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,255,000	\$ 3,009,400	\$ 9,264,400
2018	5,025,000	2,715,800	7,740,800
2019	3,935,000	2,464,550	6,399,550
2020	2,915,000	2,267,800	5,182,800
2021	1,840,000	2,122,050	3,962,050
2022	725,000	2,030,050	2,755,050
2023	2,905,000	1,994,800	4,899,800
2024	7,785,000	1,849,550	9,634,550
2025	6,960,000	1,460,300	8,420,300
2026	6,110,000	1,094,900	7,204,900
2027	5,200,000	789,400	5,989,400
2028	4,245,000	529,400	4,774,400
2029	3,240,000	317,150	3,557,150
2030	2,185,000	155,150	2,340,150
2031	1,080,000	45,900	1,125,900
Total	<u>\$ 60,405,000</u>	<u>\$ 22,846,200</u>	<u>\$ 83,251,200</u>

### General Obligation Bonds (Alternative Revenue Source) – Series 2011B

On August 10, 2011, the College issued the Series 2011B bonds in the amount of \$9,460,000. The proceeds derived from the issuance of these bonds were used by the College to advance refund \$9,780,000 of General Obligation Bonds Series 2003B. The bonds were issued with interest rates ranging from 4.00 percent to 4.75 percent with payment dates of July 1 and January 1 each year through January 1, 2023. The College has pledged a portion of tuition revenue and a debt service fee assessed to students for the repayment of these bonds.

**6. LONG-TERM DEBT (CONTINUED)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 286,200	\$ 286,200
2018	-	286,200	286,200
2019	-	286,200	286,200
2020	-	286,200	286,200
2021	2,025,000	286,200	2,311,200
2022	2,110,000	205,200	2,315,200
2023	2,210,000	104,975	2,314,975
Total	<u>\$ 6,345,000</u>	<u>\$ 1,741,175</u>	<u>\$ 8,086,175</u>

General Obligation Bonds – Series 2013A

On April 30, 2013 the College issued the Series 2013A bonds in the amount of \$84,000,000. The proceeds will be used by the College to finance certain capital projects, including additions and renovations and to pay the cost of issuing the bonds. The \$84 million represented the second and final issuance of the November 2010 voter approved referendum for \$168 million. The bonds were issued with interest rates ranging from 3.15 percent to 5.00 percent with payment dates of June 1 and December 1 each year through June 1, 2031. The College levies an annual property tax for the repayment of these bonds.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,750,000	\$ 3,608,930	\$ 7,358,930
2018	5,115,000	3,458,930	8,573,930
2019	4,180,000	3,203,180	7,383,180
2020	4,350,000	3,035,980	7,385,980
2021	4,565,000	2,818,480	7,383,480
2022	4,795,000	2,590,230	7,385,230
2023	4,995,000	2,388,980	7,383,980
2024	5,240,000	2,146,730	7,386,730
2025	5,500,000	1,884,730	7,384,730
2026	5,775,000	1,609,730	7,384,730
2027	6,065,000	1,320,980	7,385,980
2028	6,370,000	1,017,730	7,387,730
2029	6,570,000	817,075	7,387,075
2030	6,830,000	554,275	7,384,275
2031	7,105,000	281,075	7,386,075
Total	<u>\$ 81,205,000</u>	<u>\$ 30,737,035</u>	<u>\$ 111,942,035</u>

## 6. LONG-TERM DEBT (CONTINUED)

### Bond Discounts, Premiums, and Deferred Amounts on Refunding

Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are amortized over the life of the bonds using the effective interest rate method or a method that approximates the effective interest rate method. The deferred amounts on refunding are reported as deferred outflows of resources (losses from refunding bonds).

### Termination Benefits

A liability for termination benefits is recorded in the amount of \$86,210 and \$341,027 at June 30, 2016 and 2015 respectively, for expected future retirement benefit payments to administrators, managers, classified, and faculty. The current portion of the termination benefits liability at June 30, 2016 and 2015 were \$86,210 and \$341,027, respectively.

Year Ended June 30,	Administrators		Full-Time Faculty		Managerial & Classified		Total	
	No. of Participants	Total Liability	No. of Participants	Total Liability	No. of Participants	Total Liability	No. of Participants	Total Liability
2016	-	\$ -	2	\$ 86,210	-	\$ -	2	\$ 86,210
2015	-	\$ -	9	\$ 230,701	3	\$ 110,326	12	\$ 341,027

### Other Post-Employment Benefits

Based on the actuarial valuation, \$143,231 and \$72,280 was recorded as an “other asset” at present value at June 30, 2016 and 2015. Based on the present value calculations a long-term liability was recorded in the amount of \$33,428 at June 30, 2013, for expected future retirement healthcare payments to administrators, managers, classified, and faculty (see Note 4 for further details).

### C. Pledges of Future Revenues

The College has pledged future tuition and fee revenues to repay Series 2006, Series 2009B, and Series 2011B bonds. Annual principal and interest payments on the Series 2006, Series 2009B, and Series 2011B bonds are 26.9 percent of the total debt services of all the College’s bonds. Proceeds from the Series 2006, Series 2009B, and Series 2011B bonds provided financing for the construction of parking facilities, new buildings, renovating existing facilities, related site improvements, and the purchase of equipment. The bonds are payable solely from tuition and fees revenues and are payable through years ended June 30, 2020, 2023, and 2029. Annual principal and interest payments on the bonds are expected to require less than 15 percent of tuition and fees revenues. The total principal and interest remaining to be paid on the bonds is \$94,329,611. Principal and interest paid for the current year was \$8,742,625; and total tuition and fees revenues for the current year were \$6,588,538.

## **7. OPERATING LEASES AND OTHER AGREEMENTS**

### **A. BOOKSTORE LEASE**

In April 2014, the College extended its lease for bookstore management services with Follett Higher Education Group of Oak Brook, Illinois, through March 31, 2017. Under the terms of the agreement, Follett will operate the bookstore on campus and guarantees the College a total minimum of \$3,300,000 in rental payments over the three year term, or a minimum of \$1,100,000 each year beginning March 1, 2014. Commissions are paid monthly, in arrears, based on a percentage of gross revenue. If the College's full-time equivalent enrollment decreases by more than 5 percent from the previous academic year or store sales decrease by more than 10 percent due to major technological changes or competition, the College will only be entitled to receive the applicable percentages of gross revenue and not the guaranteed annual minimum. Follett agrees to pay the College 12.75 percent of annual gross revenue up to \$5,000,000; plus 13.25 percent of annual gross revenue between \$5,000,000 and \$8,000,000; plus 14.25 percent of annual gross revenue over \$8,000,000. For the year ended June 30, 2016, the College recognized \$1,203,711 in revenue; for the year ended June 30, 2015, the College recognized \$1,542,204 in revenue which included a one-time \$250,000 contract renewal payment.

### **B. DINING SERVICES AND VENDING**

In December 2013, the College extended its agreement with Sodexo America, LLC, of Gaithersburg, Maryland, through June 30, 2016, to operate the cafeteria, Starbucks Coffee, and Einstein Bros. Bagels and to provide catering services to the College. Under the terms of the agreement, Sodexo shall retain surplus, if any, of up to 5 percent of net sales. Fifty percent of the excess surplus shall be distributed to the College within 30 days after the end of each contract year or within 30 days after the date the agreement is terminated. In addition, Sodexo will provide the College with an annual gift of \$20,000, payable on July 1<sup>st</sup> each year, from 2013 through 2015. In May 2016, the College renewed its agreement with Sodexo for an additional three years, beginning on July 1, 2016, and ending on June 30, 2019, with no changes to the compensation terms. For the years ended June 30, 2016, and 2015, the College received \$20,000 from Sodexo each year.

The College also has agreements with outside companies to provide vending machine services. In March 2015, the College renewed its agreement with Ace Coffee Bar of Streamwood, Illinois, through December 31, 2019, to provide food and select beverage vending options on campus. Under the terms of the agreement, Ace Coffee Bar agrees to pay commissions at rate of 26.5 percent of sales, payable monthly, and guarantees the College a calendar year minimum of \$50,000 in revenue. For the years ended June 30, 2016, and 2015, the College recognized commission revenue under this agreement of \$54,476 and \$47,057, respectively.

In September 2015, the College renewed its agreement with Pepsi Beverages Company of Schaumburg, Illinois, through December 31, 2019. Under the terms of the agreement, Pepsi Beverages Company agrees to pay monthly commissions at an average rate of 33 percent of sales.

## 7. OPERATING LEASES AND OTHER AGREEMENTS (CONTINUED)

In addition, Pepsi Beverages Company agrees to pay an annual sponsorship fee of \$51,000 within sixty days of the successful execution of the agreement and also at the commencement of each contract year thereafter. For the years ended June 30, 2016, and 2015, the College recognized commission revenue of \$97,800 and \$92,589, respectively, and received two \$51,000 sponsorship payments in FY2016.

### C. FACILITIES LEASE

The College has entered into operating leases for several off-campus facilities. The leases are for various terms with the longest term expiring on June 30, 2026. Total rental costs on these facilities were \$438,156 for fiscal year 2016 and \$654,661 for fiscal year 2015. The future minimum rental payments on these leases are as follows:

Fiscal Year	Minimum Rental Payments
2017	439,626
2018	418,027
2019	208,168
2020	212,540
2021	217,003
2022	221,560
2023	226,213
2024	230,963
2025	235,813
2026	240,766
Total	<u>\$ 2,650,678</u>

### D. EQUIPMENT LEASES

In October 2014, the College entered into a five year agreement with Xerox for Managed Print Services. The College currently pays rental fees on the leased equipment, a monthly charge for help desk, personnel, and other services, and “per click” charges based on equipment usage. Total costs were \$700,075 for fiscal year 2016 and \$572,091 for fiscal year 2015. The future estimated minimum rental payments for the agreement are as follows:

Fiscal Year	Minimum Rental Payments
2017	537,763
2018	537,763
2019	537,763
2020	537,763
2021	268,882
Total	<u>\$ 2,419,935</u>



## 8. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft of, damage to, or destruction of property, injuries to employees and natural disasters. The College is a member of the Illinois Community College Risk Management Consortium (the “Consortium”). The Consortium is a public entity risk pool operating as a common risk management and insurance program for fourteen local community colleges. Each college pays an annual premium to the Consortium as its pro rata share for property and casualty insurance coverage. The Agreement for Formation of the Consortium provides that the Consortium will be self-sustaining through member premiums and will reinsure through commercial companies. The College continues to carry commercial insurance coverage for sports accident insurance.

The College participates in the Consortium, which was established in 1981 by several Chicago area community colleges as a means of reducing the cost of property, liability, and workers compensation insurance. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. Coverage includes all property, liability, re-insurance (\$30,000,000), and workers’ compensation. No settlement has exceeded coverage since establishment of the Consortium. The College joined the consortium in fiscal year 1982. Since the Consortium requests initial payments to cover substantially any losses to be incurred for that policy year, the College anticipates no future liabilities for incurred losses. The policy is annual and renewable on July 1. The College’s level of coverage has not changed for the past three years, and the amount of settlements has not exceeded insurance coverage in each of the past three years.

On January 1, 2012 the College joined the Community College Health Care Consortium which provides employees insurance coverage for medical and prescription drugs. The College pays the Community College Health Care Consortium a monthly premium based on the number of participants and the type of coverage that has been elected. The College maintains self-insurance coverage through a third-party administrator for its dental insurance. The College currently allocates all expenses associated with the employee health plans to each of the College’s individual departments. Claims and expenses are reported when incurred and an estimate is made for incurred but not reported claims. The College’s level of coverage has not changed for the past three years, and the amount of settlements has not exceeded insurance coverage in each of the past three years.

The College’s estimate of liability for claims incurred but not reported for the past three fiscal years is as follows:

Fiscal Year	Claims Payable				Claims Payable
	Beginning of Year	Claims Incurred	Claims Paid	End of Year	
2016	\$ 993,447	\$ 11,212,405	\$ 11,191,378	\$ 1,014,474	
2015	1,632,891	9,827,771	10,467,215	993,447	
2014	1,632,891	10,397,896	10,397,896	1,632,891	

## **9. LITIGATION AND INVESTIGATIONS**

From time to time, the College is party to various pending claims and legal proceedings. Although the outcome cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the College's financial position or results of operations.

The College is currently under federal and state criminal grand jury investigations. Although the outcome cannot be forecast with certainty, based on information known at the time of the completion of the College's 2016 Comprehensive Annual Financial Report management believes that the likelihood is remote that any finding as a result of the investigations will have a material adverse effect on the College's financial position or results of operations.

## **10. NEW ACCOUNTING PRONOUNCEMENTS**

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. This Statement is effective for the College's fiscal year ended June 30, 2017.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the Other Postemployment Benefits (OPEB) that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for the College's fiscal year ended June 30, 2018.

## **10. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In August 2015, the GASB issued Statement 77, *Tax Abatement Disclosures*. This Statement is intended to improve financial reporting by requiring 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. This Statement is effective for the College's fiscal year ended June 30, 2017.

In March 2016, the GASB issued Statement 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, 68, and 73. Specifically, this Statement address issues regarding 1) the presentation of payroll-related measures in required supplementary information, 2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and 3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for the College's fiscal year ended June 30, 2017.

The College is currently evaluating the impact of adopting these GASB Standards, including standards that are effective as of July 1, 2016.

## **11. DISCRETELY PRESENTED COMPONENT UNIT**

### **A - NATURE OF OPERATIONS**

College of DuPage Foundation (the "Foundation") is a not-for-profit organization which was formed to promote the educational development and general education welfare of the College of DuPage, Community College District Number 502 (the "College").

### **B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***REPORTING ENTITY***

The Foundation operates and maintains the Foundation within the College. The Foundation is a legally separate entity whose Board is elected by the Foundation Trustees. As required by accounting principles generally accepted in the United States of America ("GAAP"), these financial statements present the Foundation and any existing component units. The Foundation does not have any component units. However, pursuant to the standards established in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, and GASB Statements No. 14 and No. 34, the College is considered a primary government since it is fiscally independent. The College has determined that the College of DuPage Foundation meets the requirements of GASB Statement No. 39, *Determining Whether Certain Organization Are Component Units, an amendment of GASB Statement 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, because of the nature and significance of the Foundation's relationship with the College, which has resulted

## **11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

in the College of DuPage Foundation being reported as a discretely presented component unit of the College.

### ***BASIS OF PRESENTATION***

The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

The financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted, or unrestricted. Accordingly, net assets and changes therein are classified as follows:

#### ***Permanently Restricted Net Assets***

Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

#### ***Temporarily Restricted Net Assets***

Net assets subject to donor imposed restrictions that will be met by actions of the Foundation and/or passage of time.

#### ***Unrestricted net Assets***

Net assets not subject to donor imposed restrictions.

Revenues are reported as increases in either unrestricted net assets classification unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between temporary and unrestricted classes of net assets.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

## **11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

### ***CONTRIBUTIONS***

Contributions, including unconditional promises to give, are recognized as revenue in the period awarded. 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 fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate; based on the Federal Funds rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any, on the contributions. An Allowance for uncollectible contributions is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Revenues received through contributions from private fundraising for WDCB-FM radio station are accounted for in the Foundation's financial statements. Disbursements of these contributions to the radio station are included in the Cash Gifts to College of DuPage expense line. In fiscal year 2016, total contributions for WDCB-FM radio station accounted for in the Foundation were \$908,582, and disbursements recorded as Cash Gifts to College of DuPage were \$886,828 compared to \$859,392 contribution revenue and \$831,741 of disbursements in fiscal year 2015.

### ***INCOME FROM PERMANENTLY RESTRICTED NET ASSETS***

Contributions, investment income, and realized and unrealized net gains on investments of permanently restricted net assets are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift requires that they be added to the principal of permanently restricted net assets;
- As increases in temporarily restricted net assets if amounts have not been appropriated for expenditure; and
- As increases in unrestricted net assets in all other cases.

### ***CASH AND CASH EQUIVALENTS***

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### ***INVESTMENTS AND INCOME RECOGNITION***

Investment securities are reported at fair value. 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. See Note E for discussion of fair value measurements.

## **11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Gains and losses on investments are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulations or by law.

### ***ART COLLECTION***

The Foundation's art collection consists of approximately 334 pieces. Works of art are held for public exhibition, and education, in furtherance of public service rather than for financial gain. The works of art are kept un-encumbered, cared for and preserved, and subject to the donor agreement that requires the proceeds of items that are sold be used to further develop the cultural experience at the College. Additions to the collection are recorded at cost when purchased or at fair value when contributed. In-kind contributions of art are reflected as revenue in the statement of activities and changes in net assets.

### ***ESTIMATES***

In order to prepare these financial statements in conformity with GAAP, management has made a number of estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; the reported amounts of revenues and expenses; and gains and losses during the reporting period. Actual results could differ from these estimates.

### ***ALLOCATIONS OF EXPENSES***

Expenses are identified as either program, management and general or fundraising. Expenses not directly identifiable in one of the three categories have been allocated one of the three classifications by the Foundation's management based on time spent or activity performed.

### ***PRIOR YEAR SUMMARIZED COMPARATIVE FINANCIAL INFORMATION***

The financial statements include certain prior year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

## **C - CHARITABLE REMAINDER TRUST**

The Foundation administers a charitable remainder trust (the "Trust"). A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the Trust's term. Obligations to the beneficiaries are limited to the Trust's

## **11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

assets. At the end of the Trust's term, the remaining assets are available for the Foundation's use. Assets are recorded at fair value when received and a liability is recorded for the net present value of the estimated future payments to the beneficiaries. The portion of the Trust attributable to the net present value of the future benefits to be received by the Foundation was recorded in the statement of activities and changes in net assets as a temporarily restricted contribution in the period the Trust was established. Assets held in the Trust totaled \$57,379 at June 30, 2016 and are reported at fair value in the Foundation's statement of financial position. The net present value of the estimated future payments to beneficiaries of \$2,795 as of June 30, 2016 is calculated using the discount rate when the trust was established of 4% and is reflected in other liabilities in the accompanying statement of financial position.

### **D - INCOME TAXES**

The Foundation was determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code pursuant to a determination letter issued in September 1969. Accordingly, no provision for income tax is included in the financial statements.

The Foundation adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Internal Revenue Service determined that the Foundation is a tax exempt, not-for-profit organization as defined in Section 501(c)(3) of the Internal Revenue Code ("IRC"). As such, the Foundation is generally not subject to federal or state income taxes except for certain income derived from unrelated business activities as defined by the IRC. The Foundation has no unrelated business income. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits would be recognized only if the tax position is more-likely-than-not to be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized would be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2016. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months. The Foundation would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Foundation has no amounts accrued to interest or penalties as of June 30, 2016. The Foundation's income tax returns are subject to examination by federal and state taxing authorities. There are currently no examinations underway or expected.

## 11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

### E - INVESTMENTS

Investment securities, at fair value, are comprised of the following as of June 30, 2016:

Money Market Funds	\$ 18,871
Equities	355,702
Equity Funds	6,886,836
Equity Mutual Funds	<u>13,268</u>
<b>Total Short-Term Investments</b>	<u>7,274,677</u>
Bond Funds	<u>3,892,075</u>
<b>Total Long-Term Investments</b>	<u>3,892,075</u>
<b>Total Investments</b>	<u><u>\$11,166,752</u></u>

Investment income is reported net of investment advisory fees. Investment income is comprised of the following as of June 30, 2016:

Gross investment income	\$ 524,039
Investment advisory fees	<u>(61,168)</u>
<b>Net Investment Income</b>	<u><u>\$ 462,871</u></u>
Investment Returns Consist of:	
Net investment income	\$ 462,871
Net realized gain (loss) on sales	(620,807)
Net unrealized gain (loss) on investments	(264,857)
Change in value of split-interest agreement	<u>6,161</u>
<b>Total Investment Income</b>	<u><u>\$(416,632)</u></u>

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

#### ***Level 1***

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.



## **11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

### ***Level 2***

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

### ***Level 3***

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies for the year ended June 30, 2016.

*Equities* – Valued at the closing price reported on the active market on which the individual equity is traded.

*Mutual Funds* – Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

# 11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

Fair value measurements recorded on a recurring basis at June 30, 2016 were as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Equities</b>	\$ 355,702	\$ --	\$ --	\$ 355,702
<b>Mutual Funds:</b>				
Bond Funds	3,892,075	--	--	3,892,075
Equity Funds	6,886,836	--	--	6,886,836
Money Market Funds	18,871	--	--	18,871
Equity Mutual Funds	<u>13,268</u>	<u>--</u>	<u>--</u>	<u>13,268</u>
<b>Total</b>	<u>\$11,166,752</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$11,166,752</u>

There were no transfers between levels during 2016.

## F - COLLEGE IN-KIND CONTRIBUTIONS AND DISTRIBUTIONS

The college provides accounting and other administrative services without charge to the Foundation. College officials estimate the value of these services for the year ended June 30, 2016 to be \$498,840 which is reflected in the statement of activities and changes in net assets as unrestricted College In-Kind contribution revenue and allocated to the following expense categories:

	Categorization of Contributed Services	% of Total
Programmatic	\$172,315	34.5
Fundraising	232,460	46.6
Management and general	<u>94,065</u>	<u>18.9</u>
<b>Total</b>	<u>\$498,840</u>	<u>100%</u>

## G - PLEDGES RECEIVABLE

The Foundation receives pledges fluctuating in dollar amount and throughout the year. The Foundation records these pledges based on timing and intent of the gift.

Receivable due in less than one year	\$130,894
Receivable due in more than one year	<u>55,022</u>
<b>Total Unconditional Promises to Give</b>	<u>\$185,916</u>

## **11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

### **H – BEQUEST RECEIVABLE - RESTRICTED**

During the year ended June 30, 2016, the Foundation was notified that an estate would be distributing a \$1,600,000 bequest to be placed into the endowment to support scholarships. The bequest was received subsequent to year end.

### **I - NET ASSETS RELEASED FROM RESTRICTIONS**

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by donors for the year ended June 30, 2016 were comprised of the following:

Scholarship to College Students	\$310,061
Gifts to the College Homeland Security Program	16,659
Gifts to the College McAninch Art Center	74,294
Gifts to the Cleve Carney Art Gallery	17,250
Gifts to the College Engineering Program	7,952
Gifts to the College Physical Education Program	4,740
Gifts to the College Student Emergency Assistance	7,994
Gifts to the College Health and Science Programs	68,664
Gifts to the College Fine Arts Programs	70
Gifts to the College International Studies Program	5,149
Gifts to the New Philharmonic Orchestra	113,000
Gifts to the Paralegal Program	500
Gifts to the Student Leadership Academy	1,000
Gifts to the Continuing Education Program	<u>3,294</u>
<b>Total</b>	<b><u>\$630,627</u></b>

The net assets released from restriction are reported as unrestricted expenses in the program and fundraising categories, in the statement of activities and changes in net assets.

### **J - NET ASSETS**

Temporarily restricted net assets as of June 30, 2016 are available for the following purposes:

Programs	\$3,289,313
Scholarships	1,653,419
Charitable Remainder Annuity Trust	<u>2,795</u>
<b>Total Temporarily Restricted Net Assets</b>	<b><u>\$4,945,527</u></b>

## **11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

Permanently restricted net assets consist of investments held in perpetuity, the income from which is expendable to support programs and scholarships. Permanently restricted net assets are restricted for the following purposes:

Programs	\$2,912,203
Scholarships	<u>4,203,189</u>
<b>Total Permanently Restricted Net Assets</b>	<b><u>\$7,115,392</u></b>

## **K - CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains its cash in a bank deposit account as well as has a sweep function with their banking institution, which transfers excess funds into a money market account if the daily balance exceeds federally insured deposit limits. The Foundation has not experienced any losses in such accounts, and has implemented safeguards with its financial institutions to mitigate any potential loss. Management believes it is not exposed to any significant credit risk on cash.

## **L - ENDOWMENT**

The Foundation's endowment currently consists of donor-restricted endowment funds and artwork, but could also include funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation has adopted investment and spending policies for endowment assets 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.

## 11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

The endowment assets are invested in accordance with predetermined asset allocation and performance benchmarks. 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 (realized and unrealized) and current yield (interest and dividends). The Foundation's spending policy provides that only the income from endowments may be used for the general purposes of the Foundation, with the Foundation withdrawing current income as it is needed.

Endowment net asset composition by type of fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	\$ --	<u>\$2,477,595</u>	<u>\$7,115,392</u>	<u>\$9,592,987</u>

During the year ended June 30, 2016, the Foundation has the following endowment related activities:

	Permanently Restricted Endowment Funds	Temporarily Restricted Endowment Funds
<b>Endowment Net Assets - Beginning</b>	<u>\$5,452,426</u>	<u>\$2,919,008</u>
<b>Investment Return</b>		
Net appreciation (realized and unrealized)	<u>--</u>	<u>(279,805)</u>
<b>Total Investment Return</b>	<u>--</u>	<u>(279,805)</u>
Contributions to perpetual endowment	1,662,966	64,240
Appropriate of endowment assets	<u>--</u>	<u>(225,848)</u>
<b>Endowment Net Assets – Ending</b>	<u>\$7,115,392</u>	<u>\$2,477,595</u>

From time-to-time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$0 as of June 30, 2016.

In fiscal year 2014 the Foundation changed the allocation policy for investments related to the permanently restricted endowment funds. Temporarily restricted accounts were established for each permanently restricted endowment fund, and the net investment earnings were allocated to the temporarily restricted accounts. The net investment earnings were spent in accordance with the Board approved annual spending rate from the temporarily restricted accounts.

## 11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

### M - SUBSEQUENT EVENTS

The Foundation has evaluated all significant events or transactions through October 12, 2016, the date that these financial statements were available to be issued, and determined that there were no significant nonrecognized subsequent events through that date.

### N – CONTRIBUTIONS – REVENUE CONCENTRATION

Approximately 43% of the Foundation's total contributions were provided by one contributor.

### O - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2016, the Foundation received donations of approximately \$37,728 from members of management and the board of directors.

## 12. RESTATEMENTS

The College restated certain amounts related to the amortization of its existing bond premiums. Previously, the College had been amortizing the premiums using the straight line method. Generally accepted accounting principles indicate that the straight line method is acceptable if it approximates the effective interest method, which is the preferred method. During the year ended June 30, 2016, the College recalculated its premium amortization using the effective interest method.

A summary of changes to previously presented financial statements as of and for the year ended June 30, 2015 is as follows:

	2015		
	Previously Presented	Restatement	Restated
Bonds payable, non-current	\$ 285,925,691	\$ (3,955,546)	\$ 281,970,145
Net position, net investment in capital assets	246,163,362	3,955,546	250,118,908
Interest on capital asset-related debt	(10,890,526)	922,466	(9,968,060)
Change in net position	23,271,374	922,466	24,193,840
Net position, beginning of year	\$ 444,376,459	\$ 3,033,080	\$ 447,409,539

### **13. SUBSEQUENT EVENTS**

Subsequent to year-end, the College entered into various agreements totaling approximately \$2,120,931 for the purpose of construction and renovation of buildings and facilities, and service contracts. The College had outstanding purchase orders of \$4,982,088.

Subsequent to year-end, on July 20, 2016, the College received payment from the State of Illinois in the amount of \$949,724 for the Monetary Award Program (MAP) grant awards for the Spring 2016 semester. The amount was appropriated by the State for fiscal year 2017, therefore the College has not recognized this revenue in its fiscal year 2016 financial statements.

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**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**JUNE 30, 2016**

**Required Supplementary Information**

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**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFITS**

**Schedule of Funding Progress**

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2016	\$ -	\$ 11,894,865	\$ 11,894,865	0.0%	\$ 106,814,733	11.1%
June 30, 2015	-	N/A	N/A	N/A	N/A	N/A
June 30, 2014	-	\$ 15,056,291	\$ 15,056,291	0.0%	\$ 79,618,107	18.9%
June 30, 2013	-	N/A	N/A	N/A	N/A	N/A
June 30, 2012	-	14,598,947	14,598,947	0.0%	78,633,037	18.6%
June 30, 2011	-	N/A	N/A	N/A	N/A	N/A
June 30, 2010	-	12,013,103	12,013,103	0.0%	74,656,269	16.1%
June 30, 2009	-	11,357,994	11,357,994	0.0%	76,769,160	14.8%

N/A - Information not available. Actuarial study was not performed in that year.

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**REQUIRED SUPPLEMENTARY INFORMATION  
PENSION BENEFITS**

**Schedule of Employer's Share of Net Pension Liability**

	A	B	C	D	E	F	G
Fiscal Year Ended	Proportion Percentage of the Collective Net Pension Liability	Proportion Amount of the Collective Net Pension Liability	Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with the College	Total (B + C)	Employer Covered-employee payroll	Proportion of Collective Net Pension Liability associated with Employer as a percentage of covered-employee payroll (D / E)	SURS Plan Net Position as a percentage of Total Pension Liability
June 30, 2015	0.00%	\$ -	\$ 572,546,237	\$ 572,546,237	\$ 105,105,075	544.74%	42.37%
June 30, 2014	0.00%	-	502,273,193	502,273,193	100,307,203	500.73%	44.39%

**Schedule of Employer's Contributions**

	A	B	C	D	E
Fiscal Year Ended	Federal, Trust, Grant and Other Contribution	Contribution in relation to Required Contribution	Contribution Excess (Deficiency) (A -B)	Employer Covered-employee payroll	Contributions as a percentage of covered-employee payroll (A / D)
June 30, 2015	\$ 59,101	\$ 59,101	\$ -	\$ 105,105,075	0.06%
June 30, 2014	153,999	153,999	-	100,307,203	0.15%

**On-Behalf Payments for Community College Health Insurance Program**

Fiscal Year Ended	
June 30, 2016	\$ 388,231
June 30, 2015	\$ 384,521
June 30, 2014	\$ 373,672

NOTE: SURS implemented GASB 68 in FY2015. The information above is presented for as many years available. The schedules are intended to show information for 10 years.

**1. CHANGES OF BENEFIT TERMS**

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2015.

**2. 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, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- Mortality rates. Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.
- Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption. Main the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

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### III. STATISTICAL SECTION

#### Values

- Integrity: *We expect the highest standard of moral character and ethical behavior.*
- Honesty: *We expect truthfulness and trustworthiness.*
- Respect: *We expect openness to difference and to the uniqueness of all individuals.*
- Responsibility: *We expect fulfillment of obligations and accountability.*





**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
STATISTICAL SECTION CONTENTS  
JUNE 30, 2016**

This section of the College of DuPage's Comprehensive Annual Financial Report presents additional historical perspective, context, and detailed information to assist the reader in using the information in the financial statements, note disclosures, and required supplementary information to understand and assess the College's overall economic condition.

**Contents**

**Financial Trends**

Tabular information is presented to demonstrate changes in the College's financial position over time.

**Revenue Capacity**

These tables contain information to assist the reader in understanding and assessing the College's ability to generate its most significant local revenue sources - real estate taxes and tuition and fees.

**Debt Capacity**

Data are shown to disclose the College's current level of outstanding debt and to indicate the College's ability to issue additional debt.

**Demographic and Economic Information**

These tables offer information about the socioeconomic environment within which the College operates. Data are provided to facilitate comparisons of financial statement information over time and between the College and other community colleges.

**Operating Information**

Non-financial information about the College's operations and resources is provided in these tables to facilitate the reader's use of the College's financial statement information to understand and assess the College's economic condition.

*Sources: Unless otherwise noted, the information in these tables is derived from the College's Comprehensive Annual Financial Reports for the relevant years*

TABLE 1

**FINANCIAL TRENDS**  
**NET POSITION/NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**

	2016	2015*	2014	2013	2012	2011	2010	2009	2008	2007
<b>Net Position/Net Assets</b>										
<b>Net Investment in Capital Asset</b>	\$ 248,727,053	\$ 250,118,908	\$ 248,770,684	\$ 234,639,592	\$ 221,164,380	\$ 185,096,593	\$ 162,345,893	\$ 152,771,172	\$ 144,249,896	\$ 113,596,287
<b>Restricted</b>										
Debt service	11,917,088	12,442,812	13,247,859	16,484,678	18,021,452	20,233,785	21,225,545	23,149,967	19,594,285	14,584,822
Working cash	8,403,883	8,362,959	8,321,799	8,283,842	8,262,954	8,229,678	8,123,977	8,034,976	8,034,976	8,034,976
Other purposes	24,870	202,648	321,794	568,337	74,224	-	461,414	554,107	1,375,089	1,375,595
<b>Unrestricted</b>	211,452,174	200,476,052	173,714,323	147,895,808	128,576,028	124,682,137	99,925,517	66,190,745	55,186,492	71,248,914
<b>Total Net Position/Net Assets</b>	<u>\$ 480,525,068</u>	<u>\$ 471,603,379</u>	<u>\$ 444,376,459</u>	<u>\$ 407,872,257</u>	<u>\$ 376,099,038</u>	<u>\$ 338,242,193</u>	<u>\$ 292,082,346</u>	<u>\$ 250,700,967</u>	<u>\$ 228,440,738</u>	<u>\$ 208,840,594</u>

Source: College of DuPage Comprehensive Annual Financial Reports.

**Notes:**

\*As restated

1. The College implemented GASB Statements No. 63 and 65 for the year ended June 30, 2013. Fiscal year 2012 was restated to comply with these two new GASBs.

TABLE 2

## FINANCIAL TRENDS

CHANGES IN NET POSITION/NET ASSETS  
LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>OPERATING REVENUES</b>										
Student tuition and fees	\$ 65,289,259	\$ 67,640,163	\$ 65,918,716	\$ 62,113,934	\$ 59,100,863	\$ 61,990,141	\$ 54,420,351	\$ 59,160,813	\$ 51,276,425	\$ 47,850,011
Chargeback revenue	394,500	557,633	754,539	764,431	673,262	662,258	775,955	517,541	508,217	579,339
Sales and service fees:										
Bookstore	1,203,711	1,542,204	1,039,265	1,176,945	1,118,558	1,114,289	1,584,230	1,006,692	926,332	927,682
Other	2,450,351	3,298,951	2,121,041	1,766,040	2,707,160	2,788,269	5,148,296	4,881,123	5,113,412	5,883,529
Other operating revenue	1,309,644	1,653,423	1,257,863	934,162	1,147,097	1,226,179	1,771,906	452,813	296,539	333,256
Total operating revenues	70,647,465	74,692,374	71,091,424	66,755,512	64,746,940	67,781,136	63,700,738	66,018,982	58,120,925	55,573,817
<b>OPERATING EXPENSES</b>										
Instruction	105,288,900	100,574,125	93,280,995	93,393,300	88,951,878	83,385,917	84,295,911	84,091,655	76,609,450	72,868,157
Academic support	11,263,661	10,071,433	10,078,118	10,030,258	9,366,021	9,528,488	10,131,827	9,872,388	9,483,446	10,360,929
Student services	19,767,623	17,902,682	16,018,220	13,729,284	11,120,268	12,377,424	13,789,957	13,665,668	12,529,969	12,028,071
Public services	2,557,640	2,633,364	2,787,075	2,202,396	1,895,427	1,683,103	2,109,646	2,485,325	2,623,898	2,860,059
Independent operations	289,344	3,106	9,923	7,973	316,150	233,934	550,549	423,550	154,873	51,778
Operation and maintenance of plant	19,245,711	19,150,108	18,358,900	17,178,800	17,202,087	15,946,733	16,013,297	15,126,330	15,312,683	14,457,218
General administration	14,942,990	16,008,432	13,951,158	13,806,523	13,357,056	12,898,568	13,057,232	11,562,070	10,658,353	9,739,609
General institutional	22,619,028	20,839,665	21,834,358	20,130,613	22,131,912	22,219,537	6,283,201	14,420,488	14,019,867	16,973,154
Auxiliary enterprises	11,094,513	10,732,897	9,974,369	9,895,502	12,505,598	10,907,689	11,908,173	13,147,779	14,320,304	13,053,615
Scholarship expense	8,316,420	10,862,684	11,092,632	10,847,045	12,492,032	12,215,817	6,578,760	6,920,889	4,602,028	4,408,225
Depreciation expense	31,311,232	29,656,996	24,071,416	19,929,800	14,417,172	7,741,061	6,444,716	5,653,926	5,399,659	4,975,163
Total operating expenses	246,697,062	238,435,492	221,457,164	211,151,494	203,755,601	189,138,271	171,163,269	177,370,068	165,714,530	161,775,978
Operating income (loss)	(176,049,597)	(163,743,118)	(150,365,740)	(144,395,982)	(139,008,661)	(121,357,135)	(107,462,531)	(111,351,086)	(107,593,605)	(106,202,161)
<b>NON-OPERATING REVENUES (EXPENSES)</b>										
Real estate taxes	108,715,095	107,996,843	106,110,511	99,822,644	107,807,680	104,425,923	95,138,277	87,171,790	82,100,987	76,301,141
Corporate personal property replacement taxes	1,520,291	1,660,637	1,544,222	1,526,489	1,494,002	1,624,041	1,252,327	1,814,989	1,794,791	1,628,249
State appropriations	54,712,381	57,175,880	54,690,039	50,695,312	42,633,843	38,742,103	34,000,077	30,848,507	29,087,797	27,416,450
Federal grants and contracts	28,297,826	30,541,565	31,111,335	30,349,795	29,415,386	26,175,510	20,018,562	13,024,642	10,167,590	9,166,655
Non-governmental gifts and grants	1,394,821	1,249,566	1,086,146	1,125,049	1,363,232	1,561,341	1,318,726	1,329,712	1,302,882	618,351
Investment income	1,197,182	(854,727)	2,235,615	(29,307)	727,102	1,315,742	2,024,357	7,762,177	10,517,209	11,401,935
Other non-operating revenues	-	-	-	-	-	-	1,187,737	711,228	157,391	13,309
Interest on capital asset-related debt	(10,986,174)	(9,968,060)	(9,948,113)	(7,363,226)	(5,824,138)	(6,342,263)	(6,272,077)	(9,217,940)	(7,934,169)	(6,054,992)
Gain (loss) on disposal of capital assets	56,439	94	40,187	42,445	98,660	14,585	175,924	(109,040)	(60,167)	(715,646)
Net non-operating revenues (expenses)	184,907,861	187,801,798	186,869,942	176,169,201	177,715,767	167,516,982	148,843,910	133,336,065	127,134,311	119,775,452
Net income before capital contributions	8,858,264	24,058,680	36,504,202	31,773,219	38,707,106	46,159,847	41,381,379	21,984,979	19,540,706	13,573,291
<b>CAPITAL CONTRIBUTIONS</b>										
Capital gifts and grants	63,425	135,160	-	-	-	-	-	275,250	59,438	41,800
Total capital contributions	63,425	135,160	-	-	-	-	-	275,250	59,438	41,800
<b>CHANGE IN NET POSITION/NET ASSETS</b>	<b>\$ 8,921,689</b>	<b>\$ 24,193,840</b>	<b>\$ 36,504,202</b>	<b>\$ 31,773,219</b>	<b>\$ 38,707,106</b>	<b>\$ 46,159,847</b>	<b>\$ 41,381,379</b>	<b>\$ 22,260,229</b>	<b>\$ 19,600,144</b>	<b>\$ 13,615,091</b>

Sources: College of DuPage Comprehensive Annual Financial Reports and general ledger reports.

Notes: (1) The College is subject to two property tax caps in Illinois whereby the increase in the levy from year-to-year is limited to the lesser of 5% or the consumer price index for the state as determined by the Illinois Department of Revenue, and individual rates are limited by maximum rates established by Illinois Compiled Statutes.

(2) The College implemented GASB Statements No. 63 and 65 for the year ended June 30, 2013. Fiscal year 2012 was restated to comply with these two new GASBs.

TABLE 3

**REVENUE CAPACITY**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN LEVY YEARS**

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railroad Property	Other (1) Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate (3) (4)	Estimated Actual Taxable Value	Percentage of Estimated Actual Taxable Value
2015	\$ 26,901,027,195	\$ 5,672,399,239	\$ 2,518,373,211	\$ 2,916,055	\$ 35,375,418	\$ 2,888,194,626	\$ 38,018,285,744	0.2786	\$ 114,054,857,232	33.3333%
2014 (2)	\$ 28,070,893,318	\$ 5,830,708,367	\$ 2,684,767,261	\$ 3,051,553	\$ 50,191,541	-	\$ 36,639,612,040	0.2975	\$ 109,918,836,120	33.3333%
2013	28,157,335,069	5,760,566,268	2,834,793,372	3,130,424	48,587,683	-	36,804,412,816	0.2956	110,413,238,448	33.3333%
2012	29,659,837,065	6,084,070,636	2,974,967,448	3,057,663	41,448,234	-	38,763,381,046	0.2681	116,290,143,138	33.3333%
2011	32,222,147,558	6,528,100,751	3,224,250,962	2,952,530	39,691,367	-	42,017,143,168	0.2495	126,051,429,504	33.3333%
2010	35,225,106,750	6,775,696,972	3,332,260,318	2,798,434	35,924,625	-	45,371,787,099	0.2349	136,115,361,297	33.3333%
2009	37,968,146,247	6,766,483,282	3,122,083,730	2,601,938	23,832,039	-	47,883,147,236	0.2127	143,649,441,708	33.3333%
2008	36,713,653,475	7,283,415,255	3,777,183,933	3,036,702	20,340,507	-	47,797,629,872	0.1858	143,392,889,616	33.3333%
2007	34,322,119,068	6,913,153,224	3,471,113,723	2,700,325	18,185,431	-	44,727,271,771	0.1888	134,181,815,313	33.3333%
2006	31,581,797,380	6,609,559,803	3,375,422,068	2,964,788	16,482,978	-	41,586,227,017	0.1929	124,758,681,051	33.3333%

Data Sources:

Offices of the County Clerks for DuPage, Cook, and Will Counties; DuPage County comprises approximately 90% of College of DuPage District 502.

Notes:

Property in the College's district is reassessed each year. Property is assessed at 33% of actual value. The direct tax rates reported for the College are those of DuPage County.

(1) In levy year 2015, this column includes assessed values from Cook County, as the breakdown by type of property is not yet available at the time the CAFR is prepared. This will be adjusted each year as the information becomes available.

(2) The breakdown by type of property for 2014 was adjusted from the previous year CAFR due to the receipt of the final Cook County property values which was received after the printing of the FY2015 CAFR.

(3) The direct tax rates reported for the College are those of DuPage County, as it comprises approximately 90% of College of DuPage District 502.

(4) The total direct tax rate increased from .1874 to .1929 in 2006 due to (a) issuance of \$78,840,000 in General Obligation bonds for building and equipping new buildings and renovation of existing College facilities and (b) a direct tax levy to pay the debt service on those General Obligation bonds.

(5) The increase in the 2012 levy is due to the addition of the College's Series 2011A bonds that were issued in FY2012. The 2013 levy also increased due to the issuance of Series 2013A bonds in FY2013.

(6) The assessed valuation for tax year 2015 increased from 2014. Valuations increased by 3.8% in 2015 after a 0.4% decrease in 2014, a 5.1% decrease in 2013, 7.7% decrease in 2012, 7.4% and 5.2% in levy years 2011 and 2010, respectively. Calendar year 2010 was the first year DuPage County experienced a decrease in assessed valuations.

TABLE 4

## REVENUE CAPACITY

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN LEVY YEARS

Levy Year	Legal Limit	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>College of DuPage (1) (2)</b>											
Educational Purposes	\$ 0.7500	\$ 0.1812	\$ 0.1958	\$ 0.1941	\$ 0.1818	\$ 0.1611	\$ 0.1483	\$ 0.1337	\$ 0.1321	\$ 0.1285	\$ 0.1315
Audit	0.0050	-	-	-	-	-	-	-	-	0.0003	0.0002
Operations and Maintenance	0.1000	0.0299	0.0322	0.0317	0.0298	0.0263	0.0242	0.0217	0.0211	0.0213	0.0224
Liability Protection and	None	-	-	-	-	-	-	-	-	0.0023	0.0020
Social Security and Medicare	None	-	-	-	-	-	-	-	-	0.0031	0.0029
Bond and Interest	None	0.0675	0.0695	0.0698	0.0565	0.0621	0.0624	0.0573	0.0326	0.0333	0.0339
Total		0.2786	0.2975	0.2956	0.2681	0.2495	0.2349	0.2127	0.1858	0.1888	0.1929
<b>Overlapping Rates (3)</b>											
County		N/A	0.2057	0.2040	0.1929	0.1773	0.1659	0.1554	0.1557	0.1651	0.1713
Cities and Villages		N/A	0.7909	0.7653	0.7115	0.6498	0.6102	0.5695	0.5350	0.5430	0.5412
High Schools		N/A	1.3445	1.3061	1.2130	1.0714	0.9819	0.8955	0.8839	0.8916	0.9144
Unit District		N/A	2.2684	2.2509	2.0643	1.8319	1.6717	1.5236	1.4890	1.4978	1.5584
Grade Schools		N/A	2.0638	2.0184	1.8637	1.6539	1.5243	1.4000	1.3802	1.4032	1.4412
Junior Colleges		N/A	0.3043	0.3092	0.2774	0.2579	0.2405	0.2186	0.1910	0.1940	0.1984
Townships		N/A	0.1334	0.1326	0.1188	0.1112	0.1023	0.0930	0.0922	0.0931	0.0968
Sanitary District		N/A	0.0036	0.0035	0.0032	0.0028	0.0026	0.0024	0.0023	0.0023	0.0024
Park Districts		N/A	0.4172	0.4083	0.3770	0.3364	0.3090	0.2797	0.2736	0.2790	0.2853
Library		N/A	0.0904	0.0877	0.0819	0.0723	0.0661	0.0535	0.0528	0.0542	0.0548
Forest Preserve		N/A	0.1691	0.1657	0.1542	0.1414	0.1321	0.1217	0.1206	0.1187	0.1303
Fire Protection		N/A	0.3362	0.3255	0.3009	0.2698	0.2471	0.2243	0.2229	0.2248	0.2298
Service Areas		N/A	0.0242	0.0233	0.0193	0.0181	0.0159	0.0153	0.0177	0.0157	0.0153
Other Special Districts		N/A	0.0232	0.0212	0.0199	0.0196	0.0183	0.0170	0.0183	0.0191	0.0207

## Data Sources:

College of DuPage property tax records.

DuPage County property tax records as of November, 2015.

## Notes:

(1) The direct tax rates reported for the College are those of DuPage County, as it comprises approximately 90% of College of DuPage District 502.

(2) The College is subject to two property tax caps in Illinois whereby the increase in the levy from year to year is limited to the lesser of 5% or the Consumer Price Index for the State as determined by the Illinois Department of Revenue, and individual rates are limited by maximum rates established by Illinois Compiled Statutes.

(3) DuPage County Overlapping Rates for Levy Year 2015 were not available at the time the CAFR was prepared.

TABLE 5

## REVENUE CAPACITY

## PRINCIPAL PROPERTY TAXPAYERS CURRENT LEVY YEAR AND NINE YEARS AGO

Taxpayer (a)	2015 Levy Year			2006 Levy Year		
	Assessed Value (a) (000s)	Rank	Percentage of Total District 502 Assessed Valuation (b)	Assessed Value (a) (000s)	Rank	Percentage of Total District 502 Assessed Valuation (b)
Hamilton Partners, Inc.	\$ 142,092	1	0.37%	\$ 146,573	1	0.35%
BRE Properties	136,691	2	0.36%	-	-	0.00%
Oakbrook Shopping Center	99,118	3	0.26%	109,028	2	0.26%
AMB Property Corp	91,949	4	0.24%	-	-	0.00%
Prologis, Inc.	57,945	5	0.15%	-	-	0.00%
Friedkin Realty Group	50,127	6	0.13%	-	-	0.00%
Ryan LLC	47,228	7	0.12%	-	-	0.00%
UBS Realty Investors, Inc.	43,813	8	0.12%	-	-	0.00%
Navistar, Inc.	38,360	9	0.10%	-	-	0.00%
York Town Center	34,366	10	0.09%	-	-	0.00%
AIMCO	-	-	0.00%	83,710	3	0.20%
NS-MPG Inc. (Alcatel-Lucent)	-	-	0.00%	82,520	4	0.20%
Duke Realty Ltd	-	-	0.00%	63,683	5	0.15%
AMB Prop RE Tax CO	-	-	0.00%	60,547	6	0.15%
Commonwealth Edison	-	-	0.00%	54,465	7	0.13%
Centerpoint Properties	-	-	0.00%	51,531	8	0.12%
National Tax Search	-	-	0.00%	44,037	9	0.11%
McDonald's Corporation	-	-	0.00%	41,549	10	0.10%
Total Assessed Value for Top 10 Businesses	\$ 741,689		1.951%	\$ 737,643		1.774%
Equalized Assessed Value of District	\$ 38,018,285,744			\$ 41,586,227,017		

## Data Sources:

(a) DuPage County CAFR dated November 30, 2015; approximately 90% of College of DuPage District 502 lies in DuPage County.

(b) Assessed evaluation percentage is calculated by taking the assessed value of the taxpayers by total EAV of the District.

TABLE 6

**REVENUE CAPACITY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN LEVY YEARS**

Levy Year	Assessed Valuation	Direct Tax Rate (1)	Taxes Extended (2)	Total Collected Through June 30, 2015	Collected During Year Ended June 30, 2016 (3)	Total Collected Through June 30, 2016 (4)	Percent of Taxes Extended Collected Through June 30, 2016	Tax Cap Limit (5)
2015	\$ 38,018,285,744	0.2791	\$ 106,603,379	\$ -	\$ 53,879,636	\$ 53,879,636	50.54%	0.70%
2014	36,639,612,040	0.3014	109,556,200	54,139,282	54,890,384	109,029,666	99.52%	0.80%
2013	36,804,412,816	0.2955	109,567,598	109,087,273	22,925	109,110,198	99.58%	1.50%
2012	38,763,381,046	0.2648	104,007,287	103,195,941	(43,536)	103,152,405	99.18%	1.70%
2011	42,017,143,168	0.2456	104,753,164	104,269,766	(16,436)	104,253,330	99.52%	3.00%
2010	45,371,787,099	0.2315	105,572,929	105,001,346	(20,742)	104,980,604	99.44%	2.70%
2009	47,883,147,236	0.2127	101,210,205	100,714,473	(14,507)	100,699,966	99.50%	0.10%
2008	47,797,629,872	0.1882	89,022,240	88,687,058	(2,727)	88,684,331	99.62%	4.10%
2007	44,727,271,771	0.1897	85,075,829	84,328,335	2,525	84,330,860	99.12%	2.50%
2006	41,586,227,017	0.1951	80,554,296	80,580,312	-	80,580,312	100.03%	3.40%

## Data Sources:

College of DuPage property tax records.  
DuPage County property tax Records as of end of November.

## Notes:

- (1) The direct tax rates reported for the College are those of DuPage, Cook and Will Counties.
- (2) Taxes extended represent the total final extensions for DuPage, Cook and Will Counties.
- (3) The column represents total cash collection during the fiscal year and not the total revenue recognized during the fiscal year.
- (4) Taxes are generally due on June 1st and September 1st of the calendar year subsequent to the levy year.
- (5) The College is subject to two property tax caps in Illinois whereby the increase in the levy from year-to-year is limited to the lesser of 5%, or the consumer price index for the state as determined by the Illinois Department of Revenue, and individual rates are limited by maximum rates by Illinois Compiled Statutes.

## REVENUE CAPACITY

## ENROLLMENT, TUITION AND FEE RATES, CREDIT HOURS, AND TUITION AND FEE REVENUES GENERATED LAST TEN FISCAL YEARS

Fiscal Year	----- Fall Term 10th Day Enrollment -----			----- Tuition and Fee Rates -----			Fall Term Total Student Credit Hour: 10th Day FTES	----- Tuition and Fee Revenues (1) -----		
	FTES Credit Courses	Headcount Credit Courses	Headcount Noncredit Courses	In District Tuition and Fees per Semester Hour	Out of District Tuition and Fees per Semester Hour	Out of State Tuition and Fees per Semester Hour		Education Purposes and Operations and Maintenance Purposes Subfunds	Auxiliary Enterprises & Other Subfunds	Total All Subfunds
2016	16,310	28,678	920	\$ 135.00	\$ 322.00	\$ 392.00	244,650	\$ 80,742,043	\$ 14,302,459	\$ 95,044,502
2015	16,858	29,476	598	\$ 140.00	\$ 327.00	\$ 397.00	252,870	\$ 85,929,123	\$ 14,501,819	\$ 100,430,942
2014	16,565	28,627	701	140.00	327.00	397.00	248,475	83,162,423	13,123,092	96,285,515
2013	15,393	26,156	879	136.00	323.00	393.00	230,895	78,068,948	13,011,000	91,079,948
2012	15,175	26,209	877	132.00	319.00	389.00	227,625	70,373,718	14,154,098	84,527,816
2011	15,902	26,722	1,001	129.00	316.00	386.00	238,530	70,336,737	16,296,420	86,633,157
2010	16,036	27,083	736	116.00	305.00	370.00	240,540	62,131,406	13,956,074	76,087,480
2009	14,913	25,668	2,562	108.00	296.00	359.00	223,695	62,869,007	13,205,703	76,074,710
2008	14,601	25,768	2,593	103.00	292.00	305.00	219,015	53,409,218	12,815,622	66,224,840
2007	14,431	26,032	2,735	96.00	250.00	307.00	216,465	49,580,720	12,519,709	62,100,429

Data Sources: College of DuPage records and Comprehensive Annual Financial Reports.

## Notes:

(1) Tuition and Fee Revenues presented in Table 7 differ from the amounts shown on Statement 2 because this table presents these amounts before adjustments for scholarship allowance.



TABLE 8

**DEBT CAPACITY**  
**RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS**

Fiscal Year Ended	<b>A</b>		<b>A-1</b>		<b>B</b>		<b>B-1</b>		<b>C</b>		<b>D</b>		<b>E</b>		<b>F</b>		<b>G</b>		<b>H</b>		<b>I</b>		<b>J</b>		<b>K</b>	
	General Obligation Bonds (1)	General Obligation Premiums (Discounts)	General Obligation Alternate Revenue Source Bonds (1)	General Obligation Alternate Revenue Source Premiums (Discounts)	General Obligation Alternate Revenue Source Bonds (2)	Less: Amounts Available for Debt Service (3)	Net General Bonded Debt (4)	District 502 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	District 502 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	District 502 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	District 502 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	District 502 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	District 502 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	District 502 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	District 502 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	District 502 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	
2016	\$ 193,170,000	\$ 16,392,178	\$ 69,515,000	\$ 535,757	\$ 279,612,935	\$ 14,406,755	\$ 195,155,423	\$ 114,054,857,232	0.25%	1,061,506	0.17%	\$ 263.41	0.17%	\$ 183.85												
2015	208,870,000	18,643,788	74,590,000	641,357	302,745,145	15,093,436	212,420,352	109,918,836,120	0.28%	1,061,506	0.19%	285.20	0.19%	200.11												
2014	223,940,000	24,026,441	79,525,000	791,994	328,283,435	16,045,414	231,921,027	110,413,238,448	0.30%	1,061,506	0.21%	309.26	0.21%	218.48												
2013	238,105,000	25,500,225	84,320,000	954,419	348,879,644	19,740,455	243,864,770	116,290,143,138	0.30%	1,061,506	0.21%	328.66	0.21%	229.73												
2012	171,980,000	13,777,907	89,000,000	1,177,485	275,935,392	20,772,501	164,985,406	126,051,429,504	0.22%	1,061,506	0.13%	259.95	0.13%	155.43												
2011	109,740,000	6,979,601	93,875,000	492,056	211,086,657	22,823,375	93,896,226	135,992,734,653	0.16%	1,091,387	0.07%	193.41	0.07%	86.03												
2010	131,030,000	8,290,546	98,320,000	609,173	238,249,719	23,939,727	115,380,819	143,373,661,827	0.17%	1,091,387	0.08%	218.30	0.08%	105.72												
2009	140,050,000	9,545,832	99,670,000	723,029	249,988,861	23,149,967	126,445,865	141,726,749,436	0.18%	1,088,000	0.09%	229.77	0.09%	116.22												
2008	144,945,000	9,506,741	25,975,000	241,074	180,667,815	19,594,285	134,857,456	133,605,244,137	0.14%	1,058,023	0.10%	170.76	0.10%	127.46												
2007	150,655,000	7,702,474	27,210,000	250,669	185,818,143	14,584,822	143,772,652	124,769,962,116	0.15%	1,018,743	0.12%	182.40	0.12%	141.13												

Data Sources: College of DuPage records, Comprehensive Annual Financial Reports, and DuPage County records.

Notes:

- (1) Balances include current and non-current portions of bond principal outstanding.
- (2) Details of the College's outstanding debt can be found in the notes to the financial statements.
- (3) Amounts equal the equity in the College's bond and interest fund.
- (4) Details of the College's outstanding debt can be found in the notes to the financial statements.
- (5) Estimated Population figures are compiled by the College of DuPage Research and Planning Office.

TABLE 9

## DEBT CAPACITY

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
GENERAL OBLIGATION BONDS  
JUNE 30, 2016**

District	Total Gross Debt Outstanding	Percentage of Debt Applicable to DuPage County <sup>(2)</sup>	DuPage County Share of Debt <sup>(1)</sup>
County	\$ 247,963,636	100.00%	\$ 247,963,636
Forest Preserve	167,516,042	100.00%	167,516,042
Cities and Villages	10,608,697,960 <sup>(1)</sup>	7.66%	812,396,407
Townships	200,000	100.00%	200,000
Parks	1,241,513,663 <sup>(1)</sup>	25.14%	312,130,149
Fire Protection	17,315,000	100.00%	17,315,000
Library	63,330,000	15.80%	10,005,885
Special Service	22,992,900	97.29%	22,368,844
Grade Schools	368,540,400	95.60%	352,335,095
High Schools	308,544,207	95.90%	295,899,495
Unit Schools	1,117,445,109	57.87%	646,698,858
Subtotal Overlapping Debt	<u>14,164,058,917</u>		<u>2,884,829,411</u>
College of DuPage - Direct <sup>(3)</sup>	<u>193,170,000</u>	90.00%	<u>173,853,000</u>
Total Direct and Overlapping Debt	<u>\$ 14,357,228,917</u>		<u>\$ 3,058,682,411</u>
College's Assessed Valuation	<u>\$ 38,018,285,744</u>		

## Data Sources:

DuPage County Illinois Comprehensive Annual Financial Report dated November 30, 2015, Computation of Direct and Overlapping Debt, pg. 330, and College of DuPage records.

## Notes:

<sup>(1)</sup> Data includes City of Chicago, a minor portion of which overlaps into DuPage County.

<sup>(2)</sup> Debt percentage applicable to DuPage County is calculated by applying the ratio of assessed value of the specific district to that portion which is in DuPage County. Percentages have been rounded to the nearest hundredth.

<sup>(3)</sup> Approximately 90% of College of DuPage District 502 lies in DuPage County.

TABLE 10

## DEBT CAPACITY

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value	Debt Limit Rate	Debt Limit (Assessed Value X Debt Limit Rate)	Net Debt Applicable to Debt Limit <sup>(1)</sup>	Legal Debt Margin	Net Debt Applicable to Debt Limit as a Percentage of Debt Limit <sup>(2)</sup>
2016	\$ 38,018,285,744	2.875%	\$ 1,093,025,715	\$ 178,763,245	\$ 914,262,470	16.35%
2015	36,639,612,040	2.875%	1,053,388,846	193,776,563	859,612,283	18.40%
2014	36,804,412,816	2.875%	1,058,126,868	207,894,586	850,232,282	19.65%
2013	38,763,381,046	2.875%	1,114,447,205	218,364,545	896,082,660	19.59%
2012	42,017,143,168	2.875%	1,207,992,866	151,207,499	1,056,785,367	12.52%
2011	45,371,787,099	2.875%	1,304,438,879	86,916,625	1,217,522,254	6.66%
2010	47,883,147,236	2.875%	1,376,640,483	107,090,273	1,269,550,210	7.78%
2009	47,797,629,872	2.875%	1,358,214,682	116,900,033	1,241,314,649	8.61%
2008	44,727,271,771	2.875%	1,285,909,063	125,350,715	1,160,558,348	9.75%
2007	41,586,227,017	2.875%	1,195,604,027	136,070,178	1,059,533,849	11.38%

Data Sources: College of DuPage records, Comprehensive Annual Financial Reports, and DuPage County records.

## Notes:

<sup>(1)</sup> Balances include current and non-current portions of Series 2007, Series 2011A, and Series 2013A bond principal outstanding, less amount available in debt service subfund. Series 2006, Series 2009B, and Series 2011B bonds do not count against the legal debt limitation unless taxes are extended to pay debt service thereon. Details of the College's outstanding debt can be found in the notes to the financial statements.

<sup>(2)</sup> The increase from 2011 is attributable to the decline in assessed valuations in DuPage County and the issuance of \$168 million in bonds. Assessed valuations declined by 5.1% in levy year 2013, after a 7.7% in levy year 2012, 7.4% decrease in levy year 2011 and 5.2% in levy year 2010. Levy year 2010 was the first year DuPage County experienced a decrease in assessed valuations. In total assessed valuations declined \$11,078,734,420 from levy year 2010, a 23.2% decrease.

**TABLE 11****DEBT CAPACITY****PLEDGED REVENUE COVERAGE****SERIES 2006 BONDS****SERIES 2009B BONDS****SERIES 2011B BONDS****LAST TEN FISCAL YEARS (1)**

Levy Year	Fiscal Year Ending June 30	Restricted Pledged Revenues (2)	Principal and Interest	Coverage
2015	2016	\$ 6,588,538	\$ 8,742,625	0.75
2014	2015	6,818,825	8,791,650	0.78
2013	2014	5,727,395	8,843,450	0.65
2012	2013	5,628,851	8,850,060	0.64
2011	2012	5,284,224	8,816,482	0.60
2010	2011	5,584,192	8,880,436	0.63
2009	2010	5,143,233	4,651,412	1.11
2008	2009	5,297,488	2,362,046	2.24
2007	2008	4,770,360	2,376,543	2.01
2006	2007	4,572,585	2,600,475	1.76
TOTAL DEBT SERVICE			<u>\$ 64,915,179</u>	

Data Source: College of DuPage records.

Notes:

(1) Series 2006 General Obligation Bonds (Alternate Revenue Source) were issued November 1, 2006. Series 2009B General Obligation Bonds (Alternative Revenue Source) were issued May 4, 2009. Series 2011B General Obligation Bonds (Alternative Revenue Source) were issued August 10, 2011.

(2) Restricted pledged revenues represent the portion of tuition and fees that are designated for the payment of debt service in the bond and interest subfund.

(3) Additional information regarding historical tuition and fees can be found in Table 7 - Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee Revenues Generated.

(4) Details of the College's outstanding debt can be found in the notes to the financial statements.

(5) Series 2003B and 2009A General Obligation Bonds were retired in 2014.

TABLE 12

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**PERSONAL INCOME PER CAPITA LAST TEN CALENDAR YEARS**

Calendar Year	DuPage County Population (1)*	DuPage County Total Personal Income (2009 \$) (2)*	DuPage County Per Capita Personal Income (2009 \$) (3)*	DuPage County Unemployment Rate (4)
2016	947,028	\$ 54,510,970,000	57,560	5.1%
2015	939,507	53,183,440,000	56,608	5.1%
2014	932,708	51,877,330,000	55,620	5.8%
2013	931,522	50,851,750,000	54,590	8.6%
2012	926,933	51,497,720,000	55,557	7.9%
2011	923,352	50,009,430,000	54,161	9.0%
2010	917,911	48,501,110,000	52,839	8.9%
2009	912,732	48,399,670,000	53,027	6.4%
2008	909,798	51,012,190,000	56,070	5.0%
2007	907,426	51,761,850,000	57,043	3.8%

Data Sources:

(1) Population figures are provided by Woods & Poole Economics, Inc., 2016, Washington, D.C., Copyright 2016.

(2) DuPage County Total Personal Income figures are provided by Woods & Poole Economics, Inc., 2016, Washington, D.C., Copyright 2016, and are based on 2009 dollars using the Consumer Price Index.

(3) DuPage County Per Capita Personal Income figures are provided by Woods & Poole Economics, Inc., 2016, Washington, D.C., Copyright 2016, and are based on 2009 dollars using the Consumer Price Index.

(4) DuPage County unemployment data was provided by the Illinois Department of Employment Security (IDES), Local Area Unemployment Statistics (LAUS). Rates presented are as of June 30th each fiscal year.

Note: Approximately 90% of College of DuPage District 502 lies in DuPage County.

\*Population estimates, total personal income, and per capita personal income for previous years were revised by Woods & Poole Economics, Inc., in the 2016 report.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**  
**PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO**

2015					2006				
Employer	City	Number of Jobs	Rank	Percent of Total	Employer	City	Number of Jobs	Rank	Percent of Total
				DuPage County Employment					DuPage County Employment
Edward Hospital	Naperville	5,000	1	0.66%	BP America, Inc.	Warrenville	4,999	1	0.69%
Jewel Osco	Itasca	5,198	2	0.69%	Lucent Technologies, Inc.	Naperville	4,600	2	0.63%
BP Chemical Co	Warrenville	5,300	3	0.70%	Edward Hospital	Naperville	4,247	3	0.58%
College of DuPage	Glen Ellyn	4,855	4	0.64%	Central DuPage Hospital	Winfield	4,000	4	0.55%
Program Productions	Lombard	3,300	5	0.44%	Elmhurst Memorial Hospital	Elmhurst	3,156	5	0.43%
Abercombie & Kent inc	Downers Grove	3,000	6	0.40%	DuPage County	Wheaton	2,944	6	0.40%
McDonald's Corp	Oak Brook	3,000	7	0.40%	Argonne National Lab	Lemont	2,900	7	0.40%
Argonne National Lab	Lemont	2,900	8	0.38%	McDonald's Corporation	Oak Brook	2,800	8	0.38%
Advocate Good Samaritan	Downers Grove	2,530	9	0.34%	College of DuPage	Glen Ellyn	2,600	9	0.36%
DuPage County		2,835	10	0.38%	Advocate Good Samaritan	Downers Grove	2,525	10	0.35%
Total		37,918		5.02%	Total		34,771		4.77%
Total number of jobs in DuPage County		755,093	Total number of jobs in DuPage County			728,450			

Data Sources:

Primary Employers, DuPage County CAFR dated November 30, 2015

Notes:

(1) Approximately 90% of College of DuPage District 502 lies in DuPage County.

(2) The total number of jobs in DuPage County as of November 30, 2015, is obtained from data from the Bureau of Economic Analysis and is one year in arrears.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**  
**STUDENT ENROLLMENT DEMOGRAPHIC STATISTICS BY CATEGORY**  
**LAST TEN FISCAL YEARS**

Calendar Year	Fall Enrollment			Gender		Attendance		Enrollment Status *				In-District Residency	Mean Age	Median Age
	Credit	Non-Credit	Total	M	F	FT	PT	Cont	New	Transfer	Readmit			
2015	* 28,678	920	29,598	46%	53%	34%	66%	48%	20%	5%	10%	83%	26	22
2014	* 29,476	598	30,074	46%	53%	34%	66%	48%	21%	5%	10%	83%	27	22
2013	* 28,627	701	29,328	46%	52%	35%	65%	49%	22%	5%	10%	85%	27	22
2012	* 26,156	879	27,035	47%	52%	37%	63%	53%	22%	4%	11%	90%	28	23
2011	* 26,209	877	27,086	47%	53%	36%	64%	53%	20%	5%	11%	90%	28	23
2010	* 26,722	1,001	27,723	47%	53%	39%	61%	49%	21%	6%	12%	90%	28	23
2009	* 27,083	736	27,819	46%	54%	39%	61%	47%	21%	3%	21%	91%	28	23
2008	25,668	2,562	28,230	45%	55%	38%	62%	56%	17%	7%	15%	90%	29	23
2007	25,768	2,593	28,361	45%	55%	36%	64%	56%	16%	8%	15%	90%	30	23
2006	26,032	2,735	28,767	45%	55%	34%	66%	52%	17%	7%	18%	90%	30	24

Note - The above statistics reflect tenth day total enrollment (credit) for Fall terms of year listed.  
The College operates on a fiscal year starting July 1 and ending June 30.

Data Source: Fall 10th Day Reports, College of DuPage Office of Research; for Fall 2015, Enrollment Status, Residency, Mean & Median Age are from ICCB E1 Submission; for prior years Enrollment Status, Residency, and age statistics were derived from MIS 7005 reports.

\* - Starting in 2009 both pre-college enrollees and college degree holders were classified as "Other." In prior years, pre-college was classified as "Other" and college degree holders were distributed throughout the remaining categories.

Legend:

FTE (Full-Time Equivalent), M (Male), F (Female), FT (Full-Time), PT (Part-Time), Cont (Continuing Student)

**DEMOGRAPHIC AND ECONOMIC INFORMATION**  
**STUDENT ENROLLMENT SEMESTER CREDIT HOURS**  
**LAST TEN FISCAL YEARS**

Funding Category	2016	Semester Credit Hours								
		2015 <sup>(1)</sup>	2014 <sup>(2)</sup>	2013 <sup>(2)</sup>	2012 <sup>(2)</sup>	2011 <sup>(3)</sup>	2010	2009	2008	2007
Baccalaureate	298,802	303,646	301,080	296,011	288,838	292,005	303,824	280,907	268,645	263,431
Business Occupational	48,161	47,231	48,411	46,789	43,914	41,319	43,601	39,235	38,319	37,923
Technical Occupational	51,042	49,584	49,086	44,629	43,252	43,077	45,003	42,065	40,415	40,471
Health Occupational	27,378	29,038	29,716	29,449	28,169	28,849	29,590	27,563	27,322	26,699
Remedial Developmental	33,748	37,008	38,771	33,838	32,623	33,681	35,475	38,252	38,439	37,676
Adult Basic/Secondary Education	27,451	31,498	30,365	31,615	28,271	36,664	46,975	44,805	41,354	43,744
Total Credit Hours	486,582	498,004	497,429	482,331	465,067	475,595	504,468	472,827	454,493	449,944

Data Source: College reports for all semesters of Certified Reimbursable Credit Hours submitted to the Illinois Community College Board (ICCB).

**Notes**

- (1) Total unrestricted credit hours certified to ICCB for FY2015 at the current time is 485,515 and unrestricted credit hours are 17,321 and total In-District is 455,895; however, based on the October 7, 2015 draft recommendations from ICCB, the College may revise its apportionment claim by approximately 4,832 total credit hours (938 In-District) which are identified as credit hours generated by courses offered through the Suburban Law Enforcement Academy (SLEA).
- (2) The hours for FY2012 - FY2015 are based the Certified Reimbursable Credit Hours submitted to ICCB. However, based on the ICCB's October 7, 2015 Draft Focused Recognition Report, the College will work with ICCB staff to determine the amount by which the College may revise its Certified Reimbursable Credit Hours claims for these years for credit hours generated by courses offered through the Suburban Law Enforcement Academy.
- (3) FY2011 figures revised in FY2012



## DEMOGRAPHIC AND ECONOMIC INFORMATION

STATE CREDIT HOUR GRANT FUNDING PER SEMESTER CREDIT HOUR BY INSTRUCTIONAL CATEGORY  
LAST TEN FISCAL YEARS

Fiscal Year	Baccalaureate	Business	Technical	Health	Remedial	ABE/ASE <sup>(1)</sup>	State Average	State Average Annual Percentage Increase (Decrease)	College of DuPage Average	College of DuPage Annual Percentage Increase (Decrease)
	\$	\$	\$	\$	\$	\$	Average	(Decrease)	\$	(Decrease)
2016	15.78	23.15	24.39	38.43	5.08	43.86	22.53	-28.61%	19.53	-29.06%
2015 <sup>(4)</sup>	21.95	31.52	32.49	53.02	9.74	64.51	31.56	-1.28%	27.53	0.29%
2014	21.98	35.66	31.80	54.87	9.66	57.49	31.97	1.43%	27.45	0.77%
2013 <sup>(3)</sup>	21.26	34.96	30.96	58.91	7.03	58.71	31.52	-19.65%	27.24	-5.78%
2012 <sup>(2)</sup>	13.13	46.98	49.45	101.94	9.51	80.27	39.23	0.00%	28.91	-1.47%
2011	13.13	46.98	49.45	101.94	9.51	80.27	39.23	-0.03%	29.34	-0.61%
2010	19.41	29.96	55.39	90.56	14.40	56.45	39.24	18.77%	29.52	1.37%
2009	19.26	23.78	63.81	100.59	16.57	53.22	33.04	0.52%	29.12	3.48%
2008	18.61	22.98	61.65	97.19	16.01	51.42	32.87	2.82%	28.14	-0.85%
2007	19.06	23.62	59.36	91.58	15.78	56.23	31.97	2.47%	28.38	-2.10%

<sup>(1)</sup> Adult Basic Education / Adult Secondary Education.<sup>(2)</sup> The State of Illinois did not publish credit hour grant rates for FY2012. The College received the same credit hour grant reward as in FY2011.<sup>(3)</sup> In FY2013, the State implemented a loss limit on the Base Operating Grant, following FY2012 in which rates were frozen.<sup>(4)</sup> In FY2015, the State reduced its Operating Grant funding to the College by 2.25%

Data Source: College Records.

TABLE 17

**OPERATING INFORMATION**  
**EMPLOYEE HEADCOUNT AND CLASSIFICATION LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b><u>TOTAL HEADCOUNT</u></b>	<u>2,236</u>	<u>2,264</u>	<u>2,234</u>	<u>2,199</u>	<u>2,290</u>	<u>2,129</u>	<u>2,176</u>	<u>2,213</u>	<u>2,182</u>	<u>2,189</u>
<b><u>Classification</u></b>										
Administrators	44	49	46	47	45	44	45	56	46	48
Classified	745	753	732	688	735	785	816	857	844	873
Managerial	118	122	120	106	104	-	-	-	-	-
Faculty	1,090	1,111	1,086	1,131	1,169	1,065	1,035	1,000	977	953
Professionals	19	20	21	21	20	23	20	26	25	26
Students	220	209	229	206	217	212	260	274	290	289
Total	<u>2,236</u>	<u>2,264</u>	<u>2,234</u>	<u>2,199</u>	<u>2,290</u>	<u>2,129</u>	<u>2,176</u>	<u>2,213</u>	<u>2,182</u>	<u>2,189</u>
<b><u>Classification Broken From Part to Full Time</u></b>										
Classified Full-Time	463	437	419	411	412	481	503	530	490	533
Classified Part-Time	282	316	313	277	323	304	313	327	354	340
Total	<u>745</u>	<u>753</u>	<u>732</u>	<u>688</u>	<u>735</u>	<u>785</u>	<u>816</u>	<u>857</u>	<u>844</u>	<u>873</u>
Managerial Full-Time	118	122	120	105	100	-	-	-	-	-
Managerial Part-Time	-	-	-	1	4	-	-	-	-	-
Total	<u>118</u>	<u>122</u>	<u>120</u>	<u>106</u>	<u>104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Faculty Full-Time	263	259	252	260	262	265	268	284	290	288
Faculty Part-Time	827	852	834	871	907	800	767	716	687	665
Total	<u>1,090</u>	<u>1,111</u>	<u>1,086</u>	<u>1,131</u>	<u>1,169</u>	<u>1,065</u>	<u>1,035</u>	<u>1,000</u>	<u>977</u>	<u>953</u>
Professionals Full-Time	19	20	21	21	20	23	20	26	25	26
Professionals Part-Time	-	-	-	-	-	-	-	-	-	-
Total	<u>19</u>	<u>20</u>	<u>21</u>	<u>21</u>	<u>20</u>	<u>23</u>	<u>20</u>	<u>26</u>	<u>25</u>	<u>26</u>

Data Source: College records, which represents the June Employee Submission Report, for total employee headcount, as of June 30th, submitted to the Department of Labor by Human Resources.

Notes:

- (1) The student counts do not include students that are part of the Federal Work Study Program
- (2) All counts are based on Headcounts
- (3) Managerial group was created in FY2012. In previous years the managers were reported with the Classified staff

TABLE 18

## OPERATING INFORMATION

## OPERATING INDICATORS LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Annual Credit Hour Enrollment (Credit)	560,732	578,951	565,005	544,320	530,976	549,755	561,330	521,882	508,998	508,062
Annual FTES (Credit)	37,382	38,597	37,667	36,288	35,398	36,650	37,422	34,792	33,933	33,871
Annual Credit Head Count (1)	72,891	74,496	72,904	70,730	70,575	71,467	73,730	70,436	69,425	69,556
Annual Non-credit Head Count (2)	4,340	3,437	3,253	3,566	4,167	4,871	4,049	8,783	13,089	14,150
Fall 10th Day (3)										
Head Count (Credit)	28,678	29,476	28,627	26,156	26,209	26,722	27,083	25,668	25,768	26,032
Head Count (Non-credit)	920	598	701	879	877	1,001	736	2,562	2,593	2,735
	29,598	30,074	29,328	27,035	27,086	27,723	27,819	28,230	28,361	28,767
Seat Count (Credit)	74,628	76,699	76,674	70,838	69,881	73,065	73,661	68,636	67,067	66,504
Seat Count (Non-credit)	1,332	722	719	1,068	1,046	1,175	900	3,516	3,704	2,894
FTES (Credit)	16,310	16,858	16,565	15,397	15,175	15,902	16,036	14,913	14,601	14,431
Credit Students Only Head Count (3)										
Full-Time	9,811	10,022	9,908	9,628	9,465	10,331	10,591	9,882	9,382	8,909
Part-Time	18,867	19,454	18,719	16,528	16,744	16,391	16,492	15,786	16,386	17,123
	28,678	29,476	28,627	26,156	26,209	26,722	27,083	25,668	25,768	26,032
Male	13,228	13,557	13,063	12,293	11,964	12,390	12,430	11,648	11,518	11,814
Female	15,060	15,501	14,873	13,650	13,516	14,148	14,622	14,020	14,250	14,218
Unreported	390	418	691	213	729	184	31	-	-	-
	28,678	29,476	28,627	26,156	26,209	26,722	27,083	25,668	25,768	26,032
American Indian/Alaskan	61	65	75	51	70	62	75	74	81	76
Asian or Pacific Islander	2,866	3,024	2,832	2,535	2,353	2,503	2,681	2,908	2,871	3,037
Black, Non-Hispanic	2,066	2,224	2,233	2,105	1,869	1,813	1,725	1,655	1,597	1,539
Hispanic	6,225	6,315	5,616	4,654	3,013	2,982	3,179	3,813	3,753	3,683
White, Non-Hispanic	15,460	16,126	16,076	15,227	15,546	16,060	16,260	16,884	17,164	17,387
Other/Unknown	2,000	1,722	1,795	1,584	1,050	723	631	334	302	310
Unreported	-	-	-	-	2,308	2,579	2,532	-	-	-
	28,678	29,476	28,627	26,156	26,209	26,722	27,083	25,668	25,768	26,032
Prior Education (4)										
Bachelors Degree or Higher	2,011	2,183	2,184	2,485	2,840	3,231	3,150	3,986	4,150	4,428
Some College through										
Certificate and Associates Degree	5,371	5,665	5,721	5,693	5,788	5,931	5,936	6,487	6,742	6,750
HS/GED	14,552	14,809	14,826	14,108	13,577	13,416	13,003	14,064	13,808	13,752
< HS	944	1,106	1,181	1,272	1,504	1,893	3,005	2,403	2,631	2,704
Unknown *	6,720	6,311	5,416	3,477	3,377	3,252	2,725	1,290	1,030	1,133
	29,598	30,074	29,328	27,035	27,086	27,723	27,819	28,230	28,361	28,767
Within-Term Retention, Fall ** (5)	N/A	N/A	N/A	91%	91%	92%	92%	95%	94%	94%

N/A - Information not available at time of printing.

\* Starting in FY2014, the College stopped tracking non-credit headcount for prior education. The non-credit headcount is included in Unknown.

\*\* Starting in FY2014, the College stopped tracking within-term retention.

Data Source: College records and ICCB Annual Enrollment and Completion submission (A1; submitted to ICCB September 1, 2015)

## Notes:

- (1) Credit headcount--Fall, Spring, and Summer terms based on tenth day reports.
- (2) Non-credit headcount--Fall, Spring, and Summer terms based on tenth day reports.
- (3) Data represents the Fall 10th Day Reports.
- (4) Total Headcount, Fall 10th Day thru 2012; credit headcount.
- (5) Within-Term retention based on percentage of Full-Time Equivalent of credit students at Midterm.

TABLE 19

## OPERATING INFORMATION

## CAPITAL ASSET STATISTICS LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Acreage - Main Campus	283.92	283.92	283.92	283.92	283.92	283.92	283.92	283.92	283.92	283.92
Total Acreage - Regional Sites	11.53	11.53	11.53	11.53	11.53	11.53	11.53	11.53	11.53	11.53
Gross Square Feet - Owned Main Campus	1,843,141	1,803,427	1,787,159	1,957,565	1,968,255	1,752,621	1,778,642	1,373,929	1,358,343	1,352,960
Gross Square Feet - Owned Off Campus	55,127	55,127	55,157	55,157	54,661	55,157	55,157	55,157	55,157	55,157
Gross Square Feet - Leased On/Off Campus	18,665	17,065	18,025	27,525	93,389	74,501	64,881	37,363	34,520	34,520
Total Number of Buildings - Owned Main Campus (2)	13	13	13	17	16	16	13	15	15	14
Total Number of Buildings - Owned Off Campus	3	3	3	3	3	3	3	3	3	3
Total Number of Buildings - Leased On/Off Campus	2	2	2	3	7	8	6	6	6	6
Total Number of Computer Labs	155	155	155	155	154	150	150	150	140	140
Total Number of Parking Spaces	7,921	7,885*	7,941*	8,080*	6,142*	7,000*	6,142*	7,000	7,000	7,000

\* Approximate and subject to change due to ongoing construction.

Data Source: Research and Analytics department, College records

N/A - Information for noted categories is not available.

## Notes:

(1) All figures are as of June 30th each year.

(2) FY2010 - FY2013 figures revised in FY2014 based on campus maps provided by Facilities.



## IV. SPECIAL REPORTS

### **Philosophy**

*“College of DuPage believes in the power of teaching and learning...is committed to excellence...values diversity...promotes participation in planning and decision making...the needs of our students and communities are central to all we do.”*



**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**JUNE 30, 2016**

**Supplemental Financial Information**

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**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**JUNE 30, 2016**

The following special reports are required by the Illinois Community College Board (ICCB).

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**EXHIBIT 1**

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
ALL SUBFUNDS SUMMARY  
FOR THE YEAR ENDED JUNE 30, 2016**

	Education Purposes	Operations and Maintenance Purposes	Operations and Maintenance Subfunds (Restricted)	Bond & Interest Subfund	Auxiliary Enterprises Subfunds	Restricted Purposes Subfunds	Working Cash Subfund	GASB 34-35 Adjustments	Total
Net Position July 1, 2015	\$ 157,587,080	\$ 27,584,335	\$ 20,992,695	\$ 15,093,437	\$ 9,478,203	\$ 202,648	\$ 8,362,959	\$ 232,302,022	\$ 471,603,379
*as restated									
<b>Revenues</b>									
Local tax revenue	71,101,506	11,705,235	-	25,908,354	-	-	-	-	108,715,095
CPPRT	1,520,291	-	-	-	-	-	-	-	1,520,291
All other local revenue	394,500	-	-	-	-	-	-	-	394,500
ICCB grants	3,501,271	-	-	-	-	1,302,051	-	-	4,803,322
All other state revenue	-	-	2,993	-	-	49,906,066	-	-	49,909,059
Federal revenue	-	-	-	965,566	-	27,332,260	-	-	28,297,826
Student tuition and fees	78,106,622	2,635,421	2,305,901	6,588,538	5,305,050	102,970	-	(29,755,243)	65,289,259
All other revenue	2,129,232	192,050	76,158	97,907	4,935,127	206,979	40,924	470	7,678,847
<b>Total Revenues</b>	<b>156,753,422</b>	<b>14,532,706</b>	<b>2,385,052</b>	<b>33,560,365</b>	<b>10,240,177</b>	<b>78,850,326</b>	<b>40,924</b>	<b>(29,754,773)</b>	<b>266,608,199</b>
<b>Expenditures</b>									
Instruction	74,404,447	-	-	-	-	30,840,259	-	44,194	105,288,900
Academic support	8,550,126	-	-	-	-	2,682,171	-	31,364	11,263,661
Student services	15,105,075	-	-	-	-	4,711,883	-	(49,335)	19,767,623
Public service	1,500,705	-	-	-	-	1,041,065	-	15,870	2,557,640
Auxiliary services	-	-	-	-	8,336,863	1,757,413	-	1,000,237	11,094,513
Operations and maintenance	6,464,255	9,525,089	-	-	-	3,259,233	-	(2,866)	19,245,711
General administration	11,788,857	-	-	-	278,869	3,518,893	-	(354,285)	15,232,334
General institutional	18,218,343	2,756,730	2,168,534	34,247,047	764,092	4,424,388	-	2,340,574	64,919,708
Scholarship expense	10,478,753	-	-	-	-	27,584,453	-	(29,746,786)	8,316,420
<b>Total Expenditures</b>	<b>146,510,561</b>	<b>12,281,819</b>	<b>2,168,534</b>	<b>34,247,047</b>	<b>9,379,824</b>	<b>79,819,758</b>	<b>-</b>	<b>(26,721,033)</b>	<b>257,686,510</b>
<b>Net Transfers</b>	<b>(1,150,154)</b>	<b>769,105</b>	<b>-</b>	<b>-</b>	<b>(410,605)</b>	<b>791,654</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position June 30, 2016</b>	<b>\$ 166,679,787</b>	<b>\$ 30,604,327</b>	<b>\$ 21,209,213</b>	<b>\$ 14,406,755</b>	<b>\$ 9,927,951</b>	<b>\$ 24,870</b>	<b>\$ 8,403,883</b>	<b>\$ 229,268,282</b>	<b>\$ 480,525,068</b>

**Notes:**

1. Revenues and expenditures in the Restricted Purposes Subfund include State on-behalf contributions to SURS of \$48,459,288.
2. The Audit and Liability Protection & Settlement Subfunds have been excluded from this exhibit. The activity for these subfunds were consolidated into the Education Purposes Subfund in FY2011.

**EXHIBIT 2**

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
SUMMARY OF CAPITAL ASSETS AND LONG-TERM DEBT  
FOR THE YEAR ENDED JUNE 30, 2016**

	Capital Assets/ Long Term Debt July 1, 2015	Additions	Deletions	Transfers	Capital Assets/ Long Term Debt June 30, 2016
<u>Capital Assets</u>					
Cost					
Land	\$ 4,786,881	\$ -	\$ -	\$ -	\$ 4,786,881
Land Improvements	89,665,714	9,717	-	218,113	89,893,544
Buildings	261,028,996	-	-	16,233,451	277,262,447
Building Improvements	289,990,772	-	-	272,248	290,263,020
Equipment	55,410,879	2,793,985	8,741,095	4,254,278	53,718,047
Art Collection	687,966	-	-	-	687,966
Construction in Progress	18,881,273	2,168,535	-	(20,978,090)	71,718
Total Cost	<u>720,452,481</u>	<u>4,972,237</u>	<u>8,741,095</u>	<u>-</u>	<u>716,683,623</u>
Accumulated Depreciation					
Land Improvements	(23,974,147)	(7,282,361)	-	-	(31,256,508)
Buildings	(62,120,024)	(5,426,779)	-	-	(67,546,803)
Building Improvements	(53,694,130)	(14,180,035)	-	-	(67,874,165)
Equipment	(40,774,128)	(4,421,885)	(8,732,130)	-	(36,463,883)
Total Accumulated Depreciation	<u>(180,562,429)</u>	<u>(31,311,060)</u>	<u>(8,732,130)</u>	<u>-</u>	<u>(203,141,359)</u>
Net Capital Assets	<u>\$ 539,890,052</u>	<u>\$ (26,338,823)</u>	<u>\$ 8,965</u>	<u>\$ -</u>	<u>\$ 513,542,264</u>
<u>Long Term Debt</u>					
Bonds Payable	\$ 302,745,145	\$ -	\$ 23,132,210	\$ -	\$ 279,612,935
Other Fixed Liabilities	3,021,774	2,989,580	3,324,185	-	2,687,169
Total Long Term Debt	<u>\$ 305,766,919</u>	<u>\$ 2,989,580</u>	<u>\$ 26,456,395</u>	<u>\$ -</u>	<u>\$ 282,300,104</u>

**EXHIBIT 3**

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
OPERATING SUBFUNDS REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2016**

**(Page 1 of 2)**

	Education Purposes	Operations and Maintenance Purposes	Total
Operating Revenues By Source			
Local government			
Local taxes	\$ 71,101,506	\$ 11,705,235	\$ 82,806,741
Chargeback revenue	394,500	-	394,500
Corporate personal property replacement tax	1,520,291	-	1,520,291
Total local government	<u>73,016,297</u>	<u>11,705,235</u>	<u>84,721,532</u>
State government			
Illinois Community College Board	3,501,271	-	3,501,271
ICCB-Career and Technical Education	-	-	-
Other State Grants	-	-	-
Total state government:	<u>3,501,271</u>	<u>-</u>	<u>3,501,271</u>
Federal government			
Other	-	-	-
Total federal government	<u>-</u>	<u>-</u>	<u>-</u>
Student tuition and fees			
Tuition	72,626,516	2,635,421	75,261,937
Fees	5,480,106	-	5,480,106
Total student tuition and fees	<u>78,106,622</u>	<u>2,635,421</u>	<u>80,742,043</u>
Other Sources			
Facilities Revenue	-	-	-
Investment revenue	786,999	143,564	930,563
Other	1,342,233	48,486	1,390,719
Transfers from non-operating subfunds	-	769,105	769,105
Total other sources	<u>2,129,232</u>	<u>961,155</u>	<u>3,090,387</u>
Total Revenue and Transfers	<u>156,753,422</u>	<u>15,301,811</u>	<u>172,055,233</u>
Less: non-operating items			
Chargeback revenue	(394,500)	-	(394,500)
Transfers from non-operating subfunds	-	(769,105)	(769,105)
Adjusted Revenue	<u>\$ 156,358,922</u>	<u>\$ 14,532,706</u>	<u>\$ 170,891,628</u>

# EXHIBIT 3

## COLLEGE OF DUPAGE COMMUNITY COLLEGE DISTRICT NUMBER 502 OPERATING SUBFUNDS REVENUES AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2016 (CONTINUED)

(Page 2 of 2)

	Education Purposes	Operations and Maintenance Purposes	Total
Operating Expenditures By Program			
Instruction	\$ 74,404,447	\$ -	\$ 74,404,447
Academic support	8,550,126	-	8,550,126
Student services	15,105,075	-	15,105,075
Public service	1,500,705	-	1,500,705
Operations and maintenance of plant	6,464,255	9,525,089	15,989,344
General administration	11,788,857	-	11,788,857
General institutional	18,218,343	2,756,730	20,975,073
Scholarships, student grants, and waivers	10,478,753	-	10,478,753
Transfers	1,150,154	-	1,150,154
Total Operating Expenditures and Transfers By Program	147,660,715	12,281,819	159,942,534
Less non-operating items			
Tuition chargeback	(96,045)	-	(96,045)
Transfers to non-operating subfunds	(1,150,154)	-	(1,150,154)
Adjusted Expenditures and Transfers	<u>\$ 146,414,516</u>	<u>\$ 12,281,819</u>	<u>\$ 158,696,335</u>
By Object			
Salaries	\$ 99,051,219	\$ 3,029,718	\$ 102,080,937
Employee benefits	14,748,801	849,690	15,598,491
Contractual services	9,095,978	2,210,389	11,306,367
General materials and supplies	7,373,010	377,220	7,750,230
Library materials*	925,231	-	925,231
Conference and meeting	1,295,634	710	1,296,344
Fixed charges	1,449,669	577,400	2,027,069
Utilities	159,349	3,961,585	4,120,934
Capital outlay	2,772,809	1,270,439	4,043,248
Other	10,564,092	4,668	10,568,760
Student grants and scholarships*	10,478,753	-	10,478,753
Transfers	1,150,154	-	1,150,154
Total Expenditures and Transfers	147,660,715	12,281,819	159,942,534
Less non-operating items			
Tuition chargeback	(96,045)	-	(96,045)
Transfers to non-operating subfunds	(1,150,154)	-	(1,150,154)
Adjusted Expenditures and Transfers	<u>\$ 146,414,516</u>	<u>\$ 12,281,819</u>	<u>\$ 158,696,335</u>

\* Per ICCB reporting requirements, Library Materials and Student Grants and Scholarships of \$925,231 and \$10,478,753, respectively, are included in this exhibit as memo only figures and are not added into the total expenditures amount.

**EXHIBIT 4**

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
RESTRICTED PURPOSES SUBFUND REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2016**

**(Page 1 of 2)**

Revenue By Source

State government	
ICCB - State Adult Education and Family Literacy Restricted Funds	\$ 1,302,051
ISAC	1,103,144
Financial aid	299,626
Other grants	48,503,296
Total state government	<u>51,208,117</u>
Federal government	
Department of Education	
College work study grants	227,849
Pell grants	23,666,222
Supplemental Educational Opportunity Grants	436,258
Perkins	841,371
Adult Education	713,304
English Literacy and Civics	47,484
Department of Labor	99,513
Other	1,300,259
Total Federal government	<u>27,332,260</u>
Other sources	
Tuition and fees	102,970
Other	206,979
Total other sources	<u>309,949</u>
Transfers - Net	<u>791,654</u>
Total Restricted Purposes Fund Revenues	<u><u>\$ 79,641,980</u></u>

## EXHIBIT 4

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
RESTRICTED PURPOSES SUBFUND REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2016  
(CONTINUED)**

(Page 2 of 2)

Expenditures By Program

Instruction	\$ 30,840,259
Academic support	2,682,171
Student services	4,711,883
Public service	1,041,065
Operations and maintenance	3,259,233
General administration	5,276,306
General institutional	4,424,388
Scholarships, student grants, and waivers	27,584,453
Total Expenditures By Program	<u>\$ 79,819,758</u>

Expenditures By Object

Salaries	\$ 2,443,160
Employee benefits	48,820,231
Contractual services	251,053
General materials and supplies	253,162
Conference and meeting	99,723
Fixed charges	-
Capital outlay	194,633
Scholarships, student grants, and waivers	27,584,453
Other	173,343
Total Expenditures By Object	<u>\$ 79,819,758</u>

\*Revenues and expenditures in the Restricted Purposes Subfund include State on-behalf contributions to SURS of \$48,459,288.



**EXHIBIT 5**

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
CURRENT SUBFUNDS\* EXPENDITURES BY ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2016**

Instruction	
Instructional programs	\$ 105,244,706
Total instruction	105,244,706
Public Service	2,541,770
Academic Support	
Library	5,079,225
Other academic support	6,153,072
Total academic support	11,232,297
Student Services Support	
Admissions and records	2,274,180
Counseling and career services	3,802,026
Financial aid administration	1,489,427
Other student services support	12,251,325
Total student services support	19,816,958
Operations and Maintenance of Plant	
O & M administration	989,675
Custodial services	3,739,156
Building maintenance	3,764,057
Grounds maintenance	1,018,077
Plant utilities	4,154,286
Security	2,227,904
Transportation	96,189
Other O & M	3,259,233
Total operations and maintenance of plant	19,248,577
General Administration	
Executive office	755,142
Business office	4,332,332
General administrative services	1,830,502
Community relations	1,308,703
Other general administration	7,359,940
Total general administration	15,586,619
Institutional Support	
Board of trustees	49,759
General institutional support	12,954,918
Data processing	13,158,876
Total institutional support	26,163,553
Scholarships, Student Grants And Waivers	38,063,206
Auxiliary Services	10,094,276
Total Current Funds Expenditures	\$ 247,991,962

\* Current Subfunds include the Education; Operation and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; Liability, Protection and Settlement subfunds.

\*\* Revenues and expenditures in the Restricted Purposes Subfund include State on-behalf contributions to SURS of \$48,459,288.

**EXHIBIT 6**

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
CERTIFICATION OF CHARGEBACK REIMBURSEMENT  
FOR THE YEAR ENDED JUNE 30, 2016**

The Fiscal Year 2017 Certificate of Chargeback Reimbursement Form was unable to be completed by the October 15, 2016 audit due date because the FY 2017 average grant rate based on FY 2017 ICCB grants was unavailable since the State of Illinois budget had not yet been approved by the General Assembly and the Governor of the State of Illinois. This page will be issued at a later date as an addendum/replacement page once all information is available to complete the FY 2017 Chargeback Form. Per instruction from ICCB, the College will continue using the most recent (FY 2015) chargeback rate of \$203.83.

All non-capital audited operating expenditures from the following funds

Education fund	\$ 143,737,752
Operations and maintenance fund	11,011,380
Bond and interest fund	-
Restricted purpose funds	31,165,837
Audit fund	-
Liability, protection and settlement fund	-
Total non-capital expenditures	<u>185,914,969</u>

Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid from sources other than state and federal funds)

31,311,232

Total costs included

\$ 217,226,201

Total certified semester credit hours

486,582

Per capita cost

\$ 446.43

All fiscal year 2016 state and federal operating grants for non-capital expenditures except ICCB grants

Not Available

Fiscal year 2016 state and federal operating grants per semester credit hour

Not Available

District's average ICCB grant rate for fiscal year 2017

Not Available

District's student tuition and fee rate per semester credit hour for fiscal year 2017

\$ 135.00

Chargeback reimbursement per semester credit hour

Not Available

Approved: Kim M. Chaubee 10/4/16  
Chief Fiscal Officer Date

Approved: Cheryl E. Bondarev 10/4/2016  
Chief Executive Officer Date

See Accompanying Independent Auditor's Report.

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**JUNE 30, 2016**

**Other Supplemental Financial Information**

**EXHIBIT A**  
**COLLEGE OF DUPAGE**  
**COMMUNITY COLLEGE DISTRICT NUMBER 502**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN SUBFUND BALANCES ALL SUBFUNDS AND ACCOUNT GROUPS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Education Subfund	O & M Subfund	Capital Projects Subfund	Bond & Interest Subfund	Auxiliary Ent. Subfund	Restricted Purposes Subfund
<b>Revenues</b>						
Local government sources:						
Real estate taxes	\$ 71,101,506	\$ 11,705,235	\$ -	\$ 25,908,354	\$ -	\$ -
Corporate personal property replacement tax	1,520,291	-	-	-	-	-
Chargeback revenue	394,500	-	-	-	-	-
Total Local government sources	73,016,297	11,705,235	-	25,908,354	-	-
State government sources:						
ICCB base operating grant	3,501,271	-	-	-	-	-
ICCB Career and Technical Education grant	-	-	-	-	-	1,302,051
Other grants	-	-	2,993	-	-	49,906,066
Total State government sources	3,501,271	-	2,993	-	-	51,208,117
Federal government sources	-	-	-	965,566	-	27,332,260
Student tuition and fees	78,106,622	2,635,421	2,305,901	6,588,538	5,305,050	102,970
Sales and service fees	611,259	-	-	-	3,068,716	-
Interest on investments	786,999	143,564	76,159	97,907	51,629	-
Other revenue	-	-	-	-	-	-
Rentals	234,857	-	-	-	455,047	-
Non government gifts and grants	13,143	-	-	-	1,174,696	206,982
Indirect cost recoveries	-	-	-	-	-	-
Other	423,263	48,486	-	-	185,039	-
Total Other Revenue	671,263	48,486	-	-	1,814,782	206,982
Total revenues	156,693,711	14,532,706	2,385,053	33,560,365	10,240,177	78,850,329
<b>Expenses</b>						
Current:						
Instruction	74,404,447	-	-	-	-	30,840,259
Academic support	8,550,126	-	-	-	-	2,682,171
Student services	15,105,075	-	-	-	-	4,711,883
Public service	1,500,705	-	-	-	-	1,041,065
Independent operations	-	-	-	-	278,869	-
Operation and maintenance of plant	6,464,255	9,525,089	-	-	-	3,259,233
General administration	11,788,857	-	-	-	-	3,518,893
General institutional	18,218,343	2,756,730	2,168,535	2,667	764,092	4,424,391
Auxiliary enterprises	-	-	-	-	8,336,863	1,757,413
Scholarships, student grants & waivers	10,478,753	-	-	-	-	27,584,453
Depreciation expense	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	20,775,000	-	-
Interest	-	-	-	13,469,380	-	-
Total expenses	146,510,561	12,281,819	2,168,535	34,247,047	9,379,824	79,819,761
Excess (deficiency) of revenues over expenses	10,183,150	2,250,887	216,518	(686,682)	860,353	(969,432)
<b>Other financing sources (uses)</b>						
Gain (loss) on disposal of fixed assets	59,711	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Transfers in	-	769,105	-	-	358,500	791,654
Transfers out	(1,150,154)	-	-	-	(769,105)	-
Total other financing sources (uses):	(1,090,443)	769,105	-	-	(410,605)	791,654
Net change in fund balances	9,092,707	3,019,992	216,518	(686,682)	449,748	(177,778)
Fund Balances at Beginning of Year:						
*as restated	157,587,080	27,584,335	20,992,695	15,093,437	9,478,203	202,648
Fund Balances at End of Year	\$ 166,679,787	\$ 30,604,327	\$ 21,209,213	\$ 14,406,755	\$ 9,927,951	\$ 24,870
<b>Fund Balance Restricted for:</b>						
Future pension obligations	\$ 17,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Information technology plan	5,000,000	-	-	-	-	-
Capital Development Board 25% Match	6,250,000	-	-	-	-	-
Retiree OPEB Liability	14,000,000	-	-	-	-	-
New Teaching and Learning Center	33,000,000	-	-	-	-	-
Funded depreciation	16,000,000	-	-	-	-	-
Total Restricted Fund Balance	91,250,000	-	-	-	-	-
Unrestricted	75,429,787	30,604,327	21,209,213	14,406,755	9,927,951	24,870
Total Fund Balance	\$ 166,679,787	\$ 30,604,327	\$ 21,209,213	\$ 14,406,755	\$ 9,927,951	\$ 24,870

1. Revenues and expenses in the Restricted Purposes Subfund include State on-behalf contributions to SURS of \$48,459,288

Permanent Subfund Working Cash	Capital Assets Account Group	Long-term Debt Account Group	Agency Subfund	totals	GASB Adjustments	Adjusted Total
\$ -	\$ -	\$ -	\$ -	\$ 108,715,095	\$ -	\$ 108,715,095
-	-	-	-	1,520,291	-	1,520,291
-	-	-	-	394,500	-	394,500
-	-	-	-	110,629,886	-	110,629,886
-	-	-	-	3,501,271	-	3,501,271
-	-	-	-	1,302,051	-	1,302,051
-	-	-	-	49,909,059	-	49,909,059
-	-	-	-	54,712,381	-	54,712,381
-	-	-	-	28,297,826	-	28,297,826
-	-	-	-	95,044,502	(29,755,243)	65,289,259
-	-	-	-	3,679,975	(25,913)	3,654,062
40,924	-	-	-	1,197,182	-	1,197,182
-	-	-	-	689,904	(37,046)	652,858
-	-	-	-	1,394,821	-	1,394,821
-	-	-	-	-	-	-
-	-	-	-	656,788	-	656,788
-	-	-	-	2,741,513	(37,046)	2,704,467
40,924	-	-	-	296,303,265	(29,818,202)	266,485,063
-	-	(3,979)	-	105,240,727	48,173	105,288,900
-	-	32,119	-	11,264,416	(755)	11,263,661
-	-	(15,858)	-	19,801,100	(33,477)	19,767,623
-	-	(5,008)	-	2,536,762	20,878	2,557,640
-	-	10,475	-	289,344	-	289,344
-	-	(2,866)	-	19,245,711	-	19,245,711
-	-	(83,631)	-	15,224,119	(281,129)	14,942,990
-	(4,903,293)	(46,345)	-	23,385,120	(766,092)	22,619,028
-	-	(35,647)	-	10,058,629	1,035,884	11,094,513
-	-	-	-	38,063,206	(29,746,786)	8,316,420
-	31,311,232	-	-	31,311,232	-	31,311,232
-	-	(20,775,000)	-	-	-	-
-	-	(2,483,206)	-	10,986,174	-	10,986,174
-	26,407,939	(23,408,946)	-	287,406,540	(29,723,304)	257,683,236
40,924	(26,407,939)	23,408,946	-	8,896,725	(94,898)	8,801,827
-	(3,274)	-	-	56,437	-	56,437
-	63,425	-	-	63,425	-	63,425
-	-	-	-	1,919,259	-	1,919,259
-	-	-	-	(1,919,259)	-	(1,919,259)
-	60,151	-	-	119,862	-	119,862
40,924	(26,347,788)	23,408,946	-	9,016,587	(94,898)	8,921,689
8,362,959	539,890,052	(307,742,029)	-	471,449,380	153,999	471,603,379
\$ 8,403,883	\$ 513,542,264	\$ (284,333,083)	\$ -	\$ 480,465,967	\$ 59,101	\$ 480,525,068
\$ -	\$ -	\$ -	\$ -	\$ 17,000,000	\$ -	\$ 17,000,000
-	-	-	-	5,000,000	-	5,000,000
-	-	-	-	6,250,000	-	6,250,000
-	-	-	-	14,000,000	-	14,000,000
-	-	-	-	33,000,000	-	33,000,000
-	-	-	-	16,000,000	-	16,000,000
-	-	-	-	91,250,000	-	91,250,000
8,403,883	513,542,264	(284,333,083)	-	389,215,967	59,101	389,275,068
\$ 8,403,883	\$ 513,542,264	\$ (284,333,083)	\$ -	\$ 480,465,967	\$ 59,101	\$ 480,525,068

**EXHIBIT B**

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
SCHEDULE OF AUXILIARY SUBFUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Subfund Balance July 1, 2015	Revenues	Expenditures	Intrafund Transfers In (Out)	Operating Transfers In (Out)	Subfund Balance June 30, 2016
General Auxiliary:						
Bookstore	\$ 4,007,546	\$ 1,203,711	\$ 23,371	-	\$ (696,121)	\$ 4,491,765
Dining services	715,780	276,276	19,876	-	(72,984)	899,196
Campus and Events Scheduling	-	-	5,796	-	-	(5,796)
Total General Auxiliary	<u>4,723,326</u>	<u>1,479,987</u>	<u>49,043</u>	<u>-</u>	<u>(769,105)</u>	<u>5,385,165</u>
Student Activities:	<u>244,955</u>	<u>86,220</u>	<u>109,324</u>	<u>-</u>	<u>-</u>	<u>221,851</u>
Specialized Accounts:						
Chaparral Fitness	88,490	431,157	303,907	-	-	215,740
Continuing Education	1,584,045	3,934,993	4,661,851	-	152,500	1,009,687
Field & Exp. Learning	17,502	970,711	975,864	-	-	12,349
Hospitality Services	(2,072,979)	124,502	281,555	-	-	(2,230,032)
The Art Center	(757,389)	1,999,478	2,198,374	-	206,000	(750,285)
WDCB Fundraising	2,137,731	1,125,783	764,092	-	-	2,499,422
Miscellaneous	<u>3,512,522</u>	<u>87,346</u>	<u>35,814</u>	<u>-</u>	<u>-</u>	<u>3,564,054</u>
Total Specialized Accounts	<u>4,509,922</u>	<u>8,673,970</u>	<u>9,221,457</u>	<u>-</u>	<u>358,500</u>	<u>4,320,935</u>
Total Auxiliary						
Enterprises Subfund	<u>\$ 9,478,203</u>	<u>\$ 10,240,177</u>	<u>\$ 9,379,824</u>	<u>\$ -</u>	<u>\$ (410,605)</u>	<u>\$ 9,927,951</u>

Notes:

1. Other costs such as depreciation and general administration have not been allocated to the auxiliary units.
2. The Waterleaf Restaurant, which was included in the "Hospitality Services" category was closed on August 31, 2015.

**COLLEGE OF DUPAGE**  
**COMMUNITY COLLEGE DISTRICT NUMBER 502**  
**OTHER SUPPLEMENTARY FINANCIAL INFORMATION**  
**JUNE 30, 2016**

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**Debt Service Coverage**  
**Series 2006 Bonds**  
**Series 2009B Bonds**  
**Series 2011B Bonds**

Levy Year	Fiscal Year Ending June 30	Pledged Revenues*	Estimated Principal and Interest
2014	2016	78,106,622	8,742,625
2015	2017	78,106,622	8,759,625
2016	2018	78,106,622	8,704,606
2017	2019	78,106,622	8,642,950
2018	2020	78,106,622	8,583,533
2019	2021	78,106,622	8,485,040
2020	2022	78,106,622	8,420,790
2021	2023	78,106,622	8,346,720
2022	2024	78,106,622	5,949,670
2023	2025	78,106,622	5,870,875
2024	2026	78,106,622	5,779,263
2025	2027	78,106,622	5,686,863
2026	2028	78,106,622	5,595,388
2027	2029	78,106,622	<u>5,504,288</u>
TOTAL DEBT SERVICE			<u>\$ 103,072,236</u>

\* Consists of actual student tuition and fees in the Educational Fund. See "District Tuition Rates and Tuition and Fee Revenues" for additional information regarding historical student tuition and fees.

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**OTHER SUPPLEMENTARY FINANCIAL INFORMATION  
JUNE 30, 2016  
(Continued)**

<b>District Revenue</b>				
<b>Revenue Source</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) From FY2015</b>	<b>Percent Increase (Decrease) From FY2015</b>
Local Government	\$ 110,629,886	41.5%	\$ 414,773	0.4%
Student Tuition & Fees	65,289,259	24.5%	(2,350,904)	-3.5%
State Government	54,712,381	20.5%	(2,463,499)	-4.3%
Federal Government	28,297,826	10.6%	(2,243,739)	-7.3%
Sales & Service Fees	3,654,062	1.4%	(1,187,093)	-24.5%
Income on Investments	1,197,182	0.4%	2,051,909	240.1%
All Other	2,704,467	1.0%	(198,522)	-6.8%
<b>TOTAL</b>	<b>\$ 266,485,063</b>	<b>100.0%</b>	<b>\$ (5,977,075)</b>	<b>-2.2%</b>

Source: District records (CAFR Exhibit A) for fiscal year ended June 30, 2016.

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

**Total Operating Funds Revenue of District**

<b>FY2016</b>	<b>FY2015</b>	<b>FY2014</b>	<b>FY2013</b>	<b>FY2012</b>
<u>\$ 171,995,522</u>	<u>\$ 184,924,028</u>	<u>\$ 185,019,040</u>	<u>\$ 175,527,058</u>	<u>\$ 163,075,966</u>

Source: District records (CAFR Exhibit A). Amounts equal revenue plus transfers in.



**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**OTHER SUPPLEMENTARY FINANCIAL INFORMATION  
JUNE 30, 2016  
(Continued)**

**History of Assessed Valuation of District**

<b>Assessment Year</b>	<b>DuPage County</b>	<b>Cook County</b>	<b>Will County</b>	<b>Total</b>
2015	\$ 32,769,352,267	\$ 2,888,194,626	\$ 2,360,738,851	\$ 38,018,285,744
2014	31,405,750,165	2,969,341,483	2,264,520,392	36,639,612,040
2013	31,661,507,852	2,922,703,981	2,220,200,983	36,804,412,816
2012	33,451,760,619	3,096,213,474	2,215,406,953	38,763,381,046
2011	36,370,343,716	3,321,911,689	2,324,887,763	42,017,143,168
2010	38,913,477,604	4,056,945,632	2,401,363,863	45,371,787,099
2009	41,322,377,605	4,016,070,084	2,544,699,547	47,883,147,236
2008	41,338,403,397	3,924,143,457	2,535,083,018	47,797,629,872
2007	38,909,050,896	3,368,763,397	2,449,457,478	44,727,271,771
2006	36,137,439,494	3,176,573,005	2,272,214,518	41,586,227,017

Source: District records. Assessed value is equal to one-third of estimated actual value.

**District Funds and Levy Limits**

**Levy Rates (per \$100 of equalized assessed valuation):**

	<b>Max. Auth.</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>State Avg. 2013<sup>(1)</sup></b>
Education	\$ 0.7500	\$ 0.1812	\$ 0.1958	\$ 0.1941	\$ 0.2318
Operations & Maintenance	0.1000	0.0299	0.0322	0.0317	0.0645
Liability, Protection and Settlement*	None	None	None	None	0.0516
Social Security/Medicare*	None	None	None	None	None
Audit	0.0050	None	None	None	0.0023
Bond and Interest	None	0.0675	0.0695	0.0698	0.1039
Other**	None	None	None	None	0.0377
Total		\$ 0.2786	\$ 0.2975	\$ 0.2956	\$ 0.4918

(1) State average for community college district taxes levied in 2013 and collected in 2015 which is the latest data available.

\* State Average data combines Liability, Protection, & Settlement Fund levy rates with those of Social Security/Medicare.

\*\*State Average data combines Equity, Protection, Health, Safety, and Public Building Commission Rental

Source: District records.

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**OTHER SUPPLEMENTARY FINANCIAL INFORMATION  
JUNE 30, 2016  
(Continued)**

The following chart shows the total tax levies and collections of the District for the past ten years, current as of June 30, 2016.

**District Property Tax Levies and Collections**

<b>Year of Levy</b>	<b>Tax Collection Year</b>	<b>Total Tax Levy *</b>	<b>Tax Collections</b>	<b>Percent of Levy Collected</b>
2015	2016	\$ 106,603,379	\$ 53,879,636	50.54%
2014	2015	109,556,200	109,029,666	99.52%
2013	2014	109,567,598	109,110,198	99.58%
2012	2013	104,007,287	103,152,405	99.18%
2011	2012	104,753,164	104,253,330	99.52%
2010	2011	105,572,929	104,980,604	99.44%
2009	2010	101,210,205	100,699,966	99.50%
2008	2009	89,022,240	88,684,331	99.62%
2007	2008	85,075,829	84,330,860	99.12%
2006	2007	80,554,296	80,580,312	100.03%

\* Total tax levy amounts represent the total final extensions for DuPage, Cook and Will Counties.

Source: District records.

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**OTHER SUPPLEMENTARY FINANCIAL INFORMATION  
JUNE 30, 2016  
(Continued)**

District Tuition Rates and Tuition and Fee Revenues							
Fiscal Year	Total Tuition and Fees in District per Hour (Fall Term)	Total Tuition and Fees Out of District per Hour	Total Tuition and Fees Out of State per Hour	Operating Funds Tuition Revenue <sup>(1)</sup>	Operating Funds Fee Revenue <sup>(1)</sup>	Operating Funds Tuition and Fee Revenue <sup>(1)</sup>	Total Tuition and Fee Revenue <sup>(2)</sup>
2017 <sup>(6)</sup>	\$ 135.00	\$ 322.00	\$ 392.00	\$ -	\$ -	\$80,603,547 (3)	\$95,990,978 (3)
2016 <sup>(6)</sup>	140.00	327.00	397.00	75,261,937	5,480,106	80,742,043	95,044,502
2015 <sup>(5)</sup>	144.00	331.00	401.00	80,497,991	5,431,132	85,929,123	100,430,942
2014	140.00	327.00	397.00	77,864,902	5,297,521	83,162,423	96,285,515
2013	136.00	323.00	393.00	73,173,018	4,895,930	78,068,948	91,079,948
2012	132.00	319.00	389.00	65,848,942	4,524,776	70,373,718	84,527,816
2011	129.00	316.00	386.00	66,067,323	4,269,414	70,336,737	86,633,157
2010	116.00	305.00	370.00	58,420,294	3,711,112	62,131,406	76,087,480
2009	108.00	296.00	359.00	58,694,441	4,174,566	62,869,007	76,074,710
2008	103.00	292.00	305.00	50,998,778	2,410,440	53,409,218	66,224,840
2007	96.00	223.00	307.00	47,078,797	2,501,923	49,580,720	62,100,429
2006	87.00	243.00	286.00	44,378,178	2,247,206	46,625,384	56,736,214
2005 <sup>(4)</sup>	75.00	202.50	271.50	42,413,314	2,357,836	44,771,150	54,837,003
2004 <sup>(4)</sup>	69.00	189.00	259.50	37,515,119	2,381,633	39,896,752	51,150,656
2003 <sup>(4)</sup>	64.50	186.00	256.50	34,457,274	2,263,649	36,720,923	47,707,542
2002 <sup>(4)</sup>	55.50	180.00	244.50	28,971,036	1,640,500	30,611,536	39,615,200
2001 <sup>(4)</sup>	52.50	169.50	234.00	26,049,784	1,225,400	27,275,184	36,583,629
2000 <sup>(4)</sup>	48.00	169.50	234.00	23,103,703	831,795	23,935,498	32,267,255

Source: District records.

(1) Includes only tuition and fee revenue deposited in the education and operation and maintenance funds of the District less uncollectible tuition.

(2) Includes all tuition and fee revenue less uncollectible tuition.

(3) Budget estimate.

(4) Starting in FY2006 the College's tuition and fees rate was calculated on semester hours. All previous years' tuition rates were based on quarter hours and have been increased by 50% and restated to reflect a semester hour rate.

(5) The Fall 2014 tuition rate was \$144.00 per credit hour. The 2015 Spring tuition rate was reduced to \$140.00 per credit hour.

(6) The Fall 2015 tuition rate was \$140.00 per credit hour. The 2016 Spring tuition rate was reduced to \$135.00 per credit hour. This rate will be in effect for the Fall 2016 semester. This budget assumes no changes for future terms.

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**OTHER SUPPLEMENTARY FINANCIAL INFORMATION  
JUNE 30, 2016  
(Continued)**

The following chart shows actual enrollments of the College for the past five years and projected enrollments for the next five years.

**College Enrollment**

<b>Five Year History</b>			<b>Five Year Projection</b>		
<b>10th Day</b>			<b>10th Day</b>		
<b>Fiscal Year</b>	<b>Fall Term Head Count</b>	<b>Annualized FTE*</b>	<b>Fiscal Year</b>	<b>Fall Term Head Count</b>	<b>Annualized FTE*</b>
2011-12	26,209	15,175	2016-17	28,678	16,310
2012-13	26,156	15,397	2017-18	28,821	16,392
2013-14	28,627	16,565	2018-19	28,966	16,474
2014-15	29,476	16,858	2019-20	29,255	16,638
2015-16	28,678	16,310	2020-21	29,548	16,805

\* Full-time equivalency.

Source: District records.

**Direct General Obligation  
Bonded Indebtedness of the District**

Estimated Full Value of Taxable Property	\$ 114,054,857,232
Equalized Assessed Valuation of Taxable Property	\$ 38,018,285,744
General Obligation Bonded Debt (including Alternative Revenue Bonds):	\$ 262,685,000
Percentage to Full Value of Taxable Property:	0.23%
Percentage to Equalized Assessed Valuation:	0.69%
Percentage of Debt Limit (2.875% of EAV): <sup>(1)</sup>	16.35%
Per Capita	\$ 247
District Population Estimate: <sup>(2)</sup>	1,061,506

(1) Does not include Alternative Revenue Bonds, which do not count against the legal debt limitation of the District unless taxes are extended to pay debt service thereon.

(2) Population figures are compiled by the College of DuPage Research and Planning Office.

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**STATE GRANT ACTIVITY AND SCHEDULE OF ENROLLMENT DATA NOTES  
JUNE 30, 2016**

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The following audit reports are required by the Illinois Community College Board:

**State Adult Education and Family Literacy Restricted Funds Grants**

State Basic – Grant awarded to provide instruction for adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency, to become full partners in the educational development of their children and to assist adults in the completion of a secondary school education. Eligible participants are individuals who (1) have attained 16 years of age; (2) are not enrolled or required to be enrolled in secondary school under state law; (3) lack basic educational skills to function effectively in society, do not have a secondary school diploma or its equivalent, or are unable to speak, read, or write the English language; or (4) are on Temporary Assistance to Needy Families (TANF); and (5) have been cancelled from TANF and receive extended medical assistance.

Performance – Grant awarded to Adult Education and Family Literacy providers based on performance indicators of levels gained, secondary completions and test score gains.

**Schedule of Enrollment Data and Other Bases upon Which Claims Are Filed**

Credit hour grants are to be received for courses for each semester credit hour or equivalent for students who were certified as being in attendance at midterm during each semester of the fiscal year. There are no special restrictions on the use of these funds. The Schedule of Enrollment Data and Other Bases on Which Claims Are Filed provide the information on which such grants are based.

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## **Independent Auditors' Report on the Adult Education and Family Literacy Restricted Fund Grants**

Board of Trustees  
College of DuPage, Community College District Number 502  
Glen Ellyn, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the College of DuPage, Community College District Number 502 (the District) State Adult Education and Family Literacy Restricted Fund Grants which comprise the combining balance sheet as of June 30, 2016, and the related combining statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.





We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College of DuPage, Community College District Number 502 State Adult Education and Family Literacy Restricted Fund Grants as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

The financial statements of the Adult Education and Family Literacy Restricted Fund Grants are intended to present the financial position and changes in financial position of only that portion of the business-type activities of the District that is attributable to the Adult Education and Family Literacy Restricted Fund Grants. These financial statements do not purport to, and do not, present fairly the statement of net position of the District as of June 30, 2016, or the revenues, expenses, and changes in net position, 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.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's Adult Education and Family Literacy Restricted Fund Grants financial statements. The ICCB Compliance Statement 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
October 13, 2016



### **Independent Auditors' Report on Compliance**

Board of Trustees  
College of DuPage, Community College District Number 502  
Glen Ellyn, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the College of DuPage, Community College District Number 502 (the District) Adult Education and Family Literacy Restricted Fund Grants which comprise the balance sheet as of June 30, 2016, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated October 13, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the terms or conditions of the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced terms or conditions of the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of the District and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
October 13, 2016



**SCHEDULE 1**

**COLLEGE OF DuPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
STATE ADULT EDUCATION AND FAMILY LITERACY RESTRICTED FUND GRANTS  
COMBINING BALANCE SHEET  
JUNE 30, 2016**

**ASSETS**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
Accounts Receivable	<u>\$ 909,196</u>	<u>\$ 392,855</u>	<u>\$ 1,302,051</u>
Total assets			<u>\$ 1,302,051</u>

**LIABILITIES AND FUND BALANCE**

Liabilities			
Accrued payroll	\$ 744	\$ 10,833	\$ 11,577
Accrued benefits	22	2,383	2,405
Cash overdraft	<u>908,430</u>	<u>379,639</u>	<u>1,288,069</u>
Total liabilities	<u>\$ 909,196</u>	<u>\$ 392,855</u>	<u>1,302,051</u>
Fund balance			<u>-</u>
Total liabilities and fund balance			<u>\$ 1,302,051</u>

See Notes to the Financial Statements.

**SCHEDULE 2**

**COLLEGE OF DuPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
STATE ADULT EDUCATION AND FAMILY LITERACY RESTRICTED FUND GRANTS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
Revenue			
State grant revenues	\$ 909,196	\$ 392,855	\$ 1,302,051
Expenditures by program			
Instruction	841,447	-	841,447
Guidance services	-	25,702	25,702
Assessment and testing	15,029	51,315	66,344
Subtotal Instructional and Student Services	<u>856,476</u>	<u>77,017</u>	<u>933,493</u>
Improvement of instructional services	13,899	97,696	111,595
General administration	3,852	104,505	108,357
Operation and maintenance of plant services	-	-	-
Data and information services	-	98,527	98,527
Approved indirect costs	34,969	15,110	50,079
Subtotal Program Support	<u>52,720</u>	<u>315,838</u>	<u>368,558</u>
Total Expenditures	<u>909,196</u>	<u>392,855</u>	<u>1,302,051</u>
Revenues Equal to Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Fund Balance at Beginning of Year			<u>-</u>
Fund Balance at End of Year			<u>\$ -</u>

See Notes to the Financial Statements.

### **SCHEDULE 3**

**COLLEGE OF DuPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502  
STATE ADULT EDUCATION AND FAMILY LITERACY RESTRICTED FUND GRANTS  
ICCB COMPLIANCE STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXPENDITURE AMOUNTS AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY  
FOR THE YEAR ENDED JUNE 30, 2016**

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction ( 45% Minimum Required)	\$ 841,447	92.5%
General Administration (15% Maximum Allowed)	\$ 3,852	0.4%

**COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NUMBER 502**

**STATE ADULT EDUCATION AND FAMILY LITERACY RESTRICTED FUND GRANTS  
(State Basic and Performance)  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the College of DuPage State Adult Education and Family Literacy Funds - including State Basic and Performance Grants, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The following is a summary of the significant policies.

**A. Basis of Accounting**

The State Adult Education and Family Literacy Restricted Funds, including State Basic and Performance Grants, were awarded by the Illinois Community College Board (ICCB) to College of DuPage for the year ended June 30, 2016. The expenditures of these funds are accounted for in the Restricted Purposes Fund on a modified accrual basis and in accordance with the Adult Education and Family Literacy Audit Requirements of the ICCB. Accordingly, expenditures are recognized when liabilities are incurred and grant revenues are recognized only to the extent of allowable expenditures. Unexpended funds that are obligated prior to June 30 for which the goods are received or the services are provided after June 30 but prior to July 31 are recorded as unearned revenue. Unexpended funds, if any, are reflected as a liability due to the ICCB by October 15. The financial statements presented are only for the State Adult Education and Family Literacy Restricted Funds, including State Basic and Performance Grants of the College of DuPage, and are not intended to present the financial position or results of operations of the College of DuPage.

**B. Capital Assets**

Capital asset purchases, if any, are recorded as capital outlays of the Program from which the expenditures are made.

**2. BACKGROUND INFORMATION ON GRANT ACTIVITY**

The State Adult Education and Family Literacy Restricted Funds Grant provides funding to assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency, to assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children, and to assist adults in the completion of a secondary school education.



**Independent Accountants' Report on Enrollment Data  
and Other Bases Upon Which Claims are Filed and the  
Reconciliation of Semester Credit Hours**

Board of Trustees  
College of DuPage, Community College District Number 502  
Glen Ellyn, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon which Claims are Filed and the Reconciliation of Semester Credit Hours of the College of DuPage, Community College District Number 502 for the year ended June 30, 2016. Management is responsible for the schedules. Our responsibility is to express an opinion on the schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and guidelines of the Illinois Community College Board's Fiscal Management Manual and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed and the Reconciliation of Semester Credit Hours and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the student enrollment and other bases upon which claims are filed and reconciliation of semester credit hours of the District for the year ended June 30, 2016, in accordance with the provisions of the aforementioned guidelines.



**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
October 13, 2016



**SCHEDULE 6**  
**(Page 1 of 2)**

**COLLEGE OF DuPAGE**  
**COMMUNITY COLLEGE DISTRICT NUMBER 502**  
**SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Categories	Total Semester Credit Hours by Term (In-District and Out-of-District Reimbursable)					
	Summer		Fall		Spring	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Notes 1 and 2						
Baccalaureate	46,608.5	-	129,268.5	-	122,925.0	-
Business Occupational	5,330.0	-	21,330.0	-	21,501.0	-
Technical Occupational	4,661.0	-	21,798.0	-	24,583.0	-
Health Occupational	3,817.0	-	11,616.5	-	11,944.5	-
Remedial Development	3,054.5	-	17,247.5	-	13,446.0	-
Adult Basic/Secondary Education	4,053.0	-	2,371.0	9,222.0	1,889.0	9,916.0
<b>TOTAL</b>	<b>67,524.0</b>	<b>-</b>	<b>203,631.5</b>	<b>9,222.0</b>	<b>196,288.5</b>	<b>9,916.0</b>

NOTE 1) Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements.  
NOTE 2) Restricted credit hours are supported with more than 50% of restricted sources of funding.

Semester Credit Hours (All Terms)	Attending In-District	Attending Out-of-District on Chargeback or a Cooperative/Contractual Agreement		TOTAL
		Unrestricted	Restricted	
	440,360.5	942.5		441,303.0

Reimbursable Semester Credit Hours (All Terms)	Dual Enrollment	
	Dual Credit	Dual Enrollment
	22,808.0	0.0

District Prior Year Equalized Assessed Valuation:	
Cook County	\$ 2,888,194,626
DuPage County	32,769,352,267
Will County	2,360,738,851
<b>Total</b>	<b>\$ 38,018,285,744</b>

**Student Residency Verification Process**

College of DuPage only requires that students provide documentation to verify their in-district permanent residence when the address provided by the student is returned by the post office as undeliverable. To prove in-district residency, a student must submit to the Admission Office two items from the following list: valid driver's license, voter registration card, current lease, contract for sale of a home, community library card, current utility bill/insurance/medical/credit card statement, automobile registration, recent in-district high school transcript, tax bill for District 502, imprinted checks, or paycheck stub.

A student must reside within the district for a least 30 days prior to the start of semester classes in order to meet the residency requirement unless they've met the exemptions outlined by ICCB. A student may also qualify for in-district tuition rates if he/she is employed full time at a company within the College of DuPage district and provides a letter from the employer to the Admissions Office.

District Prior Year Equalized Assessed Valuation

Signatures:  Chief Executive Officer (CEO)

 Chief Financial Officer (CFO)

\$ 38,018,285,744

**SCHEDULE 6**  
**(Page 2 of 2)**

**COLLEGE OF DuPAGE**  
**COMMUNITY COLLEGE DISTRICT NUMBER 502**  
**RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>Categories</u>	Total			Total		
	Total Unrestricted Hours	Unrestricted Hours Certified to the ICCB	Difference	Total Restricted Hours	Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	298,802.0	298,802.0	-	-	-	-
Business Occupational	48,161.0	48,161.0	-	-	-	-
Technical Occupational	51,042.0	51,042.0	-	-	-	-
Health Occupational	27,378.0	27,378.0	-	-	-	-
Remedial Development	33,748.0	33,748.0	-	-	-	-
Adult Basic/Secondary Education	8,313.0	8,313.0	-	19,138.0	19,138.0	-
<b>TOTAL</b>	<b>467,444.0</b>	<b>467,444.0</b>	<b>-</b>	<b>19,138.0</b>	<b>19,138.0</b>	<b>-</b>

**RECONCILIATION OF IN-DISTRICT/CHARGEBACK AND COOPERATIVE/CONTRACTUAL AGREEMENT CREDIT HOURS**

	Total Attending		Total Attending as Certified to the ICCB	
	(Unrestricted and Restricted)		(Unrestricted and Restricted)	
In-District Residents	440,360.5		440,360.5	-
Out-of-District on Chargeback or Contractual Agreement	942.5		942.5	-
<b>Total</b>	<b>441,303.0</b>		<b>441,303.0</b>	<b>-</b>





**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.