New Issue
(Book-Entry Only)

Ratings: Moody's: Aaa
Standard & Poor's: AAA

Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler, Bond Counsel, under present law, interest on the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX MATTERS" herein for a more complete discussion. Interest on the Bonds is not exempt from current State of Illinois income taxes.

COMMUNITY COLLEGE DISTRICT NO. 502
COUNTIES OF DUPAGE, COOK AND WILL AND STATE OF ILLINOIS

$92,815,000
General Obligation Bonds
Series 2003A

$31,580,000
General Obligation Bonds
(Alternate Revenue Source)
Series 2003B

Dated: February 1, 2003

Series 2003A Bonds due: June 1, as shown on the inside cover hereof
Series 2003B Bonds due: January 1, as shown on the inside cover hereof

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read this entire Official Statement to obtain information essential to making an informed investment decision. Capitalized terms used on this cover page not otherwise defined have the meanings set forth herein.

The $92,815,000 General Obligation Bonds, Series 2003A (the "Series 2003A Bonds"), and the $31,580,000 General Obligation Bonds (Alternate Revenue Source), Series 2003B (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Bonds") will be issued by Community College District No. 502, Counties of DuPage, Cook and Will and State of Illinois (the "District"), as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial ownership interests in the Bonds will be made in book-entry only form, in denominations of $5,000 principal amount and integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. Principal and interest on the Bonds will be paid directly to DTC by Cole Taylor Bank, Chicago, Illinois, as bond registrar and paying agent (the "Bond Registrar") for the Bonds.

The Series 2003A Bonds bear interest payable semiannually on June 1 and December 1 of each year, commencing June 1, 2003, until maturity or earlier redemption. The Series 2003B Bonds bear interest payable semiannually on January 1 and July 1 of each year, commencing July 1, 2003, until maturity or earlier redemption. The Bonds will be subject to redemption prior to maturity as described herein. See "THE BONDS" herein.

The Series 2003A Bonds will constitute valid and legally binding general obligations of the District, payable as to principal and interest from ad valorem taxes levied against all the taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the Series 2003A Bonds and the enforceability of the Series 2003A Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "SECURITY FOR THE BONDS—Series 2003A Bonds" herein.

The Series 2003B Bonds are "alternate bonds" as described in the Local Government Debt Reform Act of the State of Illinois, as amended. The Series 2003B Bonds will constitute valid and legally binding general obligations of the District, payable as to principal and interest from (i) student tuition and fees, and (ii) ad valorem taxes levied against all the taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the Series 2003B Bonds and the enforceability of the Series 2003B Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "SECURITY FOR THE BONDS—Series 2003B Bonds" herein.

The Series 2003A Bonds are being issued to build and equip new buildings and renovate existing facilities of the District and to pay costs of issuing the Series 2003A Bonds. The Series 2003B Bonds are being issued to construct parking facilities and related site improvements and to pay costs of issuing the Series 2003B Bonds.

The Bonds are being offered when, as and if issued by the District and received and accepted by the Underwriters, subject to the approval of legality by Chapman and Cutler, Chicago, Illinois, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the District by its counsel Robbins, Schwartz, Nicholas, Lifton & Taylor LTD, Chicago, Illinois and for the Underwriters by their counsel, Mayer, Brown, Rowe & Maw, Chicago, Illinois. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about March 5, 2003.

Banc One Capital Markets, Inc.

UBS PaineWebber Inc.

JPMorgan

Legg Mason Wood Walker, Incorporated

The Date of this Official Statement is February 20, 2003.

Maturity Dates, Amounts, Interest Rates and Yields for the Series 2003A Bonds

June 1	Amount	Interest Rate	Yield	June 1	Amount	Interest Rate	Yield
2004	$2,650,000	2.00%	1.22%	2009	$ 500,000	3.00%	3.05%
2004	1,995,000	3.00	1.22	2009	5,455,000	5.00	3.05
2005	2,000,000	2.00	1.45	2010	6,815,000	5.00	3.36
2005	4,265,000	4.00	1.45	2011	7,760,000	5.00	3.61
2006	5,610,000	5.00	1.83	2012	8,775,000	5.00	3.79
2007	365,000	2.25	2.25	2013	500,000	3.85	3.92
2007	4,115,000	4.00	2.25	2013	9,295,000	5.00	3.92
2008	1,000,000	2.75	2.68	2014	10,875,000	5.25	4.00*
2008	4,175,000	5.00	2.68	2015	10,685,000	5.25	4.09*
				2016	5,980,000	5.25	4.19*

* Priced to the call.

Maturity Dates, Amounts, Interest Rates and Yields for the Series 2003B Bonds

January 1	Amount	Interest Rate	Yield	January 1	Amount	Interest Rate	Yield
2004	$1,345,000	3.000%	1.15%	2011	$ 655,000	3.500%	3.61%
2005	325,000	2.000	1.43	2011	700,000	4.000	3.61
2005	830,000	2.500	1.43	2012	1,405,000	4.000	3.79
2006	1,180,000	2.000	1.81	2013	1,460,000	3.850	3.92
2007	1,205,000	2.250	2.23	2014	1,515,000	4.000	4.03
2008	1,235,000	2.750	2.66	2015	1,580,000	4.000	4.13
2009	1,265,000	3.000	3.03	2016	1,640,000	4.125	4.25
2010	360,000	3.250	3.35	2017	1,710,000	5.000	4.31*
2010	945,000	4.000	3.35	2018	1,795,000	5.000	4.39*

$3,870,000 Term Bonds due January 1, 2020; Interest Rate 5.250%; Yield 4.510%*
$6,560,000 Term Bonds due January 1, 2023; Interest Rate 4.750%; Yield 4.810%

*Priced to the call.

No dealer, broker, salesperson, or other person has been authorized by Community College District No. 502, Counties of DuPage, Cook and Will and State of Illinois (the "District"), or the Underwriters listed on the cover page hereof (the "Underwriters") to give any information or to make any representation with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement is neither an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Bonds offered hereby, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion set forth herein have been furnished by the District and include information from other sources which the District believes to be reliable. Such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. Such information and expressions of opinion are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change since the date hereof.

This Official Statement should be considered in its entirety. Where statutes, ordinances, resolutions, reports or other documents are referred to herein, references should be made to such statutes, ordinances, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

In connection with the offering of the Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds offered hereby at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT No. 502
Counties of DuPage, Cook and Will
and State of Illinois

BOND COUNSEL
Chapman and Cutler
Chicago, Illinois

FINANCIAL ADVISOR
William Blair & Company, L.L.C.
Chicago, Illinois

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COMMUNITY COLLEGE DISTRICT NO. 502
COUNTIES OF DUPAGE, COOK AND WILL
AND STATE OF ILLINOIS

$92,815,000 GENERAL OBLIGATION BONDS SERIES 2003A	$31,580,000 GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE) SERIES 2003B

INTRODUCTION

The Bonds

This Official Statement, including the Appendices, sets forth certain information concerning the issuance and sale by Community College District No. 502, Counties of DuPage, Cook and Will and State of Illinois (the "District"), of its General Obligation Bonds, Series 2003A, in the aggregate principal amount of $92,815,000 (the "Series 2003A Bonds") and General Obligation Bonds (Alternate Revenue Source), Series 2003B, in the aggregate principal amount of $31,580,000 (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Bonds").

The Series 2003A Bonds are being issued under and pursuant to a resolution providing for the issuance of the Series 2003A Bonds duly adopted by the Board of Trustees of the District (the "Board") on February 13, 2003 (the "Series 2003A Bond Resolution") and a referendum approving the issuance by the District of $183,000,000 of general obligation bonds held on November 5, 2002 (the "Referendum"). The Series 2003B Bonds are being issued under and pursuant to resolutions providing for the issuance of the Series 2003B Bonds duly adopted by the Board on December 11, 2002 and on February 13, 2003 (collectively, the "Series 2003B Bond Resolution" and, together with the Series 2003A Bond Resolution, the "Bond Resolution").

Cole Taylor Bank, Chicago, Illinois, has been appointed bond registrar and paying agent for the Bonds (the "Bond Registrar") pursuant to the Bond Resolution.

The Projects

The proceeds derived from the issuance of the Series 2003A Bonds will be used by the District to build and equip new buildings and renovate existing facilities of the District and to pay costs of issuing the Series 2003A Bonds. See "THE PROJECTS –Series 2003A Project" herein.

The proceeds derived from the issuance of the Series 2003B Bonds will be used by the District to construct parking facilities and related site improvements and to pay costs of issuing the Series 2003B Bonds. See "THE PROJECTS –Series 2003B Project" herein.

Security for the Bonds

The Series 2003A Bonds will constitute valid and legally binding general obligations of the District, payable as to principal and interest from *ad valorem* taxes levied against all the taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the Series 2003A Bonds and the enforceability of the Series 2003A Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "SECURITY FOR THE BONDS –Series 2003A Bonds" herein.

The Series 2003B Bonds are "alternate bonds" as described in the Local Government Debt Reform Act of the State of Illinois, as amended (the "Debt Reform Act"). The Series 2003B Bonds will constitute valid and legally binding general obligations of the District, payable as to principal and interest from (i) student tuition and fees, and (ii) *ad valorem* taxes levied against all the taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the Series 2003B Bonds and the enforceability of the Series 2003B Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "SECURITY FOR THE BONDS – Series 2003B Bonds" herein.

The District

The District encompasses an area of approximately 357 square miles in DuPage, Cook, and Will Counties in Illinois. The District operates the College of DuPage (the "College"), a comprehensive community college located in the Village of Glen Ellyn, approximately 35 miles west of Chicago, with various satellite sites in DuPage and Will Counties. The College facilities are situated on approximately 297 acres and the College offers two-year associate degree programs and other courses. The population of the District in 2002 was approximately 976,000. See "THE DISTRICT" herein.

General

The descriptions and summaries of the various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein regarding any such document are qualified in their entirety by reference to such document.

THE PROJECTS

Series 2003A Project

The proceeds derived from the issuance of the Series 2003A Bonds will be used by the District to build and equip new buildings and renovate existing facilities of the District and to pay costs of issuing the Series 2003A Bonds. In particular, the District intends that such proceeds will be used for building and equipping new and renovating existing facilities to house high-tech job training and other educational programs, including building and equipping a Health and Natural Sciences Building, building and equipping an Instructional and Student Services Building, building and equipping a Community Education Building, and building and equipping a Regional Center; making additions to, altering, repairing, renovating and equipping the Berg Instructional Center and other facilities on the Glen Ellyn campus; making additions to, altering and repairing roads, athletic fields, retention ponds and grounds on the Glen Ellyn campus; demolishing temporary buildings on the Glen Ellyn west campus; and making infrastructure and utility upgrades and improving various school sites.

Plans for the new Regional Center are under development and the District intends that the Regional Center will be located in the northwest corner of the District boundaries to enable the College to better serve the needs of West Chicago and surrounding communities and enhance partnership efforts with the Technology Center of DuPage and West Chicago High School. The Regional Center will offer technical and occupational programs, a variety of developmental and general education courses and English as a Second Language, Adult Basic Education, Adult Secondary Education and other programs. The other three new buildings will each be located on the College's main campus, and will each be at least two stories above ground and approximately 120,000 square feet in area. The new Instructional and Student Services Building will be located north of the currently-existing Berg Instructional Center. This building will consolidate many student services into one location and contain instructional space, faculty offices and other related public support spaces. The new Community Education Building will be built directly west of the existing Student Resource Center and will be connected to the Student Resource Center by a pedestrian bridge. The new Health and Natural Sciences Building will be located west of the Community Education Building and just east of Lambert Road.

Such building, equipping and renovation is part of a comprehensive facilities planning program of the District, to be funded by the Series 2003A Bonds and $90,185,000 of additional general obligation bonds the District intends to issue in the future pursuant to the Referendum.

Series 2003B Project

The proceeds derived from the issuance of the Series 2003B Bonds will be used by the District to construct parking facilities and related site improvements and to pay costs of issuing the Series 2003B Bonds. The District intends that such parking facilities and related site improvements will include a parking structure on the south side of the Berg Instructional Center, which will provide approximately 1,800 parking spaces on three levels, covering an area of 190,000 square feet. Below the parking structure, there will be space for a new 24,000-square-foot building and grounds facility and a 3,000-square-foot field studies center. The parking structure will be connected to the Berg Instructional Center by a 14,000-square-foot link, which can also function as an interaction and gathering space.

THE BONDS

General

The Bonds will bear interest at the respective rates per annum and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Principal of and interest on the Bonds will be paid as described in "Appendix C – BOOK-ENTRY-ONLY SYSTEM", attached hereto. The Bonds will be issued in denominations of $5,000 and any integral multiples thereof. The Series 2003A Bonds will bear interest (based on a 360-day year of twelve 30-day months) from their date and will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2003, until maturity or earlier redemption. The Series 2003B Bonds will bear interest (based on a 360-day year of twelve 30-day months) from their date and will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2003, until maturity or earlier redemption. The Bonds will be dated February 1, 2003.

Series 2003A Bonds Redemption Provisions

Optional Redemption of Series 2003A Bonds. The Series 2003A Bonds due on and after June 1, 2014, are subject to redemption prior to maturity at the option of the District from any available funds, in whole or in part on any date on or after June 1, 2013, and if in part, from such maturity or maturities as the District may determine, and if less than an entire maturity, in integral multiples of $5,000 selected by lot by the Bond Registrar, at a redemption price of par, plus accrued interest to the redemption date.

Mandatory Redemption of Series 2003A Bonds. The Series 2003A Bonds are not subject to mandatory redemption.

Series 2003B Bonds Redemption Provisions

Optional Redemption of Series 2003B Bonds. The Series 2003B Bonds due on and after January 1, 2014, are subject to redemption prior to maturity at the option of the District from any available funds, in whole or in part on any date on or after January 1, 2013, and if in part, from such maturity or maturities as the District may determine, and if less than an entire maturity, in integral multiples of $5,000 selected by lot by the Bond Registrar, at a redemption price of par, plus accrued interest to the redemption date.

Mandatory Redemption of Series 2003B Bonds. The Series 2003B Bonds due January 1, 2020, are subject to mandatory redemption prior to maturity, in integral multiples of $5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the date fixed for redemption, on January 1 of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT
2019	$1,885,000
2020 (maturity)	1,985,000

The Series 2003B Bonds due January 1, 2023, are subject to mandatory redemption prior to maturity, in integral multiples of $5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the date fixed for redemption, on January 1 of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT
2021	$2,085,000
2022	2,185,000
2023 (maturity)	2,290,000

The principal amounts of Series 2003B Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Series 2003B Bonds credited against future sinking fund requirements in such order of the sinking fund payment dates as the District may determine. In addition, on or prior to the 31st day preceding any sinking fund payment date, the District may purchase Series 2003B Bonds required to be retired on such sinking fund payment date. Any such Series 2003B Bonds so purchased shall be delivered to the Bond Registrar for cancellation, and the principal amount thereof shall be credited against the sinking fund payment required on such next sinking fund payment date.

Redemption Notice and Procedures

The Bonds will be redeemed only in the principal amount of $5,000 and integral multiples thereof. The District will, at least forty-five (45) days prior to any optional redemption date (unless a shorter time period is satisfactory to the Bond Registrar) notify the Bond Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed will be selected by lot not more than sixty (60) days prior to the redemption date in denominations of $5,000 by the Bond Registrar.

Notice of the call for any such redemption will be given by the Bond Registrar on behalf of the District by mailing the redemption notice by first class mail (or certified mail, return-receipt requested, to owners of $1,000,000 or more principal amount of Bonds) at least thirty (30) days (but not more than sixty (60) days) prior to the date fixed for redemption to the registered owners of the Bonds at the addresses shown on the books for the registration and transfer of the Bonds maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar. During the period in which the Bonds are registered in the name of Cede & Co., and in addition to the preceding notice requirements, notice of any redemption will be given by the Bond Registrar on behalf of the District by mailing a copy of the notice by certified mail, return receipt requested, to DTC. Notice of redemption to DTC will be given by certified mail in sufficient time so that such notice is received at least two days before the giving of the general notice of redemption. The failure to mail notice to the registered owner of any Bond will not affect the validity of the redemption of any other Bond.

So long as notice of redemption is given as described above, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District defaults in the payment of the redemption price) such Bonds or portions of Bonds will cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, the principal amount will be paid by the Bond Registrar at the redemption price. Interest due on or prior to the redemption date will be payable as provided for the payment of principal. Upon surrender for any partial redemption of the Bonds, there will be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of a Bond called for redemption will not be so paid upon surrender thereof for redemption, the principal will, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed will be canceled and destroyed by the Bond Registrar and will not be reissued.

ESTIMATED SOURCES AND USES OF FUNDS

Series 2003A Bonds

The following table sets forth the estimated sources and uses of funds with respect to the issuance of the Series 2003A Bonds (exclusive of accrued interest):

Sources:	
Principal Amount of Series 2003A Bonds	$ 92,815,000.00
Net Original Issue Premium	8,064,378.60
Total Sources	$100,879,378.60
Uses:	
Deposit to the Series 2003A Project Fund	$100,000,000.00
Costs of Issuance, including Underwriters' Discount	879,378.60
Total Uses	$100,879,378.60

Series 2003B Bonds

The following table sets forth the estimated sources and uses of funds with respect to the issuance of the Series 2003B Bonds (exclusive of accrued interest):

Sources:	
Principal Amount of Series 2003B Bonds	$31,580,000.00
Net Original Issue Premium	422,704.70
Total Sources	$32,002,704.70
Uses:	
Deposit to the Series 2003B Project Fund	$32,000,000.00
Costs of Issuance, including Underwriters' Discount	2,704.70
Total Uses	$32,002,704.70

SECURITY FOR THE BONDS

Series 2003A Bonds

The Series 2003A Bonds will constitute valid and legally binding general obligations of the District, payable as to principal and interest from *ad valorem* taxes levied against all the taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the Series 2003A Bonds and the enforceability of the Series 2003A Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The Series 2003A Bond Resolution provides for a levy of *ad valorem* property taxes sufficient to pay, as and when due, all principal of and interest on the Series 2003A Bonds.

The issuance of the Series 2003A Bonds by the District was approved pursuant to the Referendum. Approximately 171,344 voters (approximately 61% of those voting) voted in favor of the proposition authorizing the issuance of $183,000,000 of general obligation bonds of the District. The Series 2003A Bonds are the first series of bonds issued pursuant to the Referendum. The District intends to issue the remaining general obligation bonds within the next four to five years.

Series 2003B Bonds

General. The Series 2003B Bonds are "alternate bonds" ("Alternate Bonds") as described in the Debt Reform Act. The Series 2003B Bonds will constitute valid and legally binding general obligations of the District, payable as to principal and interest from (i) student tuition and fees (the "Series 2003B Pledged Revenues"), and (ii) *ad valorem* taxes levied against all the taxable property in the District without limitation as to rate or amount (the "Series 2003B Pledged Taxes"), except that the rights of the owners of the Series 2003B Bonds and the enforceability of the Series 2003B Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The District is authorized to issue from time to time additional obligations payable from the Pledged Revenues as permitted by law and to establish the lien priority thereof.

Series 2003B Pledged Revenues. The Series 2003B Bonds will be secured by the Series 2003B Pledged Revenues and the 2003B Pledged Taxes, as described below. The Series 2003B Pledged Revenues consist of student tuition and fees. For more information concerning student tuition and fees, see "THE DISTRICT – District Revenue Sources – *Student Tuition and Fees*" herein.

The following chart compares actual Pledged Revenues for the fiscal year ended June 30, 2002 (student tuition only; excludes fees) with debt service on the Series 2003B Bonds.

Debt Service Coverage
Series 2003B Bonds

Levy Year	Fiscal Year Ending June 30	Pledged Revenues*	Principal and Interest
2002	2004	$28,971,036	$ 2,522,490
2003	2005	28,971,036	2,399,185
2004	2006	28,971,036	2,396,935
2005	2007	28,971,036	2,398,335
2006	2008	28,971,036	2,401,223
2007	2009	28,971,036	2,397,260
2008	2010	28,971,036	2,399,310
2009	2011	28,971,036	2,399,810
2010	2012	28,971,036	2,398,885
2011	2013	28,971,036	2,397,685
2012	2014	28,971,036	2,396,475
2013	2015	28,971,036	2,400,875
2014	2016	28,971,036	2,397,675
2015	2017	28,971,036	2,400,025
2016	2018	28,971,036	2,399,525
2017	2019	28,971,036	2,399,775
2018	2020	28,971,036	2,400,813
2019	2021	28,971,036	2,396,600
2020	2022	28,971,036	2,397,563
2021	2023	28,971,036	2,398,775
TOTAL DEBT SERVICE			$48,099,219

* Consists of actual student tuition only (for the fiscal year ended June 30, 2002) and does not include fees. See "THE DISTRICT – *Student Tuition and Fees* – District Tuition Rates and Tuition and Fee Revenues" for additional information regarding historical student tuition and fees.

Series 2003B Pledged Taxes. The Series 2003B Bonds will be general obligations of the District to the payment of which the District will pledge its full faith and credit. The Series 2003B Bond Resolution provides for the levy of *ad valorem* property taxes in amounts sufficient to pay, as and when due, all principal of and the interest on the Series 2003B Bonds. The Series 2003B Bond Resolution will be filed with the Country Clerks of DuPage County, Cook County and Will County and will serve as authorization to said County Clerks to extend and collect such property taxes. The District may only direct abatement of such taxes in any year if and to the extent that it has Series 2003B Pledged Revenues or other funds irrevocably set aside in the Series 2003B Bond Fund established pursuant to the Series 2003B Bond Resolution to pay the principal of and interest on the Series 2003B Bonds.

In accordance with the Debt Reform Act, the Series 2003B Bonds will be excluded from statutory limitations on indebtedness unless *ad valorem* property taxes are extended for the payment of the Series 2003B Bonds pursuant to the general obligation, full faith and credit pledge supporting the Series 2003B Bonds. In such case, the outstanding Series 2003B Bonds will be included in computing all statutory limitations on indebtedness of the District until an audit shows that the Series 2003B Bonds have been paid from the Series 2003B Pledged Revenues for one complete fiscal year. It is the District's intention to use the Series 2003 Pledged Revenues for the payment of the Series 2003B Bonds so that it will not be necessary to extend the Series 2003B Pledged Taxes levied by the Series 2003B Bond Resolution.

Conditions to Issuance of Alternate Bonds. Under the Debt Reform Act, the Series 2003B Pledged Revenues must be determined by the District to provide in each year not less than 1.25 times debt service of all Alternate Bonds payable from such source. The District has determined in the Series 2003B Bond Resolution that the Series 2003B Pledged Revenues are sufficient to meet this requirement, as demonstrated by the District's audit report for the fiscal year ended June 30, 2002. See "APPENDIX A – Extracts of Audit Report of the District for Fiscal Year Ended June 30, 2002." The Debt Reform Act also requires that the Series 2003B Pledged Revenues must be pledged to the payment of the Series 2003B Bonds and that the District must covenant to provide for, collect and apply such Series 2003B Pledged Revenues to the payment of the Bonds and the provision of not less than an additional .25 times debt service. This pledge and covenant is contained in the Series 2003B Bond Resolution. The covenant and pledge constitute continuing obligations of the District and a continuing appropriation of the Series 2003B Pledged Revenues received.

Under the Debt Reform Act, the issuance of Alternate Bonds requires compliance with "backdoor referendum" procedures consisting of publication of the authorizing resolution and a notice of the number of voters required to sign a petition requesting that the issuance of the Alternate Bonds be submitted to a referendum. If no petition is filed by the requisite number of the registered voters in the governmental unit within 30 days after publication of the resolution and notice, the Alternate Bonds are authorized to be issued without referendum. The District has adopted and published an authorizing resolution and notice of intent to issue Alternate Bonds, and no such petition was timely filed with the District.

No later than the last date on which property tax abatements may be filed with respect to *ad valorem* taxes to be extended and collected for each Tax Year (defined below), the District intends to abate the Series 2003B Pledged Taxes in such Tax Year in an amount equal to the amount then on deposit in the Series 2003B Bond Fund and available for such payment. To the extent that sufficient Series 2003B Pledged Revenues are not deposited by the District in the Series 2003B Bond Fund on or prior to the last date on which property tax abatements may be filed with respect to *ad valorem* taxes to be extended and collected for each Tax Year, and other funds are not so deposited, the Series 2003B Pledged Taxes are required to be extended, collected and deposited in the Series 2003B Bond Fund in such Tax Year for payment of debt service due on the Series 2003B Bonds. The term "Tax Year" means for any year for which taxes are levied in the Series 2003B Bond Resolution, the year in which such taxes are to be extended for collection.

Creation of Funds

Series 2003A Bond Fund. The Series 2003A Bond Resolution creates the "Series A Community College Bond and Interest Fund of 2003" (the "Series 2003A Bond Fund"). On the date of issuance and delivery of the Series 2003A Bonds, accrued interest received upon such issuance and delivery will be deposited in the Series 2003A Bond Fund. The District will deposit in the Series 2003A Bond Fund all *ad valorem* taxes received pursuant to the levy in the Series 2003A Bond Resolution, for the purpose of paying principal of and interest on the Series 2003A Bonds, except to the extent the District is entitled to be reimbursed for the prior payment of such principal and interest from other moneys of the District previously deposited into the Series 2003A Bond Fund. Pursuant to the Series 2003A Bond Resolution, such taxes are irrevocably pledged to the purpose of paying principal of and interest on the Bonds when due or reimbursing funds from which advances were made for such purpose prior to receipt of taxes levied pursuant to the Series 2003A Bond Resolution.

Series 2003B Bond Fund. The Series 2003B Bond Resolution creates the "Alternate Bond and Interest Fund of 2003" (the "Series 2003B Bond Fund"). On the date of issuance and delivery of the Series 2003B Bonds, accrued interest received upon such issuance and delivery will be deposited in the Series 2003B Bond Fund. In the Series 2003B Bond Resolution, the District covenants to provide for, collect, budget and apply the Series 2003B Pledged Revenues to the payment of the Series 2003B Bonds and the provision of not less than an additional .25 times debt service on the Series 2003B Bonds and deposit in the Series 2003B Bond Fund all Series 2003B Pledged Revenues so budgeted and collected.

In addition, if Series 2003B Pledged Taxes are extended to pay the Series 2003B Bonds, the District will deposit in the Series 2003B Bond Fund all Series 2003B Pledged Taxes for the purpose of paying principal of and interest on the Series 2003B Bonds. Pursuant to the Series 2003B Bond Resolution, the Series 2003B Pledged Taxes are irrevocably pledged to the purpose of paying principal of and interest on the Series 2003B Bonds when due.

Project Funds. The Series 2003A Bond Resolution creates the "Referendum Project Account of the Bond Proceeds Fund of the District" (the "Series 2003A Project Fund") and the Series 2003B Bond Resolution creates the "Parking Project Account of the Bond Proceeds Fund" (the "Series 2003B Project Fund"). All remaining amounts received from the delivery and issue of the Bonds after making the deposits to the Series 2003A Bond Fund and the Series 2003B Bond Fund will be deposited into the Series 2003A Project Fund and the Series 2003B Project Fund, respectively. Moneys in the Series 2003A Project Fund will be used solely and only for the purpose of paying costs of issuance of the Series 2003A Bonds and costs of the project to be financed with the Series 2003A Bonds. See "THE PROJECTS—Series 2003A Project." Moneys in the Series 2003B Project Fund will be used solely and only for the purpose of paying costs of issuance of the Series 2003B Bonds and costs of the project to be financed with the Series 2003B Bonds. See "THE PROJECTS—Series 2003B Project."

DEBT SERVICE ON THE BONDS

The District does not currently have any outstanding long-term debt. The debt service on the Series 2003A Bonds and the Series 2003B Bonds is shown below.

Series 2003A Bonds

Fiscal Year ended June 30	Principal	Interest	Total Principal and Interest
2003	$ 0	$1,466,038	$ 1,466,038
2004	4,645,000	4,398,113	9,043,113
2005	6,265,000	4,285,263	10,550,263
2006	5,610,000	4,074,633	9,684,663
2007	4,480,000	3,794,163	8,274,163
2008	5,175,000	3,621,350	8,796,350
2009	5,955,000	3,385,100	9,340,100
2010	6,815,000	3,097,350	9,912,350
2011	7,760,000	2,756,600	10,516,600
2012	8,775,000	2,368,600	11,143,600
2013	9,795,000	1,929,850	11,724,850
2014	10,875,000	1,445,850	12,320,850
2015	10,685,000	874,913	11,559,913
2016	5,980,000	313,950	6,293,950
TOTAL	$92,815,000	$37,811,800	$130,626,800

Series 2003B Bonds

Fiscal Year ended June 30	Principal	Interest	Total Principal and Interest
2004	$1,345,000	$ 1,177,490	$2,522,490
2005	1,155,000	1,244,185	2,399,185
2006	1,180,000	1,216,935	2,396,935
2007	1,205,000	1,193,335	2,398,335
2008	1,235,000	1,166,223	2,401,223
2009	1,265,000	1,132,260	2,397,260
2010	1,305,000	1,094,310	2,399,310
2011	1,355,000	1,044,810	2,399,810
2012	1,405,000	993,885	2,398,885
2013	1,460,000	937,685	2,397,685
2014	1,515,000	881,475	2,396,475
2015	1,580,000	820,875	2,400,875
2016	1,640,000	757,675	2,397,675
2017	1,710,000	690,025	2,400,025
2018	1,795,000	604,525	2,399,525
2019	1,885,000	514,775	2,399,775
2020	1,985,000	415,813	2,400,813
2021	2,085,000	311,600	2,396,600
2022	2,185,000	212,563	2,397,563
2023	2,290,000	108,755	2,398,775
TOTAL	$31,580,000	$16,519,218	$48,099,218

THE DISTRICT

Introduction

The District was organized in 1966 and is governed under the Public Community College Act of the State of Illinois, as amended. The District is governed by the seven-member Board, elected at large for overlapping six-year terms, with one non-voting student member. The day-to-day affairs of the District are conducted by a full-time administrative staff appointed by the Board. The principal policy and budget decisions are also made by the Board.

The District includes Lyons Township in Cook County, a small portion of Will County and all of DuPage County except Wayne Township. It encompasses an area of approximately 357 square miles and DuPage County accounts for over 90 percent of the District's service area. The District includes the townships of Addison, Bloomingdale, Downers Grove, DuPage, Lemont, Lisle, Lyons, Milton, Naperville, Wheatland, Winfield and York.

The District operates the College, a comprehensive, publicly-supported, community college serving the District. The College now enrolls over 34,000 students and has 2,983 employees, including 316 full-time faculty-staff members and 130 part-time faculty-staff members.

The District's offices are located at 425 Fawell Boulevard, Glen Ellyn, Illinois. The campus of the College is in the same location in Glen Ellyn, approximately 35 miles west of Chicago in the center of DuPage County. The College consists of a main campus and a portion located on the west side of Lambert Street and referred to as the Glen Ellyn west campus. The College's campus facilities are situated on approximately 297 acres and include nine on-campus buildings, including resource centers, instructional centers, computing centers and recreational centers. District-owned regional centers are located in Westmont and Naperville and three leased regional centers are located in Addison, Bloomingdale and Lombard. In addition, the College provides classes at approximately 80 locations within the District's boundaries.

The College offers a variety of degrees and programs and gives students the choice of enrolling on a full or part-time basis. The College offers its students six associate's degrees through more than 45 pre-baccalaureate programs and 45 occupational programs, in addition to a variety of continuing education courses. The College is accredited by the North Central Association of Colleges and Schools.

The academic divisions of the College include Academic Alternatives and Instructional Support; Business and Technology; Community Affairs; Health, Social and Behavioral Sciences; Liberal Arts; and Natural and Applied Sciences. The College also offers local businesses and organizations training and assistance through its Business and Professional Institute. In addition, the College conducts specialized programs such as English as a Second Language, GED and Citizenship. The College also offers a variety of courses and other services over the Internet through C.O.D Online. The College's library maintains a collection of over 170,000 books, 930 periodicals, and many non-print materials such as videos, CDs, and tapes. In addition, the College provides a variety of extracurricular activities for its students, such as athletics, band, choir, a variety of clubs and organizations, student leadership council and theater.

The District's location primarily in DuPage County has placed it directly in the path of much of the westward movement of population, commerce and industry out of Chicago in recent decades. This westward movement has contributed to significant growth in DuPage County and the District.

In the 1970s, DuPage County showed the highest population growth rate of any county north of the Sunbelt—an increase of 33 percent. During the 1980s, DuPage County's population increased by 122,808. As reported in the 1990 census, the population of the County was 781,666. During the 1990's, DuPage County's population increased by 122,495 and in the year 2000, according to the 2000 census, reached 904,161. The County's population is expected to grow to 940,000 by the year 2005 and 1,000,000 by the year 2010. The population of the District was 970,512 in 2000 and is expected to reach 1,000,000 by 2008, making the District slightly more populous than DuPage County, which is the second most populous county in the State of Illinois (the "State").

Transportation and other services have developed accordingly. Three interstate highways cross the area, putting residents within 45 minutes of Chicago's central business district. O'Hare International Airport is located along the District's northern border.

Situated in the hub of the nation's mail, air, freight and trucking systems, DuPage County has attracted a variety of industries. A fast growing high tech research and development corridor stretches the width of DuPage County, flanked on the east by Argonne National Laboratory and on the west by Fermi National Accelerator Laboratory. In addition to the high tech businesses located along this corridor, the County is also home to more than 100 active industrial parks and more than 30,000 businesses.

Due to the fact that 90 percent of the District lies in DuPage County, much of the financial, statistical and socioeconomic data discussed below relates to DuPage County and does not describe Cook or Will Counties.

General. The District has three primary sources of revenue: local taxes, student tuition and fees and state funding. The following chart shows the revenue of the District by source for the fiscal year ended June 30, 2002.

District Revenue

Revenue Source	Amount (000's)	Percent of Total	Increase (Decrease) From FY01 (000's)	Percent Increase (Decrease) From FY01
Local Government	$ 52,941	36.6%	$ 2,305	4.55%
Student Tuition & Fees	39,615	27.4	3,031	8.29
State Government	29,105	20.1	2,463	9.24
Federal Government	5,488	3.8	1,269	30.08
Sales & Service Fees	4,889	3.4	942	23.87
Income on Investments	3,587	2.5	(1,364)	(27.55)
All Other	9,045	6.2	6,838	309.83
TOTAL	$144,670	100.0%	$15,484	11.99%

Source: District records. For fiscal year ended June 30, 2002.

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

Total Operating Funds Revenue of District

FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
$81,620,636	$83,497,830	$89,050,063	$95,201,072	$101,957,140

Source: District records.

Tax Revenues. Local taxes are raised from property taxes levied on District residents in the portions of DuPage, Cook and Will Counties that comprise the District. The following chart shows the assessed valuation of all property in the District over the past five years.

History of Assessed Valuation of District

Assessment Year	DuPage County	Cook County	Will County	Total
2001	$24,505,400,849	$1,856,353,710	$1,356,686,213	$27,718,440,772
2000	22,786,720,936	1,763,654,037	1,185,437,769	25,735,812,742
1999	21,589,734,310	1,820,443,452	1,045,999,086	24,456,176,848
1998	20,509,489,441	1,620,955,807	865,347,930	22,995,793,178
1997	19,582,668,935	1,580,543,207	749,666,786	21,912,878,928

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

Property taxes are levied based on the assessed value and the tax levy amount is filed with each County Clerk for each fund. Each County Clerk calculates the actual tax levy for each fund based upon the maximum tax rates allowed for each fund and the tax extension limits allowed under the Tax Extension Limitation Law (as defined below). Those taxes may be allocated to separate funds of the District, subject to legal levy limits imposed upon them by State statutes. The following chart shows the separate funds of the District and the applicable legal levy limits.

District Funds and Levy Limits

	Levy Rates (per $100 of equalized assessed valuation)				
Fund Type	**Max. Auth.**	**2001**	**2000**	**1999**	**State Avg. 2000[(1)]**
Education	$.1750	$.1671	$.1710	$.1682	$.1994
Operations & Maintenance	.0300	.0281	.0286	.0286	.0566
Liability, Protection and Settlement	none	.0006	.0000	.0002	.0476*
Social Security/Medicare	none	.0005	.0000	.0046	—
Audit	.0050	.0002	.0000	.0002	.0018
Life Safety	.0500	.0000	.0000	.0000	.0319
Total		$.1965	$.1996	$.2018	$.3925

(1) State average for community college district taxes levied in 2001 and collected in 2002 which is the latest data available.

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

Source: District records.

The following chart shows the total tax levies and collections of the District for the past ten years, current as of December 31, 2002.

District Property Tax Levies and Collections

Year of Levy	Tax Collection Year	Total Tax Levy*	Tax Collections	Percent of Levy Collected
2001	2002	$55,057,775	$53,457,897	97.1%
2000	2001	51,224,624	51,098,499	99.8
1999	2000	49,123,526	48,966,299	99.7
1998	1999	46,663,354	46,808,509	100.3
1997	1998	44,895,063	44,755,320	99.7
1996	1997	42,646,681	42,782,352	100.3
1995	1996	40,591,877	40,598,687	100.0
1994	1995	38,715,874	38,557,032	99.6
1993	1994	36,871,250	36,886,258	100.0
1992	1993	35,385,979	35,414,829	100.1

* Total tax levy amounts are shown net of the .5% allowance for uncollectible taxes.
Source: District records.

Student Tuition and Fees. Student tuition and fees are determined by the Board. The total tuition and fees cannot exceed one third of the quarter credit hour costs. Credit hour cost at June 30, 2002 was $172.68, one third of which is $57.56. The tuition and fee rate for fiscal year 2003 is $43 per quarter credit hour. The chart on the following page shows the tuition and fee rates at the College and the total tuition revenues and fee revenues from fiscal years 1994 through 2003.

District Tuition Rates and Tuition and Fee Revenues

Fiscal Year	Total Tuition and Fees in District per Quarter Hour	Total Tuition and Fees Out of District per Quarter Hour	Total Tuition and Fees Out of State per Quarter Hour	Operating Funds Tuition Revenue[1]	Operating Funds Fee Revenue[1]	Operating Funds Tuition and Fee Revenue[1]	Total Tuition and Fee Revenue[2]
2003	$43.00	$124.00	$171.00	–	--	$33,132,669 [3]	$47,440,350 [3]
2002	37.00	120.00	163.00	$28,971,036	$1,640,500	30,611,536	39,615,200
2001	35.00	113.00	156.00	26,049,784	1,225,400	27,275,184	36,583,629
2000	32.00	113.00	156.00	23,103,703	831,795	23,935,498	32,267,255
1999	30.00	108.00	149.00	21,030,569	704,431	21,735,000	29,041,764
1998	30.00	104.00	141.00	21,432,104	812,885	22,244,989	28,385,158
1997	29.33	92.00	129.00	20,662,747	722,911	21,385,658	27,076,773
1996	27.00	91.00	118.00	19,038,753	666,024	19,703,777	25,020,000
1995	25.00	92.00	117.00	17,193,796	670,437	17,864,233	23,490,000
1994	24.00	83.00	107.00	14,992,329	649,580	15,641,909	15,842,000

Source: District records.

(1) Includes only tuition and fee revenue deposited in the education and operation and maintenance funds of the District. Does not include tuition and fee revenue deposited in special revenue funds, capital projects fund and expendable trust fund.

(2) Includes all tuition and fee revenue.

(3) Budgeted.

State Funding. State funding is based upon enrollment levels and reimbursement rates established by the State. These funds are appropriated to the Illinois Community College Board and then distributed to the various community colleges. The District has experienced recent declines in State funding as compared to other revenue sources. Due to the fact that the State is facing financial shortfalls and challenges to balancing the State budget, the District is uncertain as to future levels of State funding.

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

College Enrollment

Five Year History			Five Year Projection		
Fiscal Year	**Fall Quarter Head Count**	**Annualized FTE***	**Fiscal Year**	**Fall Quarter Head Count**	**Annualized FTE***
1997-98	34,490	15,882	2002-03	34,535	18,041
1998-99	33,801	16,035	2003-04	34,880	18,221
1999-00	34,073	16,207	2004-05	35,579	18,586
2000-01	34,085	16,525	2005-06	34,511	18,208
2001-02	34,310	17,609	2006-07	34,857	18,209

* Full-time equivalency.
Source: District records.

Financial Operations. The District's Treasurer is the custodian for all District funds. The Treasurer receives receipts directly from the county collectors of the District's various counties and from the Treasurer of the State.

Student tuition and fees are payable by students upon registration for classes and must be paid no later than the start of the quarter to which the student tuition and fees apply or students will be dropped from classes. The District makes deferred payment arrangements with approximately 12% of students, allowing them to pay student tuition and fees prior to the beginning of the succeeding quarter.

Budgeting Process. The District's budget process and system of budgetary controls works as follows:

- All financial operations for the District are implemented according to a running, five year financial plan (the "Plan"). The Plan is updated each year between September and December. Historical data, trends in the District's financial condition, state funding, and economic indicators are used to formulate a base forecast, which is reviewed by the District's cabinet level officers during this period.

- The Plan is presented to the Board for review in January. Thereupon, the Board and the District's staff develop a set of financial goals consistent with the Plan and from which the budget (the "Budget") is formulated.

- The Budget and all department goals are reviewed monthly by cabinet level officers until budgetary expenditures for the coming year are fully matched against total institutional resources. This process is completed in May.

The Budget is published and available for public inspection in June. A budget hearing for public comment is held at a Board meeting each July with the final Budget being adopted at this meeting.

Commencing with its adoption in July, the Budget, on a line by the line basis, is entered on the District's fully computerized encumbrance reporting system. This on-line system monitors all District's expenditures during the year, allowing for expenditures to be controlled within the limits established in the Budget. The system also summarizes the year-to-date performance of each department relative to the Budget and the above-mentioned financial goals.

Socioeconomic Information

Employment. Following are the unemployment rates in DuPage County, the State and the United States for the past five years.

Historical Unemployment Rates

	2002*	2001	2000	1999	1998
DuPage County	4.9%	3.8%	2.6%	2.7%	2.7%
State of Illinois	6.3	5.4	4.4	4.3	4.5
United States	5.8	4.8	4.0	4.2	4.5

* Preliminary.
Source: Illinois Department of Employment Security. Ninety percent (90%) of the District lies in DuPage County.

The chart below shows the ten largest employers in DuPage County as of August, 2002.

DuPage County, Illinois
Ten Largest Employers

Employer	Business Product	Employees
Lucent Technologies	Technology	6,000
Argonne National Laboratory	Research	4,200
United Parcel Service	Parcel Delivery	4,000
United States Postal Service	Parcel Delivery	4,000
Edward Hospital	Health Care	3,500
Indian Prairie School District	Education	3,000
Nicor Gas	Utilities	2,969
Hinsdale Hospital	Health Care	2,600
College of DuPage	Higher Education	2,581
DuPage County	Government Services	2,515

Source: DuPage County Office of Economic Development, August 2002. Ninety percent (90%) of the District lies in DuPage County.

The following chart classifies DuPage County and State employment figures by occupation.

Employment by Occupation

Classification	DuPage County Number	DuPage County Percent	State of Illinois Number	State of Illinois Percent
Management, professional, and related occupations	208,257	43.74%	1,993,671	34.18%
Service occupations	44,807	9.41	813,479	13.95
Sales and office occupations	143,957	30.23	1,609,939	27.60
Farming, fishing, and forestry occupations	264	.06	17,862	0.30
Construction, extraction, and maintenance occupations	30,743	6.46	480,418	8.24
Production, transportation, and material moving occupations	48,144	10.10	917,816	15.73
Total	476,172	100.00%*	5,833,185	100.00%*

Source: U.S. Bureau of the Census (2000 Census). Ninety percent (90%) of the District is in DuPage County.
* Numbers may not add due to rounding.

The following chart presents DuPage County and State employment figures by industry.

Employment by Industry

Classification	DuPage County Number	DuPage County Percent	State of Illinois Number	State of Illinois Percent
Agriculture, forestry, fishing and hunting, and mining	800	.17%	66,481	1.14%
Construction	25,308	5.31	334,176	5.73
Manufacturing	71,402	15.00	931,162	15.96
Wholesale trade	25,410	5.34	222,990	3.82
Retail trade	55,298	11.61	643,472	11.03
Transportation and warehousing, and utilities	26,374	5.54	352,193	6.04
Information	19,161	4.02	172,629	2.96
Finance, insurance, real estate, and rental and leasing	46,314	9.73	462,169	7.92
Professional, scientific, management, administrative, and waste management services	63,254	13.28	590,913	10.13
Educational, health and social services	81,608	17.14	1,131,987	19.41
Arts, entertainment, recreation, accommodation and food services	29,678	6.23	417,406	7.16
Other services (except public administration)	20,541	4.31	275,901	4.73
Public administration	11,024	2.32	231,706	3.97
Total	476,172	100.00%*	5,833,185	100.00%*

Source: U.S. Bureau of the Census (2000 Census). Ninety percent (90%) of the District is in DuPage County.
* Numbers may not add to due rounding.

Sales Tax. The following table shows amounts of the municipal share of sales tax receipts reported by retailers in DuPage County for calendar years 1997-2001 and through the third quarter of 2002. Such sales tax receipt amounts provide an indication of consumer spending by individuals and companies only.

DuPage County, Illinois
Sales Tax Receipts

Calendar Year*	Taxable Sales	Percent Change
2002 **	$509,942,987	N.A.
2001	722,760,083	0.45%
2000	719,540,352	0.45
1999	716,301,826	6.76
1998	670,947,633	7.02
1997	626,938,343	7.29

* Calendar year reports ending December 31.
** Through the third quarter of 2002.
Source: State of Illinois, Department of Revenue. Ninety percent (90%) of the District is in DuPage County.

Household Income. According to the 2000 census, DuPage County had a median household income of $67,887. This compares to $46,590 for the State. The following table shows the distribution of household incomes for the County and the State at the time of the 2000 census.

Median Household Income

	DuPage County		State of Illinois	
Income	Number	Percent	Number	Percent
Under $10,000	9,716	2.98%	383,299	8.34%
$10,000 to $14,999	8,540	2.62	252,485	5.50
$15,000 to $24,999	19,578	6.01	517,812	11.27
$25,000 to $34,999	26,702	8.19	545,962	11.89
$35,000 to $49,999	43,786	13.43	745,180	16.23
$50,000 to $74,999	73,339	22.50	952,940	20.75
$75,000 to $99,999	54,538	16.73	531,760	11.58
$100,000 to $149,999	53,930	16.54	415,348	9.04
$150,000 or more	35,882	11.00	247,954	5.40
Total	326,011	100.00%	4,592,740	100.00%

Source: U.S. Bureau of the Census (2000 Census). Ninety percent (90%) of the District is in DuPage County.

Population Trends. Since the 1970's, DuPage County has experienced significant growth, becoming the second most populous county in the State. As ninety percent (90%) of the District lies in DuPage County, the District has also grown rapidly in recent decades. In 2002, the population of the District was approximately 976,000.

Population Trends

	1980	1990	2000	% Change 1990-2000
DuPage County	658,835	781,666	904,161	15.67%
State of Illinois	11,427,409	11,430,602	12,419,293	8.65

Source: U.S. Census Bureau (2000 Census). Ninety percent (90%) of the District is in DuPage County.

Housing. The following chart shows the value of owner-occupied homes in DuPage County and the State as of 2000.

Owner-Occupied Units

	DuPage County		State of Illinois	
Value	Number	Percent	Number	Percent
Under $50,000	901	.41%	230,049	9.31%
$50,000 to $99,999	5,891	2.68	651,605	26.38
$100,000 to $149,999	41,867	19.06	583,409	23.62
$150,000 to $199,999	67,059	30.52	429,311	17.38
$200,000 to $299,999	64,209	29.22	344,651	13.95
$300,000 or more	39,784	18.11	231,313	9.36
Total	219,711	100.00%*	2,470,338	100.00%*

Source: U.S. Census Bureau (2000 Census). Ninety percent (90%) of the District is in DuPage County.
* May not total due to rounding.

The chart below shows building permit and construction data for the County for the past five years.

DuPage County, Illinois
Residential Building Permits
(Excludes the Value of Land)

		Single Family		Multi-Family		
Calendar Year	**Number of Permits**	**Number of Buildings**	**Number of Units**	**Number of Buildings**	**Number of Units**	**Total Construction Value**
2002*	2,764	2,731	2,731	33	630	$669,624,368
2001	2,832	2,771	2,771	61	1,562	751,944,682
2000	3,331	3,292	3,292	39	639	683,802,502
1999	3,839	3,778	3,778	61	916	726,915,854
1998	3,950	3,845	3,845	105	1,457	788,103,677

Source: Northeastern Illinois Planning Commission. Ninety percent (90%) of the District lies in DuPage County.
* Through November 2002.

Largest Taxpayers. The following chart lists the largest taxpayers in DuPage County for the year 2001.

DuPage County, Illinois
Largest Taxpayers

Taxpayer	Type of Business	Assessed Valuation (000's)	Percentage of Total Assessed Valuation
Hamilton Partners Inc.	Commercial Development	$152,817	0.60%
JMB/Urban Development Co.	Shopping Center Property	123,655	0.49
Lucent Technologies	Communications Research and Development	84,087	0.33
Duke Realty	Commercial Development	53,971	0.21
McDonald's Corporation	Food Service	44,053	0.17
Inland Real Estate	Commercial Property	43,524	0.17
BP Corporation	Petroleum Products Research	35,857	0.14
ZML Development	Commercial Development	34,382	0.14
Commonwealth Edison	Utility	28,599	0.11
Yorktown Joint Venture	Commercial Property Management	23,785	0.09
Nalco Chemical	Chemical Company	22,719	0.09
Total		$647,449	2.54%

Source: DuPage County Statement of Principal Taxpayers (2001). Ninety percent (90%) of the District lies in DuPage County.

Employee Relations and Collective Bargaining

The District has a total of 2,983 employees, 969 of which are full-time equivalent staff. The 316 full-time faculty-staff members are represented by the College of DuPage Faculty Association IEA/NEA, pursuant to a contract expiring on June 30, 2003. Negotiations are underway for a replacement contract. The 130 part-time faculty-staff members are represented by the College of DuPage Adjunct Association IEA/NEA, pursuant to a contract expiring on June 30, 2005. The District's 15 operating engineers are represented by the International Union of Operating Engineers Local 399, pursuant to a contract expiring on June 30, 2004. In addition, the District's 15 public safety officers are represented by the Illinois Council of Police and Sheriffs Local 7, pursuant to a contract expiring on June 30, 2004. The District characterizes relations with all bargaining units as generally positive.

The District 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 eight community colleges in Illinois. The governing documents of the Consortium provide that it will be self-sustaining through member premiums and will reinsure through commercial companies. For fiscal year 2002, the Consortium was insured for $790 million for property-related insured events, $15 million for liability-related insured events and $5 million for student nurse malpractice insured events. The District is responsible for liability in excess of these limits.

The District separately carries insurance coverage for directors' and officers' liability and sports accidents. The District also maintains self-insurance coverage through a third-party administrator for its employee health insurance.

Outstanding Debt

District Debt. The District has no long-term outstanding debt other than the Bonds. The District has not defaulted on any of its prior indebtedness. The chart below shows the direct general obligation debt of the District after the issuance of the Bonds.

Direct General Obligation
Bonded Indebtedness of the District

Estimated Full Value of Taxable Property (1)	$83,155,322,316
Equalized Assessed Valuation of Taxable Property (1)	$27,718,440,772
General Obligation Bonded Debt (including the Bonds):	$124,395,000
Percentage to Full Value of Taxable Property:	0.15%
Percentage to Equalized Assessed Valuation:	0.45%
Percentage of Debt Limit (2.875% of EAV): (2)	11.65%
Per Capita	$127.45
Population Estimate: (3)	976,000

(1) As of assessment year 2001.
(2) Does not include the Series 2003B Bonds, which do not count against the legal debt limitation of the District unless taxes are extended to pay debt service thereon.
(3) Estimate of population for 2002.
Source: District records.

Overlapping Debt. The following shows the direct and overlapping debt of DuPage County as of February 1, 2003.

DuPage County, Illinois
Direct and Overlapping
General Obligation Bonded Debt

Taxing Body	Percentage Applicable to County	Amount Applicable to County[1]
DuPage County	100.00%	$ 62,526,000
DuPage Forest Preserve District	100.00	229,686,000
DuPage Water Commission	100.00	81,933,000
Cities & Villages	7.79	405,997,000
Park Districts	10.44	105,602,000
Fire Protection Districts	67.61	10,325,000
Library Districts	72.24	8,030,000
Special Service Areas	100.00	16,130,000
Townships	100.00	580,000,000
Grade School Districts	96.94	313,140,000
High School Districts	94.10	203,941,000
Unit School Districts	9.59	421,335,000
Community College Districts	3.14	4,916,000
Total		$2,443,560,000

Source: DuPage County Clerk's Office and other local government records. Ninety percent (90%) of the District lies in DuPage County.
(1) Excludes Alternate Bonds. May not account for optionally redeemed debt if DuPage County Clerk was not notified of optional redemptions.

Future Financings

Other than the issuance of the Bonds, no financings are anticipated in 2003.

TAX COLLECTION INFORMATION FOR DUPAGE COUNTY, ILLINOIS

General

Separate taxes to pay principal of and interest on the Bonds have been levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessment, tax levy and collection in DuPage County (in which 90 percent of the District lies). There can be no assurance that the procedures described herein will not be changed. Tax levy and collection procedures in Will County are substantially similar to those used in DuPage County. Tax levy and collection procedures in Cook County vary from those used in DuPage County.

In DuPage County, taxes are extended on assessed values after equalization. Real estate tax bills are payable in two installments, usually June 1 and September 1. Taxes levied in one calendar year become payable during the following calendar year in two equal installments. Taxes not paid when due are subject to a penalty rate of 1-1/2 percent per month until paid. Unpaid property taxes constitute a valid lien against the property on which the tax is levied.

Railroad taxes are payable in one installment with the same penalty date as the second installment of real estate tax bills. Property is subject to sale by the Treasurer of the County (the "County Treasurer") to recover delinquent taxes. The property tax cycle is based upon the calendar year.

Assessment

The township assessor of each of the nine townships in DuPage County is responsible for the assessment of all taxable real property within the township except for certain railroad property and certified pollution control facilities which are assessed directly by the Illinois Department of Revenue (the "Department"). The County is reassessed every fourth year by the township assessors. Between these quadrennial assessments, assessors can revalue those properties whose condition has altered significantly in the past year because of improvements or damages and any other properties that they determine are incorrectly assessed.

After the township assessors establish the fair market value of a parcel of land, the value, as revised by the DuPage County supervisor of assessments, is multiplied by 33-1/3 percent to arrive at the assessed valuation ("Assessed Valuation") for that parcel. Each township assessor and the DuPage County supervisor of assessments may revise the Assessed Valuation. Taxpayers may formally petition for review of their assessments by the DuPage County Board of Review. In addition, taxpayers have the right to appeal the DuPage County Board of Review's decision to the State Property Tax Appeal Board or to the Circuit Court in tax objection proceedings.

Equalization

After the township assessors and the county supervisor of assessments have established the Assessed Valuation for each parcel for a given year and township multipliers have been established, and following the DuPage County Board of Review revisions, the Department is required by statute to review the Assessed Valuations. The Department establishes an equalization factor (commonly called the "multiplier") for each county, to make all valuations uniform among the 102 counties in the State. Assessments are equalized at 33-1/3 percent of estimated fair market value.

Once the equalization factor is established, the Assessed Valuations determined by the township assessors, as revised by the DuPage County Board of Review, are multiplied by the equalization factor to determine the Equalized Assessed Valuations. The Equalized Assessed Valuations are the final property valuations used for determination of tax liability in DuPage County.

The aggregate Equalized Assessed Valuation for all parcels in DuPage County, including the valuation of certain railroad property and certified pollution control facilities assessed directly by the State, and the valuation of farms assessed under the direction of the State, constitutes the total real estate tax base for DuPage County, and is the figure utilized to calculate tax rates.

Exemptions

The Annual Homestead Exemption provides that the Equalized Assessed Valuation of property owned and used exclusively for residential purposes may be reduced by the amount of any increase over the 1977 Equalized Assessed Valuation, up to a maximum reduction of $3,500. Additional exemptions exist for (i) senior citizens, whereby the County Assessor may annually reduce the Equalized Assessed Valuation on a senior citizen's home by a maximum of $2,000, and (ii) Disabled Veterans, whereby the County Assessor may annually exempt up to $50,000 of the Assessed Valuation of property owned and used exclusively by such veterans for residential purposes and specifically adapted to suit the veteran's disability. The Homestead Improvement Exemption allows owners of single family residences to make up to $45,000 in home improvements without increasing the Assessed Valuation of their property for at least four years.

The Senior Citizens Tax Freeze Homestead Exemption enables people age 65 or older with a household income of less than $35,000 to receive an exemption in the amount of the difference between the current equalized assessed value of each principal residence and the equalized assessed value in the year before the senior citizen becomes eligible and applies for the exemption (the "Base Year") plus the value of subsequent improvements made in the year following the Base Year.

Tax Levy

As part of the annual budget process of the District, a resolution is adopted by the Board, in each year in which it determines to levy real estate taxes no later than the last Tuesday in December of such year. This tax levy resolution imposes real estate taxes in terms of a dollar amount. The District certifies its real estate tax levy, as established by resolution, to the County Clerks' Offices.

After the determination of the aggregate Equalized Assessed Valuation for DuPage County, the County Clerk computes the annual tax rate for the District. The County Clerk will calculate a limiting rate for the District in accordance with the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "Tax Extension Limitation Law"). The limiting rate is the mechanism for implementing the tax extension limitation or cap of five percent or the percentage increase in the Consumer Price Index, whichever is less, or the amount approved by referendum, on the amount of taxes to be collected by the District. Once calculated, the limiting rate is compared with the sum of the tax rates of the District's funds which are subject to the aforementioned limitation. If the sum of the tax rates exceeds the limiting rate an adjustment must be made. The County Clerk will not extend a levy using an aggregate tax rate greater than the limiting rate.

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

The Truth in Taxation Law requires additional procedures in connection with the annual levying of property taxes. Notice in the prescribed form must be published if the annual aggregate levy is estimated to exceed 105 percent of the amount extended or estimated to be extended upon the final aggregate levy of the preceding year, exclusive of election costs and debt service costs. A public hearing must also be held, which may not be in conjunction with the budget hearing of the taxing body. No amount in excess of 105 percent of the amount exclusive of election costs and debt service costs, which has been extended or is estimated to be extended upon the final aggregate levy of the preceding year, may be extended unless the levy is accompanied by a certification of compliance with the foregoing procedures. The express purpose of the legislation is to require disclosure of a levy in excess of specified levels.

Collection

Property taxes are collected by the County Collector, who is also the County Treasurer, who remits to the District its share of the collections. Taxes levied in one calendar year become payable during the following calendar year in two equal installments, the first on the later of June 1 or 30 days after the mailing of the tax bills and the second on the later of September 1 or 30 days after the mailing of the tax bills.

At the end of each calendar year, the County Collector presents the Warrant Books to the Circuit Court, and applies for a judgment for all unpaid taxes. The Court order resulting from that application for judgment provides for a sale of all property with unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful bidders pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1-1/2 percent (one percent for agricultural property) per month from their due date until the date of sale. Taxpayers can redeem their property by paying the tax buyer the amount paid at the sale, plus a penalty. If no redemption is made within two years, the tax buyer can receive a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

Property Tax Extension Limitation Law

The Tax Extension Limitation Law limits the amount of annual increase in property taxes to be extended for certain Illinois non-home rule units of government, including the District. In general, the Tax Extension Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to assessed valuation increases from new construction, referendum approval of tax rate increases, and consolidations of local government units.

The effect of the Tax Extension Limitation Law is to limit the growth of the amount of property taxes than can be extended for a taxing body. In addition, general obligation bonds (other than Alternate Bonds), notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless the obligations first are approved at a direct referendum, are alternate bonds or are for certain refunding purposes.

The Debt Reform Act permits local governments, including the District, to issue alternate bonds payable from a lawful revenue source or in lieu of revenue bonds that have otherwise been authorized by applicable law. See "SECURITY FOR THE BONDS—Series 2003B Bonds" herein.

FINANCIAL INFORMATION

The accounting policies of the District conform to generally accepted accounting principles as applicable to units of government. The District uses a modified accrual basis of accounting for all governmental funds. Revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income and gross receipts are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Copies of complete audit reports for the fiscal years 1997 through 2001 are available for inspection at the District's office in Glen Ellyn, Illinois. Extracts of the audit report of the District for the fiscal year ended June 30, 2002, with the notes thereto, are in Appendix A hereto and have been audited by KPMG, LLP, Chicago, Illinois, certified public accountants.

LITIGATION

The District is not engaged in and, to the best of its knowledge and belief has not been threatened with, any litigation of any nature which seeks to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or which in any way contests the validity of the Bonds or any proceedings of the District taken with respect to their issuance or sale or the pledge or application of any moneys or the security provided for the payment of the Bonds, or which contests the creation, organization or existence of the District or the title of any of the present members or other officials of the District to their respective offices. Upon the delivery of the Bonds, the District will deliver a certificate, in form satisfactory to Bond Counsel, to the effect of the foregoing.

TAX MATTERS

Tax Exemption

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

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations.

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

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Bonds.

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

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

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

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure.

Interest on the Bonds is not exempt from present State of Illinois income taxes.

Original Issue Discount

The initial public offering price of the following Bonds is less than the principal amount payable at maturity: the Series 2003A Bonds maturing on June 1, 2009 and bearing interest at 3.00% per annum; the Series 2003A Bonds maturing on June 1, 2013 and bearing interest at 3.85% per annum; the Series 2003B Bonds maturing January 1, 2009; the Series 2003B Bonds maturing on January 1, 2010 and bearing interest at 3.25% per annum; the Series 2003B Bonds maturing on January 1, 2011 and bearing interest at 3.50% per annum; and the Series 2003B Bonds maturing on January 1, 2013, 2014, 2015, 2016 and 2023 (collectively, the "Original Issue Discount Bonds"). The difference between the Issue Price (defined below) of each maturity of the Original Issue Discount Bonds and the principal amount payable at maturity is original issue discount. The issue price (the "Issue Price") for each maturity of the Original Issue Discount Bonds is the price at which a substantial amount of such maturity of the Original Issue Discount Bonds is first sold to the public. The Issue Price of each maturity of the Original Issue Discount Bonds is expected to be the amount set forth on the inside cover page hereof, but is subject to change based on actual sales.

For an investor who purchases an Original Issue Discount Bond in the initial public offering at the Issue Price for each maturity and who holds such Original Issue Discount Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed under "TAX MATTERS – Tax Exemption" above, (a) the full amount of original issue discount with respect to such Original Issue Discount Bond constitutes interest which is not includable in the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such Original Issue Discount Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year.

If an Original Issue Discount Bond is purchased at any time for a price that is less than the Original Issue Discount Bond's Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated a having purchased such Original Issue

Discount Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Such treatment would apply to any purchaser who purchases such Original Issue Discount Bond for a price that is less than its Revised Issue Price.

Owners of Original Issue Discount Bonds who dispose of Original Issue Discount Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Original Issue Discount Bonds in the initial public offering, but at a price different from the Issue Price or purchase Original Issue Discount Bonds subsequent to the initial public offering should consult their own tax advisors. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such Original Issue Discount Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The District will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

The District has not previously entered into an undertaking pursuant to the Rule. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "– Consequences of Failure of the District to Provide Information" below. A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking of the District and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the District.

Annual Financial Information Disclosure

The District covenants that it will disseminate its Annual Financial Information no later than 210 days after the end of each fiscal year and its Audited Financial Statements, if any (as described below), no later than 30 days after its receipt of the same, to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the Securities and Exchange Commission for purposes of the Rule and to the repository, if any, designated by the State as the state depository (the "SID") and recognized as such by the Commission for purposes of the Rule.

"*Annual Financial Information*" means an annual update of the information set forth in this Official Statement in the table "SECURITY FOR THE BONDS —Debt Service Coverage Series 2003B Bonds" and in the following tables under the caption "THE DISTRICT": "District Revenue," "Total Operating Funds Revenue of District," "History of Assessed Valuation of District," "District Funds and Levy Limits," "District Property Tax Levies and Collections," "District Tuition Rates and Tuition and Fee Revenues," "College Enrollment" and "Direct General Obligation Bonded Indebtedness of the District," to the extent such information is not contained in the Audited Financial Statements.

"*Audited Financial Statements*" means the Comprehensive Annual Financial Report of the District prepared in accordance with generally accepted accounting principles.

Material Events Disclosure

The District covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Bonds that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events" are:

- Principal and interest payment delinquencies
- Non-payment related defaults
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the security
- Modification to the rights of security holders
- Bond calls
- Defeasances
- Release, substitution or sale of property securing repayment of the securities
- Rating changes

Consequences of Failure of the District to Provide Information

The District will give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the District to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under the Undertaking. A default under the Undertaking will not be deemed a default under the Bond Resolution, and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking will be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the District may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District or type of business conducted;

(b) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds as determined by parties unaffiliated with the District (such as the Bond Counsel).

Termination of Undertaking

The Undertaking will be terminated if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Resolution. The District will give notice to each NRMSIR or to the MSRB and to the SID, if any, in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the District chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the District shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence.

Dissemination Agent

The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

LEGAL MATTERS

Issuance of the Bonds is subject to the delivery of approving legal opinions by Chapman and Cutler, Chicago, Illinois, ("Bond Counsel"), in substantially the forms set forth in Appendix B, to be delivered at the time the Bonds are issued. Bond Counsel has been retained by, and acts as, Bond Counsel to the District. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler has, at the request of the Underwriters, reviewed the statements describing its approving opinion and under the heading "TAX MATTERS" solely to determine whether such information is accurate in all material respects. This review was undertaken solely at the request and for the benefit of the Underwriters. Certain legal matters will be passed upon for the District by its counsel, Robbins, Schwartz, Nicholas, Lifton & Taylor LTD, Chicago, Illinois, and for the Underwriters by their counsel, Mayer, Brown, Rowe & Maw, Chicago, Illinois.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's Ratings Group have assigned their municipal bond ratings of "Aaa" and "AAA" respectively, to the Bonds. The ratings assigned to the Bonds reflect only the views of the respective rating agencies, and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely, if, in the sole judgment of the rating agencies, circumstances so warrant. Any downward revision or withdrawal of any of the ratings may have an adverse effect on the trading value and market price of the Bonds.

UNDERWRITING

The Underwriters set forth on the cover page of this Official Statement (the "Underwriters") have agreed to purchase the Bonds at an aggregate price of $132,282,803.30 (reflecting an underwriting discount of $599,280.00, plus a net bond premium of $8,487,083.30), plus accrued interest from the dated date to the date of delivery. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions established in the Bond Purchase Agreement, but the Underwriters are obligated to purchase all of the Bonds if they purchase any of the Bonds. To the extent it may legally do so, the District has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, and to contribute in respect thereof.

Banc One Capital Markets, Inc. ("BOCM") is a broker-dealer and subsidiary of BANK ONE CORPORATION ("BANK ONE"). Any obligations of BOCM are its sole obligations and do not create any obligations on the part of any affiliate of BOCM, including any affiliated banks.

CERTIFICATION OF THE OFFICIAL STATEMENT

Upon the delivery of the Bonds, the District will deliver a certificate executed by proper officers acting in their official capacities, to the effect that, among other things, to the best of their knowledge and belief, the Official Statement was, as of its date, and is, as of the date of delivery of the Bonds, true and correct in all material respects and did not, and does not, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

The foregoing references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and they are qualified in their entirety by reference to the complete provisions of such documents and other materials summarized or described. Copies of the Series 2003A Bond Resolution and the Series 2003B Bond Resolution are available for inspection at the office of the District at 425 Fawell Boulevard, Glen Ellyn, Illinois 60137.

Any statements made in this Official Statement or the Appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized.

The execution and delivery of this Official Statement has been authorized by the District.

COMMUNITY COLLEGE DISTRICT NO. 502,
COUNTIES OF DUPAGE, COOK AND WILL AND
STATE OF ILLINOIS

/s/ Kathy A. Wessel
Chairman of the Board of Trustees

CERTIFICATION OF THE OFFICIAL STATEMENT

Upon the delivery of the Bonds, the District will deliver a certificate executed by proper officers acting in their official capacities, to the effect that, among other things, to the best of their knowledge and belief, the Official Statement was, as of its date, and is, as of the date of delivery of the Bonds, true and correct in all material respects and did not, and does not, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

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COMMUNITY COLLEGE DISTRICT NO. 502,
COUNTIES OF DUPAGE, COOK AND WILL AND
STATE OF ILLINOIS

Kathy A. Wessel

Chairman of the Board of Trustees

APPENDIX A

EXTRACTS OF AUDIT REPORT
OF THE DISTRICT FOR
FISCAL YEAR ENDED JUNE 30, 2002

This Appendix contains the audited general purpose financial statements of the District, but does not contain combining, individual fund and account group financial statements and schedules and supplemental information contained in the District's complete audit report for the fiscal year ended June 30, 2002. Copies of the complete audit report are available from the District upon request.

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KPMG

303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Trustees
College of DuPage
Community College District No. 502
Glen Ellyn, Illinois:

We have audited the accompanying general purpose financial statements of the College of DuPage – Community College District No. 502 (the College) as of and for the year ended June 30, 2002 as listed in the accompanying table of contents. These financial statements are the responsibility of the management of the College. 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 *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the College of DuPage - Community College District No. 502 as of June 30, 2002, and the results of its operations and cash flows of it nonexpendable trust funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2002 on our consideration of the College's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, individual account group, uniform financial statements and schedules are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the College. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the College. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion thereon.

KPMG LLP

September 20, 2002

COLLEGE OF DuPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502

JUNE 30, 2002

GENERAL PURPOSE

FINANCIAL STATEMENTS

COLLEGE OF DuPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

	Governmental Fund Types			Fiduciary Fund Type	Account Groups		Total
	General	Special Revenue	Capital Projects	Trust and Agency Funds	General Fixed Assets	General Long-term Debt	(Memorandum Only)
ASSETS AND OTHER DEBITS							
ASSETS:							
Cash	$ 788,122	$ 1,373,825	$ 152,146	$ 109,289	$ -	$ -	$ 2,423,382
Investments	39,453,611	8,232,298	16,740,098	19,922,961	-	-	84,348,968
Receivables (net of allowances):							
Taxes	27,752,909	149,661	-	-	-	-	27,902,570
Federal and state government claims	261,971	-	-	1,873,307	-	-	2,135,278
Interest	988,448	102,713	102,796	198,599	-	-	1,392,556
Other	735,261	812,591	-	16,502	-	-	1,564,354
Due from other funds	132,895	239,725	-	137,629	-	-	510,249
Inventory	-	18,015	-	-	-	-	18,015
Prepaid expenditures	144,000	36,598	-	-	-	-	180,598
Other assets	17,197	-	-	36,366	-	-	53,563
Fixed assets	-	-	-	-	190,866,399	-	190,866,399
OTHER DEBITS:							
Amount to be provided for retirement of long-term liabilities	-	-	-	-	-	1,280,000	1,280,000
Total assets and other debits	$ 70,274,414	$ 10,965,426	$ 16,995,040	$ 22,294,653	$ 190,866,399	$ 1,280,000	$ 312,675,932

See Notes to the Financial Statements

STATEMENT 1
(Page 2 of 2)

COLLEGE OF DuPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

	Governmental Fund Types			Fiduciary Fund Types	Account Groups		Total
	General	Special Revenue	Capital Projects	Trust and Agency Funds	General Fixed Assets	General Long-term Debt	(Memorandum Only)
LIABILITIES, FUND EQUITY AND OTHER CREDITS							
Liabilities:							
Accounts payable	$ 1,217,904	$ 341,717	$ 1,318,256	$ 432,183	$ -	$ -	$ 3,310,060
Other accrued expenditures	6,794,469	153,987	-	126,785	-	-	7,075,241
Due to other funds	239,689	137,629	18,623	114,308	-	-	510,249
Deferred tax revenues	26,962,724	179,568	-	-	-	-	27,142,292
Deferred grant revenues	-	-	372,393	113,762	-	-	486,155
Deferred student tuition and fee revenues	5,021,155	1,518,909	-	555,258	-	-	7,095,322
Deposits held in custody for others	-	-	-	164,212	-	-	164,212
Other liabilities	45,617	30,100	-	6,309	-	-	82,026
Long term debt obligations	-	-	-	-	-	1,280,000	1,280,000
Total liabilities	40,281,558	2,361,910	1,709,272	1,512,817	-	1,280,000	47,145,557
Fund equity and other credits:							
Investment in general fixed assets	-	-		-	190,866,399	-	190,866,399
Fund balance:							
Reserved for encumbrances	1,090,850	456,483	4,910,459	399,242	-	-	6,857,034
Reserved for inventory	-	18,015	-	-	-	-	18,015
Reserved for prepaid expenditures	144,000	36,598	-	-	-	-	180,598
Unreserved - designated for transfers	10,431,832	-	-	-	-	-	10,431,832
Unreserved - undesignated	18,326,174	8,092,420	10,375,309	20,382,594	-	-	57,176,497
Total fund equity and other credits	29,992,856	8,603,516	15,285,768	20,781,836	190,866,399	-	265,530,375
Total liabilities, fund equity and other credits	$ 70,274,414	$ 10,965,426	$ 16,995,040	$ 22,294,653	$ 190,866,399	$ 1,280,000	$ 312,675,932

See Notes to the Financial Statements

STATEMENT 2

COLLEGE OF DuPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	TOTAL
Revenues:	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	EXPENDABLE TRUST FUND	MEMORANDUM ONLY
Local government sources:					
Real estate taxes	$ 52,263,259	$ 241,572	$ -	$ -	$ 52,504,831
Chargeback revenue	436,557	-	-	-	436,557
Total Local government sources	52,699,816	241,572	-	-	52,941,388
State government sources:					
Corporate personal property replacement tax	1,010,103	-	-	-	1,010,103
Illinois Community College Board base operating grant	14,934,716	-	-	-	14,934,716
Illinois Board of Vocational Education and Rehabilitation	312,147	-	-	-	312,147
Other grants	-	-	437,123	12,410,738	12,847,861
Total State government sources	16,256,966	-	437,123	12,410,738	29,104,827
Federal government sources	2,720	-	-	5,484,809	5,487,529
Student tuition and fees	30,611,536	6,960,531	792,405	1,250,728	39,615,200
Sales and service fees	50,000	4,634,824	-	203,619	4,888,443
Interest on investments	1,641,269	462,546	755,803	334,481	3,194,099
Other revenue	164,940	8,302,757	-	577,684	9,045,381
Total revenues	101,427,247	20,602,230	1,985,331	20,262,059	144,276,867
Expenditures:					
Current:					
Instruction	49,552,296	-	-	5,650,444	55,202,740
Academic support	7,134,815	-	-	520,919	7,655,734
Student services	8,561,746	-	-	1,188,647	9,750,393
Public service	350,741	4,527,411	-	2,358,530	7,236,682
Independent operations	-	6,375,291	-	166,557	6,541,848
Operation and maintenance of plant	10,653,908	-	-	331,822	10,985,730
General administration	7,559,250	196,066	-	1,332,567	9,087,883
General institutional	4,001,602	8,480,945	116,737	1,081,488	13,680,772
Scholarships, student grants & waivers	3,165,723	-	-	6,240,020	9,405,743
Capital outlay	1,112,054	312,479	7,687,690	3,275,874	12,388,097
Debt service: Principal retirement	720,000	-	-	-	720,000
Interest	16,262	-	-	-	16,262
Total expenditures	92,828,397	19,892,192	7,804,427	22,146,868	142,671,884
Excess (deficiency) of revenues over expenditures	8,598,850	710,038	(5,819,096)	(1,884,809)	1,604,983
Other financing sources (uses):					
Operating transfers in	529,893	172,005	6,194,812	7,268,643	14,165,353
Operating transfer out	(9,733,577)	(2,882,501)	-	(1,092,826)	(13,708,904)
Total other financing sources (uses):	(9,203,684)	(2,710,496)	6,194,812	6,175,817	456,449
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(604,834)	(2,000,458)	375,716	4,291,008	2,061,432
Fund Balance at Beginning of Year	30,597,690	10,603,974	14,910,052	8,455,852	64,567,568
Fund Balance at End of Year	$ 29,992,856	$ 8,603,516	$ 15,285,768	$12,746,860	$ 66,629,000

See Notes to the Financial Statements

STATEMENT 3
(Page 1 of 2)

COLLEGE OF DuPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	GOVERNMENTAL FUND TYPES								
	General Fund			Special Revenue Funds			Capital Projects Funds		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues:									
Local government sources:									
Real estate taxes	$ 52,878,185	$ 52,263,259	$ (614,926)	$ 139,300	$ 241,572	$ 102,272	$ -	$ -	$ -
Chargeback revenue	187,265	436,557	249,292	-	-	-	-	-	-
Total Local government sources	53,065,450	52,699,816	(365,634)	139,300	241,572	102,272	-	-	-
State government sources:									
Corporate personal property replacement tax	1,159,020	1,010,103	(148,917)	-	-	-	-	-	-
Illinois Community College Board credit hour grant	14,803,055	14,934,716	131,661	-	-	-	-	-	-
Illinois Community College Board performance based funding	134,995	-	(134,995)	-	-	-	-	-	-
Illinois Board of Vocational Education and Rehabilitation	382,450	312,147	(70,303)	-	-	-	-	-	-
Other grants	-	-	-	-	-	-	600,000	437,123	(162,877)
Total State government sources	16,479,520	16,256,966	(222,554)	-	-	-	600,000	437,123	(162,877)
Federal government sources (including grants)	-	2,720	2,720	-	-	-	-	-	-
Student tuition and fees	28,754,992	30,611,536	1,856,544	12,494,036	6,960,531	(5,533,505)	736,065	792,405	56,340
Sales and service fees	25,000	50,000	25,000	4,284,192	4,634,824	350,632	-	-	-
Interest on investments	1,437,001	1,641,269	204,268	228,014	462,546	234,532	309,474	755,803	446,329
Other revenue	114,990	164,940	49,950	16,007,442	8,302,757	(7,704,685)	-	-	-
Total revenues	99,876,953	101,427,247	1,550,294	33,152,984	20,602,230	(12,550,754)	1,645,539	1,985,331	339,792
Expenditures:									
Current:									
Instruction	50,386,770	49,552,296	(834,474)	-	-	-	-	-	-
Academic support	7,569,156	7,134,815	(434,341)	-	-	-	-	-	-
Student services	8,339,226	8,561,746	222,520	-	-	-	-	-	-
Public service	367,203	350,741	(16,462)	11,581,482	4,527,411	(7,054,071)	-	-	-
Independent operations	-	-	-	9,867,623	6,375,291	(3,492,332)	-	-	-
Operation and maintenance of plant	12,034,021	10,653,908	(1,380,113)	-	-	-	-	-	-
General administration	7,808,043	7,559,250	(248,793)	194,600	196,066	1,466	-	-	-
General institutional	5,613,125	4,001,602	(1,611,523)	9,242,267	8,480,945	(761,322)	417,300	116,737	(300,563)
Scholarships, student grants & waivers	2,950,500	3,165,723	215,223	-	-	-	-	-	-
Capital outlay	1,918,097	1,112,054	(806,043)	804,843	312,479	(492,364)	13,740,200	7,687,690	(6,052,510)
Debt service: Principal retirement	720,000	720,000	-	-	-	-	-	-	-
Interest	16,920	16,262	(658)	-	-	-	-	-	-
Total expenditures	97,723,061	92,828,397	(4,894,664)	31,690,815	19,892,192	(11,798,623)	14,157,500	7,804,427	(6,353,073)
Excess (deficiency) of revenues over expenditures	2,153,892	8,598,850	6,444,958	1,462,169	710,038	(752,131)	(12,511,961)	(5,819,096)	6,692,865
Other financing sources (uses):									
Operating transfers in	573,444	529,893	(43,551)	123,570	172,005	48,435	6,194,812	6,194,812	-
Operating transfer out	(9,733,578)	(9,733,577)	1	(2,828,881)	(2,882,501)	(53,620)	-	-	-
Total Other financing sources (uses)	(9,160,134)	(9,203,684)	(43,550)	(2,705,311)	(2,710,496)	(5,185)	6,194,812	6,194,812	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	$ (7,006,242)	(604,834)	$ 6,401,408	$ (1,243,142)	(2,000,458)	$ (757,316)	$ (6,317,149)	375,716	$ 6,692,865
Fund Balance at Beginning of Year		30,597,690			10,603,974			14,910,052	
Fund Balance at End of Year		$ 29,992,856			$ 8,603,516			$ 15,285,768	

See Notes to the Financial Statements

STATEMENT 3
(Page 2 of 2)

COLLEGE OF DuPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	FIDUCIARY FUND TYPES					
	Expendable Trust Fund			Total (Memorandum Only)		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues:						
Local government sources:						
Real estate taxes	$ -	$ -	$ -	$ 53,017,485	$ 52,504,831	$ (512,654)
Chargeback revenue	-	-	-	187,265	436,557	249,292
Total Local government sources	-	-	-	53,204,750	52,941,388	(263,362)
State government sources:						
Corporate personal property replacement tax	-	-	-	1,159,020	1,010,103	(148,917)
Illinois Community College Board credit hour grant	-	-	-	14,803,055	14,934,716	131,661
Illinois Community College Board performance based funding	-	-	-	134,995	-	(134,995)
Illinois Board of Vocational Education and Rehabilitation	-	-	-	382,450	312,147	(70,303)
Other grants	10,774,866	12,410,738	1,635,872	11,374,866	12,847,861	1,472,995
Total State government sources	10,774,866	12,410,738	1,635,872	27,854,386	29,104,827	1,250,441
Federal government sources (including grants)	3,870,209	5,484,809	1,614,600	3,870,209	5,487,529	1,617,320
Student tuition and fees	1,145,462	1,250,728	105,266	43,130,555	39,615,200	(3,515,355)
Sales and service fees	20,000	203,619	183,619	4,329,192	4,888,443	559,251
Interest on investments	396,470	334,481	(61,989)	2,370,959	3,194,099	823,140
Other revenue	4,042,405	577,684	(3,464,721)	20,164,837	9,045,381	(11,119,456)
Total revenues	20,249,412	20,262,059	12,647	154,924,888	144,276,867	(10,648,021)
Expenditures:						
Current:						
Instruction	4,734,976	5,650,444	915,468	55,121,746	55,202,740	80,994
Academic support	463,588	520,919	57,331	8,032,744	7,655,734	(377,010)
Student services	1,066,012	1,188,647	122,635	9,405,238	9,750,393	345,155
Public service	1,660,012	2,358,530	698,518	13,608,697	7,236,682	(6,372,015)
Independent operations	103,722	166,557	62,835	9,971,345	6,541,848	(3,429,497)
Operation and maintenance of plant	331,477	331,822	345	12,365,498	10,985,730	(1,379,768)
General administration	6,397,045	1,332,567	(5,064,478)	14,399,688	9,087,883	(5,311,805)
General institutional	2,850,404	1,081,488	(1,768,916)	18,123,096	13,680,772	(4,442,324)
Scholarships, student grants & waivers	3,736,744	6,240,020	2,503,276	6,687,244	9,405,743	2,718,499
Capital outlay	4,218,323	3,275,874	(942,449)	20,681,463	12,388,097	(8,293,366)
Debt service: Principal retirement	-	-	-	720,000	720,000	-
Interest	-	-	-	16,920	16,262	(658)
Total expenditures	25,562,303	22,146,868	(3,415,435)	169,133,679	142,671,884	(26,461,795)
Excess (deficiency) of revenues over expenditures	(5,312,891)	(1,884,809)	3,428,082	(14,208,791)	1,604,983	15,813,774
Other financing sources (uses):						
Operating transfers in	7,265,024	7,268,643	3,619	14,156,850	14,165,353	8,503
Operating transfer out	(1,094,391)	(1,092,826)	1,565	(13,656,850)	(13,708,904)	(52,054)
Total Other financing sources (uses)	6,170,633	6,175,817	5,184	500,000	456,449	(43,551)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	$ 857,742	4,291,008	$ 3,433,266	$ (13,708,791)	2,061,432	$ 15,770,223
Fund Balance at Beginning of Year		8,455,852			64,567,568	
Fund Balance at End of Year		$ 12,746,860			$ 66,629,000	

See Notes to the Financial Statements

STATEMENT 4

COLLEGE OF DuPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIDUCIARY FUND TYPE, NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Budget	Actual	Actual Over (Under) Budget
Revenues:			
Interest on investments	$ 500,000	$ 393,009	$ (106,991)
Income before operating transfers	500,000	393,009	(106,991)
Operating transfers out	(500,000)	(456,449)	43,551
Excess (deficiency) of revenues over expenses	$ -	(63,440)	$ (63,440)
Fund Balance at Beginning of Year		8,098,416	
Fund Balance at End of Year		$ 8,034,976	

See Notes to the Financial Statements

STATEMENT 5

COLLEGE OF DuPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
STATEMENT OF CASH FLOWS
FIDUCIARY FUND TYPE, NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Actual
Income before operating transfers	$ 393,009
Adjustments to reconcile income before operating transfers to net cash provided by operating activities:	
Interest income	(393,009)
Decrease in interest receivable	187,666
Net cash provided by operating activities	187,666
Cash flows from investing activities:	
Interest income	393,009
Proceeds from sales of investments	9,800,000
Purchases of investments	(10,003,023)
Net cash provided by investing activities	189,986
Cash flows from noncapital financing activities:	
Operating transfer out	(456,449)
Net cash used for financing activities	(456,449)
Net change in cash	(78,797)
Cash at beginning of year	78,999
Cash at end of year	$ 202

The $202 cash at end of year is included in the $109,289 on Statement 1 - Combined Balance Sheet, Trust and Agency Funds, Cash.

See Notes to the Financial Statements

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. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. These authoritative pronouncements are consistent with the accounting practices prescribed or permitted by the Illinois Community College Board (ICCB), as set forth in the ICCB Fiscal Management Manual. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The College is a municipal corporation governed by an elected seven member Board of Trustees. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, and entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and therefore data from these units are combined with the data of the primary government. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

There are no blended or discretely presented component units included in the reporting entity of the College.

B. Fund Accounting

The College uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain college functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. College resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

Funds are classified into two types: governmental and fiduciary. Each fund type, in turn, is divided into separate categories.

GOVERNMENTAL FUND TYPES:

General Fund

The General Fund, which consists of Education Purposes and Operations and Maintenance Purposes, is the general operating fund of the College. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Special Revenue Funds include the Audit Fund, the Auxiliary Enterprises Fund and the Liability, Protection and Settlement Fund.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds). The Capital Projects Fund of the College is the Operations and Maintenance (Restricted) Fund.

FIDUCIARY FUND TYPES:

Trust and Agency Funds

Trust and Agency funds are used to account for assets held by the College in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include expendable trust funds, nonexpendable trust funds, and agency funds. The Expendable Trust Fund of the College is the Restricted Purposes Fund. The Nonexpendable Trust Fund of the College is the Working Cash Fund. The Agency Funds of the College are the Student Clubs Fund, the Conferences and Consortiums Fund, and the Miscellaneous Agency Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

FIDUCIARY FUND TYPES: (CONTINUED)

Trust and Agency Funds (Continued)

The Expendable Trust Fund, or Restricted Purposes Fund, is used primarily to account for assets held by the College in a trustee capacity. Resources obtained are derived principally from Federal and State grants for projects or student aid, gifts and bequests for specific purposes and scholarship, loan and endowment funds. Each resource obtained and restricted as to use is accounted for individually within this fund.

The Nonexpendable Trust Fund, or Working Cash Fund, is used to account for financial resources held by the College to be used for temporary transfer to the operating funds. Bonds may be issued by resolution of the Board of Trustees to establish or increase the fund.

The Agency Funds are used to account for financial resources held by the college when acting as a custodian for other funds, governmental units, or private entities. The Agency Funds of the College are the Student Clubs Fund, the Conferences and Consortiums Fund, and the Miscellaneous Agency Fund.

ACCOUNT GROUPS:

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for all fixed assets of the College which are not accounted for in trust funds.

General Long-Term Debt Account Group

The general long-term debt account group is used to account for all long-term debt of the College which are not accounted for in trust funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds, expendable trust funds, and agency funds are accounted for using the modified accrual basis of accounting. The measurement focus of the governmental funds and expendable trust funds is the flow of current financial resources. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. The corporate personal property replacement tax is a taxpayer-assessed tax as it is an income tax that replaced the personal property tax. Revenues considered to be susceptible to accrual are:

- Real estate tax
- Corporate personal property replacement tax
- Tuition and fees
- Interest
- Allocations from State and Federal Governments

Expenditures are recorded on the accrual basis except for:

- Inventory items, such as materials and supplies, are accounted for using the purchases method, that is, they are considered expenditures in the period purchased. However, any significant amounts of inventory are reported on the balance sheet.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The College considers amounts held in money market accounts or other securities with maturities within 90 days from purchase to be cash equivalents.

Nonexpendable Trust Funds are accounted for using the accrual basis of accounting. The measurement focus of the Nonexpendable Trust Funds is the flow of all economic resources. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

E. General Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

During the year, fixed assets are not capitalized, but rather, are charged to current expenditures. Fixed asset acquisitions, including public domain or "infrastructure" fixed assets, are accounted for in the General Fixed Asset Account Group and are valued at historical cost, or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. No depreciation has been provided on general fixed assets. Interest on constructed assets is not capitalized.

F. Investments

Investments are stated at fair value based on quoted market prices. Interest income is recorded when earned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes

The College's property taxes are levied each year on all taxable real property located in the District. In accordance with the GASB Codification of Governmental Accounting and Financial Reporting Section P70 for governmental funds, property taxes which are due or past due within the current fiscal year, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period are recorded as revenue. Such time thereafter shall not exceed 60 days.

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.

The statutory maximum tax rates and the respective final rates for the 2001 tax levy payable in calendar year 2002, per $100 of assessed valuation are as follows:

	Statutory Maximum Rate	Final Rate
Education	$.1750	$.1671
Operations and Maintenance	.0300	.0281
Liability, Protection & Settlement	none	.0006
Social Security/Medicare	none	.0005
Audit	.0050	.0002
Life Safety	.0500	none
Working Cash	(1)	none
TOTAL		$.1965

(1) Subject to limitation of bonds at 75% of property tax base.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental and Fiduciary funds. Encumbrances outstanding at year-end are reported as reserved fund balances since they do not constitute expenditures or liabilities.

I. Use of Estimates

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

2. BUDGET AND BUDGETARY ACCOUNTING

The College follows these procedures in establishing the budgetary data reflected in the financial statements:

A. The budgeting process begins in January for the following fiscal year operations.

B. Management submits to the Board of Trustees the tentative budget for the fiscal year at a May meeting. The operating budget includes proposed expenditures and the means of financing them. Estimated revenues and recommended expenditures by fund are shown and supported by detailed documentation at each administrative level within the College.

C. The budget is approved for public display not less than 30 days prior to the date of public hearing and adoption.

D. A public hearing on the tentative budget occurs at the July board meeting. The Board of Trustees adopts the legal budget at the July meeting.

E. The Board of Trustees may from time to time make transfers between the various programs within any fund not exceeding in the aggregate 10% of the total of any fund set forth in the budget. Budget amounts presented in the financial statements reflect approved transfers.

2. BUDGET AND BUDGETARY ACCOUNTING (CONTINUED)

F. The Board of Trustees may from time to time amend the budget by the same procedure as is herein provided for its original adoption.

The legal level of budgetary control is at the object level. For each fund, total expenditures or expenses may not exceed the budgeted amounts without approval of the Board of Trustees.

- Budgets are prepared and adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- No supplemental appropriations were necessary during the fiscal year.
- The original budget, and any supplemental appropriations, lapses at the end of each fiscal year.

Board Policy allows management to amend the budget, with the following exceptions, which require Board approval:

- All budget transfers from contingency and all budget transfers of $10,000 or more in the following funds: Education Purposes, Operations and Maintenance Purposes, Audit Fund, and the Liability, Protection and Settlement Fund.
- All budget transfers in the Operations and Maintenance (Restricted) Fund.

The following funds have legally adopted budgets:

General Fund
- Education Purposes
- Operations and Maintenance Purposes

Special Revenue Funds
- Audit Fund
- Auxiliary Enterprises Fund
- Liability, Protection and Settlement Fund

Capital Projects Fund
- Operations and Maintenance (Restricted) Fund

Trust and Agency Funds
- Restricted Purpose Fund, an Expendable Trust Fund
- Working Cash Fund, a Nonexpendable Trust Fund

A budget is not adopted for the Agency Funds, the General Fixed Asset Account Group, and the General Long-Term Debt Account Group.

3. CASH 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 its principal office located in Illinois, and securities issued by the Illinois Funds. The Board of Trustees policy permits deposits without collateralization in financial institutions with capital and surplus in excess of $100,000,000. The total deposits not collateralized at any one institution may not exceed $5,000,000. The Illinois Funds Money Market Fund is an external investment pool administered by the Illinois State Treasurer. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Investment Act, 30 ILCS 235. The fair value of the College of DuPage's position in this fund is equal to the recorded value of the pool shares.

A. Deposits with Financial Institutions

The following are the cash/deposit balances at June 30, 2002:

Book Balance - $78,640,583 Bank Balance - $80,745,178

The College's deposits are categorized to give an indication of the level of risk assumed by the College at June 30, 2002.

		Carrying Amount	Bank Balance
Category 1 -	Deposits covered by depository insurance or collateral held by the College or its agent in the College's name.	$64,940,583	$67,045,178
Category 2 -	Deposits covered by collateral held by a financial institution's trust department or its agent in the College's name.	-	-
Category 3 -	Deposits covered by collateral held by the pledging financial institution or its trust department, or its agent, but not in the College's name, and deposits that are uninsured and uncollateralized.	13,700,000	13,700,000
Total		$78,640,583	$80,745,178

The College maintains a compensating balance of $650,000 with a local bank as of June 30, 2002, which is included in Category 1 above.

3. CASH AND INVESTMENTS (CONTINUED)

B. Investments

The College's investments of $8,131,767 at June 30, 2002 are reported at fair value and consist solely of deposits in the Illinois Funds Money Market Fund. These investments are not required to be categorized based on custodial risk in accordance with GASB Statement No. 3 because they are not securities. The relationship between the College and the agent is a direct contractual relationship, and the investments are not supported by a transferable instrument that evidences ownership.

Reconciliation of cash and investments:

Cash per Statement 1	$ 2,423,382
Investments per Statement 1	84,348,968
Total	$86,772,350
Deposits with Financial Institutions per Note 3	$78,640,583
Investments at Fair Value per Note 3	8,131,767
Total	$86,772,350

4. FIXED ASSETS

A summary of changes in general fixed assets is as follows:

	Balance July 1, 2001	Additions	Retirements	Transfers	Balance June 30, 2002
Land & improvements	$18,883,919	-	-	-	$18,883,919
Buildings & improvements	120,359,921	-	-	$749,966	121,109,887
Equipment - purchased	44,822,017	$4,100,593	$4,084,525	-	44,838,085
Equipment - donated	1,082,242	102,832	31,840	-	1,153,234
Sub-total	185,148,099	4,203,425	4,116,365	749,966	185,985,125
Construction in progress	188,661	5,442,579	-	(749,966)	4,881,274
Total	$185,336,760	$9,646,004	$4,116,365	$ -	$190,866,399

5. RETIREMENT COMMITMENTS

The College of DuPage contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined pension plan with a special funding situation whereby the State of Illinois 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 the 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, 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 writing to: SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 10.17% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions made by the State of Illinois on behalf of the College to SURS for the years ended June 30, 2002, 2001 and 2000, were $5,269,732, $5,409,489, $4,968,635, respectively.

However, when College employees are paid from special trust or federal funds that are administered by the College, the College must pay to the State Universities Retirement System the retirement costs normally paid by the State. The College paid required contributions to SURS for the years ending June 30, 2002, 2001 and 2000 were $134,183, $102,997, $81,834, respectively.

College of DuPage provides compensation payments to its eligible benefited employees. To encourage early retirement, payments are available to administrators, 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, is recorded at present value in the fiscal year of election for retirement.

5. RETIREMENT COMMITMENTS (CONTINUED)

The expected future payments for faculty, administrators and classified at June 30, 2002 are as follows:

Fiscal Year 2003 Payments	$1,121,424
Present Value of Payments Beyond FY 2003	1,280,000

At June 30, 2002 there were 98 participants in the early retirement program. The College began fiscal year 2002 with 104 participants. Eight new participants joined the program in fiscal year, and 14 participants received their final payments during the year.

The College also provides eligible faculty, administrators and classified retirees with a health benefit program. There are a variety of health care arrangements depending on when an individual retired from the College. The College has gradually moved from providing health care coverage to the provision of annual fixed dollar allocations in lieu of health coverage. The cost of health care coverage for retirees is recorded annually as incurred, and was $295,821 for the current fiscal year. There are approximately 205 participants eligible to receive benefits at June 30, 2002. Health coverage is currently available to eligible retirees through a state program – The College Insurance Plan. Active College employees pay .5% of their salary to participate in the program subsequent to retirement. The College provides a matching contribution. For the current fiscal year 2002, the College matching contribution was $260,626.

6. COMPENSATED ABSENCES

As of June 30, 2002, employees had earned but not taken annual vacation leave which at salary rates then in effect aggregated approximately $1,817,742. The College has accrued this amount in each fund as appropriate. 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.

7. GENERAL LONG TERM DEBT

A. A summary of general long term debt transactions for the year ended June 30, 2002 is as follows.

	Balance July 1, 2001	Issuances	Retirements	Balance June 30, 2002
Note Payable-Generation System	$720,000	-	$720,000	-
Future Retirement Benefits	1,865,000	$724,406	1,309,406	$1,280,000
Total	$2,585,000	$724,406	$2,029,406	$1,280,000

B. The general long term debt of the College outstanding at June 30, 2002 is as follows:

Note Payable - Generation Systems

On August 1, 1996 the College Board of Trustees approved a five-year Equipment Note for $3,600,000 with the Northern Trust Bank. The debt is being repaid in annual installments on August 1 of each year from the Operations and Maintenance account in the College's General Fund. Interest payments are due each February 1 and August 1. The proceeds from this agreement were used to purchase and install equipment to generate electricity for the Seaton Computing Center, SRC Building, SRC North Building and the Open Campus Center Building on the Glen Ellyn Campus. The equipment is being used to collateralize the loan. The remaining principal was retired during fiscal year 2002.

7. GENERAL LONG TERM DEBT (CONTINUED)

Future Retirement Benefits

A long-term liability is recorded at present value in the amount of $1,280,000 for expected future retirement benefit payments to administrators, classified and faculty is also included in the general long-term debt account group.

8. DUE TO AND FROM OTHER FUNDS

Following are the interfund loans as of June 30, 2002. These loans are temporary and all are scheduled to be repaid in fiscal year 2003.

	Due From	Due To
General Fund:		
Education Purposes:		
Auxiliary Enterprises Fund	$ -	$ 177,050
Expendable Trust Fund	114,092	-
Agency Fund	180	-
Total Education Purposes	114,272	177,050
Operations & Maintenance Purposes:		
Auxiliary Enterprises Fund	18,623	-
Expendable Trust Fund	-	62,639
Total Operations & Maintenance Purposes	18,623	62,639
Total General Fund	132,895	239,689
Special Revenue Funds:		
Auxiliary Enterprises Fund:		
Education Purposes	177,050	-
Operations & Maintenance Purposes	62,639	-
Expendable Trust Fund	-	137,629
Agency Fund	36	-
Total Auxiliary Enterprises Fund	239,725	137,629
Total Special Revenue Funds	239,725	137,629
Capital Projects Fund:		
Operations & Maintenance Purposes	-	18,623
Total Capital Projects Fund	-	18,623

8. DUE TO AND FROM OTHER FUNDS (CONTINUED

	Due From	Due To
Trust and Agency Funds:		
Expendable Trust Fund:		
Education Purposes	$ -	$ 114,092
Auxiliary Enterprises Fund	137,629	-
Total Expendable Trust Fund	137,629	114,092
Agency Fund:		
Education Purposes	-	180
Auxiliary Enterprises Fund	-	36
Total Agency Fund	-	216
Total Trust and Agency Funds	137,629	114,308
Total All Funds	$ 510,249	$ 510,249

9. OPERATING TRANSFERS

The following operating transfers were recorded during the fiscal year:

	Transfer In	Transfer Out
General Fund:		
Education Purposes		
Expendable Trust Fund	$ -	$7,233,577
Nonexpendable Trust Fund	456,449	-
Total Education Purposes	456,449	7,233,577
Operations & Maintenance Purposes:		
Capital Projects Fund	-	2,500,000
Auxiliary Enterprises Fund	73,444	-
Total General Fund	529,893	9,733,577
Special Revenue Funds:		
Auxiliary Enterprises Fund:		
Operations and Maintenance Purposes	-	73,444
Capital Projects Fund	-	2,723,991
Expendable Trust Fund	122,005	35,066
Special Revenue Fund – Liability, Protection & Settlement	-	50,000
Total Auxiliary Enterprises Fund	122,005	2,882,501
Special Revenue Fund – Liability, Protection & Settlement	50,000	-
Total Special Revenue Funds	172,005	2,882,501
Capital Projects Fund:		
Operations & Maintenance (Restricted) Fund:		
Operations and Maintenance Purposes	2,500,000	-
Auxiliary Enterprises Fund	2,723,991	-
Expendable Trust Fund	970,821	-
Total Capital Projects Fund	6,194,812	-

9. OPERATING TRANSFERS (CONTINUED)

	Transfer In	Transfer Out
Trust and Agency Funds:		
Expendable Trust Fund:		
Education Purposes	$7,233,577	$ -
Operations & Maintenance (Restricted) Fund	-	970,821
Auxiliary Enterprises Fund	35,066	122,005
Total Expendable Trust Fund	7,268,643	1,092,826
Nonexpendable Trust Fund:		
Education Purposes	-	456,449
Total Trust and Agency Funds	7,268,643	1,549,275
Total All Funds	$14,165,353	$14,165,353

10. CAPITAL NEEDS

The Illinois Community College Act provides that community colleges may annually levy taxes for building purposes and the purchase of sites, so long as the funds accumulated for such purposes do not exceed more than 5% of the equalized assessed valuation of the District or $1,381,287,055 at June 30, 2002.

11. BOOKSTORE LEASE

The College's bookstore facility is leased to Follett Higher Education Group of Oak Brook, Illinois through July 31, 2003. This agreement has a total minimum rental guarantee of $1,725,000 or an annual minimum of $575,000 payable monthly in the amount of $47,916. The maximum annual rental is approximately 9% of annual net sales. The College of DuPage will receive the greater of these two calculations each year. For the year ended June 30, 2002, the college recognized income of approximately $827,106.

12. DINING SERVICES LEASE AND VENDING

The College's Dining Services program consists of manual operations and vending throughout the campus. The College has a lease for manual services with Eurest Dining Services of Elmhurst, Illinois for a three-year period ending June 30, 2002. Under the terms of the lease, the College makes quarterly payments in the amount of $18,750 for each of the three years for a total subsidy of $225,000 in support of manual food service operations. For the year ended June 30, 2002, the second year of this lease, the College subsidized the manual food service program in the amount of $75,000.

The agreement with Eurest Dining was extended through August 16, 2002 for an additional subsidy of $25,000. Effective August 17, 2002, the College entered into a new five-year agreement with Eurest Dining Services. Under the terms of this agreement, the service provider agrees to operate the manual operations without a subsidy from the College.

12. DINING SERVICES LEASE AND VENDING (CONTINUED)

The College also has agreements with two firms to provide vending program services. The agreement for food vending is with Canteen Vending of Elmhurst, Illinois, for a five-year period ending June 30, 2004. Under the terms of this agreement, the service provider agrees to pay commissions at an average rate of 22%, payable monthly, for each of the five years. For the year ended June 30, 2002, the third year of this agreement, the College recognized income of approximately $61,203.

The agreement for beverage vending is with Pepsi-Cola General Bottlers of Chicago, Illinois, for a five-year period ending June 30, 2004. Under the terms of this agreement, the service provider agrees to pay commissions annually in the amount of $110,500 for each of the five years for a total minimum level of $552,500. For the year ended June 30, 2002, the College recognized income of approximately $161,936.

For the year ended June 30, 2002, the net income recognized by the College for the total food service program was approximately $148,139.

13. 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 eight 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. For fiscal year 2002, the consortium is insured for $790 million for property-related insured events, $15 million for liability-related insured events, and $5 million for student nurses' malpractice insured events. The College would be liable for any losses exceeding these amounts. The College continues to carry commercial insurance coverage for directors' and officers' liability and sports accident insurance.

Settled claims resulting from these risks have not exceeded commercial insurance limits in any of the past three fiscal years. Therefore, the College has not recorded an accrual for any liabilities related to property, liability or student nurse's malpractice insurance.

The College maintains self-insurance coverage through a third-party administrator for its employee health insurance. The College currently allocates all expenditures associated with the employee health plan to each of the individual funds. Claims and expenditures are reported when incurred. At June 30, 2002, the College's estimate of liability for claims incurred but not reported was $560,500, which is an increase of $97,000 over the estimated liability at June 30, 2001. This liability is recorded in the General Fund.

13. RISK MANAGEMENT (CONTINUED)

Estimated claims incurred but not reported June 30, 2000	$ 420,500
Estimated FY2001 claims incurred	4,308,000
FY2001 claims paid	(4,265,000)
Estimated claims incurred but not reported June 30, 2001	$ 463,500
Estimated claims incurred but not reported June 30, 2001	$ 463,500
Estimated FY2002 claims incurred	5,865,761
FY2002 claims paid	(5,768,761)
Estimated claims incurred but not reported June 30, 2002	$ 560,500

14. LITIGATION

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 appropriate 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.

15. FUND BALANCE – DESIGNATED FOR TRANSFERS

The College has designated $10,431,832 of the fund balance in the general fund for transfers to other funds. The designations are as follows:

General Fund

Education Purposes	
For Transfer to Restricted Purposes Fund	$2,999,921
Operations and Maintenance Purposes	
For Transfer to Operations and Maintenance (Restricted) Fund	7,431,911
Total General Fund	$10,431,832

These transfers are included in the fiscal year 2003 budget that was adopted in July 2002.

16. NEW ACCOUNTING PRONOUNCEMENTS

In November 1999, the Governmental Accounting Standards Board (GASB) issued Statement 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an amendment of GASB Statement 34*. The College of DuPage will implement GASB Statement 35 beginning with the fiscal year ended June 30, 2003.

Under the provisions of the GASB standards, the institution is permitted to report as a special purpose government engaged only in Business Type Activities (BTA). BTA reporting will require the institution to present only the basic financial statements and required supplementary information (RSI) for an enterprise fund that includes management's discussion and analysis (MD&A), a statement of net assets or a balance sheet, a statement of revenues, expenses, and changes in net assets, a statement of cash flows, notes to the financial statements, and other applicable RSI. The required basic financial statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial statements are not required for BTA reporting.

Statement 35 will also require the institution to retroactively and prospectively report all capital assets, net of accumulated depreciation, including infrastructure assets (long-lived capital assets such as roads, bridges, etc.), in the statement of net assets, and report depreciation expense in the statement of revenues, expenses, and changes in net assets. Retroactive reporting of capital assets will require a prior period adjustment to net assets. Management has not yet determined the effect of the implementation of this statement on the institution's financial statements.

In June 2001, the GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures.* This Statement modifies, establishes, and rescinds certain financial statement note disclosures. The College will implement Statement No. 38 beginning with the fiscal year ended June 30, 2003.

In May 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units.* This Statement amends Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College. Generally, it requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. Beginning with the fiscal year ended June 30, 2003 the College will evaluate the requirements of Statement No. 39 in regard to its relationship with the College of DuPage Foundation, and will determine the effect, if any, of implementation of this Statement on the institution's financial statements.

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APPENDIX B

FORM OF APPROVING OPINIONS OF BOND COUNSEL

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings of the Board of Trustees of Community College District No. 502, Counties of DuPage, Cook and Will and State of Illinois (the *"District"*), passed preliminary to the issue by the District of its fully registered General Obligation Bonds, Series 2003A (the *"Bonds"*), to the amount of $92,815,000, dated February 1, 2003, due serially on June 1 of the years and in the amounts and bearing interest as follows:

YEAR	PRINCIPAL AMOUNT	RATE OF INTEREST
2004	$2,650,000	2.00%
2004	1,995,000	3.00
2005	2,000,000	2.00
2005	4,265,000	4.00
2006	5,610,000	5.00
2007	365,000	2.25
2007	4,115,000	4.00
2008	1,000,000	2.75
2008	4,175,000	5.00
2009	500,000	3.00
2009	5,455,000	5.00
2010	6,815,000	5.00
2011	7,760,000	5.00
2012	8,775,000	5.00
2013	500,000	3.85
2013	9,295,000	5.00
2014	10,875,000	5.25
2015	10,685,000	5.25
2016	5,980,000	5.25

the Bonds due on or after June 1, 2014, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on June 1, 2013, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in such proceedings, and we are of the opinion that such proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts solely within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings of the Board of Trustees of Community College District No. 502, Counties of DuPage, Cook and Will and State of Illinois (the *"District"*), passed preliminary to the issue by the District of its fully registered General Obligation Bonds (Alternate Revenue Source), Series 2003B (the *"Bonds"*), to the amount of $31,580,000, dated February 1, 2003, due serially on January 1 of the years and in the amounts and bearing interest as follows:

YEAR	PRINCIPAL AMOUNT	RATE OF INTEREST
2004	$325,000	2.000%
2005	1,345,000	3.000
2005	830,000	2.500
2006	1,180,000	2.000
2007	1,205,000	2.250
2008	1,235,000	2.750
2009	1,265,000	3.000
2010	360,000	3.250
2010	945,000	4.000
2011	655,000	3.500
2011	700,000	4.000
2012	1,405,000	4.000
2013	1,460,000	3.850
2014	1,515,000	4.000
2015	1,580,000	4.000
2016	1,640,000	4.125
2017	1,710,000	5.000
2018	1,795,000	5.000
2020	3,870,000	5.250
2023	6,560,000	4.750

the Bonds due on January 1, 2020, being subject to mandatory redemption prior to maturity, in integral multiples of $5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1, 2019, in the principal amount of $1,885,000, the Bonds due on January 1, 2023, being subject to mandatory redemption prior to maturity, in integral multiples of $5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2021	$2,085,000
2022	2,185,000

the Bonds due on or after January 1, 2014, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on January 1, 2013, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in such proceedings, and we are of the opinion that such proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and is payable from (i) student tuition and fees and (ii) ad valorem property taxes levied upon all taxable property in the District without limitation as to rate or amount, and all taxable property in the District is subject to the levy of such taxes, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts solely within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION IN THIS APPENDIX HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE DISTRICT OR THE UNDERWRITERS AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE DISTRICT OR THE UNDERWRITERS TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS AS DESCRIBED HEREIN. NEITHER THE DISTRICT NOR THE BOND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS, OR FOR ANY PRINCIPAL OR INTEREST PAYMENT THEREON.

The Depository Trust Company (*"DTC"*), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the *"1934 Act"*). DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust and Clearing Corporation (*"DTCC"*). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission (the *"SEC"*). (Direct Participants and Indirect Participants are collectively referred to herein as *"Participants."*) More information about DTC can be found at **www.dtcc.com**.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Redemption Notices are to be sent to Cede & Co. by the Bond Registrar. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed. Neither the Bond Registrar nor the District is responsible for sending notices to Beneficial Owners. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar on payment dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not DTC, the Bond Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Bond Registrar, disbursement of such payments to

Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Participants.

For every transfer and exchange of the Bonds, the Bond Registrar may charge DTC, and DTC may charge the Participants and the Participants may charge the Beneficial Owners, a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, the Bond certificates are required to be printed and delivered.

NEITHER THE DISTRICT NOR THE BOND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE; OR THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, reference herein to Bondholders or owners of the Bonds will mean Cede & Co., as aforesaid, and will not mean the Beneficial Owners of the Bonds.

In the event that the Book-Entry Only System is discontinued, the Bond Registrar shall keep the registration books for the Bonds at its principal corporate trust office. Thereafter, payment, redemption, exchanges and transfers of the Bonds shall be effected as described herein, exclusive of the book entry procedures.