NEW ISSUE

Standard and Poor's Rating: AAA
Moody's Rating: Aaa
(see "RATINGS" herein)

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

$84,000,000
COMMUNITY COLLEGE DISTRICT NO. 502
COUNTIES OF DUPAGE, COOK AND WILL
AND STATE OF ILLINOIS
(COLLEGE OF DUPAGE)
GENERAL OBLIGATION COMMUNITY COLLEGE BONDS, SERIES 2013A

Dated: Date of Issuance **Due: June 1, as shown on the inside cover**

This Official Statement contains information relating to Community College District No. 502, Counties of DuPage, Cook and Will and State of Illinois (the "District") and its General Obligation Community College Bonds, Series 2013A (the "Bonds").

The Bonds will be issued 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. Principal and interest on the Bonds will be paid directly to DTC by Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent (the "Bond Registrar") for the Bonds.

The Bonds bear interest payable semiannually on June 1 and December 1 of each year, commencing December 1, 2013, until maturity or earlier redemption. The Bonds will be subject to redemption prior to maturity as described herein. See "THE BONDS" herein.

The Bonds are being issued to (i) build and equip new buildings, alter, renovate and repair existing facilities of the District, improve and equip land for District purposes and install technology in District facilities, (ii) capitalize a portion of the interest to accrue on the Bonds and (iii) pay costs of issuing the Bonds. See "PLAN OF FINANCE" herein.

The 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 Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "SECURITY FOR THE BONDS" herein.

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 LLP, 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. and for the Underwriters by their counsel, Thompson Coburn LLP, Chicago, Illinois. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York on or about April 30, 2013.

William Blair & Company **BofA Merrill Lynch**

The date of this Official Statement is April 23, 2013

$84,000,000
COMMUNITY COLLEGE DISTRICT NO. 502
COUNTIES OF DUPAGE, COOK AND WILL
AND STATE OF ILLINOIS
(COLLEGE OF DUPAGE)
GENERAL OBLIGATION COMMUNITY COLLEGE BONDS, SERIES 2013A

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS[1]

MATURITY (June 1)	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP[1] 262615
2015	$ 290,000	4.000%	0.460%	HV2
2016	2,505,000	4.000	0.600	HW0
2017	3,750,000	4.000	0.760	HX8
2018	5,115,000	5.000	0.960	HY6
2019	4,180,000	4.000	1.210	HZ3
2020	4,350,000	5.000	1.440	JA6
2021	4,565,000	5.000	1.660	JB4
2022	1,375,000	2.200	1.850	JQ1
2022	3,420,000	5.000	1.850	JC2
2023	300,000	2.500	2.070	JM0
2023	4,695,000	5.000	2.070	JD0
2024*	5,240,000	5.000	2.200**	JE8
2025*	5,500,000	5.000	2.340**	JF5
2026*	5,775,000	5.000	2.500**	JG3
2027*	6,065,000	5.000	2.620**	JH1
2028*	6,370,000	3.150	3.150	JP3
2029*	6,570,000	4.000	3.070**	JJ7
2030*	6,830,000	4.000	3.160**	JK4
2031*	500,000	3.375	3.480	JN8
2031*	6,605,000	4.000	3.210**	JL2

* Callable June 1, 2023 at par (100%).
** Priced to par 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"), 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. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Bonds.

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

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

The Underwriters intend to make a bona fide initial public offering of all of the Bonds at prices no higher than, or yields not lower than, those shown in this Official Statement. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the Bonds. 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.

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COLLEGE OF DUPAGE

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

* At an election held April 9, 2013, Katherine S. Hamilton was elected to fill the seat held by David Carlin and Joseph C. Wozniak was reelected. They will be sworn in at an organizational meeting of the Board to be held by May 7, 2013 for six year terms expiring in 2019. At that meeting, the Board will elect new officers from amongst its members.

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OFFICIAL STATEMENT

$84,000,000
COMMUNITY COLLEGE DISTRICT NO. 502
COUNTIES OF DUPAGE, COOK AND WILL
AND STATE OF ILLINOIS
(COLLEGE OF DUPAGE)
GENERAL OBLIGATION COMMUNITY COLLEGE BONDS, SERIES 2013A

INTRODUCTION

The Bonds

The purpose of this Official Statement, including the cover page, the inside cover page and the Appendices hereto, is to set forth information in connection with the offering and sale by Community College District No. 502, Counties of DuPage, Cook and Will and State of Illinois (the "District") and its General Obligation Community College Bonds, Series 2013A, in the aggregate principal amount of $84,000,000 (the "Bonds").

The Bonds are being issued under and pursuant to a resolution providing for the issuance of the Bonds duly adopted by the Board of Trustees of the District on June 23, 2011 (as supplemented by a 2013A Bond Order, Notification of Sale and Direction for Tax Extension, the "Bond Resolution") and a referendum approving the issuance by the District of up to $168,000,000 of general obligation bonds held on November 2, 2010 (the "Referendum"). The Bonds are the second and final series of bonds to be issued pursuant to the Referendum.

Amalgamated Bank of Chicago, Chicago, Illinois, has been appointed bond registrar and paying agent for the Bonds (the "Bond Registrar") pursuant to authority granted in the Bond Resolution.

The proceeds derived from the issuance of the Bonds will be used by the District to (i) build and equip new buildings, alter, renovate and repair existing facilities of the District, improve and equip land for District purposes and install technology in District facilities (the "Projects"), (ii) capitalize a portion of the interest accruing on the Bonds through June 1, 2014 and (iii) pay the costs of issuing the Bonds (including Underwriters' discount). See "PLAN OF FINANCE".

The 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 taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The District

The District encompasses 357 square miles and includes the majority of DuPage County, and portions of Cook and Will Counties. The main campus of the College is located in the Village of Glen Ellyn about 35 miles west of downtown Chicago. College of DuPage (the "College") is a comprehensive community college that is the second largest provider of undergraduate higher education in Illinois behind the University of Illinois – Champaign-Urbana. Students can choose from 72 different Associate degree programs, 160 certificate programs, and also complete coursework that transfers to baccalaureate degree-granting institutions. College credit and Continuing Education classes are offered on the College's 273-acre Glen Ellyn campus, at five regional centers, and at area high schools and other community locations.

Educational opportunities at College of DuPage include accelerated programs for adults, field and experiential learning, an honors program, online and hybrid courses, special programs for youth and older adults, customized training for business and industry, and courses required for licensure in various professions. Total population of the District today is approximately 1,061,506. See "THE DISTRICT" herein.

Contact Information

Copies of statutes, resolutions or other documents referred to in this Official Statement are available, upon request, from the District's Senior Vice President Administration and Treasurer, 425 Fawell Boulevard, SRC 2130H, Glen Ellyn, Illinois 60137, telephone (630) 942-2218 or facsimile (630) 858-9078.

Additional Information

Certain factors concerning the Bonds are described throughout this Official Statement, which should be read in its entirety. All references herein to laws, resolutions, agreements and documents do not purport to be complete statements of the provisions thereof and are qualified in their entirety by reference to the definitive forms thereof, and all references to the Bonds are further qualified by reference to the information with respect thereto contained in the Bond Resolution.

THE BONDS

General

The Bonds will be issued only in fully registered form without coupons, will be dated the date of issuance (the "Dated Date") and will bear interest from the Dated Date or from the most recent interest payment date to which interest has been paid or provided for, which interest will be payable on June 1 and December 1 of each year, commencing December 1, 2013, computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature on June 1 of each of the years and in the principal amounts and will bear interest at the respective rates per annum shown on the inside cover page of this Official Statement. The Bonds will initially be registered through the book-entry only system operated by The Depository Trust Company ("DTC"). Principal of and interest on the Bonds will be paid as described in "— Book-Entry Only System," below. The Bonds will be issued in denominations of $5,000 and any integral multiples thereof.

Redemption Provisions

Optional Redemption of the Bonds. The Bonds due on and after June 1, 2024, are subject to redemption prior to maturity at the option of the District from any available funds, in whole or in part in integral multiples of $5,000, in such principal amounts and from such maturities as determined by the District (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar), on June 1, 2023, and on any date thereafter, at a redemption price of par plus accrued interest to the redemption 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 thirty (30) 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 by the Bond Registrar, by such method of lottery as the Bond Registrar deems fair and appropriate, upon or prior to the time of the giving of notice of redemption (see " — Book-Entry Only System" for information regarding DTC's customary procedures and practices for selecting book-entry bonds for redemption).

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 U.S. mail not less than 30 days and not more than 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. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners.

All official notices of redemption will include (a) the redemption date; (b) the redemption price; (c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed; (d) unless the redemption is made conditional as described in the succeeding paragraph, a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office designated for that purpose of the Bond Registrar.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the District, state that said redemption shall be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

So long as notice of redemption is given as described above, the Bonds or portions of Bonds so to be redeemed will, subject to the condition described in the preceding paragraph, 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.

Book-Entry Only System

General. The following information concerning DTC has been furnished by DTC for use in this Official Statement. Neither the District nor the Underwriters are responsible for its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds 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. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, unless otherwise described herein, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Registrar 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 the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 of DTC, the Bond Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District and the Underwriters believe to be reliable, but the District and the Underwriters take no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of the Official Statement. WHILE THE BONDS ARE IN THE BOOK-ENTRY SYSTEM, REFERENCE IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT TO OWNERS OF SUCH BONDS SHOULD BE READ TO INCLUDE ANY PERSON FOR WHOM A PARTICIPANT ACQUIRES AN INTEREST IN SUCH BONDS, BUT (I) ALL RIGHTS OF OWNERSHIP, AS DESCRIBED HEREIN, MUST BE EXERCISED THROUGH DTC

AND THE BOOK-ENTRY SYSTEM AND (II) NOTICES THAT ARE TO BE GIVEN TO REGISTERED OWNERS BY THE BOND REGISTRAR WILL BE GIVEN ONLY TO DTC. DTC IS REQUIRED TO FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICES TO THE PARTICIPANTS BY ITS USUAL PROCEDURES SO THAT SUCH PARTICIPANTS MAY FORWARD (OR CAUSE TO BE FORWARDED) SUCH NOTICES TO THE BENEFICIAL OWNERS.

PLAN OF FINANCE

General

Proceeds of the Bonds will be used to (i) pay costs of the Projects, (ii) capitalize a portion of the interest accruing on the Bonds through June 1, 2014 and (iii) pay the costs of issuing the Bonds (including Underwriters' discount).

The Projects

The financing of the Projects was authorized by the Referendum and certain costs of the Projects were financed by the District's $95,440,000 General Obligation Community College Bonds, Series 2011A ($84,000,000 of which bonds were issued pursuant to the Referendum for projects authorized pursuant to the Referendum). The Projects include the building and equipping of new buildings, the alteration, renovation and repair of existing facilities of the District, the improvement and equipping of land for District purposes and the installation of technology in District facilities. Following is a more complete description of the Projects.

Seaton Computing Center (SCC): Constructed in 1990, the SCC houses computer dependent courses offering specialized software specific to Office Technology, Computer Information Services, and Computer and Internetworking Technology. Though minor appearance upgrades have been applied during the facility's 20-year life, the SCC no longer serves today's teaching or learning styles, which require spaces that support collaboration, flexibility, and innovation, currently standard in today's corporate climate. It is receiving a complete exterior and interior overhaul including HVAC, roofing, interior walls and passageways and exterior building facade.

McAninch Arts Center (MAC): The MAC provides a setting for arts education and both student and community performance venues. Originally constructed in 1986, the facility is in need of updating to keep current with recognized standards for modern instruction. Traditional classrooms/studios are being transformed into collaborative teaching environments for the arts, photography, dance, multi-media and other arts-related programs. In addition, the College will update its major performance spaces, including the Main Stage, Theater Two and the Studio Theater. Basic improvements to acoustics, lighting and comfort will aid in continuing to attract a wide variety of entertainment for students and the community.

Physical Education Center (PEC): The PE Center has remained virtually unchanged since its construction almost 30 years ago. Due to increased popularity and enrollment, the current fitness lab has outgrown its existing space. In addition to expansion and updating of general PE spaces, the renovation will include an overhaul of facility washrooms, locker rooms, scoreboards, gym facilities, running track, bleachers, sport fields and related facilities. Additional upgrades will also include increased security control points for larger student and community events.

Homeland Security Training Institute (Phases 2&3): Given the success of the College's construction of the Homeland Security Education Center (HEC), which opened in 2011, the College is currently collaborating with local, state and federal officials on the development of the next phases of that strategic initiative, The Homeland Security Training Institute. The next phases are expected to provide a multi-jurisdictional “tactical village” for preparing/training of regional and national emergency response agencies and a broad spectrum of homeland security and national security personnel. Construction is expected to include Commercial Simulation, Tactical Surface Training, Firearms Training, including Simulated Ammunition, Aquatic Rescue, Fire and Rescue Programs, Training Labs, Computer Systems Security & Forensics, Bioterrorism and Intelligence Training. Given the size and scope of this initiative, these next phases are not currently anticipated to be located on the College’s campus.

Campus Maintenance Center (CMC): A new 15,000 square foot Campus Maintenance Center will replace the existing 40 year old maintenance facility which was originally the College’s gymnasium. The new CMC will include storage for trucks and equipment, two interior bays for repairs, a fueling station, exterior parking for maintenance vehicles, training room and administrative space. This building is being constructed with a goal of net-zero energy consumption.

Parking Lots: Several College parking lots, encompassing approximately 900 spaces will be renovated and resurfaced including the Fawell E parking lot which will provide for new ingress and egress to the north side of campus, as well as construction of a new interior roadway along the western boundary of the campus to connect the north and south sides of the campus and provide for better vehicle circulation.

Site and Ground Improvements: In addition to general site and ground repairs to the College’s 273-acre campus, improved pedestrian footpaths will be provided to create safe and efficient pedestrian circulation. In addition, the College is dedicated to implementing exterior green space for student and community use. This outdoor space will provide for student and community gatherings as well as art and other educational displays. Vehicular traffic patterns will also be altered for student safety. In addition, the College will be drilling an irrigation well in order to provide a secondary water source to maintain the significant investments the College has already made in landscaping.

Student Resource Center (SRC): A major interior and exterior renovation of the Student Resource Center is nearing completion. Originally constructed in 1983 and expanded in 1996, these renovations are necessary for this facility to remain as the functional intersection of the campus, serving students, faculty, staff and community members in meeting academic goals, student social connections and practical resource support. The SRC houses the District’s administrative offices, Library, Student Bookstore, Academic Computing Center and cafeteria. Reconfiguration of the interior academic and Library areas are needed to better align teaching and resource spaces with flexible, technology-enriched learning environments. Spaces being vacated for new facilities, such as Culinary Arts and Student Services, are being repurposed to meet new expected academic and student support functions.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the issuance of the Bonds and the implementation of the Plan of Finance described above:

Sources:	
Principal Amount of the Bonds	$ 84,000,000.00
Net Original Issue Premium/Discount	13,496,355.85
Total Sources	$ 97,496,355.85
Uses:	
The Projects	$ 92,900,546.16
Capitalized Interest	4,041,126.19
Costs of Issuance, including Underwriters’ Discount	554,683.50
Total Uses	$ 97,496,355.85

SECURITY FOR THE BONDS

The 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 Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The 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 Bonds.

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DISTRICT DEBT

Summary of Outstanding Debt

The following table sets forth the outstanding long-term debt of the District following the issuance of the Bonds:

Name of Issue	Dated Date	Original Principal Amount	Current Amount Outstanding	Final Maturity Date
Ad Valorem (Property Tax) Supported				
General Obligation Bonds, Series 2003A	02/01/03	$ 92,815,000	$ 5,710,000	06/01/13
General Obligation Bonds, Series 2007	02/01/07	78,840,000	70,830,000	06/01/23
General Obligation Bonds, Series 2011A	08/10/11	95,440,000	95,440,000	06/01/31
General Obligation Bonds, Series 2013A	04/30/13	84,000,000	84,000,000	06/01/31
Total		$351,095,000	$255,980,000	
Alternate Bonds[1]				
General Obligation Bonds, Series 2003B	02/01/03	$ 31,580,000	$ 1,515,000	01/01/14
General Obligation Bonds, Series 2006	11/01/06	7,890,000	7,665,000	01/01/20
General Obligation Bonds, Series 2009A	05/04/09	12,550,000	3,230,000	01/01/14
General Obligation Bonds, Series 2009B	05/04/09	62,450,000	62,450,000	01/01/29
General Obligation Bonds, Series 2011B	08/10/11	9,460,000	9,460,000	01/01/23
Total		$123,930,000	$ 84,320,000	
Total District Bonds		$475,025,000	$340,300,000	

(1) The Series 2003B Bonds, Series 2006 Bonds, Series 2009A Bonds, Series 2009B Bonds and Series 2011B Bonds (the "Alternate Bonds") are payable from (1) student tuition and fees and (2) ad valorem taxes levied against all taxable property within the District without limitation as to rate or amount. The principal amount of the Alternate Bonds does not count against the District's statutory debt limit unless the taxes levied for the payment of the Alternate Bonds are extended for collection.

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District's General Obligation Debt Service Schedule

Fiscal Year (1)	Prior Unlimited Tax Bonds Principal	Prior Unlimited Tax Bonds Interest	The Bonds(2) Principal	The Bonds(2) Interest	General Obligation Unlimited Tax Debt Service(3)	General Obligation Alternate Revenue Debt Service (3)	Total General Obligation Bonds Debt Service
2013	$ 17,875,000	$ 7,992,225	$ -	$ -	$25,867,225	$ 8,850,060	$ 34,717,285
2014	14,165,000	7,301,725	-	-	21,466,725	8,843,450	30,310,175
2015	14,780,000	6,710,025	290,000	3,720,730	25,500,755	8,791,650	34,292,405
2016	13,195,000	6,092,625	2,505,000	3,709,130	25,501,755	8,742,625	34,244,380
2017	12,665,000	5,479,325	3,750,000	3,608,930	25,503,255	8,759,625	34,262,880
2018	12,065,000	4,865,225	5,115,000	3,458,930	25,504,155	8,704,606	34,208,761
2019	11,450,000	4,261,975	4,180,000	3,203,180	23,095,155	8,642,950	31,738,105
2020	10,810,000	3,689,475	4,350,000	3,035,980	21,885,455	8,583,533	30,468,988
2021	10,130,000	3,148,975	4,565,000	2,818,480	20,662,455	8,485,040	29,147,495
2022	9,425,000	2,642,475	4,795,000	2,590,230	19,452,705	8,420,790	27,873,495
2023	8,615,000	2,237,475	4,995,000	2,388,980	18,236,455	8,346,720	26,583,175
2024	7,785,000	1,849,550	5,240,000	2,146,730	17,021,280	5,949,670	22,970,950
2025	6,960,000	1,460,300	5,500,000	1,884,730	15,805,030	5,870,875	21,675,905
2026	6,110,000	1,094,900	5,775,000	1,609,730	14,589,630	5,779,263	20,368,893
2027	5,200,000	789,400	6,065,000	1,320,980	13,375,380	5,686,863	19,062,243
2028	4,245,000	529,400	6,370,000	1,017,730	12,162,130	5,595,388	17,757,518
2029	3,240,000	317,150	6,570,000	817,075	10,944,225	5,504,288	16,448,513
2030	2,185,000	155,150	6,830,000	554,275	9,724,425	-	9,724,425
2031	1,080,000	45,900	7,105,000	281,075	8,511,975	-	8,511,975
Total	$171,980,000	$60,663,275	84,000,000	$38,166,895	$354,810,170	$129,557,396	$484,367,564

(1) Fiscal Year Debt Service represents principal and interest through June 30 of each year, beginning July 1, 2012.
(2) Adjusted to reflect capitalized Interest on the Bonds in the amount of $4,041,126 through June 1, 2014
(3) Gross Debt Service on the Alternate Bonds (Does not reflect expected receipt of certain Build America Bond subsidy payments).

For further information about the outstanding debt of the District, see "THE DISTRICT -Outstanding Debt".

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 a seven-member Board of Trustees, 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 all of DuPage County except Wayne Township, as well as Lyons Township in Cook County and a small portion of Will County. 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's territory in DuPage County includes the townships of Addison, Bloomingdale, Downers Grove, DuPage, Lemont, Lisle, Lyons, Milton, Naperville, Wheatland, Winfield and York.

The District operates a comprehensive, publicly-supported, community college serving the District. The College currently enrolls approximately 26,000 students each semester and has 3,929 staff members, including 279 full-time faculty-staff members, 2,318 part-time faculty-staff members and 1,332 other employees, which includes administrators, counselors and advisors, classified staff, various other professionals and student employees.

The District's offices and the main campus of the College are located at 425 Fawell Boulevard, in the Village of Glen Ellyn, Illinois (the "Village"), approximately 35 miles west of Chicago in the center of DuPage County. In the past, the District has considered de-annexation of the College campus from the Village, due to disputes with the Village over zoning jurisdiction and related matters which culminated in litigation during 2011. The disputes were resolved, and the litigation was settled and dismissed in March 2012, through an intergovernmental agreement between the District, the Village, and DuPage County. Pursuant to the intergovernmental agreement, regulatory control over zoning and building permitting for the District's construction program and other College campus improvement activities was transferred to DuPage County. The District remains within the corporate limits of the Village of Glen Ellyn, and continues to receive utility services from the Village.

The College's campus facilities are situated on approximately 273 acres and include 17 on-campus buildings, including the Student Resource Center, Berg Instructional Center, Seaton Computing Center, Health and Science Center, McAninch Art Center, Technical Education Center and Physical Education Center. In 2011 three new buildings were opened: the 60,000 square foot Homeland Security Education Center, the 60,000 square foot Culinary and Hospitality Center, and the 75,000 square foot Student Services Center. Since 2009, most all of the buildings on campus have either been newly constructed or have been or are currently undergoing extensive renovation, such that when the projects being partially financed with proceeds of the Bonds are completed by the end of 2014, the oldest building on campus will be from 2009.

The College offers diverse educational programs giving students the choice of enrolling on a full or part-time basis. Students can choose from 37 transfer disciplines and 41 Career & Technical Education programs taught on the Glen Ellyn campus and at five regional locations. The College offers its students nine Associate Degree programs and more than 35 programs with degrees that transfer to baccalaureate granting institutions. The College also offers a wide variety of program options, including an Adult Fast Track program, an Honors program, an online program and a Field and Experiential Learning program. In addition, the College also offers a wide variety of continuing education programs, including Adult Basic Education, GED Preparation and Adult ESL programs, Youth Academy, Career and Professional

Development plus special seminars and workshops for community members with a specific interest in mind. In 2000, the College was one of the first adopters of the Academic Quality Improvement Program (AQIP) as a way of reaffirmation of its Higher Learning Commission accreditation. In 2008, the College received a maximum seven-year reaccreditation through the North Central Association of Colleges and Schools Commission on Institutions of Higher Education. In 2010, the College was again an innovator by being one of only seven institutions of higher education approved by the Higher Learning Commission to participate in the AQIP-Baldrige Option for reaffirmation of accreditation. It is also recognized by the Illinois Community College Board. In October 2012, examiners from the Illinois Performance Excellence (ILPex) evaluated College systems and processes against nationally developed Baldrige Education Criteria for Performance Excellence and awarded the College the Bronze Award, making College of DuPage only the sixth community college recipient of this award since its inception in 1996.

The College has entered into unique partnership agreements with five area four-year institutions. These "3+1 agreements" enable students to take three years of classes at College of DuPage with the fourth year taught by the faculty of the partner schools on the College's campus, but at a discounted tuition from the partner school's normal published rate. This enables students to obtain a baccalaureate degree from one of these four-year institutions without ever leaving the College campus and at a significantly reduced cost. The College currently has agreements with Benedictine University, Concordia University Chicago, Governors State University, Lewis University and Roosevelt University. Programs covered by these agreements include Bachelor of Arts degrees in Management, Healthcare Management, Sports and Recreation Management, and Visual Arts Administration, as well as Bachelor of Science degrees in Nursing and Hospitality and Tourism Management.

Credit and non-credit courses are offered on the College's Glen Ellyn campus and at area high schools and other community locations throughout the District, including either College regional or community education centers in Addison, Bloomingdale, Carol Stream, Naperville, and Westmont. The College also operates several Centers for Independent Learning, including one on the Glen Ellyn Campus and one each at the regional centers in Bloomingdale, Naperville and Westmont.

The academic divisions of the College include Business and Technology; Continuing Education/Extended Learning; Health & Sciences; Learning Resources and Liberal Arts. 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 COD Online. The College's library maintains a collection of over 249,000 books, 470 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 College'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 by the U.S. Census Bureau, the population of the County was 781,666 in 1990, 904,161 in 2000 and 954,215 in 2010. The population of the District was 970,512 in 2000 and is currently 1,061,506, making the District slightly more populous than DuPage County, which is the second most populous county in the State of Illinois.

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, Navistar, Inc. recently relocated a portion of its operations, including a research and development center, to Lisle which is expected to retain or create approximately 3,000 permanent jobs. Also, Central DuPage Hospital recently opened the CDH Proton Center in Warrenville. This is the first such proton therapy center in Illinois and the ninth in the United States.

Due to the fact that approximately 90 percent of the equalized assessed valuation of real property in the District lies in DuPage County, much of the financial, statistical, socioeconomic and demographic data discussed below and in APPENDIX B – "Socioeconomic and Demographic Information" relates to DuPage County and does not describe Cook or Will Counties.

Enrollments

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

Historical Enrollments

	10th Day	10th Day			Attendance	
Fiscal Year	**Fall Semester Head Count**	**Full Time Equivalent**	**Male**	**Female**	**Full Time**	**Part Time**
2013	26,155	15,393	47%	53%	37%	63%
2012	26,209	15,175	47	53	36	64
2011	26,722	15,902	47	53	39	61
2010	27,083	16,036	46	54	39	61
2009	25,668	14,913	45	55	38	62

Source: District records.

The following chart shows projected enrollments for the next three years.

Projected Enrollments

Fiscal Year	**Fall Semester Head Count**	**10th Day Fall Semester Full Time Equivalent**
2014	26,417	15,539
2015	26,681	15,695
2016	26,948	15,851

Source: District records.

Funding Sources; Financial and Operating Information

District Revenues. The operating and debt service funds of the District have three primary sources of revenue: local property taxes, student tuition and fees and state funding. The following chart shows the consolidated revenues for all funds of the District by source for the fiscal year ended June 30, 2012.

Revenue Source	Amount (000's)	Percent of Total	Increase (Decrease) From FY2011 (000's)	Percent Increase (Decrease) From FY2011
Local Government	$109,975	44.3%	$3,263	3.1%
Student Tuition & Fees	59,101	23.8	(1,864)	(4.7)
State Government	42,634	17.2	3,892	10.0
Federal Government	29,415	11.8	3,239	12.4
Sales & Service Fees	3,826	1.5	(77)	(2.0)
Income on Investments	727	0.3	(589)	(44.8)
All Other	2,609	1.1	(192)	(6.9)
TOTAL	$248,287	100.0%	$7,672	2.8 %

Source: Comprehensive Annual Financial Report of the District for fiscal year ended June 30, 2012.

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

Total Operating Funds Revenue of District

FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
$138,198,347	$151,126,770	$153,794,166	$164,196,984	$163,075,966

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

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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 for recent years.

History of Assessed Valuation of District[1]

Assessment Year	DuPage County	Cook County	Will County	Total
2012	$33,451,760,619	$3,321,911,689[2]	$2,215,406,953	$38,989,079,261
2011	36,370,343,716	3,321,911,689	2,324,887,763	42,017,143,168
2010	38,913,477,604	4,056,945,632	2,401,363,863	45,371,787,099
2009	41,322,377,605	4,016,070,084	2,544,699,547	47,883,147,236
2008	41,338,403,397	3,924,143,457	2,535,083,018	47,797,629,872
2007	38,909,050,896	3,368,763,397	2,449,457,478	44,727,271,771
2006	36,137,439,494	3,176,573,005	2,272,214,518	41,586,227,017
2005	33,462,991,322	3,180,333,360	2,048,262,019	38,691,586,701

(1) Assessed value is equal to one-third of estimated actual value.
(2) Cook County EAV is estimated for 2012.

Sources: District records, DuPage, Cook and Will County Clerks.

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 Property Tax Extension Limitation Law (PTELL) (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. The District has flexibility to raise property taxes within the constraints of PTELL as the current levy rates are well below the statutory maximum limits.

District Funds and Levy Limits

	Levy Rates (per $100 of equalized assessed valuation)			
Fund Type	**Max. Auth.**	**2012**	**2011**	**2010**
Education	.7500	.1798	.1611	.1483
Operations & Maintenance	.1000	.0293	.0263	.0242
Liability, Protection and Settlement	None	None	None	None
Social Security/Medicare	None	None	None	None
Audit	.0050	None	None	None
Bond and Interest	None	.0557	.0621	.0624
Working Cash Bonds	None	None	None	None
Life Safety	None	None	None	None
Total	.8550	.2648	.2495	.2349

The following chart shows the total tax levies and collections of the District for the past ten years, current as of April 1, 2013.

District Property Tax Levies and Collections

Year of Levy	**Tax Collection Levy**	**Total Tax Levy***	**Tax Collections**	**Percent of Levy Collected**
2012	2013	$103,714,429**	$ 4,165,441	4.0%***
2011	2012	104,753,085	104,281,279	99.6
2010	2011	105,572,929	105,063,994	99.5
2009	2010	101,143,667	100,734,306	99.4
2008	2009	89,505,364	88,746,174	99.1
2007	2008	84,423,396	84,273,396	99.8
2006	2007	80,729,055	80,589,837	99.8
2005	2006	73,030,950	72,949,394	99.9
2004	2005	70,389,994	70,339,139	99.9
2003	2004	68,924,720	68,624,720	99.6

* Total tax levy amounts are shown net of the .5% allowance for uncollectible taxes.
** The total amount of tax extensions on the 2012 levy has not been finalized with the counties of DuPage, Cook and Will. The amount shown represents the amount requested by the District in December 2012.
*** Taxes in process of collection. Tax collections are shown as of April 1, 2013. The District will receive the remainder of the 2012 levy year taxes between May and December 2013.
Source: District records.

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Student Tuition and Fees. Student tuition and fees are determined by the District. The District requires students to pay their account in full or enroll in a payment plan at time of registration. If the account is not paid in full at time of registration or the student is not enrolled in a payment plan, the student will be dropped from classes for the amount owed. The District offers two payment plans for students, traditional and deferred. The traditional payment plan provides the student the ability to make payments throughout the semester. If the student is eligible for financial aid (i.e. grants, loans or Veterans Benefits) the student may qualify for a deferred payment plan. The deferred payment plan usually does not start until seven weeks after the semester has begun to allow for posting of financial aid to a student's account. A payment is only taken if the financial aid applied to the account was not sufficient to cover the balance owed. In the current fiscal year, 63% of students were enrolled in a payment plan with the District. The chart below shows the tuition and fees at the College and the total tuition and fees revenues from fiscal years 2004 through 2012 and the budgeted figures for 2013.

District Tuition Rates and Tuition and Fee Revenues

Fiscal Year	Total Tuition and Fees in District per Semester Hour	Total Tuition and Fees Out of District per Semester Hour	Total Tuition and Fees Out of State per Semester Hour	Operating Funds Tuition Revenue[1]	Operating Funds Fee Revenue[1]	Operating Funds Tuition and Fee Revenue[1]	Total Tuition and Fee Revenue[2]
2013[3]	$136.00	$323.00	$393.00	$61,268,987	$14,217,055	$75,486,042[3]	$90,633,619[3]
2012[4]	132.00	319.00	389.00	65,848,942	4,524,776	70,373,718	84,527,816
2011	129.00	316.00	386.00	66,067,323	4,269,414	86,633,157	86,633,157
2010	116.00	305.00	370.00	58,420,294	3,711,112	62,131,406	76,087,480
2009	108.00	296.00	359.00	58,694,441	4,174,566	62,869,007	81,493,785
2008	103.00	292.00	305.00	50,998,778	2,410,439	53,409,217	66,224,840
2007	96.00	250.00	307.00	47,078,797	2,501,923	49,580,720	62,100,429
2006	87.00[4]	243.00	286.00	44,378,178	2,247,206	46,625,384	56,736,214
2005	75.00	202.50	271.50	42,413,314	2,357,836	44,771,150	54,837,003
2004	69.00	189.00	259.50	37,508,486	2,388,266	39,896,752	51,150,656

(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, debt service fund, capital projects fund and permanent fund.

(2) Includes all tuition and fee revenue.

(3) Fiscal Year 2013 Budget.

(4) In Fiscal Year 2006, the District changed to semester from the quarter system. Hours for prior years were restated to semester hours.

Source: District records.

The total tuition and fees for in-District students has been made up of the following components for Fiscal Years 2009-2013.

Tuition and Fee Breakdown

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
In-District Tuition	$ 88.25	$ 92.15	$ 99.15	$ 99.15	$103.15
Construction Fee(1)	3.50	5.00	9.00	9.00	9.00
Debt Service Fee	9.00	9.00	10.00	10.00	10.00
Technology Fee	4.50	7.00	8.00	8.00	8.00
Student Activity Fund	2.60	2.70	2.70	2.70	2.70
Service Fee(2)	-	-	-	3.00	3.00
Student to Student Grant	0.15	0.15	0.15	0.15	0.15
TOTAL	$108.00	$116.00	$129.00	$132.00	$136.00

(1) Beginning FY 2012, the Construction Fee is allocated between the Operations and Maintenance Fund (Fund 02) and Operations and Maintenance (Restricted) Fund (Fund 03) based on management's annual assessment of need.

(2) The Service Fee was approved by the Board and collected beginning in FY 2012.

Given the State's inability to make regular and timely payments to the College, at its regularly scheduled meeting on February 21, 2013, the Board approved a $4.00 per credit hour increase in tuition to $140.00 per credit hour. This increase will be effective as students enroll in Fall 2013 semester classes.

State Funding. As shown above under "*District Revenues*," State funding accounted for approximately 17.2% of all District revenues for fiscal year 2012. State funding includes grants issued through ICCB to support the District's operating expenses, student financial aid and SURS pension contributions made by the State on behalf of the District. The base operating grant provided by ICCB is based upon enrollment levels and reimbursement rates established by the State. These funds are appropriated to the Illinois Community College Board ("ICCB") and then distributed to the various community colleges. In FY 2012, the College base operating grant received from ICCB was $12.8 million. The District has experienced recent declines and delays in State funding as compared to other revenue sources. Due to the fact that the State is facing significant financial shortfalls and challenges to balancing the State budget, the District is uncertain as to future levels of State funding. As a result, in FY 2013, the District was conservative and only budgeted one-half of the annual ICCB base operating grant expected to be received from the State. The College is currently in the process of developing the FY 2014 budget, which includes an assumption that the College will only receive four of the twelve expected base operating grant payments from ICCB.

The current funding plan for community colleges was adopted in 1979 and first affected fiscal year 1981 appropriations. Conceptually the appropriation for community colleges equals the difference between estimated resource requirements for the system and the estimate of resources available to them from sources other than the grants appropriated by the ICCB. These "residual" funds are distributed through five separate grants:

(a) Base operating grant
(b) Equalization grant
(c) Small College grant
(d) Career and Technical Education Formula grant
(e) Performance based funding

Resource requirements are estimated by multiplying the statewide average cost per semester credit hour (obtained via a statewide unit cost study) by the number of credit hours produced during the fiscal year which is two years prior to the budget. This amount is adjusted to account for two years' inflation, thus providing an estimate of the budget year's resource needs. The two-year inflation factor is determined by utilizing actual appropriation increases experienced for the first year and economic forecast estimates of inflation factors for salaries, library materials, utilities and the general cost of living for the second year. The expected costs of programs not included in calculated statewide average semester credit hour costs are added to this figure.

Credit hour grants are paid for each of the system's six instructional categories. The credit hour rate for each instructional category is determined by calculating a projected statewide average per semester credit hour cost for that category and subtracting the system's other available resources in each instructional category. Since the resources available to each instructional category are nearly the same, an instructional category which has a high unit cost will be funded at a higher level than a category which has a lower unit cost. Credit hour grants are not restricted as to use and comprise approximately 73 percent of total ICCB grants.

Equalization grants are designed to reduce the disparity among districts in local funds available per student. A state average of equalization assessed valuations (EAV) per full-time equivalent (FTE) student multiplied by a statewide average local tax rate determines an amount of expected local tax revenues per student. Any community college district which is below this amount when applying the statewide average state tax rate to its EAV/FTE student receives additional state funding in the form of equalization grants. Local property tax revenues, corporate personal property replacement tax revenues, fixed costs and each district's instructional program mix are considered in the equalization calculations. Equalization grants are not restricted as to use and comprise approximately 27 percent of total ICCB grants. The District does not receive equalization funding.

Special grants to support programs and services for special populations of students, employment training services, special initiative activities, economic development activities, advanced technology equipment purchases and retirees health insurance are also included in community college appropriations. These grants must be held in a restricted account by the college and used only for their specified purposes.

From time to time, other special grants have been and will be appropriated for community colleges. All restricted grant amounts are based on an estimate of the amount needed to fund the programs for the budget year. Restricted grants are limited by statute and ICCB rule as to use and comprise approximately nine percent of total ICCB grants.

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.

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

- The Annual Plan is developed as part of the strategic planning process. The annual budget process is kicked off by the budget call message sent out by the Finance Department. The budget call summarizes the assumptions to be used in the budget and line item targets. If departments request more than the target provided, they must justify the need. Each department develops a budget based on department plans. The budgets are submitted to the Finance Department where they are consolidated and reviewed.

- Once departments load their budgets using the District's Hyperion Budget System, the Finance Department consolidates all budget requests and prepares a preliminary draft budget to determine if the total District budget is balanced. Based on this preliminary draft, the Finance Department analyzes all line items to look for expenditures or revenues that seem out of line with past spending, receipts or current departmental responsibilities. The Finance Department holds budget review discussions with all departments and discusses areas of concern, goals and new initiatives, or programs the departments want to implement. After discussions, changes to the budget are recommended by the Finance Department to the respective departments. Based on these department discussions, changes are then made to the budget. The budget becomes the first year of the five-year plan. The remaining four years are calculated by applying assumptions regarding growth rates to reflect inflation and adding of new initiatives or programs.

  After the budget and five-year plan has been approved by the Finance Department, they are reviewed with the President and Senior Management Team. The budget and five-year plan are then sent to the Board of Trustees for their review and release to the public.

- The President will present the proposed budget and five-year plan to the Board of Trustees for approval. By statute, the Board will make the proposed budget available for public inspection at least thirty (30) days prior to the Board's final action on the budget.

  The Board will vote on the approval of the annual budget within the first quarter of the fiscal year in accordance with Section 3-20.1 of the Illinois Public Community College Act, 110 ILCS. Best practices are to approve the next fiscal year's budget prior to the expiration of the current fiscal year. The District plans its annual budget cycle to adhere to this best practice.

- The budget is controlled at the line item level. Budget transfers are required for line items that exceed the annual budget amount. The District has three primary budgetary controls: monitoring of actual monthly results to budget, processing and approval of procurement requisitions and personnel requisitions. Each month actual results are compared and analyzed to budget. Budget variances are discussed with the President and department heads and budget transfers are prepared for line items exceeding annual budget amounts. The District's procurement system provides the second level of budgetary control; requisitions without sufficient funds in the line item will not be approved until a budget transfer is done. Lastly, hiring of all personnel requires the Budget Manager's approval on all requisitions to ensure the position is in the budget.

Commencing with its adoption in June, the budget, on a line-by-line basis, is entered on the District's fully computerized encumbrance reporting system. This on-line system monitors all District 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.

The District is authorized to issue general obligation limited bonds to create a Working Cash Fund. Such fund can also be created or increased by the levy of an annual tax not to exceed $.05 per hundred dollars of equalized assessed valuation. The purpose of the fund is to enable the District to have sufficient money to meet demands for ordinary and necessary expenditures for College operating purposes. In order to achieve this purpose, the money in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board of Trustees of the District, to any fund of the District in anticipation of the receipt by the District of money from the State of Illinois, the Federal government or other sources, or in anticipation of corporate personal property replacement taxes to be received by the District. The Working Cash Fund is reimbursed when the anticipated taxes or money are received by the District. The District's Working Cash Fund had an audited balance of $8,262,954 as of

June 30, 2012. The District's Working Cash Fund Balance has not been drawn upon over the past three fiscal years.

Employee Relations and Collective Bargaining

The District has approximately 3,929 employees. The 279 full-time faculty-staff members are represented by the College of DuPage Faculty Association IEA/NEA, pursuant to a contract expiring on August 21, 2015. The 886 part-time faculty union-staff members are represented by the College of DuPage Adjunct Association IEA/NEA, pursuant to a contract expiring on August 21, 2015. The District's 17 operating engineers are represented by the International Union of Operating Engineers Local 399, pursuant to a contract expiring on June 30, 2015. In addition, the District's 16 public safety officers are represented by the Illinois Fraternal Order of Police Labor Council, pursuant to a contract expiring on June 30, 2015.

Risk Management

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 12 community colleges in Illinois. Each college pays an annual premium to the Consortium as its pro rata share for property, casualty, liability, workers compensation, medical malpractice, sport accident and directors' and officers' insurance coverage. The Agreement for Formation of the Consortium provides that the Consortium will be self-sustaining through member premiums. The Consortium self-insures certain portions of the coverage and reinsures excess through commercial companies.

Settled claims resulting from these risks have not exceeded Consortium insurance limits in any of the past three fiscal years. Therefore, the District has not recorded an accrual for any liabilities related to these risks.

The District maintained self-insurance coverage through a third-party administrator for its employee health insurance through December 31, 2011. On January 1, 2012 the District joined the Community College Health Care Consortium (CCHC). The purpose of the CCHC is to collectively purchase employee health insurance and prescription drug benefits for employees. Other members of CCHC include Moraine Valley Community College and Oakton Community College. The District pays the CCHC a monthly premium based on the number of participants and the type of coverage that has been elected. The District maintains self-insurance coverage through a third-party administrator for its dental insurance. The District currently allocates all expenses associated with the employee health plans to each of the District's individual sub-funds. Claims and expenses are reported when incurred. To limit its exposure to risk, the District maintains a specific excess policy that provides coverage in excess of $125,000 per employee for medical claims. The District's level of coverage has not changed for the past three years, and the amount of settlements has not exceeded insurance coverage in any of the past three years.

The District's estimate of liability for claims incurred but not reported is as follows:

Estimated claims incurred but not reported June 30, 2011	$ 982,981
Estimated FY 2012 claims incurred	(4,336,055)
FY 2012 claims paid	4,336,055
Estimated claims incurred but not reported June 30, 2012	$ 982,981

Source: Comprehensive Annual Financial Report of the District for FY 2012.

The District reports this liability in the claims payable line item, within current liabilities, on the Statement of Net Assets contained in the District's audited financial statements.

Pension, Termination and Post Employment Benefits

Pension Plan. The District contributes to the State Universities Retirement System of Illinois ("SURS"), a cost-sharing multiple employer defined pension plan with special funding provisions whereby the State of Illinois makes substantially all contributions on behalf of the participating employers (albeit at less than the actuarially required amounts). Required District contributions to SURS in fiscal year 2012 totaled $524,394, and the District paid that required contribution to SURS. SURS is 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 issues a publicly available financial report that includes financial statements and required supplementary information.

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State on behalf of the individual employers at an actuarially determined rate. The employer contributions that are funded by the District are for employees paid from restricted grant funds. The current actuarially funded rate for FY 2013 is 34.51% and the prior year rate for 2012 was 21.27% 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 to SURS made by the District and the State are as follows:

Year Ending June 30	District	State of Illinois
2012	$524,394	$22,573,133
2011	162,129	17,401,928
2010	229,315	15,932,474
2009	156,619	10,696,716
2008	131,637	8,185,317

There has been recent talk of pension reform in the State legislature. One option under consideration is to shift the responsibility for funding pensions to local public educational entities, including community college districts, from the State. Although no legislation has yet been enacted by both the House and Senate, the District has prepared for the possibility of funding pension costs of its employees by reserving $22 million of its fiscal year 2012 fund balance for such a possibility. While it is highly likely that any shifting of the responsibility for funding pension costs to the District would be phased in over a multi-year period, the District decided to reserve the amount funded by the State on its behalf in fiscal year 2012. As a result, the District is well prepared for any legislative changes which may occur with respect to the funding of pensions.

Retiree Health Plan. The District contributes to the State of Illinois Community College Health Insurance Security Fund (the "College Insurance Plan"), a cost-sharing multiple employer defined benefit post-employment healthcare plan administered by the State. The College Insurance Plan provides health, vision and dental benefits to retired staff and dependent beneficiaries of participating community colleges. The benefits, employer, employee, retiree and State contribution requirements are established and may be amended by the Illinois General Assembly.

By statute, each active contributor (employee) of SURS and each community college district is required to contribute 0.5% of covered payroll. Retirees also pay a premium for coverage that is determined by statute. The State is required by law to make an annual appropriation to the College Insurance Plan to cover any expenditures in excess of the contributions made by employees, employers and retirees.

The employer contributions to the College Insurance Plan for recent years are as follows:

Year Ending June 30	District[1]	State of Illinois
2012	$382,479	$382,479
2011	375,175	375,179
2010	371,377	371,377
2009	380,265	380,265

[1] Represents 100% of required contribution.

Termination Benefit. As part of the new negotiated labor contract, the District terminated this benefit going forward. Employees who were eligible and put in for this benefit prior to the end of the previous contract will be the last employees to receive this benefit. The employees have 42 months to retire. The benefit provides compensation payments to eligible administrators, classified employees and faculty to encourage early retirement. The long-term liability for the payments, which is payable in installments up to a maximum of three years subsequent to retirement, is recorded in the fiscal year of election for retirement. The expected future payments at June 30 for the years 2013 and 2012 are as follows:

As of June 30	Number of Participants		
2013	64	Fiscal Year 2013 payments	$1,600,000
		Value of payments beyond Fiscal Year 2013	3,353,713
2012	83	Fiscal Year 2012 payments	$1,200,000
		Value of payments beyond Fiscal Year 2012	2,281,236

Other Post-Employment Benefits (“OPEB”). As part of the new labor contract future retirees will no longer be eligible to receive health care coverage through the District. Retirees will only be able to get a reimbursement for health care premiums up to a maximum of $2,200 if under age 65 and $1,200 if over age 65. The District provides eligible faculty, administrators and classified retirees with a health benefit program, which is a single-employer plan. There are a variety of health care arrangements depending on when an individual retired from the District. The District also provides fixed health care coverage reimbursements capped at a fixed dollar amount to retirees. The District is not required to and currently does not advance funds to cover the cost of benefits that will become due and payable in the future.

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Funding Progress:

Fiscal Year Ended June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
2012	-0-	$14,598,947	$14,598,947	0.00%	$78,633,037	18.6%
2011*	N/A	N/A	N/A	N/A	N/A	N/A
2010	-0-	12,013,103	12,013,103	0.00	74,656,269	16.1
2009	-0-	11,357,994	11,357,994	0.00	76,769,160	14.8

*Information not available. Actuarial study was not performed in that year.

The District had an actuarial valuation performed for the program as of June 30 of the years 2012 and 2010 to determine its annual required contribution. The fiscal year 2011 calculations were prepared by the District. The following chart summarizes the net annual OPEB cost and OPEB contributions of the District for those years:

Fiscal Year Ending June 30	Annual OPEB Cost (Determined Actuarially)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$917,831	100.86%	$40,677
2011	740,822	100.60%	48,107
2010	506,592	100.6%	52,796

For additional information regarding the District's retirement fund obligations, see APPENDIX A – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2012," Note 4.

Outstanding Debt

District Debt. The chart below shows the direct general obligation debt of the District. For more detail, see "DISTRICT DEBT".

Direct General Obligation
Bonded Indebtedness of the District

Estimated Full Value of Taxable Property[(1)]	$126,051,429,504
Equalized Assessed Valuation of Taxable Property[(1)]	$42,017,143,168
General Obligation Bonded Debt (including Alternative Revenue Bonds)	$340,300,000
Percentage to Full Value of Taxable Property	0.27%
Percentage to Equalized Assessed Valuation:	0.81%
Percentage of Debt Limit (2.875% of EAV)[(2)]	12.52%
Per Capita	$321
District Population Estimate [(3)]	1,061,506

(1) As of assessment year 2011.
(2) Does not include the Alternate Bonds, which do not count against the legal debt limitation of the District unless taxes are extended to pay debt service thereon.
(3) Population figures are compiled by the College of DuPage Research and Planning Office as of June 30, 2012.

Overlapping Debt. The following shows the overlapping debt of DuPage County as of November 30, 2012.

DuPage County	100.00%	$ 312,900,000(1)(2)
DuPage County Forest Preserve	100.00	199,937,210(1)(3)
DuPage Water Commission	92.43	0
Townships	100.00	245,000
Municipalities	8.48	791,806,633(1)(2)(3)(4)(5)
Special Service Areas	100.00	6,039,125
Park Districts	25.85	362,140,787(1)(2)(3)
Fire Protection Districts	98.60	19,443,920(2)
Library Districts	24.66	22,531,842(1)
Grade School Districts	95.90	408,359,899(1)(2)(3)
High School Districts	96.94	391,942,691(1)(2)(3)
Unit School Districts	59.98	840,667,269(2)
Total Overlapping General Obligation Bonded Debt		$ 3,356,014,376

(1) Excludes outstanding principal amounts of General Obligation (Alternate Revenue Source) Bonds which are expected to be paid from sources other than general taxation.
(2) Excludes installment contracts, purchase agreements and debt certificates
(3) Includes original principal amounts of General Obligation Capital Appreciation Bonds.
(4) Excludes self-supporting bonds.
(5) Includes TIF bonds.

Source: Office of the DuPage County Clerk.

TAX COLLECTION INFORMATION FOR DUPAGE COUNTY, ILLINOIS

Summary of Property Assessment, Tax Levy And Tax Collection Procedures. A separate tax to pay principal of and interest on the Bonds will be levied on all taxable real property within the District. Due to the fact that 90 percent of the District lies in DuPage County, the information under this caption describes the current procedures for real property assessment, tax levy and collection in DuPage County. As used below, references to the “County” mean DuPage County. There can be no assurance that the procedures described herein will not be changed.

General. In the District, taxes are extended on assessed values after equalization. Real estate tax bills in the County 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 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 State. 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 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 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 a tax objection proceeding.

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 Illinois Department of Revenue (the "Revenue Department") is required by statute to review the Assessed Valuations. The Revenue 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 the County.

The aggregate Equalized Assessed Valuation for all parcels in the 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 the County, and is the figure utilized to calculate tax rates.

Exemptions. An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("EAV") of certain property owned and used exclusively for residential purposes ("Residential Properties") may be reduced by up to $5,000 for tax years 2004 through 2007, $5,500 for assessment year 2008 and up to $6,000 for assessment year 2009 and thereafter (the "General Homestead Exemption").

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the two years following a catastrophic event. The exemption is limited to $45,000 through December 31, 2003, and $75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption ("Senior Citizens Homestead Exemption") operates annually to reduce the EAV on a senior citizen's home for assessment years prior to tax year 2004. The maximum reduction is $2,500 in counties with 3,000,000 or more inhabitants and $2,000 in all other counties. For tax years 2004 through 2005, the maximum reduction is $3,000 in all counties, $3,500 for tax years 2006 and 2007 and $4,000 for tax years 2008 and thereafter in all counties. Furthermore, beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption ("Senior Citizens Assessment Freeze Homestead Exemption") freezes the assessed value component of the property tax bill for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is $35,000 for years prior to 1999, $40,000 for assessment years 1999 through 2003, $45,000 for assessment years 2004 and 2005, $50,000 from assessment years 2006 and 2007 and for assessments year 2008 and after, the maximum income limitation is $55,000. In general, this exemption prevents appreciating market-driven assessed value increases by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. Recipients of this exemption may still experience annual increases in their property tax bills if their aggregate tax rate increases.

Another exemption available to disabled veterans operates annually to exempt up to $70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as property of public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption ("Disabled Persons' Homestead Exemption") or the Disabled Veterans Standard Homestead Exemption ("Disabled Veterans Standard Homestead Exemption") cannot claim the aforementioned exemption.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of $2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 75% are granted an exemption of $5,000 and (ii) those veterans with a service-connected disability of less than 75%, but at least 50% are granted an exemption of $2,500. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. Moreover, if the property is sold by the surviving spouse, then an exemption amount not to exceed the amount specified by the current property tax roll may be transferred to the spouse's new residence, provided that it is the spouse's primary residence and the spouse does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption ("Returning Veterans' Homestead Exemption") is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of $5,000, which is applicable in all counties. In order to apply for this exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, "or a leasehold interest of land on which a single family residence is located, which is occupied as a principal residence of a veteran returning from an armed conflict involving the armed forces of the United States who has an ownership interest therein, legal, equitable or as a lessee, and on which the veteran is liable for the payment of property taxes." Those individuals eligible for this exemption may claim the exemption in addition to other homestead exemptions, unless otherwise noted.

In addition, certain property is exempt from taxation on the basis of ownership and/or use, such as property of parks, public schools, churches and property owned by charitable institutions.

Tax Levy. As part of the annual budget process of the District, a resolution is adopted by the College Board of Trustees for the dollar amount of the tax levy for the current calendar year to be collected in the next year. The levy must be filed with the County Clerks no later than the last Tuesday in December of each year. The District certifies its real estate tax levy, as established by resolution, to each of the County Clerks of DuPage, Cook and Will Counties. The remaining administration and collection of the real estate taxes are statutorily assigned to said County Clerks and the County Treasurers of those Counties who also serve as the County Collector for their respective Counties.

After the determination of the aggregate Equalized Assessed Valuation for the District, 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. The limiting rate is the mechanism for implementing the tax extension limitation (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 Act 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 Property 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 that 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 or are for certain refunding purposes.

Section 15.01 of the Local Debt Reform Act, permits local governments, including the District, to issue limited bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law.

FINANCIAL STATEMENTS

The financial statements of the District as of and for the year ended June 30, 2012, included in APPENDIX A to this Official Statement have been audited by Crowe Horwath LLP, Certified Public Accountants, Oak Brook, Illinois, as stated in their report appearing herein. Crowe Horwath LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Crowe Horwath LLP also has not performed any procedures relating to this Official Statement.

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

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 excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from 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 interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon 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 (with certain exceptions) 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 certain tax-exempt interest, including 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 (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

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

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

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

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

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

There are or may be pending in 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 may treat the District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

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

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

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. A copy of the form of the Undertaking is attached as APPENDIX C.

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 APPENDIX C). 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 District is in compliance with each and every undertaking previously entered into pursuant to the Rule. Bond Counsel expresses no opinion as to whether the Undertaking complies with Section (b)(5) of the Rule.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel ("Bond Counsel") who has been retained by, and acts as, Bond Counsel to the District. The form of such legal opinion is attached hereto as APPENDIX B. 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 LLP has, at the request of the District, reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), and the description of the federal tax status of interest on the Bonds. This review was undertaken solely at the request and for the benefit of the District and did not include any obligation to establish or confirm factual matters set forth herein.

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, Thompson Coburn LLP, Chicago Illinois.

RATINGS

The Bonds have been rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. The ratings reflect only the views of the rating agencies providing the rating at the time such rating was issued and any explanation of the significance of such rating may be obtained only from each rating service. Certain information and materials concerning the Bonds, the District, and overlapping agencies and entities were furnished to each rating agency by the District and others.

There is no assurance that such ratings will be maintained for any given period of time or that the ratings will not be raised, lowered or withdrawn entirely by each rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds. An explanation of the significance of investment ratings may be obtained from the rating agencies.

FINANCIAL ADVISOR

The District has engaged Public Financial Management, Inc., of Chicago, Illinois, as Financial Advisor in connection with the authorization, issuance and sale of the Bonds.

UNDERWRITING

William Blair & Company, L.L.C., as representative and on behalf of itself and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriters"), has agreed to purchase the Bonds at an aggregate purchase price of $97,113,822.35 (which represents par plus net original issue premium of $13,496,355.85, less an Underwriters' discount of $382,533.50). The Bonds will be offered to the public at the prices as set forth on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all of the Bonds if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public.

The obligation of the Underwriters to accept delivery of and pay for the Bonds is subject to various conditions set forth in the Bond Purchase Agreement for such Bonds, including, among others, the delivery of specified opinions of counsel and a certificate of the Board that there has been no material adverse change~~s~~ in its condition~~s~~ (financial or otherwise) from that set forth in this Official Statement.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Such Underwriters and affiliates may, from time to time, have performed and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, certain of the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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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.

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/ David Carlin

Chairman of the Board of Trustees

APPENDIX A
AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2012

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Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the College of DuPage, Community College District 502 (the College) and the discretely presented component unit, the College of DuPage Foundation, as of and for the years ended June 30, 2012 and 2011, as listed in the Table of Contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the College of DuPage Foundation were not audited in accordance with Government Auditing Standards. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College, and the College of DuPage Foundation as of June 30, 2012 and 2011, and the results of its operations and its cash flows, where applicable, for the years 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 our report dated October 10, 2012 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress, designated in the table of contents as "Required Supplementary Information" be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The introductory section, statistical section, and the supplemental financial information and the other supplemental financial information listed under the special reports section of the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental financial information listed under the special reports section of the table of contents is required by the Illinois Community College Board and is presented on the modified accrual basis of accounting. Such information have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepting in the United States of America. In our opinion, the supplemental financial information listed under the special reports section of the table of contents are fairly presented in all material respects in relation to the financial statements as a whole. The introductory section, statistical section and the other supplemental financial information as listed in the table of contents have not been subjected to the audit procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
October 10, 2012

COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502

JUNE 30, 2012

Management's Discussion and Analysis (unaudited)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION AND BACKGROUND

This section of College of DuPage, Community College District 502's (the College) Comprehensive Annual Financial Report presents management's discussion and analysis (MD&A) of the College's financial activity during the fiscal years ended June 30, 2012 and June 30, 2011. Since this MD&A is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter and the College's basic financial statements including the notes to the financial statements. Responsibility for the completeness and fairness of this information rests with the College.

USING THIS ANNUAL REPORT

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

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

The Statement of Revenues, Expenses, and Changes in Net Assets focuses on both the gross and net costs of College activities, which are supported substantially by property taxes, state and federal grants and contracts, student tuition and fees and auxiliary enterprises revenues. This approach is intended to summarize and simplify the user's analysis of the financial results of the various College services to students and the public.

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

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

STATEMENT OF NET ASSETS

The major components of College of DuPage's assets, liabilities, and net assets as of June 30, 2012, 2011, and 2010, are as follows (in millions of dollars):

	2012	2011	2010	Change 2012-11	Change 2011-10
Assets					
Current assets	$ 314.3	$ 278.3	$ 332.6	$ 36.0	$ (54.3)
Non-current assets					
Capital assets, net of depreciation	437.0	374.0	289.5	63.0	84.5
Bond issuance costs	1.4	0.9	1.0	0.5	(0.1)
Total assets	752.7	653.2	623.1	99.5	30.1
Liabilities					
Current liabilities	116.5	127.1	116.1	(10.6)	11.0
Non-current liabilities	258.7	187.9	214.9	70.8	(27.0)
Total liabilities	375.2	315.0	331.0	60.2	(16.0)
Net assets					
Invested in capital assets, net of debt	221.2	185.1	162.3	36.1	22.8
Restricted	26.3	28.4	29.9	(2.1)	(1.5)
Unrestricted	130.0	124.7	99.9	5.3	24.8
Total net assets	$ 377.5	$ 338.2	$ 292.1	$ 39.3	$ 46.1

Fiscal Year 2012 Compared to 2011

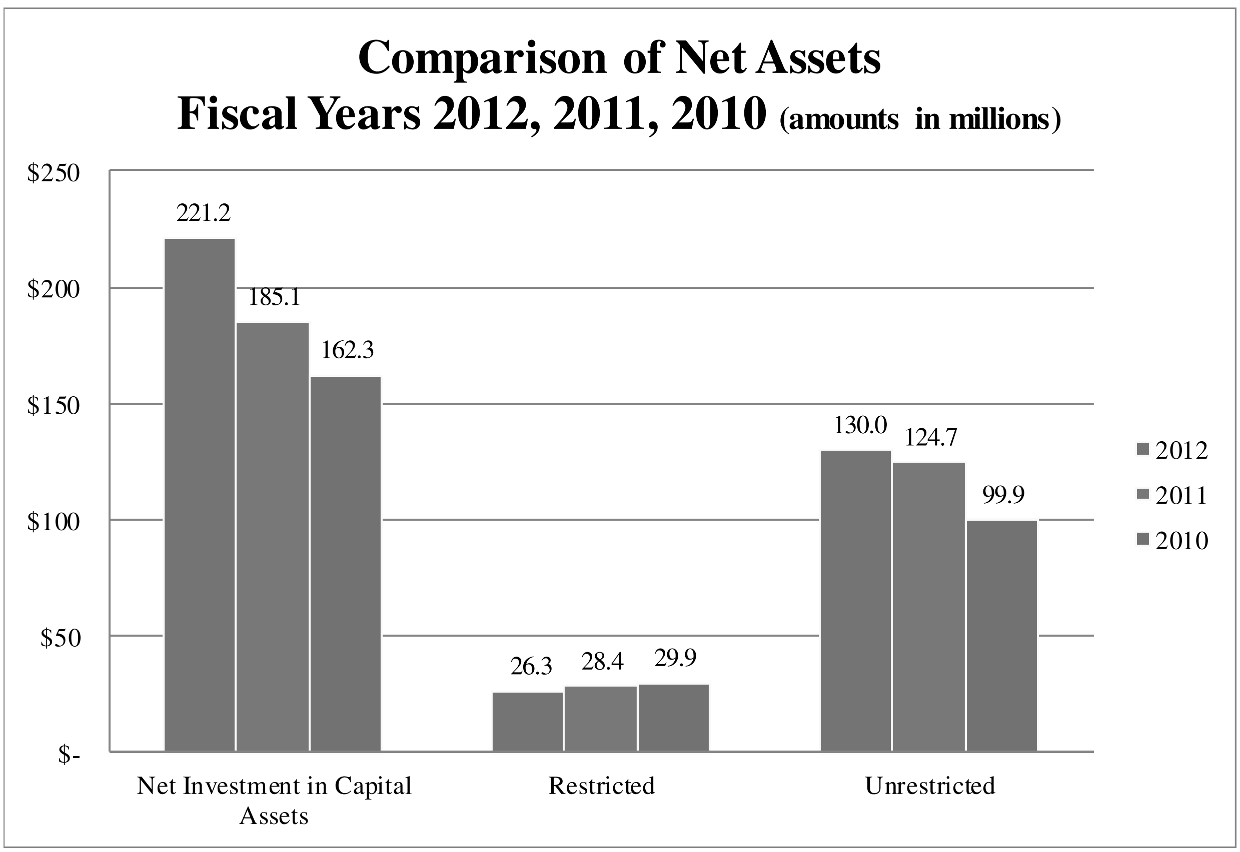
Total current assets increased by $36.0 million as compared to prior year. The primary reason for the increase is attributable to the increase in investments of $31.3 million due to higher cash balances and an increase in the receivables balance of $3.3 million. In November, 2010 the College was successful in passage of a voter referendum allowing the College to issue additional bonds in an amount up to $168.0 million for construction or renovation of various College facilities. The College issued $84.0 million of the voter approved referendum bonds in August of 2011. The higher receivables balance is due to amounts owed the College from the State of Illinois. The State of Illinois owes the College $4.2 million for the base operating grant as of June 30, 2012; this amount represents four monthly payments. The state of Illinois has appropriated the $4.2 million and prior to the issuance of this report has paid the College the $4.2 million.

Capital assets increased $63.0 million during fiscal year 2012. During the year, the College completed work and transferred from construction in progress to depreciable buildings $160.0 million as work was completed on the Homeland Security Education Center, Culinary and Hospitality Center, BIC West renovations and the Student Services Center building. Also during fiscal year 2012, the College began work on 2010 referendum projects: MAC renovations ($1.2 million), Physical Education building renovations ($2.8 million) Student Resource Center rehabilitation ($35.9 million) and various infrastructure improvements ($22.3 million), which accounted for new construction in progress of $62.2 million.

Current liabilities decreased $10.6 million primarily due to a decrease in accounts payable and accrued expenses of $4.7 million and a decrease of $2.4 million in unearned property tax revenues from the previous year. The lower payables balance reflects an acceleration of payments by the College at the end of FY2012. Unearned property tax revenues declined from prior year as a higher proportion of property tax receipts from Cook County were received in FY2012. Non-current liabilities increased $70.8 over the previous year due to the issuance of $84.0 million of general obligation bonds in FY2012.

Total net assets increased by $39.3 million over prior year. This increase is attributable to favorable operating results and unspent bond proceeds. The College had an operating surplus of $39.3 million of which $23.3 million is due to unspent construction funds.

The net investment in capital assets increased by $36.1 million due to the increase in overall capital assets investments net of related debt during fiscal year 2012.



In addition to the restrictions presented on the financial statements, the Board of Trustees has approved two additional reservations of net assets. $17,000,000 was approved to be set aside to fund future pension payments to the State of Illinois and $3,000,000 to fund annual maintenance costs which are expected to increase with the expansion of the College's physical plant.

Fiscal Year 2011 Compared to 2010

Total current assets decreased by $54.3 million as compared to prior year. The primary reason for the decrease is attributable to the reduction in cash and investments of $53.0 million as bond proceeds were drawn down to pay for construction projects during fiscal year 2011.

Capital assets increased by $84.5 million due primarily to an increase in construction-in-progress from spending on various capital projects. During fiscal year 2011, substantial construction work occurred on the new Homeland Security Education Center, Culinary and Hospitality Center, and BIC West renovation which were opened in August 2011 and the Student Services Center building which was opened in September 2011 in time for the Fall school semester.

Current liabilities increased by $11.0 million due primarily to accounts payable increasing $12.9 million. The increase in accounts payable is due to the accrual of unpaid construction invoices for work performed in fiscal year 2011. Non-current liabilities decreased by $27.0 million from prior year due to the scheduled principal payments that will be made in fiscal year 2012 on the College's long-term bond debt.

Total net assets increased by $46.1 million over prior year. This increase is attributable to an increase in construction spending and the College finishing the year with a surplus. The net investment in capital assets increased by $22.8 million due to the increase in overall capital assets investments during fiscal year 2011.

Unrestricted net assets increased by $24.8 million due to strong financial measures implemented by College management during the year to reduce operating expenses and strengthen revenue growth that resulted in a budget surplus that increased the fund balance.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Revenues:

Fiscal Year 2012 Compared to 2011

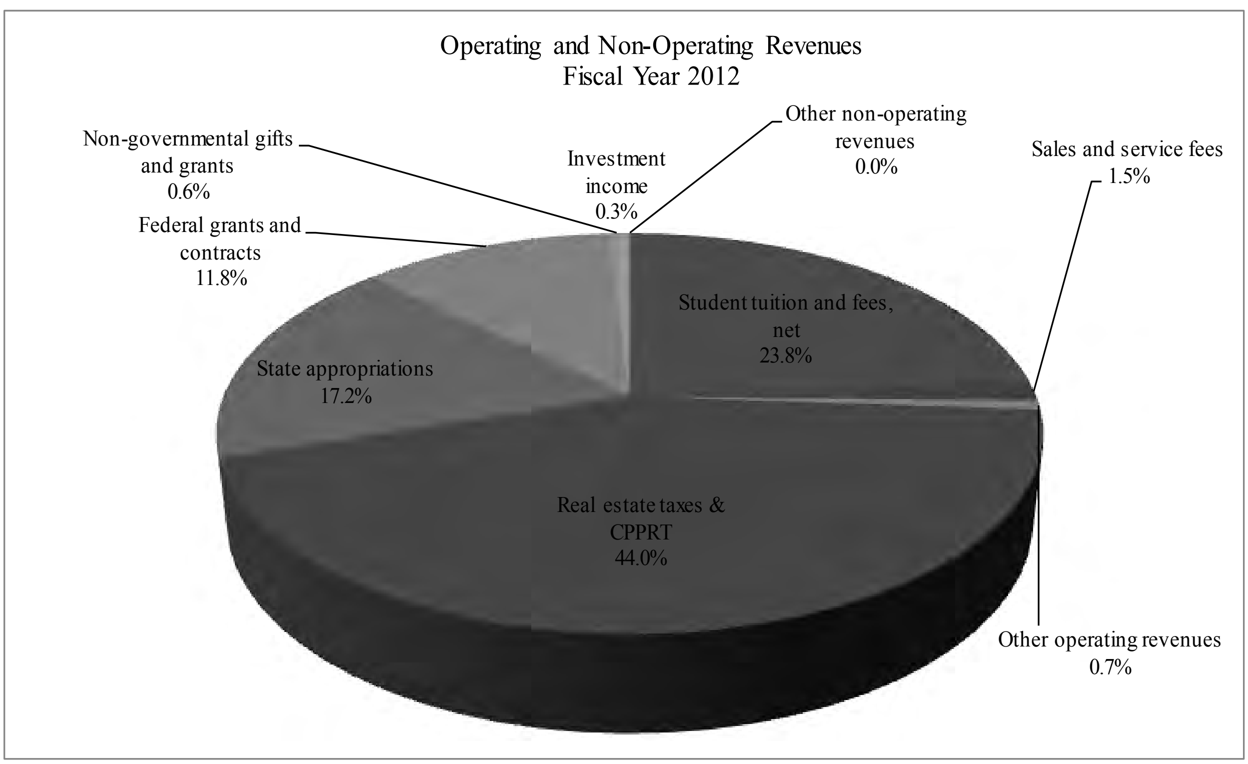
The College's operating and non-operating revenues were $248.2 million for fiscal year 2012, which was an increase of $6.6 million from the prior year. Local property taxes continue to be the College's leading revenue source accounting for $107.8 million or 43.4% of FY2012 revenues. The second largest source of revenue is student tuition and fees which was $59.1 million or 23.8% of total revenues in FY2012. Revenues from state and federal grants totaled $72.0 million and accounted for 29.0% of total fiscal year 2012 revenues.

Operating revenues decreased $3.1 million in FY2012 due to a decrease in tuition and fees revenue. The lower tuition revenue was due to a decrease in attendance. The reimbursable restricted and unrestricted semester credit hours for state apportionment in fiscal year 2012 were 465,067; a decrease of 10,528 hours from fiscal year 2011. The impact lower attendance had on revenue was partially offset by an increase in tuition and fee rates. During FY2012 the College increased fees by $3 per credit hour. Tuition revenues were also negatively impacted by the College increasing the reserve for bad debts by $1.0 million. Per Generally Accepted Accounting Principles (GAAP), any change to the bad debt reserve is offset against tuition revenue. The College was also able to generate $9.1 million in out-of-district and out-of-state tuition and fee revenue in FY2012, an increase of $0.6 million from the previous year. GAAP requires colleges to report tuition and fees funded by state and federal financial awards as non-operating revenues and not as tuition. As shown below, student tuition and fees before adjustment was $84.5 million or $2.1 million lower than the prior year.

	FY2012	FY2011	FY2010	Change 2012-11	Change 2011-10
Student tuition and fees	$ 84.5	$ 86.6	$ 76.1	$ (2.1)	$ 10.5
Federal and State Awards	(25.4)	(24.6)	(21.7)	(0.8)	(2.9)
Student tuition and fees, net	$ 59.1	$ 62.0	$ 54.4	$ (2.9)	$ 7.6

The revenue for chargebacks, sales and service fees and other operating revenues remained consistent with the prior year.

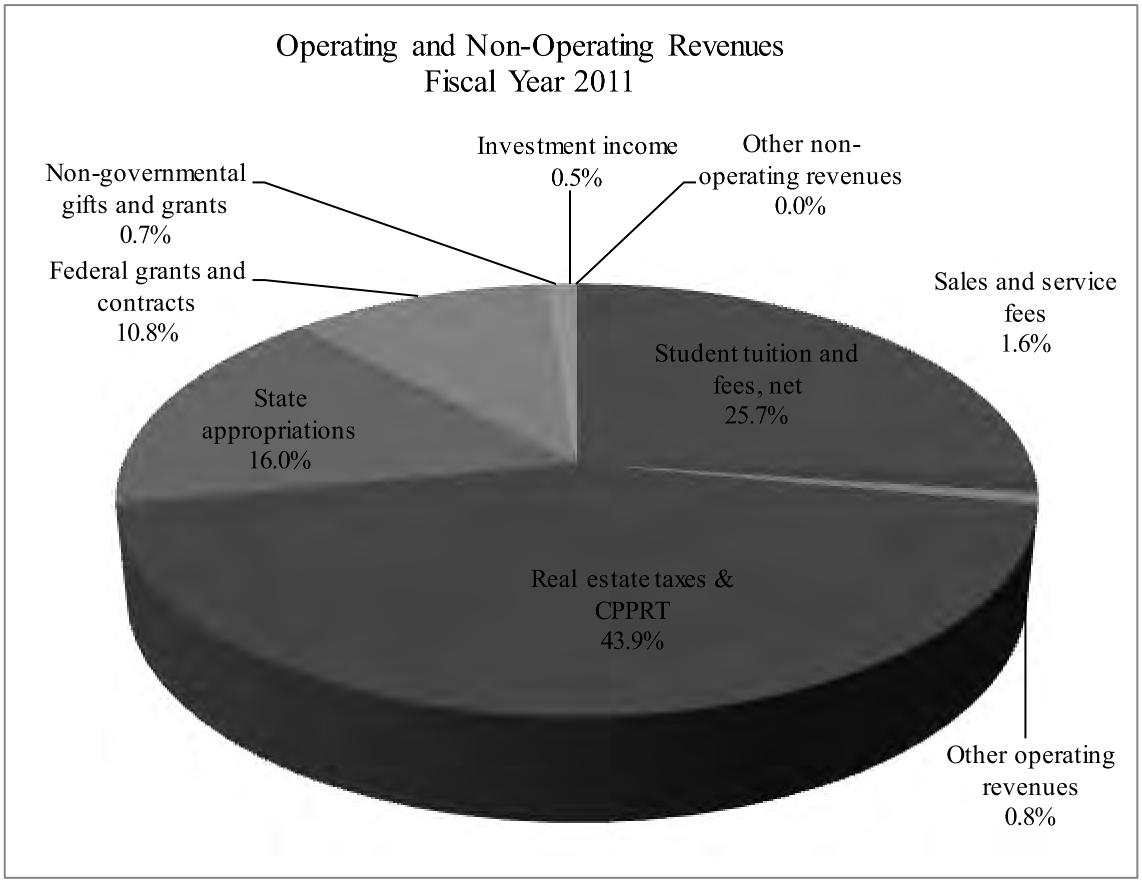
Property taxes increased $3.3 million in FY2012 due to the annual growth from the CPI and Cook County paying a greater percentage of the first installment of taxes in fiscal year 2012 than in previous fiscal years. State appropriations increased $3.9 million from FY2011 due to a $5.1 million increase in the on-behalf payment made by the state of Illinois to the State University Retirement System (SURS) for the benefit of the College's employees. The increase in on-behalf payments was offset with decreases in other state funding including $0.9 million in the Student Success grant, which was a one-time grant for FY2011, and $0.6 million in Illinois Veterans Grant and $0.8 million decrease in the state of Illinois Monetary Assistance Program. The increase in Federal grants and contracts is due to a $3.5 increase in Pell Grants received in FY2012.



The following table presents the statement of revenues, expenses and changes in net assets for the College for fiscal years 2012, 2011, and 2010 (in millions of dollars):

Statement of Revenues, Expenses, and Changes in Net Assets

	2012	2011	2010	Change 2012-11	Change 2011-10
Revenues					
Operating revenues					
Student tuition and fees, net	$ 59.1	$ 62.0	$ 54.4	$ (2.9)	$ 7.6
Sales and service fees	3.8	3.9	6.7	(0.1)	(2.8)
Other operating revenues	1.8	1.9	2.6	(0.1)	(0.7)
Total Operating revenues	64.7	67.8	63.7	(3.1)	4.1
Non-operating revenues					
Real estate taxes & CPPRT	109.3	106.0	96.4	3.3	9.6
State appropriations	42.6	38.7	34.0	3.9	4.7
Federal grants and contracts	29.4	26.2	20.0	3.2	6.2
Investment income	0.7	1.3	2.0	(0.6)	(0.7)
Other non-operating revenues	1.5	1.6	2.7	(0.1)	(1.1)
Total non-operating revenues	183.5	173.8	155.1	9.7	18.7
Total revenues	248.2	241.6	218.8	6.6	22.8
Expenses					
Operating expenses					
Instruction	89.0	83.4	84.3	5.6	(0.9)
Academic support	9.4	9.5	10.1	(0.1)	(0.6)
Student services	11.1	12.4	13.8	(1.3)	(1.4)
Public service	1.9	1.7	2.1	0.2	(0.4)
Independent operations	0.3	0.2	0.5	0.1	(0.3)
Operation and maintenance of plant	17.1	16.0	16.0	1.1	-
General administration	13.4	12.9	13.1	0.5	(0.2)
General institutional	21.5	22.3	6.3	(0.8)	16.0
Auxiliary enterprises	12.5	10.9	11.9	1.6	(1.0)
Scholarship expense	12.5	12.2	6.6	0.3	5.6
Depreciation expense	14.4	7.7	6.4	6.7	1.3
Total Operating Expenses	203.1	189.2	171.1	13.9	18.1
Non-operating expenses					
Interest on capital asset-related debt	5.8	6.3	6.3	(0.5)	-
Loss on sale of capital assets	-	-	-	-	-
Total non-operating revenues	5.8	6.3	6.3	(0.5)	-
Total expenses	208.9	195.5	177.4	13.4	18.1
Net income before capital contributions	39.3	46.1	41.4	(6.8)	4.7
Capital Contributions	-	-	-	-	-
Increase in net assets	39.3	46.1	41.4	(6.8)	4.7
Net assets at beginning of year	338.2	292.1	250.7	46.1	41.4
Net assets at end of year	$ 377.5	$ 338.2	$ 292.1	$ 39.3	$ 46.1



<u>Fiscal Year 2011 Compared to 2010</u>

Operating and non-operating revenues total $241.6 million for fiscal year 2011, an increase of $22.8 million over fiscal year 2010. The largest component of revenues is local property taxes comprising 43.9% of total revenues. Revenues from student tuition and fees were $62.0 million in fiscal year 2011 and represent the second largest revenue component at 25.7% of total revenues. Revenues from state and federal grants totaled $64.9 million in fiscal year 2011 and accounted for 26.8% of total fiscal year 2011 revenues.

Operating revenues increased by $4.1 million. Revenues were down in chargeback, sales and service fees and other operating revenues. Tuition and fee revenue was $62.0 million; this was $7.6 million greater than prior year. The FY2010 tuition revenue included a write off of $5.6 million of uncollectable revenue. Without the uncollectable revenue adjustment tuition revenue year-over-year would have only been $2.0 million higher. Generally Accepted Accounting Principles (GAAP) requires colleges to report tuition and fees funded by state and federal financial awards as non-operating revenues and not as tuition. Student tuition and fees before adjustment were $86.6 million, or $10.5 million or 14% higher than the prior year. The semester credit hours for fiscal year 2011 were 475,595; a decrease of 28,873 hours from fiscal year 2010. Even though semester credit hours were lower than prior year, tuition and fees exceeded prior year revenues due to an increase in out-of-district students who pay a higher tuition rate than in-district.

Sales and service fees were $3.9 million; $2.8 million lower than prior year primarily due to decreases in the College's Auxiliary Fund program revenues. The Continuing Education program had a decrease in its enrollment for the summer 2010 programs which resulted in a $0.5 decrease in revenue. The Arts Center also had a decrease in revenues of $0.2 due to decreases in the number of performances offered and a decrease in attendance. The bookstore revenue decreased by $0.5 from fiscal year 2010 due to a decrease in the volume of books sold.

Non-operating revenues totaled $173.8 million for the year and were $18.7 million greater than FY2010. This increase is primarily due to higher revenue from property taxes which increased $9.6 million in fiscal year 2011. For the first time in the history of DuPage County assessed valuations declined by approximately 6.0%. Revenues from state and federal grants totaled $64.9 million in fiscal year 2011 and were $10.9 million more than FY2010. The primary reason for the increase in federal grants was an increase in Pell funding in fiscal year 2011.

	FY2011	FY2010	Change 2011-10	% Change 2011-10
Student tuition and fees	$ 86.6	$ 76.1	$ 10.5	14%
Federal and State Awards	(24.6)	(21.7)	(2.9)	13%
Student tuition and fees, net	$ 62.0	$ 54.4	$ 7.6	14%

Expenses:

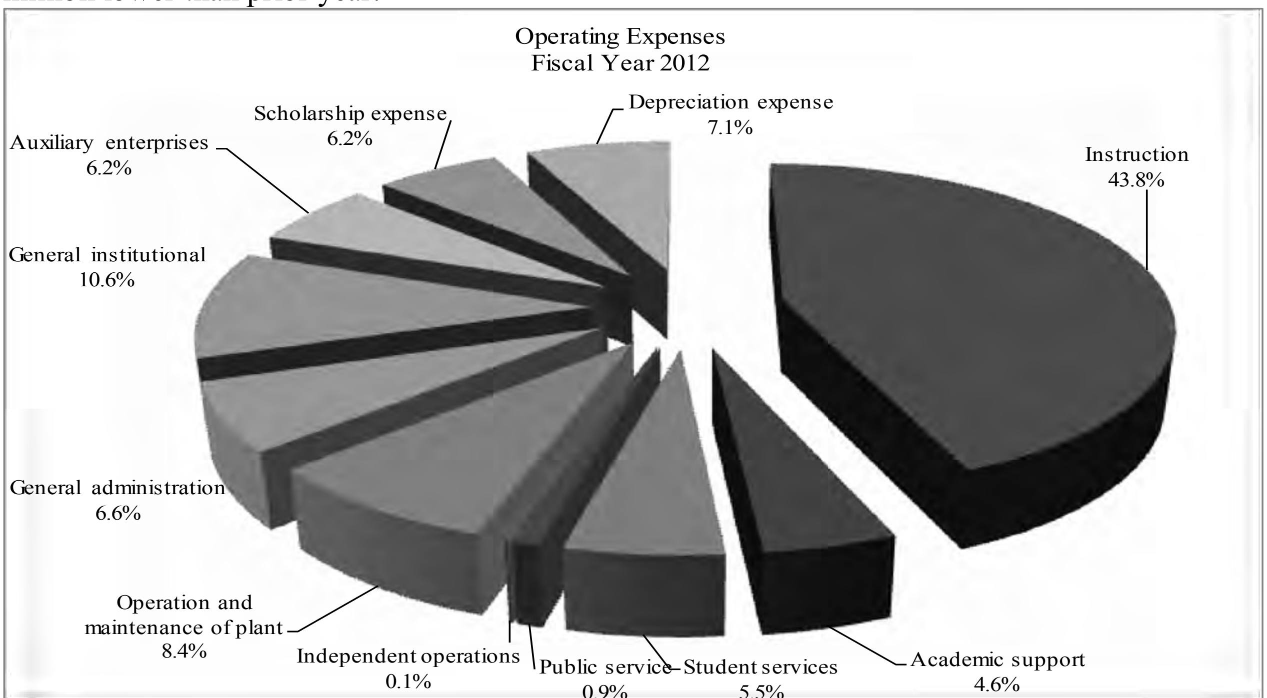
Fiscal Year 2012 Compared to 2011

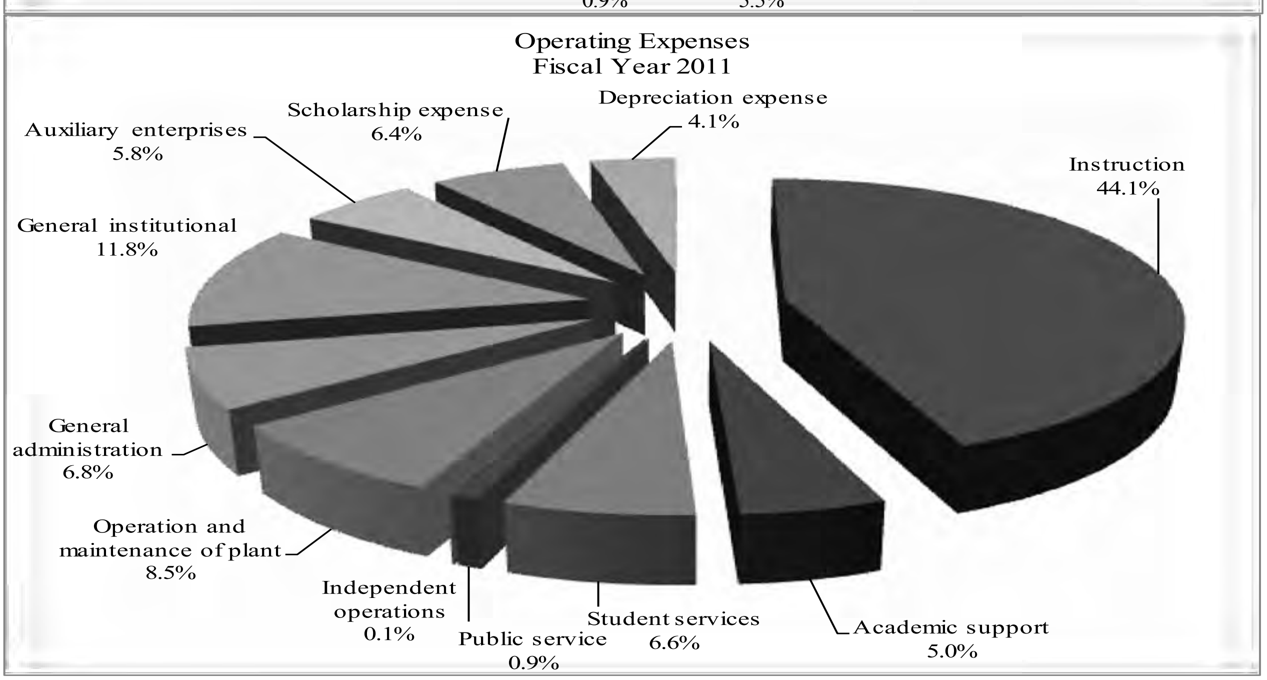
Total expenses for FY2012 were $208.9 million, an increase of $13.4 million from the previous fiscal year. The two primary categories of expense that increased were Instruction and Depreciation. Instruction category represents all of the direct costs associated with teaching of students and is the largest component of operating expenses, accounting for 43.8% of total operating expenses. Instructional expenses increased $5.6 million over FY2011 primarily due to higher SURS pension expense and termination benefits for retiring employees. SURS pension contributions increased by $5.1 million to $22.6 million in FY2012. The state makes this contribution on behalf of the College. As such the College records an expense and revenue for the in-kind payment made by the State. This expense is then allocated to the different categories based on their prorated share of labor expense. Instruction's share of SURS pension expense increased by $2.7 million from FY2011.

The College offers termination benefits to retiring employees. During fiscal year 2012, the last year that this benefit is being offered to employees, forty employees put in application for retirement. The retirement benefits for these employees is an increase of $2.6 million, of which $2.2 million was charged to Instruction expense.

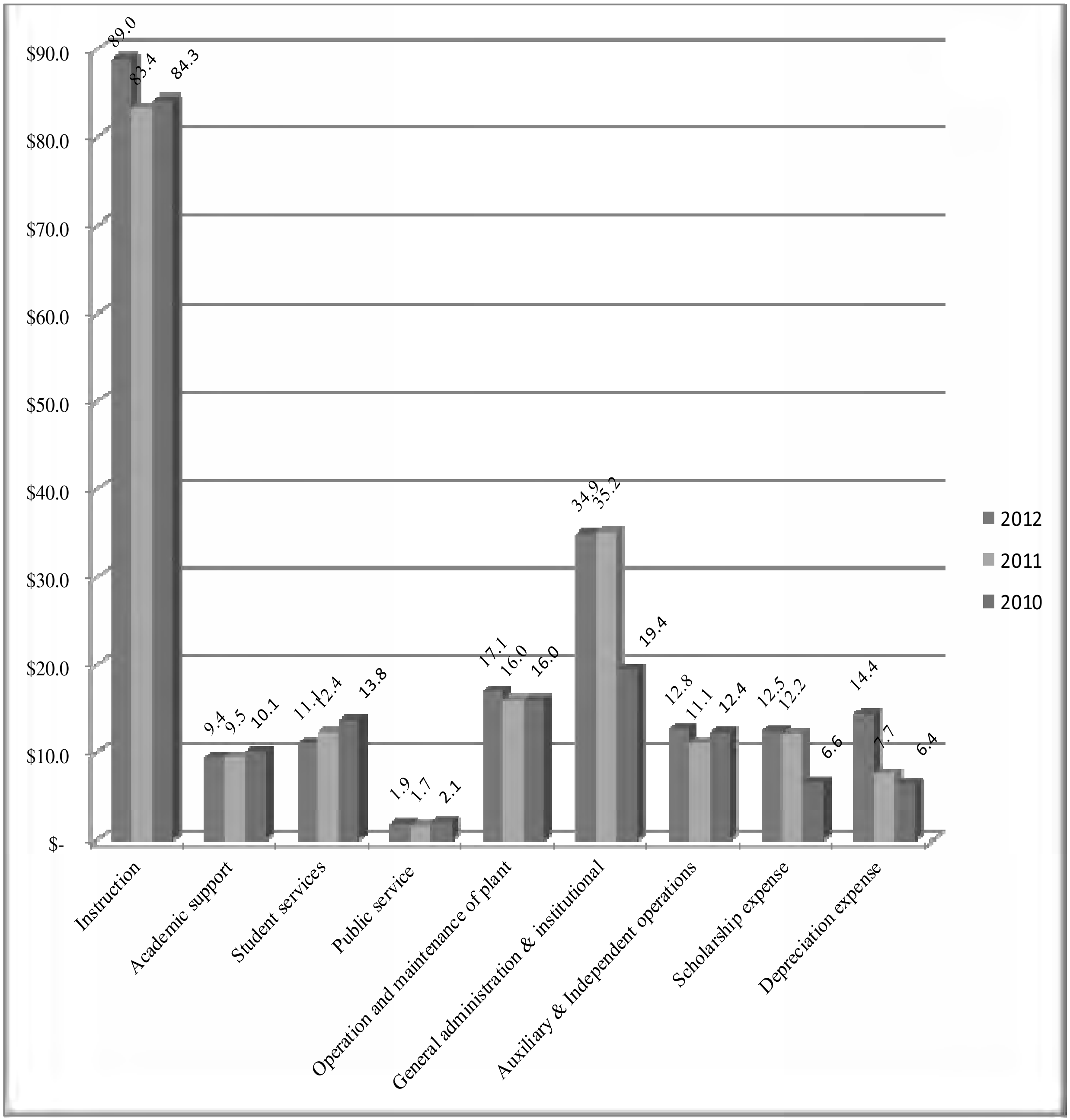
Depreciation expense increased $6.7 million from the previous year due to the addition of four new buildings and also building additions which were placed into service during FY2012, the Homeland Security Education Center, Culinary and Hospitality Center, BIC West renovations and the Student Services Center building. The College's depreciable assets increased $173.6 million, net of disposals of $1.6 million. The other operating expenses were consistent with the prior year as management continues to contain costs and stay within budget.

Operation and maintenance of plant at $17.1 million represents 8.4% of total operating expenses and increased $1.1 million from prior year due to more buildings being utilized in FY2012. This expense includes utilities, security, insurance and all costs necessary to keep the physical facilities open and ready for use. The costs associated with Student Services such as financial aid, admissions, records and counseling equaled $11.1 million in fiscal year 2012 and was $1.3 million lower than prior year.





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



Fiscal Year 2011 Compared to 2010

The College's total expenses were $195.5 million in fiscal year 2011, an increase of $18.1 million from the prior year. Operating expenses for fiscal year 2011 equaled $189.2 million and were $18.1 million higher than prior year. The largest increase in year-over-year expenses was in General Institution, which increased $16.0 million due to a change in accounting for fringe benefits. Scholarship expense increased $5.6 million primarily due to a $5.0 million increase in Pell awards from fiscal year 2010. Depreciation expense increased by $1.3 million due to a net increase in depreciable capital assets of $156.2 million, most of which were added late in the fiscal year and therefore did not have a full year depreciation expense. The remaining operating expense categories were lower than the previous year as management continued to enforce cost controls during the year to reduce costs in the event funding from the State did not materialize as anticipated.

As shown in the operating expenses chart, fiscal year 2011 Instruction costs were $83.4 million. This category represents all of the direct costs associated with teaching of students and is the largest component of operating expenses, accounting for 44.1% of total operating expenses. Instruction costs were $0.9 million less than fiscal year 2010. Operation and maintenance of plant at $16.0 million represents 8.5% of total operating expenses and was flat with prior year. This expense includes utilities, security, insurance and all costs necessary to keep the physical facilities open and ready for use. The costs associated with Student Services such as financial aid, admissions, records and counseling equaled $12.4 million in fiscal year 2011 and was $1.4 million lower than prior year.

STATEMENT OF NET CAPITAL ASSETS AND LONG-TERM DEBT

	2012	2011	2010	Change 2012-11	Change 2011-10
Capital assets					
Land and improvements	$ 47.8	$ 45.2	$ 11.2	$ 2.6	$ 34.0
Construction in progress	40.0	137.7	203.3	(97.7)	(65.6)
Building and improvements	428.5	259.4	136.8	169.1	122.6
Equipment	40.8	38.9	39.3	1.9	(0.4)
Subtotal	557.1	481.2	390.6	75.9	90.6
Less accumulated depreciation	(120.1)	(107.2)	(101.1)	(12.9)	(6.1)
Capital assets, net	$ 437.0	$ 374.0	$ 289.5	$ 63.0	$ 84.5

	2012	2011	2010	Change 2012-11	Change 2011-10
Long-term debt					
Bonds					
General obligation bonds	$ 261.0	$ 203.6	$ 229.4	$ 57.4	$ (25.8)
Bond premiums	14.9	7.5	8.9	7.4	(1.4)
Deferred amount of refunding	(0.5)	(1.0)	(2.4)	0.5	1.4
Total bonds, net	275.4	210.1	235.9	65.3	(25.8)
Termination, OPEB & Compensated Absences	8.6	7.0	6.4	1.6	0.6
Total long-term debt, net	$ 284.0	$ 217.1	$ 242.3	$ 66.9	$ (25.2)

Fiscal Year 2012 Compared to 2011

As of June 30, 2012, the College had net capital assets of $437.0 million, an increase of $63.0 million from the prior year. Net capital assets increased due to construction spending under the Facilities Masters Plan. During FY2012 the College issued $84.0 million of the November 2010 approved referendum bonds. The College has begun spending the proceeds of the bonds in FY2012 as well as completed the spending of the remaining proceeds of the College's 2003 referendum bonds. Construction in progress decreased by $97.7 million in fiscal year 2012 primarily due to the transfer of $160.0 million to depreciable capital assets during fiscal year 2012 (the Homeland Security Education Center, Culinary and Hospitality Center, BIC West renovations and the Student Services Center building). The change in activities for capital assets is provided in Note 3 to the financial statements.

The College's long-term debt increased $66.9 million from the prior year to $284.0 million. During FY2012 the College issued $84.0 million in referendum bonds and $20.9 million in refunding bonds. As a result of the bond issuances, the College received $11.0 million in bond premiums and incurred deferred amounts on refunding of $0.3 million. The refunding bonds were used to advance refund $11.3 million of Series 2003A and $9.8 million of Series 2003B. The College retired $26.4 million in outstanding principal using property tax revenue and tuition fees received during FY2012. The payment schedules, along with changes in activities for debt, is provided in Note 6 to the financial statements. All of the College's debt is rated AAA/Aaa by Standard and Poor's and Moody's, respectively.

Fiscal Year 2011 Compared to 2010

As of June 30, 2011, the College had net capital assets of $374.0 million, an increase of $84.5 million from prior year. Net capital assets increased due primarily to an aggressive building campaign undertaken by the College as part of its Facilities Master Plan. Construction in progress decreased by $65.6 million in fiscal year 2011 primarily due to the transfer of $156.5 million to depreciable capital assets during fiscal year 2011. During fiscal year 2011, the College completed the Technical Education Center, the Health Sciences Building and a parking lot. The change in activities for capital assets is provided in Note 3 to the financial statements.

During fiscal year 2011, bonds payable outstanding decreased by $25.8 million. As of June 30, 2011, $9,505,000 (Series 2009A), $62,450,000 (Series 2009B), $11,715,000 (Series 2009C), $72,945,000 (Series 2007), $7,760,000 (Series 2006 Refunding Bonds), $25,080,000 (Series 2003A) and $14,160,000 (Series 2003B) remain outstanding. The payment schedule, along with changes in activities for debt, is provided in Note 6 to the financial statements. All of the College's debt is rated AAA/Aaa by Standard and Poor's and Moody's, respectively.

OTHER

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College continues to be concerned with the budgetary deficits incurred by the State of Illinois and the impacts these deficits may have on future funding for community colleges and financial aid for students. The College is tracking proposed legislation for pension and retiree healthcare benefits; both of which may have a significant impact on the College. The low interest rate environment provides the College a substantial opportunity to borrow at low costs to accelerate building construction and renovation under the approved Facilities Master Plan. However, the low interest rate environment has an adverse impact on the revenue the College generates from working cash and construction funds to help finance operations and capital investment.

The high unemployment experienced throughout the State and community continue to add pressure on the College to maintain tuition costs and fees at their current levels to provide affordable education and training for members of the community. Maintaining tuition costs will have to be balanced with the need to cover expense to ensure the quality and breadth of the College product offering is not hurt.

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

CONTACTING FINANCIAL MANAGEMENT

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

If you have questions about this report or need additional information, contact Lynn Sapyta, Assistant Vice President, Financial Affairs and Controller, at 425 Fawell Blvd., Glen Ellyn, IL 60137-6599, (630) 942-2219, or sapytal@cod.edu.

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COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502

JUNE 30, 2012

BASIC FINANCIAL STATEMENTS

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STATEMENT 1
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	$ 160,573,393	$ 158,644,127
Investments	81,666,348	50,351,829
Total cash, cash equivalents and investments	242,239,741	208,995,956
Receivables		
Property taxes receivable (net of allowances of $372,373 and $365,364, respectively)	54,903,002	53,567,305
Tuition and fees receivable (net of allowances of $9,252,489 and $8,255,628, respectively)	6,793,041	8,276,025
State government claims receivable	8,242,069	3,655,763
Interest receivable	236,377	971,524
Other accounts receivable	1,061,145	1,440,996
Total receivables	71,235,634	67,911,613
Inventory	172,341	238,073
Prepaid expenses	665,299	1,192,052
Total Current Assets	314,313,015	278,337,694
Non-Current Assets		
Capital assets not being depreciated	44,718,266	142,503,112
Capital assets being depreciated,	512,318,885	338,740,373
Less allowance for depreciation	(120,081,189)	(107,233,488)
Bond issuance costs	1,410,950	850,261
Total Non-Current Assets	438,366,912	374,860,258
Total Assets	752,679,927	653,197,952
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	16,692,241	21,423,320
Accrued salaries and benefits	3,473,970	3,363,839
Claims payable	982,891	982,891
Unearned property tax revenues	49,721,959	52,141,090
Unearned tuition and fee revenues	16,968,016	16,822,731
Unearned grant revenues	58,430	265,418
Total accrued expenses and unearned revenues	87,897,507	94,999,289
Bonds payable - current	22,555,000	27,160,000
Bond interest payable	2,751,049	2,589,589
Termination benefits payable	1,600,000	1,200,000
Compensated absences	1,141,303	875,474
Deposits held in custody for others	227,871	213,036
Other current liabilities	309,981	80,559
Total Current Liabilities	116,482,711	127,117,947
Non-Current Liabilities		
Bonds payable	252,841,554	182,952,180
Termination benefits payable	3,353,713	2,281,236
Compensated absences	2,451,284	2,556,289
Other post employment benefits	40,677	48,107
Total Non-Current Liabilities	258,687,228	187,837,812
Total Liabilities	375,169,939	314,955,759
NET ASSETS		
Invested in capital assets, net of related debt	221,164,380	185,096,593
Restricted for:		
Debt service	18,021,452	20,233,785
Working cash	8,262,954	8,229,678
Unspent grant proceeds	74,224	-
Unrestricted	129,986,978	124,682,137
Total Net Assets	$ 377,509,988	$ 338,242,193

See accompanying notes to financial statements.

STATEMENT 2
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
REVENUES		
Operating Revenues		
Student tuition and fees	$ 59,100,863	$ 61,990,141
(net of scholarship allowances of $25,426,953 and $24,643,016, respectively; and uncollectable of $1,025,154 in FY2012 and $0 in FY2011)		
Chargeback revenue	673,262	662,258
Sales and service fees	3,825,718	3,902,558
Other operating revenues	1,147,097	1,226,179
Total Operating Revenues	64,746,940	67,781,136
EXPENSES		
Operating Expenses		
Instruction	88,951,878	83,385,917
Academic support	9,366,021	9,528,488
Student services	11,120,268	12,377,424
Public service	1,895,427	1,683,103
Independent operations	316,150	233,934
Operation and maintenance of plant	17,202,087	15,946,733
General administration	13,357,056	12,898,568
General institutional	21,571,223	22,219,537
Auxiliary enterprises	12,505,598	10,907,689
Scholarship expense	12,492,032	12,215,817
Depreciation expense	14,417,172	7,741,061
Total Operating Expenses	203,194,912	189,138,271
Operating Income (Loss)	(138,447,972)	(121,357,135)
NON-OPERATING REVENUES (EXPENSES)		
Real estate taxes	107,807,680	104,425,923
Corporate personal property replacement taxes	1,494,002	1,624,041
State appropriations	42,633,843	38,742,103
Federal grants and contracts	29,415,386	26,175,510
Non-governmental gifts and grants	1,363,232	1,561,341
Investment income	727,102	1,315,742
Interest on capital asset-related debt	(5,824,138)	(6,342,263)
Gain (loss) on sale of capital assets	98,660	14,585
Net Non-Operating Revenues (Expenses)	177,715,767	167,516,982
Increase in Net Assets	39,267,795	46,159,847
Net Assets at Beginning of Year	338,242,193	292,082,346
Net Assets at End of Year	$ 377,509,988	$ 338,242,193

See accompanying notes to financial statements.

STATEMENT 3
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 87,854,511	$ 88,322,929
Sales and Services	5,360,579	5,199,879
Payment to suppliers	(73,625,746)	(55,947,153)
Payment to employees	(121,744,265)	(123,336,121)
Net Cash from Operating Activities	(102,154,921)	(85,760,466)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Real estate taxes & CPPRT	105,546,855	107,087,903
State appropriations	11,624,404	15,497,723
Grants & contracts	34,207,986	31,811,608
Other revenues	-	609,731
Net Cash from Non-Capital Financing Activities	151,379,245	155,006,965
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from bonds	104,900,000	-
Premiums from bonds	11,033,477	-
Purchases of capital assets	(72,029,504)	(88,503,345)
Bond principal payments	(47,535,000)	(25,735,000)
Interest paid on capital debt	(13,910,413)	(10,219,223)
Proceeds from the Sales of Capital Assets	98,660	14,585
Net Cash from Capital and Related Financing Activities	(17,442,780)	(124,442,983)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	19,898,221	100,150,527
Interest on investments	1,543,129	2,227,762
Purchase of investments	(51,293,628)	(10,228,136)
Net Cash from Investing Activities	(29,852,278)	92,150,153
Net Increase (Decrease) in Cash	1,929,266	36,953,669
Cash and Cash Equivalents - Beginning of Year	158,644,127	121,690,458
Cash and Cash Equivalents - End of the Year	$ 160,573,393	$ 158,644,127
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:		
Operating Income (Loss)	$ (138,447,972)	$ (121,357,135)
Adjustments to Reconcile Income (Loss) to Net Cash from Operating Activities:		
Depreciation expense	14,417,172	7,741,061
State Universities Retirement System on-behalf payments	22,955,612	17,777,103
Changes in Assets and Liabilities:		
Receivables (net)	1,972,836	1,100,679
Inventories	65,732	(97,274)
Prepaid expenses	246,821	74,443
Accounts payable	(4,731,551)	12,993,387
Accrued salaries and benefits	655,896	(6,477,552)
Other accrued liabilities	(559,003)	148,628
Unearned tuition and fees	145,285	(102,099)
Accrued post-employment benefits	1,360,042	2,338,218
Other unearned revenues	(235,791)	100,075
Net Cash from Operating Activities	$ (102,154,921)	$ (85,760,466)

Note: Noncash investing, capital and financing activities: Decrease in the fair value of investments, $211,300 in FY2012. Increase in the fair value of investments, $29,804 in FY2011.

See accompanying notes to financial statements.

STATEMENT 4
COLLEGE OF DUPAGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and Cash Equivalents	$ 414,256	$ 10,512,518
Investments	9,577,557	64,826
Pledges Receivable	248,584	325,454
Cash Surrender Value of Life Insurance Policies	10,068	9,798
Due from College of DuPage	-	1,027
Total Assets	$ 10,250,465	$ 10,913,623
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to College of DuPage	$ -	$ 311,645
Other Liabilities	28,122	34,052
Total Liabilities	28,122	345,697
NET ASSETS		
Unrestricted	2,668,091	3,122,055
Temporarily Restricted	4,738,502	4,576,736
Permanently Restricted	2,815,750	2,869,135
Total Net Assets	10,222,343	10,567,926
TOTAL LIABILITIES AND NET ASSETS	$ 10,250,465	$ 10,913,623

See accompanying notes to financial statements.

STATEMENT 5
COLLEGE OF DUPAGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012					
	Unrestricted			Temporarily	Permanently	
	Undesignated	Designated	Total	Restricted	Restricted	Total
REVENUES						
Gifts and Contributions	$ 57,806	$ 273,535	$ 331,341	$ 293,553	$ 121,270	$ 746,164
Net Investment Income	27,401	4,324	31,725	(5,966)	-	25,759
Net Realized Gain (Loss) on Sale of Investments	101,736	55,229	156,965	118,009	154,474	429,448
Net Unrealized Gain (Loss) on Investments	(172,832)	(25,892)	(198,724)	(9,568)	(329,129)	(537,421)
Noncash Contributions	554,274	13,661	567,935	264,605	-	832,540
Change in Value of Split-Interest Agreement	-	-	-	5,930	-	5,930
Miscellaneous	-	36,694	36,694	-	-	36,694
Net Assets Released from Restrictions	725,189	-	725,189	(725,189)	-	-
Total Revenues	1,293,574	357,551	1,651,125	(58,626)	(53,385)	1,539,114
EXPENSES						
Program						
Scholarships Granted	191,606	121,640	313,246	-	-	313,246
Awards Granted	7,721	30,375	38,096	-	-	38,096
Cash Gifts to College of DuPage	197,344	120,800	318,144	-	-	318,144
Noncash Gifts to College of DuPage	397,502	54,084	451,586	-	-	451,586
Other	1,165	300	1,465	-	-	1,465
Management and General	670,028	388	670,416	-	-	670,416
Fundraising	32,402	59,342	91,744	-	-	91,744
Total Expenses	1,497,768	386,929	1,884,697	-	-	1,884,697
Change in Net Assets	(204,194)	(29,378)	(233,572)	(58,626)	(53,385)	(345,583)
Change in Classification of Donor Restrictions	(220,392)	-	(220,392)	220,392	-	-
Net Assets, Beginning of Year	1,671,017	1,451,038	3,122,055	4,576,736	2,869,135	10,567,926
Net Assets, End of Year	$ 1,246,431	$ 1,421,660	$ 2,668,091	$ 4,738,502	$ 2,815,750	$ 10,222,343

	2011					
	Unrestricted			Temporarily	Permanently	
	Undesignated	Designated	Total	Restricted	Restricted	Total
REVENUES						
Gifts and Contributions	$ 201,037	$ 233,530	$ 434,567	$ 297,863	$ 531	$ 732,961
Net Investment Income	62,590	22,898	85,488	85,813	5,788	177,089
Net Realized Gain (Loss) on Sale of Investments	164,782	164,952	329,734	754,844	45,388	1,129,966
Net Unrealized Gain (Loss) on Investments	(34,386)	21,829	(12,557)	240,519	19,970	247,932
Noncash Contributions	655,162	188,611	843,773	47,106	-	890,879
Change in Value of Split-Interest Agreement	-	-	-	5,702	-	5,702
Miscellaneous	1,544	60,954	62,498	-	-	62,498
Net Assets Released from Restrictions	692,619	-	692,619	(692,619)	-	-
Total Revenues	1,743,348	692,774	2,436,122	739,228	71,677	3,247,027
EXPENSES						
Program						
Scholarships Granted	262,857	101,998	364,855	-	-	364,855
Awards Granted	4,560	8,750	13,310	-	-	13,310
Cash Gifts to College of DuPage	378,000	196,665	574,665	-	-	574,665
Noncash Gifts to College of DuPage	182,663	211,056	393,719	-	-	393,719
Other	3,886	8,326	12,212	-	-	12,212
Management and General	598,895	48,491	647,386	-	-	647,386
Fundraising	5,880	35,821	41,701	-	-	41,701
Total Expenses	1,436,741	611,107	2,047,848	-	-	2,047,848
Change in Net Assets	306,607	81,667	388,274	739,228	71,677	1,199,179
Net Assets, Beginning of Year	1,364,410	1,369,371	2,733,781	3,837,508	2,797,458	9,368,747
Net Assets, End of Year	$ 1,671,017	$ 1,451,038	$ 3,122,055	$ 4,576,736	$ 2,869,135	$ 10,567,926

See accompanying notes to financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of College of DuPage - Community College District Number 502 (the College) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government units and Illinois community colleges, as well as, those prescribed by the Illinois Community College Board (ICCB), as set forth in the ICCB Fiscal Management Manual. The College's reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The College has elected not to follow FASB after that date. The following is a summary of the significant accounting policies.

A. Reporting Entity

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

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

Pursuant to the standards established in GASB Statement No. 14, *The Financial Reporting Entity,* the College is considered a primary government since it is fiscally independent. The College has determined that the College of DuPage Foundation meets the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14,* because of the nature and significance of the Foundation's relationship with the College, which has resulted in the College of DuPage Foundation being reported as a discretely presented component unit of the College. The College of DuPage Foundation is a legally separate not-for-profit established under Internal Revenue Code Section 501c (3). Separately issued financial statements of the Foundation are available from the Foundation's Executive Director, 2525 Cabot Drive, Suite 201, Lisle, Illinois 60532.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include: property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specific purpose, and expense requirements, in which the resources are provided to the College on a reimbursement basis.

C. Property Taxes

The College's property taxes are levied each calendar year on all taxable real property located in the District. Property taxes are recorded on the accrual basis of accounting. Pursuant to guidance from the ICCB, and the College Board of Trustees resolution, property tax levies are allocated fifty percent for each of the two fiscal years after the levy year. Accordingly, the College estimates 50% of property taxes extended for the 2011 tax year and collected in 2012 are recorded as revenue in fiscal year 2012. The remaining 50% of revenues related to 2012 has been deferred and will be recorded as revenue in fiscal year 2013. However, the 50% allocation is an approximation based on tax collections in prior years. To the extent collections exceed 50% in a given year, the College would record this as current year revenue.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

collections. Currently the limitation is the lesser of five percent or the rate of inflation, measured by the Consumer Price Index.

The statutory maximum tax rates and the respective final rates for the past five tax years per $100 of assessed valuation is presented below. The tax year levy is payable to the College in the next calendar year (i.e. the 2011 tax levy is payable in calendar year 2012).

	Maximum Authority	2011	2010	2009	2008	2007
Education	$ 0.7500	$ 0.1611	$ 0.1483	$ 0.1337	$ 0.1321	$ 0.1285
Operations and Maintenance	0.1000	0.0263	0.0242	0.0217	0.0211	0.0213
Bond and Interest	none	0.0621	0.0624	0.0573	0.0326	0.0333
Liability, Protection & Settlement *	none	-	-	-	-	0.0023
Social Security/Medicare *	none	-	-	-	-	0.0031
Audit *	0.0500	-	-	-	-	0.0003
Total		$ 0.2495	$ 0.2349	$ 0.2127	$ 0.1858	$ 0.1888

* - These funds were consolidated into the Education fund starting in 2008.

The 2012 tax levy, which will attach as an enforceable lien on property as of January 1, 2012, has not been recorded as a receivable as of June 30, 2012 as the tax has not yet been levied by the counties within the College's district and will not be levied until December 2012 and, therefore, the levy is not measurable at June 30, 2012.

D. Capital Assets

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The portion of interest cost recognized on the bonds and capitalized was $5,333,633 and $3,733,088 during fiscal years 2012 and 2011, respectively.

E. Cash and Cash Equivalents

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

F. Investments

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

G. Inventories

Inventories consist of items purchased for resale in the restaurant, automotive services, information technology special services and student activities areas, and are stated at lower of cost (first-in, first-out) or market. The cost is recorded as expenses as the inventory is consumed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

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

I. Unearned Revenue

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

J. Net Assets

The College's net assets are classified as follows:

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

Restricted for:

Debt service – this represents the amount of net assets that have been set aside for payments of bond principal and interest.

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

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

In addition to the restrictions presented on the financial statements, the Board of Trustees has approved two additional reservations of net assets. $17,000,000 was approved to be set aside to fund future pension payments to the State of Illinois and $3,000,000 to fund annual maintenance costs which are expected to increase with the expansion of the College's physical plant.

Unrestricted net assets – This includes resources from student tuition and fees, state appropriations, sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. When both restricted and unrestricted resources are available for use, the College uses restricted resources first and then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

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

L. Classification of Revenues and Expenses

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

M. Federal Financial Assistance Programs

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

	Fiscal Year	
	2012	2011
Pell Grants	$ 24,054,852	$ 20,499,010
SEOG	235,943	289,990
Federal Work-Study	236,115	211,237
Federal Direct Student Loans	30,732,826	18,787,147
Carl Perkins Grants	583,409	643,785
Federal Adult Education	732,235	610,129
Other Federal Support	525,820	685,475
Totals	$ 57,101,200	$ 41,726,773

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. On-Behalf Payments for Fringe Benefits and Salaries

The College recognizes as revenues and expenses contributions made by the State of Illinois to the State Universities Retirement System on behalf of the College's employees. In fiscal years 2012 and 2011, the state made contributions of $22,955,612 and $17,777,103 respectively (see Note 4 for further detail).

O. Use of Estimates

In order to prepare these financial statements in conformity with GAAP, management has made a number of estimates and assumptions that affect the reported amounts of assets and liabilities 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.

P. Comparative Information

The financial statements include the current and prior fiscal year. In the process of aggregating data for the financial statements, some amounts reported in the prior year have been reclassified, however, the reclassifications did not affect total assets, liabilities, net assets or changes in net assets.

2. CASH DEPOSITS AND INVESTMENTS

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

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

2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

A. Deposits with Financial Institutions

Cash: The College's investment policy does not allow uninsured or uncollateralized deposits at any financial institution. Funds may be deposited in certificates of deposit, money market accounts, time deposits, or savings accounts, and only with banks, savings banks and savings and loan associations which are insured by the FDIC (Bank Insurance Fund or Savings Association Insurance Fund). The deposits must be collateralized or insured at levels acceptable to the College in excess of the current maximum limit provided by the FDIC. At June 30, 2012 and 2011, the College had no bank balances on deposit which were uninsured and uncollateralized out of total bank balances on deposit of $162,324,207 and $163,221,398, respectively. As of June 30, 2012 and 2011 the carrying value of cash on hand was $160,573,393 and $158,644,127, respectively.

B. Investments

The following table presents the investment in debt securities of the College as of June 30, 2012 and 2011 by type of investment.

2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)

June 30, 2012 Investment	Total Fair Value	Duration Less Than 1 Year	Duration 1 to 3 Years
Time Deposits	$ 6,356,317	$ 6,356,317	$ -
U.S. Treasury Bond / Notes	9,651,612	5,093,637	4,557,975
Commercial Paper	2,247,507	2,247,507	-
Corporate Bond	4,474,726	4,474,726	-
Federal Agency Bond / Notes	58,936,186	38,327,925	20,608,261
	$ 81,666,348	$ 56,500,112	$ 25,166,236

June 30, 2011 Investment	Total Fair Value	Duration Less Than 1 Year	Duration 1 to 3 Years
Time Deposits	$ 24,941,944	$ 24,941,944	$ -
U.S. Treasury Bond / Notes	14,879,345	9,239,441	5,639,904
Commercial Paper	4,648,378	4,648,378	-
Federal Agency Bond / Notes	5,882,162	443,006	5,439,156
	$ 50,351,829	$ 39,272,769	$ 11,079,060

Credit Risk: The College limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the U.S. government or securities issued by agencies of the U.S. government, limiting its investments in commercial paper to no more than 33% of the overall portfolio and no more than 10% in one corporation and limiting investments in mutual funds to the ten highest classifications established by a recognized rating service with no more than 5% of the portfolio invested in this fashion. At June 30, 2012, the College had greater than 5% of its overall investment portfolio invested in Federal National Mortgage Association (45%), Federal Home Loan Banks (13%), Federal Home Loan Mortgage Corporation (11%) with varying maturity dates, and short-term money market funds (6%). At June 30, 2011, the College had greater than 5% of its overall investment portfolio invested in certificates of deposit (40%) with varying maturity dates, and short-term money market funds (10%).

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

2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Acceptable collateral includes the following:

a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

b. Bonds issued by College of DuPage;

c. Obligations of United States Government Agencies; and

d. Collateralized Mortgage Obligations (CMO's) issued by government agencies.

At June 30, 2012 the Federal Agency Bond/Note investments held by the College were all rated AA+/Aaa by Standard and Poors (S&P) and Moody's, respectively. The Commercial Paper were rated A-1/P-1 by S&P and Moody's, respectively. The Corporate Bond were rated A to AA+ by S&P and A1 to Aa3 by Moody's.

At June 30, 2011 the Federal Agency Bond/Note investments held by the College were all rated AAA/Aaa by Standard and Poors (S&P) and Moody's, respectively. The Commercial Paper were rated A-1/P-1 by S&P and Moody's, respectively.

At June 30, 2012 and 2011, the College had no investments which were uninsured or uncollateralized, out of total investment balances of $81,666,348 and $50,351,829, respectively.

3. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Capital Assets, not being depreciated					
Land	$ 4,786,881	$ -	$ -	$ -	$ 4,786,881
Construction in Progress	137,716,231	62,195,119	-	(159,979,965)	39,931,385
Total Capital Assets, not being depreciated	142,503,112	62,195,119	-	(159,979,965)	44,718,266
Capital Assets being depreciated					
Land Improvements	40,351,398	1,788,876	-	855,539	42,995,813
Buildings	207,142,525	5,407,565	-	51,575,855	264,125,945
Building Improvements	52,263,995	4,556,547	-	107,548,571	164,369,113
Equipment	38,982,455	3,415,030	1,569,471	-	40,828,014
Total Capital Assets being depreciated	338,740,373	15,168,018	1,569,471	159,979,965	512,318,885
Total Cost	481,243,485	77,363,137	1,569,471	-	557,037,151
Accumulated Depreciation					
Land Improvements	(4,276,829)	(3,723,059)	-	-	(7,999,888)
Buildings	(47,554,247)	(5,039,775)	-	-	(52,594,022)
Building Improvements	(22,597,882)	(3,193,545)	-	-	(25,791,427)
Equipment	(32,804,530)	(2,460,793)	(1,569,471)	-	(33,695,852)
Total Accumulated Depreciation	(107,233,488)	(14,417,172)	(1,569,471)	-	(120,081,189)
Net Capital Assets	$ 374,009,997	$ 62,945,965	$ -	$ -	$ 436,955,962

3. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the fiscal year ended June 30, 2011 is as follows:

	Balance July 1, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
Capital Assets, not being depreciated					
Land	$ 4,786,881	$ -	$ -	$ -	$ 4,786,881
Construction in Progress	203,356,303	90,901,069	-	(156,541,141)	137,716,231
Total Capital Assets, not being depreciated	208,143,184	90,901,069	-	(156,541,141)	142,503,112
Capital Assets being depreciated					
Land Improvements	6,423,139	-	-	33,928,259	40,351,398
Buildings	98,020,430	-	-	109,122,095	207,142,525
Building Improvements	38,773,208	-	-	13,490,787	52,263,995
Equipment	39,292,773	1,343,358	1,653,676	-	38,982,455
Total Capital Assets being depreciated	182,509,550	1,343,358	1,653,676	156,541,141	338,740,373
Total Cost	390,652,734	92,244,427	1,653,676	-	481,243,485
Accumulated Depreciation					
Land Improvements	(3,121,661)	(1,155,168)	-	-	(4,276,829)
Buildings	(45,161,997)	(2,392,250)	-	-	(47,554,247)
Building Improvements	(20,862,770)	(1,735,112)	-	-	(22,597,882)
Equipment	(31,991,680)	(2,458,531)	(1,645,681)	-	(32,804,530)
Total Accumulated Depreciation	(101,138,108)	(7,741,061)	(1,645,681)	-	(107,233,488)
Net Capital Assets	$ 289,514,626	$ 84,503,366	$ 7,995	$ -	$ 374,009,997

4. RETIREMENT, TERMINATION AND POST EMPLOYMENT RELATED BENEFITS

Plan Description: The College 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 contributions on behalf of the participating employers (albeit at less than the actuarially required amounts). SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees and for survivors, dependents and other beneficiaries of such employees of the state universities, certain affiliated organizations and certain other state educational and scientific agencies.

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* (ILCS). SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.surs.org or by calling 1-800-275-7877.

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

Funding Policy: 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 a rate actuarially determined. The employer contributions funded by the College are for employees paid from restricted grant funds. The actuarially funded rate for FY2013 is 34.51%. The rates for fiscal years ended June 30, 2012, and 2011 were 12.71% and 21.27%, respectively, 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 to SURS made by the College and the State of Illinois are as follows:

Year Ended June 30	College of DuPage	State of Illinois
2012	$ 524,394	$ 22,573,133
2011	162,129	17,401,928
2010	229,315	15,932,474
2009	156,619	10,696,716
2008	131,637	8,185,317

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

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

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

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

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

Employer contributions for the current and preceding two years are as follows:

Year Ended June 30	College's Contribution*	College of DuPage	State of Illinois
2012	100%	$ 382,479	$ 382,479
2011	100%	375,175	375,175
2010	100%	371,377	371,377
2009	100%	380,265	380,265

*As a percentage of required contribution.

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

Termination Benefit

The College provides compensation payments to its eligible benefited employees to encourage early retirement. Termination benefit payments are available to administrators, managers, classified and faculty. The long-term liability for the payments, which is payable in installments up to a maximum of three years subsequent to retirement, is recorded in the fiscal year of election for retirement.

The expected future payments for administrators, managers, classified and faculty at June 30, 2012 and 2011 are as follows:

Fiscal year 2013 payments	$ 1,600,000
Value of payments beyond fiscal year 2013	3,353,713
Total Liability as of June 30, 2012	$ 4,953,713
Fiscal year 2012 payments	$ 1,200,000
Value of payments beyond fiscal year 2012	2,281,236
Total Liability as of June 30, 2011	$ 3,481,236

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

	2012	2011	2010
Participants Beginning of the Year	73	75	67
Additions	40	15	19
Deletions	(30)	(17)	(11)
Participants End of the Year	83	73	75

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

Other Post-Employment Benefits (OPEB)

College retirees are eligible to participate in the Illinois State University Retirement System's (SURS) healthcare plan. In addition to the healthcare coverage provided by SURS, the College provides fixed health care coverage reimbursements for insurance premiums capped at a fixed dollar amount to retirees. This post-employment benefit plan is a single-employer plan. The amount of reimbursement provided to the retiree is dependent on the retirement notice date and age of the retiree. The College is not required to and currently does not advance funds to the cost of benefits that will become due and payable in the future. The College's most recent actuarial valuation was performed for the plan as of July 1, 2011 to determine the employer's annual required contribution (ARC) as of June 30, 2012.

Schedule of Funding Progress

Fiscal Year Ended June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2012	$ -	$ 14,598,947	$ 14,598,947	0.0%	$ 78,633,037	18.6%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2010	-	12,013,103	12,013,103	0.0%	74,656,269	16.1%
2009	-	11,357,994	11,357,994	0.0%	76,769,160	14.8%

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

Annual OPEB Cost and Net OPEB Obligation

	June 30, 2012	June 30, 2011	June 30, 2010
Annual Required Contribution	$ 919,017	$ 740,036	$ 505,665
Interest on Net OPEB Obligation	962	2,640	2,781
Adjustment to Annual Required Obligation	(2,148)	(1,854)	(1,854)
Annual OPEB Cost	917,831	740,822	506,592
Contributions Made	925,261	745,511	509,406
Increase (Decrease) in Net OPEB Obligation	(7,430)	(4,689)	(2,814)
Net OPEB Obligation beginning of year	48,107	52,796	55,610
Net OPEB Obligation end of year	$ 40,677	$ 48,107	$ 52,796
Percentage of OPEB Cost Contributed	100.8%	100.6%	100.6%

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

Three-Year Trend Information

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 917,831	100.80%	$ 40,677
2011	740,822	100.60%	48,107
2010	506,592	100.60%	52,796

Funding Policy and Actuarial Assumptions

	June 30, 2012	June 30, 2010
Contribution Rates		
College	Fixed dollar amounts	Fixed dollar amounts
Plan Members	0.00%	0.00%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization period	Level % of pay	Level % of pay
Remaining Amortization Period	30 years	30 years
Asset valuation method	Market	Market
Actuarial assumptions		
Investment rate of return	2.00%	5.00% (includes 3% inflation)
Projected salary increases	5.00%	5.00%
Healthcare inflation rate (Healthcare benefit is capped at a fixed specified dollar amount and not subject to annual increases)		
Initial	9.00%	0.00%
Ultimate	5.00%	0.00%
Mortality rate	RP-2000 Combined Healthy Tables, projected generationally with Scale AA	Same rates utilized for IMRF
Turnover & Retirement rates	Same rates utilized for SURS	Same rates utilized for IMRF
Percentage of active employees assumed to elect benefit	96%	100%
Employer Provided Benefit		
Retirement to age 65	Fixed Reimbursement; varies by employee depending on date of retirement notice. $1,400 - $2,200 per year.	Fixed Reimbursement; varies by employee depending on date of retirement notice. $1,400 - $2,200 per year.
After age 65	Fixed Reimbursement; varies by employee depending on date of retirement notice. $900 - $1,600 per year.	Fixed Reimbursement; varies by employee depending on date of retirement notice. $900 - $1,600 per year.

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

The first actuarial evaluation for the plan was performed as of June 30, 2009 and updated for June 30, 2010 and June 30, 2012. Data for years before 2009 is not available. The College will have actuarial evaluations performed once every two years. The fiscal year 2011 calculations were prepared by the College.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective.

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

5. COMPENSATED ABSENCES

The College records a liability for employees' vacation leave earned, but not taken. Employees are allowed to carry over a limited number of vacation days from year-to-year. As of June 30, 2012 and 2011, employees had earned but not taken annual vacation leave which, at salary rates then in effect, aggregated approximately $3,592,587 and $3,431,763, respectively.

Fiscal Year	Beginning Balance July 1	Issuances	Retirements	Ending Balance June 30
2012	$ 3,431,763	$ 1,914,965	$ 1,754,141	$ 3,592,587
2011	3,008,257	3,775,209	3,351,703	3,431,763
2010	2,983,822	2,888,904	2,864,469	3,008,257

The ending balances as of June 30, 2012, and 2011 are reported in the financial statements as follows:

Fiscal Year	Current Portion	Long-term Portion	Total
2012	$ 1,141,303	$ 2,451,284	$ 3,592,587
2011	875,474	2,556,289	3,431,763

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

6. LONG-TERM DEBT

A. A summary of long-term debt transactions for the years ended June 30, 2012 and 2011 is as follows:

June 30, 2012	Balance July 1, 2011	Issuances	Retirements/ Refunding	Balance June 30, 2012	Current Portion
General Obligation Bonds					
Series 2003A	$ 25,080,000	$ -	$ 19,370,000	$ 5,710,000	$ 5,710,000
Series 2007	72,945,000	-	2,115,000	70,830,000	2,290,000
Series 2009C	11,715,000	-	11,715,000	-	-
Series 2011A	-	95,440,000	-	95,440,000	9,875,000
Alternative Revenue Source					
Series 2003B	14,160,000	-	11,185,000	2,975,000	1,460,000
Series 2006	7,760,000	-	45,000	7,715,000	50,000
Series 2009A	9,505,000	-	3,105,000	6,400,000	3,170,000
Series 2009B	62,450,000	-	-	62,450,000	-
Series 2011B	-	9,460,000	-	9,460,000	-
Subtotal	203,615,000	104,900,000	47,535,000	260,980,000	22,555,000
Bond Premiums					
Series 2003A	3,268,116	-	2,354,326	913,790	-
Series 2007	3,541,987	-	224,548	3,317,439	-
Series 2009C	169,498	-	169,498	-	-
Series 2011A	-	10,009,292	462,614	9,546,678	-
Alternative Revenue Source					
Series 2003B	184,667	-	149,417	35,250	-
Series 2006	15,820	-	1,597	14,223	-
Series 2009A	270,440	-	104,713	165,727	-
Series 2009B	21,129	-	794	20,335	-
Series 2011B	-	1,024,184	82,234	941,950	-
Subtotal	7,471,657	11,033,476	3,549,741	14,955,392	-
Deferred Amount on Refunding					
Series 2003A	-	253,418	121,200	132,218	-
Series 2003B - Alt Revenue Source	-	(489,722)	(185,757)	(303,965)	-
Series 2006 - Alt Revenue Source	(402,052)	-	(34,961)	(367,091)	-
Series 2009C	(572,425)	-	(572,425)	-	-
Subtotal	(974,477)	(236,304)	(671,943)	(538,838)	-
Total G.O. Bonds	210,112,180	115,697,172	50,412,798	275,396,554	22,555,000
Termination Benefits	3,481,236	2,563,206	1,090,729	4,953,713	1,600,000
Compensated Absences	3,431,763	1,914,965	1,754,141	3,592,587	1,141,303
Other Post-Employment Benefits	48,107	917,831	925,261	40,677	-
Total Long-Term Debt	$ 217,073,286	$ 121,093,174	$ 54,182,929	$ 283,983,531	$ 25,296,303

6. LONG-TERM DEBT (CONTINUED)

June 30, 2011	Balance July 1, 2010	Issuances	Retirements/ Refunding	Balance June 30, 2011	Current Portion
General Obligation Bonds					
Series 2003A	$ 32,840,000	$ -	$ 7,760,000	$ 25,080,000	$ 8,775,000
Series 2007	74,890,000	-	1,945,000	72,945,000	2,115,000
Series 2009C	23,300,000	-	11,585,000	11,715,000	11,715,000
Alternative Revenue Source					
Series 2003B	15,515,000	-	1,355,000	14,160,000	1,405,000
Series 2006	7,805,000	-	45,000	7,760,000	45,000
Series 2009A	12,550,000	-	3,045,000	9,505,000	3,105,000
Series 2009B	62,450,000	-	-	62,450,000	-
Subtotal	229,350,000	-	25,735,000	203,615,000	27,160,000
Bond Premiums					
Series 2003A	4,004,452	-	736,336	3,268,116	-
Series 2007	3,756,481	-	214,494	3,541,987	-
Series 2009C	529,613	-	360,115	169,498	-
Alternative Revenue Source					
Series 2003B	197,186	-	12,519	184,667	-
Series 2006	17,356	-	1,536	15,820	-
Series 2009A	372,748	-	102,308	270,440	-
Series 2009B	21,883	-	754	21,129	-
Subtotal	8,899,719	-	1,428,062	7,471,657	-
Deferred Amount on Refunding					
Series 2006 - Alt Revenue Source	(437,012)	-	(34,960)	(402,052)	-
Series 2009C	(1,946,248)	-	(1,373,823)	(572,425)	-
Subtotal	(2,383,260)	-	(1,408,783)	(974,477)	-
Total G.O. Bonds	235,866,459	-	25,754,279	210,112,180	27,160,000
Termination Benefits	3,411,107	1,272,791	1,202,662	3,481,236	1,200,000
Compensated Absences	3,008,257	3,775,209	3,351,703	3,431,763	875,474
Other Post-Employment Benefits	52,796	740,822	745,511	48,107	-
Total Long-Term Debt	$ 242,338,619	$ 5,788,822	$ 31,054,155	$ 217,073,286	$ 29,235,474

6. LONG-TERM DEBT (CONTINUED)

B. The long-term debt of the College outstanding at June 30, 2012 is as follows:

General Obligation Bonds – Series 2003A

On February 20, 2003, the College issued the Series 2003A bonds in the amount of $92,815,000. The proceeds derived from the issuance of these bonds will be used by the College to build and equip new buildings and renovate existing facilities and to pay the cost of issuing the bonds. On June 18, 2009 and August 11, 2011 the College refunded $21,030,000 and $11,375,000, respectively, of the Series 2003A bonds and, as a result, a portion of the Series 2003A is considered to be defeased and the liability for this portion of the bond series has been removed from the College's statement of net assets. The bonds were issued with interest rates ranging from 5.00% to 5.25% with payment dates of June 1 and December 1 each year through June 1, 2013. The College levies an annual property tax for the repayment of these bonds.

Year Ended June 30	Principal	Interest	Total
2013	$ 5,710,000	$ 279,750	$ 5,989,750
Total	$ 5,710,000	$ 279,750	$ 5,989,750

General Obligation Bonds (Alternate Revenue Source) – Series 2003B

On February 20, 2003, the College issued the Series 2003B bonds in the amount of $31,580,000. The proceeds derived from the issuance of these bonds will be used by the College to construct parking facilities and related site improvements and to pay the cost of issuing the bonds. On November 1, 2006 and August 11, 2011, the College refunded $7,375,000 and $9,780,000, respectively, of the Series 2003B bonds. The bonds were issued with interest rates ranging from 3.25% to 5.25% with payment dates of July 1 and January 1 each year through January 1, 2014. The College has pledged a portion of tuition revenue and a debt service fee assessed to students for the repayment of these bonds.

Year Ended June 30	Principal	Interest	Total
2013	$ 1,460,000	$ 116,810	$ 1,576,810
2014	1,515,000	60,600	1,575,600
Total	$ 2,975,000	$ 177,410	$ 3,152,410

General Obligation Bonds (Alternate Revenue Source) – Series 2006

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

6. LONG-TERM DEBT (CONTINUED)

Year Ended June 30	Principal	Interest	Total
2013	$ 50,000	$ 296,210	$ 346,210
2014	50,000	294,210	344,210
2015	55,000	292,210	347,210
2016	55,000	290,010	345,010
2017	1,770,000	287,810	2,057,810
2018	1,840,000	217,010	2,057,010
2019	1,910,000	148,010	2,058,010
2020	1,985,000	75,430	2,060,430
Total	$ 7,715,000	$ 1,900,900	$ 9,615,900

General Obligation Bonds – Series 2007

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

Year Ended June 30	Principal	Interest	Total
2013	$ 2,290,000	$ 3,433,425	$ 5,723,425
2014	2,510,000	3,318,925	5,828,925
2015	4,120,000	3,193,425	7,313,425
2016	10,350,000	2,987,425	13,337,425
2017	6,410,000	2,469,925	8,879,925
2018	7,040,000	2,149,425	9,189,425
2019	7,515,000	1,797,425	9,312,425
2020	7,895,000	1,421,675	9,316,675
2021	8,290,000	1,026,925	9,316,925
2022	8,700,000	612,425	9,312,425
2023	5,710,000	242,675	5,952,675
Total	$ 70,830,000	$ 22,653,675	$ 93,483,675

6. LONG-TERM DEBT (CONTINUED)

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

On May 4, 2009, the College issued the Series 2009A bonds in the amount of $12,550,000. The proceeds derived from the issuance of these bonds will be used by the College to finance certain capital projects, including additions and renovations, and to pay the cost of issuing the bonds. The bonds were issued with interest rates ranging from 2.00% to 4.00% with payment dates of July 1 and January 1 each year through January 1, 2014. The College has pledged a portion of tuition revenue and a debt service fee assessed to students for the repayment of these bonds.

Year Ended June 30	Principal	Interest	Total
2013	$ 3,170,000	$ 192,600	$ 3,362,600
2014	3,230,000	129,200	3,359,200
Total	$ 6,400,000	$ 321,800	$ 6,721,800

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

On May 4, 2009, the College issued the Series 2009B bonds in the amount of $62,450,000. The proceeds derived from the issuance of these bonds will be used by the College to finance certain capital projects, including additions and renovations and to pay the cost of issuing the bonds. The bonds were issued with interest rates ranging from 3.75% to 5.75% with payment dates of July 1 and January 1 each year through January 1, 2029. The College has pledged a portion of tuition revenue and a debt service fee assessed to students for the repayment of these bonds. These bonds are Build America Bonds and 35% of the interest paid each year is reimbursed by the U.S. Department of Treasury.

6. LONG-TERM DEBT (CONTINUED)

Year Ended June 30	Principal	Interest	Total
2013	$ -	$ 3,153,640	$ 3,153,640
2014	-	3,153,640	3,153,640
2015	3,350,000	3,153,640	6,503,640
2016	3,435,000	3,028,015	6,463,015
2017	3,525,000	2,890,615	6,415,615
2018	3,625,000	2,736,396	6,361,396
2019	3,730,000	2,568,740	6,298,740
2020	3,850,000	2,386,903	6,236,903
2021	3,965,000	2,208,840	6,173,840
2022	4,095,000	2,010,590	6,105,590
2023	4,230,000	1,801,745	6,031,745
2024	4,370,000	1,579,670	5,949,670
2025	4,525,000	1,345,875	5,870,875
2026	4,680,000	1,099,263	5,779,263
2027	4,845,000	841,863	5,686,863
2028	5,020,000	575,388	5,595,388
2029	5,205,000	299,288	5,504,288
Total	$ 62,450,000	$ 34,834,111	$ 97,284,111

General Obligation Bonds – Series 2011A
On August 10, 2011, the College issued the Series 2011A bonds in the amount of $95,440,000. The capital proceeds received, $84,000,000, will be used by the College to finance certain capital projects, including additions and renovations and to pay the cost of issuing the bonds. The $84.0 million represented the first issuance of the voter approved $168.0 million November 2010 referendum.

The remaining $11,440,000 was issued to advance refund $11,375,000 of General Obligation Bonds Series 2003A. As a result of the refunding, the College realized a cash flow savings of $423,830 and an economic gain (present value of cash flow savings) of $451,160. The bonds were issued with interest rates ranging from 3.00% to 5.25% with payment dates of June 1 and December 1 each year through June 1, 2031. The College levies an annual property tax for the repayment of these bonds.

6. LONG-TERM DEBT (CONTINUED)

Year Ended June 30	Principal	Interest	Total
2013	$ 9,875,000	$ 4,279,050	$ 14,154,050
2014	11,655,000	3,982,800	15,637,800
2015	10,660,000	3,516,600	14,176,600
2016	2,845,000	3,105,200	5,950,200
2017	6,255,000	3,009,400	9,264,400
2018	5,025,000	2,715,800	7,740,800
2019	3,935,000	2,464,550	6,399,550
2020	2,915,000	2,267,800	5,182,800
2021	1,840,000	2,122,050	3,962,050
2022	725,000	2,030,050	2,755,050
2023	2,905,000	1,994,800	4,899,800
2024	7,785,000	1,849,550	9,634,550
2025	6,960,000	1,460,300	8,420,300
2026	6,110,000	1,094,900	7,204,900
2027	5,200,000	789,400	5,989,400
2028	4,245,000	529,400	4,774,400
2029	3,240,000	317,150	3,557,150
2030	2,185,000	155,150	2,340,150
2031	1,080,000	45,900	1,125,900
Total	$ 95,440,000	$ 37,729,850	$ 133,169,850

General Obligation Bonds – Series 2011B

On August 10, 2011, the College issued the Series 2011B bonds in the amount of $9,460,000. The proceeds derived from the issuance of these bonds were used by the College to advance refund $9,780,000 of General Obligation Bonds Series 2003B. As a result of the refunding, the College realized a cash flow savings $643,000 and an economic gain (present value of cash flow savings) of $540,000. The bonds were issued with interest rates ranging from 4.00% to 4.75% with payment dates of July 1 and January 1 each year through January 1, 2023. The College has pledged a portion of tuition revenue and a debt service fee assessed to students for the repayment of these bonds.

6. LONG-TERM DEBT (CONTINUED)

Year Ended June 30	Principal	Interest	Total
2013	$ -	$ 410,800	$ 410,800
2014	-	410,800	410,800
2015	1,530,000	380,200	1,910,200
2016	1,585,000	349,600	1,934,600
2017	-	286,200	286,200
2018	-	286,200	286,200
2019	-	286,200	286,200
2020	-	286,200	286,200
2021	2,025,000	286,200	2,311,200
2022	2,110,000	205,200	2,315,200
2023	2,210,000	104,975	2,314,975
Total	$ 9,460,000	$ 3,292,575	$ 12,752,575

Bond Discounts, Premiums, and Issuance Costs

Bond premiums and discounts, as well as issuance costs and deferred amounts on refundings, are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

Termination Benefits

A liability for termination benefits is recorded in the amount of $4,953,713 and $3,481,236 at June 30, 2012 and 2011 respectively, for expected future retirement benefit payments to administrators, managers, classified, and faculty. The current portion of the termination benefits liability at June 30, 2012 and 2011 were $1,600,000 and $1,200,000, respectively.

	Administrators		Full-Time Faculty		Managerial & Classified		Total	
Year Ended June 30,	No. of Participants	Total Liability	No. of Participants	Total Liability	No. of Participants	Total Liability	No. of Participants	Total Liability
2012	6	$ 235,861	59	$ 4,313,436	18	$ 404,416	83	$ 4,953,713
2011	9	421,160	54	2,834,407	10	225,669	73	3,481,236

Other Post-Employment Benefits

Based on the actuarial valuation, a long-term liability is recorded at present value in the amount of $40,677 and $48,107 June 30, 2012 and 2011, respectively, for expected future retirement healthcare payments to administrators, managers, classified, and faculty (see Note 4 for further details).

6. LONG-TERM DEBT (CONTINUED)

C. Pledges of Future Revenues

The College has pledged future tuition and fee revenues to repay Series 2003B, Series 2006, Series 2009A, Series 2009B and Series 2011B. Annual principal and interest payments on the bonds are 35.8% of the total debt. Proceeds from the bonds are providing financing for the construction of parking facilities, building and equipping new buildings and renovating existing facilities and related site improvements. The bonds are payable solely from tuition and fees revenues and are payable through years ended June 30, 2014, 2020, 2014, 2029 and 2031, respectively. Annual principal and interest payments on the bonds are expected to require less than 15% of tuition and fees revenues. The total principal and interest remaining to be paid on the bonds is $129,526,796. Principal and interest paid for the current year and total tuition and fees revenues were $8,816,482 and $5,284,224 respectively.

D. Bonds Authorized

In November, 2010 the College was successful in passage of a voter referendum allowing the College to issue bonds in an amount up to $168.0 million for construction and renovations of various College facilities. As of June 30, 2012 the College had issued $84.0 million of the authorized bonds.

7. OPERATING LEASES

A. BOOKSTORE LEASE

In March 2009, a five-year lease for bookstore management services was awarded to Follett Higher Education Group of Oak Brook, Illinois with the current contract expiring on March 13, 2014. Under the terms of this agreement, the service provider agrees to operate the bookstore facility with a total minimum rental guarantee of $5,500,000 or an annual minimum of $1,100,000. For the years ended June 30, 2012 and 2011, the College recognized income under this agreement of $1,118,558 and $1,114,289 respectively.

B. DINING SERVICES LEASE AND VENDING

The College's Dining Services program consists of manual operations and vending throughout the campus. In August 2007, the College obtained a five-year lease for manual services with Chartwells Dining Services of Rye Brook, New York through August 3, 2012. Under the terms of this agreement dated August 4, 2007, the service provider agrees to operate the manual operations with a total minimum rental guarantee of $276,282 or an annual minimum of $50,000 with a 5% escalation each year. Chartwells terminated its contract with the College in August 2011. For the years ended June 30, 2012 and 2011, the College recognized income under this agreement of $2,693 and $53,647, respectively.

7. OPERATING LEASES (CONTINUED)

In August 2011 the College entered into a five-year lease with Sodexo America, LLC, of Gaithersburg, Maryland through August 5, 2016 to operate the cafeteria and provide food for the College. Under the term of the agreement Sodexo agrees to operate the cafeteria and Sodexo shall retain surplus, if any, up to 5% or net sales. Fifty percent of the excess surplus shall be distributed to the College within 30 days after the end of each contract year or within 30 days after the date the agreement is terminated. For the year ended June 30, 2012 the College has not recognized any income from Sodexo because the first contract year had not ended.

The College also has agreements with outside firms to provide vending program services. The agreement for food vending with Ace Coffee Bar of Streamwood, Illinois went into effect on January 1, 2010 and is in effect until December 31, 2014. Under the terms of this agreement, Ace Coffee Bar agrees to pay commissions at an average rate of 25.6%, payable monthly, for the term of the agreement. For the years ended June 30, 2012 and 2011, the College recognized income under this agreement of $45,987 and $47,188, respectively.

The College entered into an agreement with Pepsi Beverages Company on January 1, 2010 ending December 31, 2014. Under the terms of this agreement, Pepsi Beverages Company agrees to pay commissions at an average rate of 30%, payable monthly. For the years ended June 30, 2012 and 2011, the College recognized income of $76,346 and $81,603, respectively. In accordance with the beverage vending agreement, Pepsi Americas will also pay an annual sponsorship fee of $75,000 for each full year of the agreement and $37,500 in the final partial year of the agreement. Under the terms of the new agreement Pepsi Beverages Company agrees to pay an annual sponsorship fee of $50,000 payable on January 1 of each year from 2010 through 2014.

C. FACILITIES LEASE

The College has entered into nine operating leases for on-campus and off-campus facilities. The leases are for various terms with the longest term expiring April 30, 2018. Rental cost on these nine facilities approximated $1,215,077 for fiscal year 2012 and $1,265,440 for fiscal year 2011, exclusive of assessed common area maintenance charges and real estate taxes. The future minimum rental payments on these leases are as follows:

Fiscal Year	Minimum Rental Payments
2013	$ 1,003,176
2014	960,167
2015	824,081
2016	797,071
2017	183,283
2018	187,211
Total	$ 3,954,989

7. OPERATING LEASES (CONTINUED)

D. EQUIPMENT LEASES

The College has entered into an operating lease with Xerox for copiers across the entire campus. The lease is set to expire on October 31, 2014. Rental cost on the lease was $509,717 for fiscal year 2012 and $516,271 for fiscal year 2011. The future minimum rental payments on these leases are as follows:

Fiscal Year	Minimum Rental Payments
2013	$ 416,226
2014	416,226
2015	138,742
Total	$ 971,194

8. RISK MANAGEMENT

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

The College participates in the Consortium, which was established in 1981 by several Chicago area community colleges as a means of reducing the cost of general liability insurance. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. Coverages include all property, excess liability ($20,000,000), and workers' compensation. No settlement has exceeded coverage since establishment of the Consortium. The College joined the consortium in fiscal year 1982. Since the Consortium requests initial payments to cover substantially any losses to be incurred for that policy year, the College anticipates no future liabilities for incurred losses. The policy is annual and renewable on July 1. The College's level of coverage has not changed for the past three years, and the amount of settlements has not exceeded insurance coverage in each of the past three years.

8. RISK MANAGEMENT (CONTINUED)

The College maintained self-insurance coverage through a third-party administrator for its employee health insurance through December 31, 2011. On January 1, 2012 the College joined the Community College Health Care Consortium which provides employees insurance coverage for medical and prescription drugs. The College pays the Community College Health Care Consortium a monthly premium based on the number of participants and the type of coverage that has been elected. The College maintains self-insurance coverage through a third-party administrator for its dental insurance. The College currently allocates all expenses associated with the employee health plans to each of the College's individual subfunds. Claims and expenses are reported when incurred. To limit its exposure of risk, the College maintains a specific excess policy that provides coverage in excess of $125,000 per employee for medical claims. The College's level of coverage has not changed for the past three years, and the amount of settlements has not exceeded insurance coverage in each of the past three years.

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

Fiscal Year	Claims Payable Beginning of Year	Claims Incurred	Claims Paid	Claims Payable End of Year
2012	$ 982,891	$ 4,336,055	$ 4,336,055	$ 982,891
2011	834,654	7,027,366	6,879,129	982,891
2010	747,456	9,696,557	9,609,359	834,654

9. 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.

10. NEW ACCOUNTING PRONOUNCEMENTS

In November 2010 the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement also provides guidance for governments that are operators in an SCA. The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. Statement 60 is effective for fiscal years beginning after December 15, 2011, earlier application is encouraged.

10. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In November 2010 the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. This statement modifies, amends and clarifies certain requirements for inclusion of component units in the financial reporting entity. The requirements of Statement 61 result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. Statement 61 is effective for fiscal years beginning after June 15, 2012, earlier application is encouraged.

In December 2010 the GASB issued Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of Statement 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Statement 62 is effective for financial statements for fiscal years beginning after December 15, 2011, earlier application is encouraged.

In June 2011 the GASB issued Statement 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement 63 provides financial reporting guidance for deferred outflows and inflows of resources which are distinct from assets and liabilities. The requirements Statement 63 will improve financial reporting by standardizing the presentation of deferred outflows and inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. Statement 63 is effective for financial statements for fiscal years beginning after December 15, 2011, earlier application encouraged.

In March 2012, the GASB issued Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. Statement 65 is effective for financial statements for fiscal years beginning after December 15, 2012, with earlier application encouraged.

10. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In March 2012, the GASB issued Statement No. 66 *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.* GASB 66 was issued in order to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* GASB 66 also amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. Statement 66 is effective for financial statements for fiscal years beginning after December 15, 2012, earlier application is encouraged.

In June 2012 the GASB issued Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective GASB 67 is to improve financial reporting by state and local governmental pension plans and add additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. GASB 67 requires the net pension liability to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position and enhanced note disclosures and schedules of required supplementary information are also required for pension plans to disclose in their financial statements. Statement 67 is effective for financial statements for fiscal years beginning after June 15, 2013, earlier application is encouraged.

10. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2012 the GASB issued Statement No. 68 Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Statement 68 requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. Governments will also have to enhance note disclosures and schedules of required supplementary information. GASB 68 is effective for fiscal years beginning after June 15, 2014, earlier application is encouraged.

The College is currently evaluating the impact of adopting these GASB Standards, including standards that are effective as of July 1, 2012.

11. DISCRETELY PRESENTED COMPONENT UNIT

A. Nature of Activities

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

B. Summary of Significant Accounting Policies

<u>Reporting Entity</u>

The Foundation operates and maintains the Foundation within the College. The Foundation is a legally separate entity whose Board is elected by the Foundation Trustees. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the Foundation and any existing component units. Currently, the Foundation does not have any component units. However, pursuant to Statement No. 39 of the Governmental Accounting Standards Board, *Determining Whether Certain Organizations are Component Units*, the College has determined that the Foundation should be considered a discretely presented component unit of the College.

11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

Basis of Presentation

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

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

> Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.
>
> Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
>
> Unrestricted Undesignated Net Assets - Net assets not subject to donor-imposed restrictions.
>
> Unrestricted Designated Net Assets - Net assets not subject to donor-imposed restrictions but subject to Foundation Board imposed stipulations.

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

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

11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their fair value. Contributions, from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate; based on the Federal Funds rate at the date the promise is made. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Income from Permanently Restricted Net Assets

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

- As increases in permanently restricted net assets if the terms of the gift requires that they be added to the principal of permanently restricted net assets;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income; and
- As increases in unrestricted net assets in all other cases.

Cash and Cash Equivalents

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

Investments

Investment securities are reported in the statement of financial position at fair value based on quoted market prices.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material to these financial statements.

11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

Fair Value Measurements

Assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Change in Classification of Donor Restrictions

Current year changes initiated by donors to prior year donor restriction classifications are shown as "Change in classification of donor restrictions" on the Statement of Activities. These changes was initiated when major donors changes the classification of their prior year donations.

Allocations of Expenses

The majority of expenses can generally be directly identified with the programs or supporting service to which they relate and are charged, accordingly. Other expenses have been allocated among program and supporting service classifications on a basis determined by the College's management.

C. Charitable Remainder Trust

The Foundation administers a charitable remainder trust (the Trust). A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the Trust's term. Obligations to the beneficiaries are limited to the Trust's assets. At the end of the Trust's term, the remaining assets are available for the Foundation's use. Assets are recorded at fair value when received and a liability is recorded for the net present value of the estimated future payments to the beneficiaries. The portion of the Trust attributable to the net present value of the future benefits to be received by the Foundation was recorded in the statement of activities as temporarily restricted contribution in the period the Trust was established. Assets held in the Trust totaled $59,176 at June 30, 2012 and are reported at fair value in the Foundation's statement of financial position. The net present value of the estimated future payments to beneficiaries of $28,122 as June 30, 2012 is calculated using a discount rate of 4% and is reflected in other liabilities in the accompanying statement of financial position.

11. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

D. Income Taxes

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

The Foundation adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes.* The Internal Revenue Service has determined that the Foundation is a tax exempt, not-for-profit organization as defined in Section 501(c)(3) of the Internal Revenue Code ("IRC"). As such, the Foundation is generally not subject to federal or state income taxes except for certain income derived from unrelated business activities as defined by the IRC. Any such taxes resulting from unrelated business activities are insignificant to the operations of the Foundation. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2012. The Foundation is no longer subject to examination by U.S. federal taxing authorities for years before 2008 and for all state income taxes through 2008. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Foundation would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Foundation has no amounts accrued for interest or penalties as of June 30, 2012.

12. SUBSEQUENT EVENTS

Subsequent to year-end, the College entered into various agreements totaling approximately $32,344,000 for the purpose of construction and renovation of buildings and facilities. The College has outstanding purchase orders of $23,748,073.

COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502

JUNE 30, 2012

Required Supplementary Information

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COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2012	$ -	$ 14,598,947	$ 14,598,947	0.0%	$ 78,633,037	18.6%
June 30, 2011	-	N/A	N/A	N/A	N/A	N/A
June 30, 2010	-	12,013,103	12,013,103	0.0%	74,656,269	16.1%
June 30, 2009	-	11,357,994	11,357,994	0.0%	76,769,160	14.8%

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

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APPENDIX B
SOCIOECONOMIC AND DEMOGRAPHIC INFORMATION

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APPENDIX B
SOCIOECONOMIC AND DEMOGRAPHIC INFORMATION

Employment

Following are the unemployment rates in the Chicago, Joliet and Naperville region, the State of Illinois and the United States for the past five years.

Historical Unemployment Rates (as of December 31)

	2012	2011	2010	2009	2008
Chicago/Joliet/Naperville	8.6%	9.3%	8.6%	10.7%	7.1%
State of Illinois	8.6	9.7	9.2	11.1	7.6
United States	7.8	8.5	9.4	9.9	7.3

Source: U.S. Department of Labor Bureau of Labor Statistics.

The chart below shows the ten largest employers in DuPage County in 2011.

DuPage County, Illinois
Ten Largest Employers

Employer	Business Product	Employees
Edward Hospital	Health Care	5,000
College of DuPage	Higher Education	4,800
BP America, Inc.	Oil and Gas Producer	4,000
Elmhurst Memorial Hospital	General Hospital	3,600
McDonald's Corporation	Restaurants	3,000
Argonne National Laboratory	Research	2,900
DuPage County	Government Services	2,852
Good Samaritan Hospital	General Hospital	2,500
Ace Hardware	Merchandise	2,000
Navistar, Inc.	Transportation	1,800

Source: DuPage County Comprehensive Annual Financial Report for Fiscal Year Ended November 30, 2011.

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	206,413	43.9%	2,167,571	35.9%
Sales and office	131,039	27.8	1,550,202	25.6
Service	57,376	12.2	1,007,434	16.7
Production, transportation, and material moving	46,752	9.9	843,998	13.9
Natural resources, Construction, extraction, maintenance and repair	29,011	6.2	474,566	7.9
Total	470,591	100.0%	6,043,771	100.0%

Source: U.S. Census Bureau, 2011.

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
Educational services, and health care and social assistance	94,522	20.1%	1,337,455	22.1%
Professional, scientific, management, administrative, and waste management services	63,971	13.6	662,987	11.0
Manufacturing	59,805	12.7	775,663	12.8
Retail trade	50,681	10.8	659,708	10.9
Finance, insurance, real estate, and rental and leasing services	45,742	9.7	466,468	7.7
Arts, entertainment, recreation, accommodation and food services	37,942	8.1	524,925	8.7
Construction	24,539	5.2	343,232	5.7
Transportation and warehousing, and utilities	24,993	5.3	355,486	5.9
Wholesale trade	21,836	4.6	196,738	3.3
Other services (except public administration)	21,922	4.7	288,538	4.8
Information	12,435	2.6	135,688	2.2
Public administration	11,047	2.3	232,923	3.9
Agriculture, forestry, fishing and hunting, and mining	1,156	0.3	63,960	1.0
Total	470,591	100.0%	6,043,771	100.0%

Source: U.S. Census Bureau, 2011.

Sales Tax. The following table shows amounts of the municipal share of sales tax receipts reported by retailers in DuPage County for calendar years 2006-2011. 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
2011	$39,411,043	4.86%
2010	37,582,715	5.36
2009	35,671,605	(12.12)
2008	40,591,731	(6.89)
2007	43,594,329	(1.88)
2006	44,429,730	---

* Calendar year reports ending December 31.
Source: State of Illinois, Department of Revenue.
County sales tax and Countywide sales tax receipts.

Household Income. According to the 2011 census information, DuPage County had a median household income of $77,598. This compares to $56,576 for the State. The following table shows the distribution of household incomes for the County and the State based on 2011 Bureau of Census data.

Median Household Income

	DuPage County		State of Illinois	
Income	**Number**	**Percent**	**Number**	**Percent**
Under $10,000	10,554	3.1%	324,506	6.8%
$10,000 to $14,999	8,192	2.4	225,927	4.7
$15,000 to $24,999	20,974	6.2	480,204	10.1
$25,000 to $34,999	25,263	7.5	462,115	9.7
$35,000 to $49,999	37,669	11.2	628,998	13.2
$50,000 to $74,999	59,441	17.7	884,623	18.5
$75,000 to $99,999	49,399	14.7	627,813	13.2
$100,000 to $149,999	62,355	18.6	656,199	13.7
$150,000 to $199,999	29,651	8.8	243,765	5.1
$200,000 or more	32,153	9.6	238,852	5.0
Total	335,651	100.0%	4,773,002	100.0%
Median Household Income	$ 77,598		$56,576	
Mean Household Income	103,296		76,733	

Source: U.S. Census Bureau, 2011.

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 2006, the population of the District was approximately 946,000.

Population Trends

	1990	2000	2010	% Change 1990-2010
DuPage County	781,666	904,161	916,924	17.30%
State of Illinois	11,430,602	12,419,293	12,830,632	12.25

Source: U.S. Census Bureau.

Housing. The following chart shows the value of owner-occupied homes in DuPage County and the State as of 2011.

Owner-Occupied Units

	DuPage County		State of Illinois	
Value	**Number**	**Percent**	**Number**	**Percent**
Under $50,000	2,821	1.1%	218,208	6.7%
$50,000 to $99,999	4,676	1.8	451,967	13.8
$100,000 to $149,999	14,371	5.6	464,158	14.2
$150,000 to $199,999	26,931	10.6	518,957	15.8
$200,000 to $299,999	72,555	28.5	725,004	22.1
$300,000 to $499,999	91,527	36.0	613,486	18.7
$500,000 to $999,999	34,391	13.5	234,600	7.1
$1,000,000 or more	7,320	2.9	53,191	1.6
Total	254,592	100.0%	3,279,571	100.0%
Median Value	$309,800		$198,500	

Source: U.S. Census Bureau, 2011.

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**
2011	587	583	583	4	18	$211,864,235
2010	432	430	430	2	188	241,685,691
2009	423	416	416	7	32	165,154,395
2008	576	572	572	4	22	253,384,725
2007	1,243	1,231	1,231	12	201	511,087,011

Source: U.S. Census Bureau, 2011.

Largest Taxpayers. The following chart lists the largest taxpayers in DuPage County for the 2011 tax levy year.

DuPage County, Illinois
Largest Taxpayers

Taxpayer	Type of Business	Equalized Assessed Valuation ($ in thousands)	Percentage of District's Total Equalized Assessed Valuation
Prologis/AMB Property RE Tax Co.	Industrial properties	$ 129,245	0.32%
Hamilton Partners Inc.	Commercial and industrial properties	125,086	0.31%
Oakbrook Shopping Center	Shopping center property	116,028	0.29%
Wells Real Estate Funds	Commercial properties	68,803	0.17%
AMLI	Multi-family properties	61,901	0.15%
Elmhurst Memorial Healthcare	Healthcare	61,656	0.15%
Arden Realty, Inc.	Commercial and industrial properties	61,586	0.15%
AIMCO	Multi-family properties	53,355	0.13%
UBS Realty Investors, LLC	Commercial, industrial and multi-family properties	38,562	0.10%
NS MPG Inc. (Alcatel-Lucent)	Commercial properties	36,934	0.09%
Total		$ 753,156	1.86%

Source: DuPage County Comprehensive Annual Financial Report for Fiscal Year Ended November 30, 2011.

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APPENDIX C
FORM OF APPROVING OPINION OF BOND COUNSEL

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APPENDIX C
FORM OF APPROVING OPINION OF BOND COUNSEL

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined a certified copy of the proceedings (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 issuance by the District of its fully registered General Obligation Community College Bonds, Series 2013A (the *"Bonds"*) to the amount of $84,000,000, dated the date hereof (the *"Dated Date"*), of the denomination of $5,000 or authorized integral multiples thereof, and due on June 1 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT ($)	RATE OF INTEREST (%)
2015	290,000	4.000
2016	2,505,000	4.000
2017	3,750,000	4.000
2018	5,115,000	5.000
2019	4,180,000	4.000
2020	4,350,000	5.000
2021	4,565,000	5.000
2022	1,375,000	2.200
2022	3,420,000	5.000
2023	300,000	2.500
2023	4,695,000	5.000
2024	5,240,000	5.000
2025	5,500,000	5.000
2026	5,775,000	5.000
2027	6,065,000	5.000
2028	6,370,000	3.150
2029	6,570,000	4.000
2030	6,830,000	4.000
2031	500,000	3.375
2031	6,605,000	4.000

Each Bond bears interest from the later of the Dated Date as stated above or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of each such Bond, respectively, is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2013.

The Bonds due on June 1, 2024, and thereafter, are subject to optional redemption prior to maturity, as a whole or in part, and if in part in such principal amounts and from such maturities as determined by the District (less than all of the Bonds of a single maturity to be selected by lot), on June 1, 2023, and on any date thereafter, at a redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings.

From such examination, we are of the opinion that the Proceedings show lawful authority for the issuance of the Bonds 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, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the 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 includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

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

APPENDIX D
FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX D
FORM OF CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the "*Agreement*") is executed and delivered by Community College District No. 502, Counties of DuPage, Cook and Will and State of Illinois (the "*District*"), in connection with the issuance of $84,000,000 principal amount of its General Obligation Community College Bonds, Series 2013A (the "*Bonds*").

The Bonds are being issued under and pursuant to (i) the provisions of the Public Community College Act of the State of Illinois, as supplemented and amended, and particularly as supplemented by the Omnibus Bond Acts and the Local Government Debt Reform Act of the State of Illinois, as amended (collectively, the "Acts"), and (ii) a resolution adopted by the Board of Trustees of the District on June 23, 2011, as supplemented by a Bond Order, Notification of Sale and Direction to Extend Taxes of the District confirming the terms of the Bonds (the "Bond Resolution"). Except as expressly provided otherwise defined herein or expressly provided elsewhere, capitalized terms used herein shall have the same meanings as defined in the Bond Resolution.

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"*Annual Financial Information*" means the financial information and operating data described in Exhibit I.

"*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"*Audited Financial Statements*" means the audited financial statements of the District prepared pursuant to the standards and as described in Exhibit I.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent's successors and assigns.

"*EMMA*" means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*Significant Event*" means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

"*Significant Event Disclosure*" means dissemination of a notice of a Significant Event as set forth in Section 5.

"*State*" means the State of Illinois.

"*Undertaking*" means the obligations of the District pursuant to Sections 4 and 5.

3. **CUSIP NUMBER/OFFICIAL STATEMENT.** The CUSIP Numbers of the Bonds are as set forth in Exhibit III. The Official Statement relating to the Bonds is dated April 23, 2013 (the "Official Statement").

4. **ANNUAL FINANCIAL INFORMATION DISCLOSURE.** Subject to Sections of this Agreement, the District hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. **SIGNIFICANT EVENT DISCLOSURE; DISCLOSURE OF FINAL EXPENDITURE.** Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Significant Event) Significant Event Disclosure to EMMA in such manner and format and accompanied by

identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Bond Resolution.

6. **CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION.** The District shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

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

7. **AMENDMENTS; WAIVER.** Notwithstanding any other provision of this Agreement, the District by ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted; or

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

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

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Significant Event Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. **TERMINATION OF UNDERTAKING.** The Undertaking of the District shall be terminated hereunder 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 shall give notice to EMMA in a timely manner if this Section is applicable.

9. **DISSEMINATION AGENT.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

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

11. **BENEFICIARIES.** This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. **RECORDKEEPING.** The District shall maintain records of all Annual Financial Information Disclosure and Significant Event Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. **ASSIGNMENT.** The District shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

14. **GOVERNING LAW.** This Agreement shall be governed by the laws of the State.

Community College District No. 502, Counties of
DuPage, Cook and Will and State of Illinois

By: Senior Vice/President Administration and Treasurer

By____

Address: 425 Fawell Boulevard
Glen Ellyn, Illinois 60137

Date: April 30, 2013

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

Annual Financial Information means the financial information and operating data of the type contained in the Official Statement as follows:

Historical information generally consistent with information of the type set forth in the Official Statement, to the extent such information is not contained in the Audited Financial Statement:

(i) under the caption “DISTRICT DEBT”; and

(ii) in the following tables under the caption “THE DISTRICT”: “Historical Enrollments”, “District Revenues”, “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”, “Tuition and Fee Breakdown” and “Direct General Obligation Bonded Indebtedness of the District.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in an Official Statement, the Official Statement must be available on EMMA; the Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the District’s fiscal year (currently June 30). Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements means the basic financial statements of the District which are in conformity with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audited by independent auditors. Audited Financial Statements will be submitted to EMMA within 30 days after availability to the District.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the District will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS FOR WHICH SIGNIFICANT EVENT DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District*
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

Note: Some of the foregoing events may not be applicable to the Bonds.

*This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

EXHIBIT III

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

$84,000,000 GENERAL OBLIGATION
COMMUNITY COLLEGE BONDS,
SERIES 2013A

MATURITY (June 1)	PRINCIPAL AMOUNT	CUSIP
2015	$ 290,000	262615-HV2
2016	2,505,000	262615-HW0
2017	3,750,000	262615-HX8
2018	5,115,000	262615-HY6
2019	4,180,000	262615-HZ3
2020	4,350,000	262615-JA6
2021	4,565,000	262615-JB4
2022	1,375,000	262615-JQ1
2022	3,420,000	262615-JC2
2023	300,000	262615-JM0
2023	4,695,000	262615-JD0
2024	5,240,000	262615-JE8
2025	5,500,000	262615-JF5
2026	5,775,000	262615-JG3
2027	6,065,000	262615-JH1
2028	6,370,000	262615-JP3
2029	6,570,000	262615-JJ7
2030	6,830,000	262615-JK4
2031	500,000	262615-JN8
2031	6,605,000	262615-JL2

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Community College District No. 502, Counties of DuPage, Cook and Will and State of Illinois (College of DuPage) • General Obligation Community College Bonds, Series 2013A

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