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building **community** through **student success**

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Harper College®

WILLIAM RAINEY HARPER COLLEGE – COMMUNITY COLLEGE DISTRICT NO. 512

Palatine, Illinois

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

(With Independent Auditor's Report Thereon)

Prepared by:

Accounting Services

WILLIAM RAINEY HARPER COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 512

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FEDERAL FINANCIAL COMPLIANCE SECTION:

Harper College

1200 West Algonquin Road
Palatine, Illinois 60067-7398

847.925.6000
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November 15, 2023

Board of Trustees of William Rainey Harper College and
Citizens of William Rainey Harper Community College District No. 512:

The Annual Comprehensive Financial Report (ACFR) for William Rainey Harper College – Community College District Number 512 (the College), Counties of Cook, Kane, Lake, and McHenry, State of Illinois, for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included. This letter of transmittal should be read in conjunction with the Management's Discussion and Analysis, which focuses on current activities, accounting changes, and currently known facts.

The College maintains its accounts and prepares its financial statements in accordance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), and the Illinois Community College Board (ICCB). The College's financial statements as presented in this report have been audited by Crowe LLP. Their report is included as part of the financial section.

College Background

As early as 1950, discussion began about establishing a community college. An active committee was at work on the project in 1961, and a community survey was done in 1962. In 1964, an area community college committee studied the feasibility of establishing a community college. The study committee's report concluded with the recommendation that "the citizens of the two high school districts…take appropriate steps to bring the voters of the four townships the proposal that a community college be established."

Early in 1966, the present 200-acre campus site in Palatine was selected, and the College was named William Rainey Harper College, in honor of the first President of the University of Chicago and the originator of the community college concept. In the spring, district voters approved a bond referendum by a four-to-one margin.

In 1967, Harper's first faculty members were hired, and classes for 1,725 students were begun in temporary facilities in September. In the same year, the College broke ground for the first six buildings on campus property.

The William Rainey Harper Educational Foundation was incorporated in 1973 to broaden and enrich the College program through support of such projects as scholarships and special project initiatives funded by private donations to the College.

In September 1975, a successful funding referendum was held that allowed the College to proceed with the completion of the Palatine campus. Buildings G and H, housing vocational technology shops and laboratories, were completed in 1977. The Board of Trustees named an interim successor after the founding College President, Dr. Robert Lahti, resigned. Harper's second President, James McGrath, assumed the position the following year.

In 1978, the College began a major effort to develop a new master plan in concert with a comprehensive self-study effort. A referendum to increase operating revenue failed to gain voter approval that year. This led to major budget cuts in an effort to match expenditures with income.

By 1980, the campus had increased to 15 buildings with the opening of the physical education, athletics, and recreation facility (Building M) and business, social science, and vocational education housed in Buildings I and J.

In 1982, the College established a CAD/CAM training center in cooperation with high technology firms in the area. The center was designed to provide instruction and resource materials relating to computer-aided design and manufacturing.

In February 1985, district residents approved a tax rate increase for the operation of the College. This was the first increase in tax support for the educational programs, services, and operating expenses of Harper College since the College was established.

In 1988, the College hired its third President, Dr. Paul Thompson, after the retirement of Dr. McGrath. The College began an extensive study in 1990 which led to the vision statement "Our Preferred Future." More than 1,000 College personnel and community residents worked together to develop this document to serve as a Harper College planning guide until the year 2000. In response to an emerging industry need, the Corporate Services department, now called Harper College for Business, was established in 1991 as the College's office of the first contact representing all programs of interest to businesses and industry, including credit classes, continuing education, and customized training.

In 1992, a new Information Systems Division was formed. Harper developed a new technology plan in 1994, following two years of extensive participation and input by administrators, faculty, and staff. In 1993, the College opened Building S to house the Publications and Communication Services Department. In spring 1994, the Liberal Arts building was opened. Building L included the Liberal Arts Division office, classrooms, faculty offices, and the College Bookstore. A studio (Black Box) theater and three-dimensional art studios occupy the first floor of the facility. The two buildings were part of a building phase that also included renovations to Building F which houses the Learning Resources Center and the Academic Enrichment and Language Studies Division.

In 1994, the College purchased the Northeast Center (NEC). The Board of Trustees approved the first and second phases of the Technology Plan in 1995 and 1996. The campus computer network was completed in 1996, providing links between offices and classrooms and as a resource to position Harper for higher education in the current century.

In 1997, Harper College received a 10-year re-accreditation from the North Central Association's Commission on Higher Education.

In 1998, Dr. Robert L. Breuder, the fourth President, was hired. The College implemented a new shared governance structure and published its first comprehensive strategic long-range plan (SLRP). Groundbreaking for the new Performing Arts Center (PAC) and the Wojcik Conference Center was held on May 18, 2000. The new buildings were partially funded by the Illinois Capital Development Board. In 2002, the conference center opened and was named the Wojcik Conference Center in recognition of a $1.1 million member initiative grant given to Harper by Illinois State Representative Kay Wojcik. At a special Board meeting on August 16, 2000, the Trustees were presented with a comprehensive long-range Campus Master Plan. The plan was intended to guide the College into the future. On November 7, 2000, the Harper College district residents passed an $88.8 million referendum to build a new facility to house Harper's growing science, technology, and health care programs. Construction of Avanté began in fall 2001.

On August 29, 2001, Harper College purchased a new facility in Schaumburg for the Technical Education and Consulting at Harper (TECH) program. The facility, now called the Harper Professional Center (HPC), is the site for the new Fast Track degree option.

In 2004, Harper College served a total of 37,338 credit and noncredit students during the summer, fall, and spring terms, making Harper one of the largest community colleges in the country. In 2004, Harper College opened Avanté, Center for Science, Health Careers, and Emerging Technologies. In 2005, Avanté was selected as a Merit Award finalist by the Chicago Building Congress (CBC). The CBC praised Avanté for its distinctive design and outstanding construction, and its positive impact on the surrounding community. In 2006, Harper College received the National Science Foundation Undergraduate Research grant.

In 2009, Dr. Kenneth Ender became Harper College's fifth president.

In 2010, the College worked with community partners to develop a new five-year strategic plan. The plan emphasizes increasing the number of students who graduate from Harper with a degree or workforce certificate or transfer successfully to a four-year university. The plan focuses on four strategic directions: Completion (increase completion and achievement of all students with a focus on underperforming student groups), Accountability (create a culture of innovation, accountability, and transparency), Partnerships (engage in partnerships to develop programs in existing and emerging career areas that enable students to succeed in a global economy) and Inspiration (develop programs with educational partners that inspire postsecondary education and career readiness as a life goal.)

In 2011, the College approved a new Campus Master Plan. The plan outlines a comprehensive ten-year program to renovate the campus to meet the needs of 21st-century teaching and learning.

In 2012, the U.S. Department of Labor awarded Harper $12.9 million to expand the Advanced Manufacturing program to community colleges across Illinois. The program offers industry-endorsed skills certificates and paid internships with local manufacturers. It's also designed to encourage younger students to consider a manufacturing career by offering college credit to high school students.

In 2013, the College broke ground on $38 million in renovations of the Engineering and Technology Center. The project includes a new state of the art classrooms for career and technical programs and expanded facilities for Harper's innovative Advanced Manufacturing Program. The College also broke ground on the $46 million renovations of Building D which includes new lecture halls, general classrooms, and student study and commons areas.

In 2014, the College relaunched the Northeast Center (NEC) in Prospect Heights as the Harper College Learning and Career Center (LCC) with a target market focus on local community needs, credential programs, wrap-around services, and workforce emphasis.

The College simultaneously launched the Education and Work Center (EWC) in Hanover Park, an unprecedented partnership with Elgin Community College, the Village of Hanover Park, the State of Illinois, and The Chicago Cook Workforce Partnership. The EWC offers adult education programs and a full-service Illinois WorkNet® Center for career support. Harper College offers classes during the day and Elgin Community College offers evening classes.

In 2015, the College launched the Harper College Promise Scholarship Program. The program offers every eligible public high school freshman in Harper's district the opportunity to attend Harper for up to two years tuition-free if, during high school, they maintain solid grades, have good attendance, don't repeat classes, graduate on time and perform community service. During its first year, more than 4,600 high school freshmen in Harper's district signed up for the program.

In 2016, the College received the prestigious Leah Meyer Austin Award from Achieving the Dream. The award honors Harper's outstanding achievement in creating an institutional culture dedicated to supporting and increasing the success of all students. This year also marked the implementation of the 2016-2019 Strategic Plan which focuses on increasing levels of Inclusion, Engagement, and Achievement for our students. Five teams were formed to develop strategies to improve: Academic Planning and Pathways, Curriculum Instruction, Employee Skills, Stewardship, and Student Experience.

The College was awarded a $2.5 million American Apprenticeship Initiative grant by the Department of Labor to support apprenticeships in the Insurance, Information Technology, and Manufacturing sectors. The first cohort of 4,624 freshmen from district high schools applied to the Harper Promise Program. The Outdoor Amphitheatre was completed and served as the venue for the 2016 Commencement Ceremony and construction of the FMA Manufacturing Lab, which houses high-tech metal fabrication equipment, was completed.

The year 2017 marked the beginning of the College's yearlong 50th Anniversary celebration honoring its proud past, affirming its present mission and impact, and aspiring to an even stronger future. This milestone event led to the publication of Harper College, the First 50 Years, a 200-page history of Harper written by Professor Emeritus Trygve Thoreson. As part of the celebration, the College hosted its first-ever TEDx event and Harper's Educational Foundation's 50th Anniversary Gala was the most successful to date, raising more than $1 million.

In 2018, the College successfully completed the two-and-a-half-year rigorous reaccreditation process that resulted in the Higher Learning Commission (HLC) reaffirming the College's accreditation through 2027-2028. Harper also completed the latest phase of its Campus Master Plan with the renovation of two major buildings: The David K. Hill Family Library and the Foglia Foundation Health and Recreation Center, which is a public-private partnership with Palatine Park District and Northwest Community Healthcare.

In fall 2018, the members of District 512 endorsed the important role Harper plays in the community by voting overwhelmingly in favor of a referendum question to support the College's campus master plan. The referendum, which passed with 61% of the vote, provides $180 million toward capital improvements to help position Harper students and the community for a strong future.

In 2019, the Board of Trustees voted to name the outdoor pavilion the Drs. Kenneth and Catherine Ender Pavilion in recognition of their significant contributions to the College and the Foundation over the previous decade. Dr. Ender stepped down on June 30, 2019, after a decade of service in which he helped transform Harper into a premier 21st-century community college.

In July 2019, Dr. Avis Proctor began her tenure as Harper's sixth president. She is the first woman and first African American to lead the institution. Dr. Proctor embarked on a Year of Engagement to learn about the institution, find ways to leverage resources and assets, and launch new initiatives.

In fall 2019, Harper College welcomed its inaugural cohort of 421 Promise Scholars to campus. Dr. Proctor also launched several task forces and teams to address transportation issues and students' basic needs.

In 2020, Harper College continued to be recognized for its achievements by earning two national awards: Achieving the Dream's Leader College of Distinction status for achieving new, higher student outcomes and narrowing equity gaps and the Andrew Heiskell Award for Innovation in International Education.

Due to the global COVID-19 pandemic, the College entered an unprecedented era and closed its campus midway through the spring 2020 semester. Classes moved to a fully online environment and support services continued in a virtual format. Throughout the pandemic, the College organized a series of COVID vaccine clinics and awarded more than $21 million in emergency financial grants from the federal Higher Education Emergency Relief Fund; more than 18,000 awards were made to students.

The College launched its FY2021-24 Strategic Plan with the theme Forward Together, the result of broad engagement in a community-based planning process. Included in the plan is a collegewide goal to close equity gaps by 20% by 2024.

In 2021, the College created the Office of Diversity, Equity and Inclusion led by a vice president and supported by staff to assist the college in meeting its equity goals. The Cultural Center opened in Building D. The College also received an $18 million gift, the largest in Harper's history, from philanthropist MacKenzie Scott. These funds were used to launch the Igniting Paths to Success Scholarship for more than 1,600 students and provide grants to local nonprofits whose missions support the advancement of equity, diversity and economic mobility for underserved and marginalized communities. The Educational Foundation launched its $30 million Inspire Scholarship Campaign.

In 2022, Harper was named to the 2023 Aspen Top 25 for Community College Excellence, a recognition of the College's commitment to student success and equitable outcomes. To help remove transportation-related barriers and increase access to campus, the College launched a series of transportation pilots including a new bus route, ride-share and bike share program.

The College established new Institutional Effectiveness Measures (IEMs) focused on leading and lagging student success measures and aligned with the college's SOAR framework (Search, Onboard, Advance, Realize). The College also grew its apprenticeship program through partnerships with multiple Chicago-area hospital systems.

In spring 2023, Harper was recertified as an Achieving the Dream Leader College of Distinction, which recognizes the College's commitment to growing a student-centered culture that champions the success of every Harper student.

Profile of the College

William Rainey Harper College is one of forty-eight (48) community colleges in the State of Illinois that make up the Illinois Community College System. Harper College's credit full-time equivalent (FTE) enrollment for fiscal year 2023 is approximately 8,200. The College has 796 full-time employees, which includes 223 full-time Faculty.

Harper is a comprehensive community college that offers transfer curriculum, occupational training, adult enrichment classes, and a variety of other community services. The Harper Business Solutions department provides customized training throughout the district. The College offers certificates and associate degrees in a wide range of program areas.

The college district is located in the northwest suburbs of Chicago. The 200-acre campus is located in Palatine, with extension facilities at the Learning and Career Center in Prospect Heights, and the Harper Professional Center in Schaumburg.

The Illinois Community College Board (ICCB) is the coordinating board of Illinois community colleges. ICCB's mission is "To administer the Public Community College Act in a manner that maximizes the ability of the community colleges to serve their communities. To promote cooperation within the system and accommodate those State of Illinois initiatives that are appropriate for community colleges, to be accountable to the students, employers, lawmakers, and taxpayers of Illinois, and to provide high-quality, accessible, cost-effective educational opportunities for the individuals and communities they serve." It is the policy of Harper College not to discriminate on the basis of race, color, religion, sex, age, marital status, national origin, ancestry, or physical or mental handicap or unfavorable discharge from the military in its educational programs, activities, or employment.

Accreditation

Harper College is accredited by the Higher Learning Commission, a regional accreditation agency recognized by the U.S. Department of Education.

College Philosophy and Mission

Mission Statement

Harper College enriches its diverse communities by providing quality, affordable, and accessible education. Harper College, in collaboration with its partners, inspires the transformation of individual lives, the workforce, and society.

Vision Statement

We will be an innovative and inclusive institution, the community's first choice, and a national leader for student success.

Philosophy Statement

We, at Harper College, believe that our charge is to facilitate active learning and foster the knowledge, critical thinking and life/work skills required for participation in our global society. We work with our community partners to enrich the intellectual, cultural and economic fabric of our district. We believe that excellence in education must occur in an ethical climate of integrity and respect. We hold that the strength of our society is rooted in our diversity and that it is through synergy that we achieve excellence.

Presidential Priorities

1) Goal: Ensure continued progress on student success measures focused on how students advance in their studies at Harper. The leading indicators below provide key data on progression to graduation and will be disaggregated to ensure the College is focused on closing equity gaps.

   Status: Completed.

   Measured progress on the following leading indicators, with improvements achieved in three of the four overall measures. Additionally, 13 equity gaps were identified in these four measures and decreases in gaps were realized for seven of the 13 during FY2023.

   a. Fall to Spring Persistence
   b. Fall to Fall Persistence
   c. Part-Time Credit Accumulation (12 hours)
   d. Full-Time Credit Accumulation (24 hours)

2) Goal: Establish additional measures that aid in improving the recruitment and retention of diverse faculty and staff and report progress via the newly established IEMs.

   Status: Completed.

A recruitment and hiring policy, and a recruitment plan were developed during FY2023. The recruitment policy was approved by the Board of Trustees in October 2022 and states:

The College is committed to cultivating a community of talented employees from diverse backgrounds who contribute to fulfilling our mission, vision, philosophy, and core values. The Board will regularly monitor progress towards increasing the representation of individuals from historically underrepresented populations, at all levels of the institution. The Board directs the College to implement intentional policies and procedures that help identify and mitigate bias and discrimination throughout the hiring process. The College strives for its overall composition of faculty and staff to better represent the diversity of our students.

3) Goal: Execute recommendations that increase standards of risk management for the College.

   Status: Completed.

   Established a centralized function for risk management with the hiring of a Director of Risk Management, who formed an Emergency Preparedness Committee and conducted a Hazard Vulnerability Assessment. Created a risk management plan that addresses changes in district demographics and enrollment as well as institutional readiness for emergencies and cybersecurity.

4) Goal: Execute the highest priority master planning projects.

   Status: Completed.

   The Board approved the Canning Center's Schematic Design in October 2022. The Programming phase of design for the Business and Social Sciences Center (Buildings I and J) began in November 2022.

5) Goal: Develop a Strategic Information Technology Plan.

   Status: In Progress.

   A draft Technology Strategic Plan was developed with broad-based engagement of faculty and staff during Spring 2023. An updated version was shared with the Board of Trustees in July 2023 for its collective review and feedback. The plan will reflect this feedback and be finalized in August 2023.

Capital Project Priorities

Several Campus Master Plan project initiatives made significant progress in FY2023:

- Completed the Building B Natural Gas Service Line Replacement Project in October 2022, within the project budget of $135,680.
- Completed the Building D HVAC Upgrade Project in September 2022, within the project budget of $264,154.
- Completed the Buildings E and Z Domestic Water Heater Improvements in March 2023, within the project budget of $298,000.
- Completed the Building F Water Infiltration Repairs Project in May 2023, within the project budget of $97,500.
- Completed the Building J Theatrical Lighting Improvement Project in December 2022, within the project budget of $283,000.
- Completed work on the Building L Kiln Exhaust Improvement Project in October 2022, within the project budget of $86,000.

- Completed the Building M Drone Lab Project in April 2023, within the project budget of $94,460.
- Completed the Buildings O and R Roofing Replacement in February 2023, within the project budget of $178,000.
- Completed work on the Building X Respiratory Therapy Lab Project in May 2023, within the project budget of $605,800.
- Completed work on the Building X Center for Interprofessional Simulation and Innovation Improvement Project in December 2023, within the project budget of $147,400.
- Completed Feasibility Studies for the Building B Sanitary Sewer Improvement Project; Building B Water Service Improvement Project; Learning and Career Center Elevator Improvements; and Infrastructure Improvements to support the Canning Center.
- Began the construction documents for the Canning Center and University Center. Construction documents are scheduled to be completed in March 2024 with bidding to begin in April 2024.
- Began the schematic design for the new Business and Social Sciences Building (Buildings I and J). Schematic design is scheduled to be completed in December 2023 with design development to begin in January 2024.
- Began the design development for the Emergency Services Training Center (Building Q). Design development is scheduled to be completed in June 2024 with contract documents to begin in July 2024.
- Completed construction documents for the Building E Film Studies Lab with construction to be completed in August 2024.
- Began the design for Phase II of the HVAC Upgrades in Buildings R, W, X, Y, and Z. The project is scheduled to be completed in September 2023 and is within the project budget of $1,740,600.
- Began work on Phase I of the Buildings R, W, X, Y, and Z Building Automation Systems (BAS) Upgrades Project. The project is scheduled to be completed in September 2023 and is within the project budget of $634,600.
- Began work on Buildings B, D, H, M, and S Building Automation Systems (BAS) Upgrade Project. The project is scheduled to be completed in October 2023 and is within the project budget of $695,000.
- Began work on the Campus HVAC Improvement Project. The project is scheduled to be completed in May 2024 and is within the project budget of $1,725,902.
- Began work on the Building A West Plaza Concrete Replacement Project. The project is scheduled to be completed in October 2023 and is within the project budget of $388,000.
- Began work on the Building B Central Steam Boiler Plant Upgrade Project. The project is scheduled to be completed in March 2024 and is within the project budget of $6,546,000.
- Began work on the Building B Harper College Police Department Remodeling Project (B110). The project is scheduled to be completed in November 2023 and is within the project budget of $320,000.
- Began work on the Building D Hawk's Care Project. The project is scheduled to be completed prior to the start of the fall 2023 semester and is within the project budget of $500,000.
- Began work on the Building R Theater Upgrades. The project is scheduled to be completed in December 2023 and is within the project budget of $714,500.
- Other significant capital improvements in FY2023 include Building M Gymnasium Equipment Improvements; Building R Marque Sign Replacement; Building Y Data Center upgrades; Building Z Eyewash and Emergency Shower Improvements; security improvements; campus infrastructure improvements; indoor lighting level controllers; sidewalk repairs; parking lot maintenance; parking garage maintenance; traffic signage improvements; utility service tunnel repairs; and various classroom upgrades.

Financial Information

Internal Control

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

Each year, including the fiscal year ended June 30, 2023, the College receives various reports from an independent certified public accountant reporting, among other things, whether instances of material weakness in the internal controls or material violation of applicable laws or regulations were noted during the audit. These reports are included in the Federal Financial Compliance section of this Annual Comprehensive Financial Report.

Budgeting Controls

The College maintains budgetary controls through an encumbrance accounting system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees.

The level of budgetary control (i.e., the level at which expenditures cannot exceed the appropriated amount) is 110% of the budgeted amounts for all funds. The College also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are re-authorized as part of the following year's budget.

Prospects for the Future

Harper College will continue to implement initiatives that enhance the success of our students. This includes assessing the financial wellness of our students and working to provide resources and support for those with food and housing insecurities, transportation struggles and other barriers preventing academic engagement and success. The four-year strategic plan will provide focus as we strive to be an innovative and inclusive institution, the community's first choice and a national leader for student success.

Long-Term Financial Planning

The College devotes considerable time and resources to long range strategic and operational planning. The College is equally committed to long range financial planning. Each fall the Five-Year Financial Plan is updated, forecasting financial trends into the future.

The Five-Year Financial Plan is presented in four sections as follows:

- Section One – Executive Summary and Summary of Recommendations
- Sections Two – Historical Information
- Sections Three – Five-Year Projections by Fund and Fund Groupings
- Section Four – Financial Plan Alternatives

The purpose of the Five-Year Financial Plan is to create a framework which allows the College and the Board of Trustees to examine the long-range financial implications of the many major financial decisions that have been made. The Five-Year Financial Plan is not intended to be a detailed line item budget for five years, but rather, it is intended to provide a "broad brush" overview of the financial position and the resulting impact of the financial decisions that must be made. The Five-Year Financial Plan is also intended to look prospectively at expenditures, the means of financing those expenditures, and the financial position over a longer period of time than the traditional one-year budget.

Debt Administration

The statutory debt limit based on the property tax assessed valuation totals $599.7 million. The current indebtedness totals $235.8 million leaving a substantial margin for additional debt, as determined by the assessed valuation and the current property taxes. Current indebtedness is due to four outstanding series of bonds with varying maturity dates, with the last payment due in 2038.

Financial Guidelines

The Board guideline is to maintain a balanced budget across the Tax-Capped Funds, consisting of the Education Fund; the Operations and Maintenance Fund; the Audit Fund; and the Liability, Protection and Settlement Fund. The term *balanced budget* shall apply only to the Tax-Capped Funds.

Tuition is set by the Board, whose policy is to limit annual tuition and per credit hour fee increases to 5% of total tuition and fees or the Illinois statute limitation using the Higher Education Cost Adjustment (HECA) rate change as a guideline, as appropriate, to promote a balanced budget for Harper College and financial consistency for Harper students.

Fees are increased and/or added to make up for shortfalls in other revenue sources including state funding and property tax reductions due to Property Tax Appeal Board (PTAB) appeals.

It is the Board's policy to maintain the fund balance in the combined Tax Capped Funds between 40% and 60% of budgeted annual expenditures.

Other Information

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Harper College for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 This was the 13th consecutive year Harper College has achieved this prestigious award. In order to be awarded a certificate of Achievement, a government organization must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

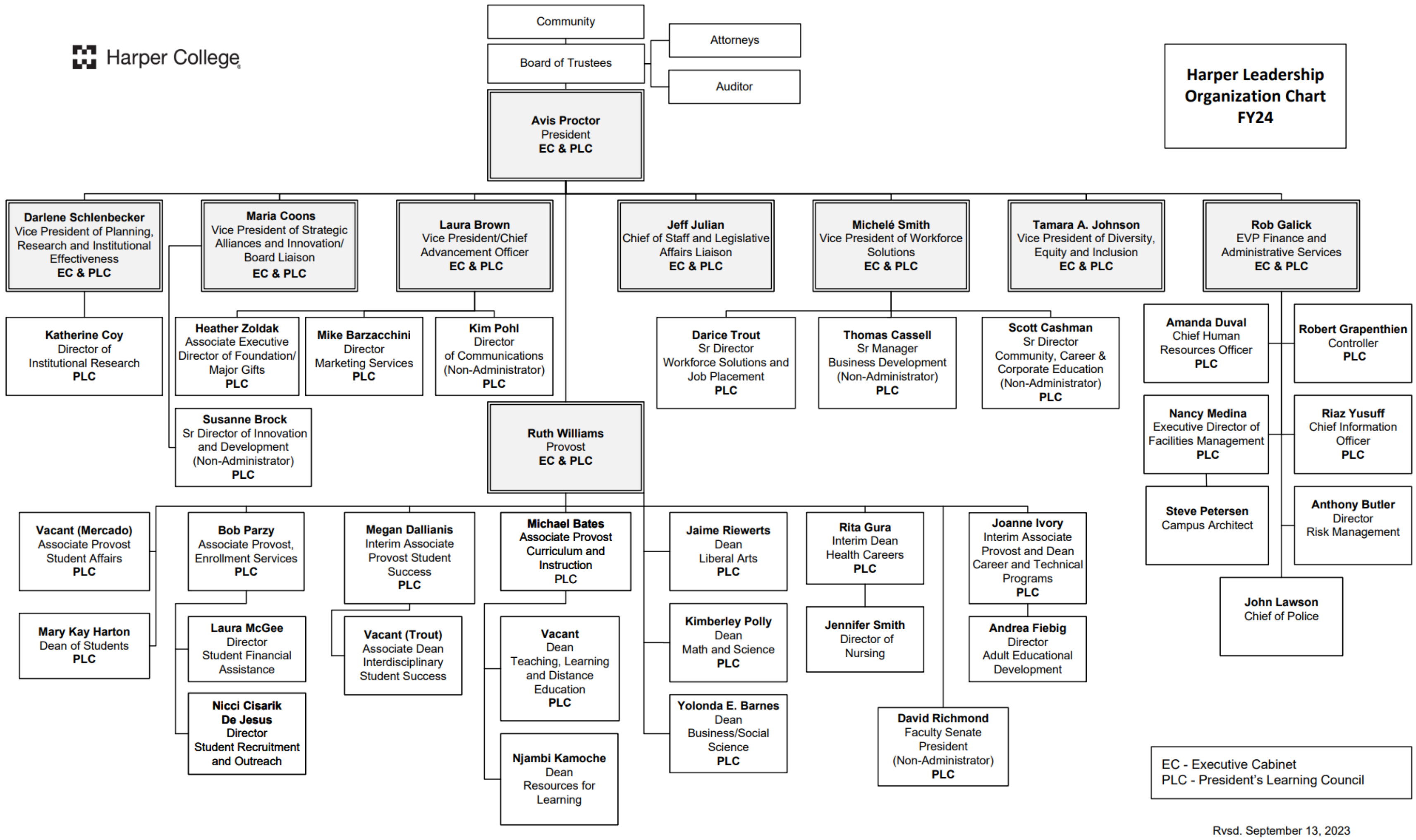
State Statute requires an annual audit by independent certified public accountants. The accounting firm of Crowe LLP was selected by the College's Board of Trustees to conduct the fiscal year 2023 audit. The auditor's report on the financial statements and supplemental financial information is included in the financial section of this report. The auditor's opinion is unmodified for this year.

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the Accounting Services staff of the College. Each member of this department has our sincere appreciation for the contributions made in the preparation of this report. In closing, without the leadership and support of the Board of Trustees of the College, preparation of this report would not have been possible.

Respectfully,

Avis Proctor, Ed.D
President

Rob Galick
Executive VP of Finance and Administrative Services


Harper College
Harper Leadership Organization Chart FY24
Community
Board of Trustees
Attorneys
Auditor
Avis Proctor President EC & PLC
Darlene Schlenbecker Vice President of Planning, Research and Institutional Effectiveness EC & PLC
Maria Coons Vice President of Strategic Alliances and Innovation/ Board Liaison EC & PLC
Laura Brown Vice President/Chief Advancement Officer EC & PLC
Jeff Julian Chief of Staff and Legislative Affairs Liaison EC & PLC
Michelé Smith Vice President of Workforce Solutions EC & PLC
Tamara A. Johnson Vice President of Diversity, Equity and Inclusion EC & PLC
Rob Galick EVP Finance and Administrative Services EC & PLC
Katherine Coy Director of Institutional Research PLC
Heather Zoldak Associate Executive Director of Foundation/ Major Gifts PLC
Mike Barzacchini Director Marketing Services PLC
Kim Pohl Director of Communications (Non-Administrator) PLC
Susanne Brock Sr Director of Innovation and Development (Non-Administrator) PLC
Darice Trout Sr Director Workforce Solutions and Job Placement PLC
Thomas Cassell Sr Manager Business Development (Non-Administrator) PLC
Scott Cashman Sr Director Community, Career & Corporate Education (Non-Administrator) PLC
Amanda Duval Chief Human Resources Officer PLC
Robert Grapenthien Controller PLC
Nancy Medina Executive Director of Facilities Management PLC
Riaz Yusuff Chief Information Officer PLC
Steve Petersen Campus Architect
Anthony Butler Director Risk Management
John Lawson Chief of Police
Ruth Williams Provost EC & PLC
Vacant (Mercado) Associate Provost Student Affairs PLC
Mary Kay Harton Dean of Students PLC
Bob Parzy Associate Provost, Enrollment Services PLC
Laura McGee Director Student Financial Assistance
Nicci Cisarik De Jesus Director Student Recruitment and Outreach
Megan Dallianis Interim Associate Provost Student Success PLC
Vacant (Trout) Associate Dean Interdisciplinary Student Success
Michael Bates Associate Provost Curriculum and Instruction PLC
Vacant Dean Teaching, Learning and Distance Education PLC
Njambi Kamoche Dean Resources for Learning
Jaime Riewerts Dean Liberal Arts PLC
Kimberley Polly Dean Math and Science PLC
Yolonda E. Barnes Dean Business/Social Science PLC
Rita Gura Interim Dean Health Careers PLC
Jennifer Smith Director of Nursing
David Richmond Faculty Senate President (Non-Administrator) PLC
Joanne Ivory Interim Associate Provost and Dean Career and Technical Programs PLC
Andrea Fiebig Director Adult Educational Development
EC - Executive Cabinet
PLC - President's Learning Council
Rvsd. September 13, 2023

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

William Rainey Harper College
Community College District No. 512
Illinois

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Government Finance Officers Association

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For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE NUMBER 512

PRINCIPAL OFFICIALS
November 15, 2023

BOARD OF TRUSTEES

	Position	Term Expiration
William Kelley	Chair	2027
Walt Mundt	Vice Chair	2029
Dr. Nancy Robb	Secretary	2027
Gregory Dowell	Trustee	2025
Diane Hill	Trustee	2027
Herb Johnson	Trustee	2025
Pat Stack	Trustee	2029
Kei Smith	Student Trustee	2024

OFFICERS OF THE COLLEGE

Avis Proctor, Ed.D	President
Laura Brown	Vice President and Chief Advancement Officer
Maria Coons, Ed.D	Vice President of Strategic Alliances and Innovation
Rob Galick	Executive Vice President of Finance and Administrative Services
Ruth Williams, Ph.D	Provost
Jeff Julian	Chief of Staff
Tamara Johnson, Ed.D	Vice President of Diversity, Equity and Inclusion
Darlene Schlenbecker	Vice President of Planning, Research and Institutional Effectiveness
Michelé Smith, Ph.D	Vice President of Workforce Solutions

OFFICALS ISSUING THE REPORT

Rob Galick	Executive Vice President of Finance and Administrative Services
Bob Grapenthien, CPA	Controller

DEPARTMENT ISSUING THE REPORT

Bob Hayley, CPA	Assistant Controller
Anne Maurer	Manager, Budget and Accounting Services

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
William Rainey Harper College
Community College District No. 512

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of William Rainey Harper College, Community College District No. 512 (the "College"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the William Rainey Harper College Education Foundation (the "Foundation"), which represents the College's entire discretely presented component unit as of and for the year ended June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the College has adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* as of July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Uniform Financial Statements identified as schedules 1 through 5 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Uniform Financial Statements identified as schedules 1 through 5 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, special reports section information included in schedule 6, and residency verification for enrollment, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 15, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
November 15, 2023

Purpose

The discussion and analysis of William Rainey Harper College – Community College District No. 512's (the College) financial performance provides an overall review of the College's financial activities for the fiscal year ended June 30, 2023. The William Rainey Harper College Educational Foundation (the Foundation) is considered to be a component unit of the College. Separate financial statements for the Foundation may be obtained by writing to the Vice President and Chief Advancement Officer of the Foundation, William Rainey Harper College, 1200 West Algonquin Road, Palatine, Illinois 60067. This discussion has been prepared by management and the intent is to present an overview of the College's financial performance as a whole. Readers should also read the basic financial statements and notes in conjunction with this analysis to obtain a more detailed picture of the College's financial performance.

The financial statements are designed to emulate corporate presentation models whereby all of the College activities are consolidated into one total. The focus of the statement of net position is designed to be similar to bottom line results for the College; it combines and consolidates current financial resources with capital assets. The statement of revenues, expenses, and changes in net position focuses on both the gross and net costs of the College activities, which are supported mainly by local taxes and tuition revenues. This approach is intended to summarize and simplify the user's analysis of the cost of services provided.

Highlights

Institutional Description

The College is a two-year public community college founded in 1965 and officially opened for classes during fall of 1967. An integral part of the Illinois system of higher education, Harper College is Illinois Community College District No. 512. The Harper district encompasses 23 communities in the northwest suburbs of Chicago and has an area of about 200 square miles and an estimated population of 531,000 citizens. Harper's district contains approximately 30,000 businesses. The College is a comprehensive community college dedicated to providing excellent education at an affordable cost, promoting personal growth, enriching the local community, and meeting the challenges of a global society. The College has an annual enrollment of approximately 21,900 credit students and 10,700 students in continuing education (noncredit) classes.

The College consists of 25 facilities with a combined 1.7 million gross square feet. With the passing of the 2018 referendum, the College will continue to invest in needed infrastructure maintenance projects and capital projects to support the growth and future needs of the College.

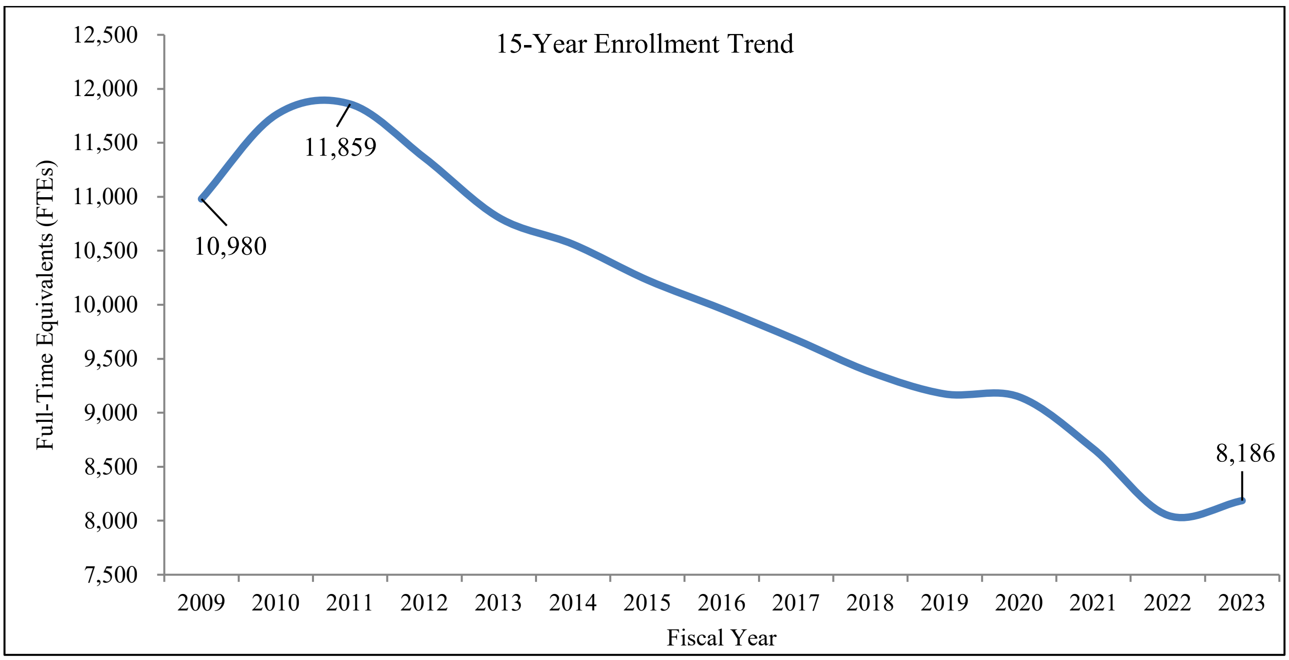
Accreditations

In June 2018, the Higher Learning Commission (HLC) reaffirmed Harper College's accreditation for the maximum of ten years. Regional accreditation, such as HLC, is the method that colleges and universities use to assure that the institution provides a quality educational experience. Accreditation also provides the College with access to federal financial aid and transfer of credits to other institutions. Regional accreditation allows Harper to provide another ten years of quality education and service to the students of our community.

Enrollment

In 1967, Harper College opened with an enrollment of about 1,700 students. Today the College's enrollment stands at approximately 31,700 students of all ages participating in credit, continuing education, customized, and extension courses at the Harper campus or at other district locations. The majority of Harper's activities take place on the 200-acre campus in Palatine, Illinois. The College also utilizes the Learning and Career Center located in Prospect Heights, Illinois, and the Harper Professional Center in Schaumburg, Illinois.

The total credit hours, including continuing education reimbursables, increased by 1.7% from 241,498 in fiscal year 2022 to 245,580 in fiscal year 2023. The full-time equivalents (FTEs) increased to 8,186 for fiscal year 2023 from 8,050 in fiscal year 2022, and headcount (the actual number of students attending the College at any point in time) increased by 2.3% during the same period.



The chart above reflects credit full-time equivalents from fiscal years 2009 through 2023.

In 2006, the College received accreditation from the Higher Learning Commission to offer complete degrees online and at two extension sites. Accreditation for the extension site at Northwest Community Hospital was awarded to the College in 2010. The College was re-accredited by the Higher Learning Commission for a 10-year period in June 2018.

Funding Challenges

The College has become increasingly dependent on local property taxes and student tuition and fees as its main revenue sources. At the same time that the College seeks to expand and serve the greatest percentage of its student population, funding from the State of Illinois continues to fall substantially short of the 33% target set by the State.

	Operating Fund Revenues		
Fiscal Year	State Revenues	Total Revenues	% of Total
2009	$ 8,171,133	$ 94,884,847	8.6%
2010	7,187,128	100,395,794	7.2%
2011	6,887,420	105,615,071	6.5%
2012	6,904,640	106,634,360	6.5%
2013	6,938,432	108,274,547	6.4%
2014	7,035,549	109,107,016	6.4%
2015	7,359,309	110,058,662	6.7%
2016	1,992,338	106,283,519	1.9%
2017	8,418,809	114,230,920	7.4%
2018	7,538,647	114,316,502	6.6%
2019	8,097,810	118,608,453	6.8%
2020	8,981,135	123,097,204	7.3%
2021	9,197,968	123,066,530	7.5%
2022	9,816,702	127,819,134	7.7%
2023	10,221,891	134,811,701	7.6%

While operating funding levels from the State have risen in recent years, they only accounted for 7.6% of total operating fund revenues in fiscal year 2023. Due to funding uncertainties that continue with the State, the College is continuing to limit its reliance on State funding by budgeting only 75% of the appropriation for the base operating grant in fiscal year 2024. The College continues to consider the minimal State support as it considers program delivery, available revenues, necessary expenditures, and the resulting operating budget.

Additional Employer SURS Contribution

In 2006, the State University Retirement System, to which the College is a mandatory member, sought and received legislation to modify the employer's funding in certain cases. In the event that an employee's salary increases more than 6% in any given fiscal year, the employer must fund the excess pension based on actuarial calculations. The College has adjusted employee compensation and procedures to mitigate the impact.

Statement of Net Position

The statement of net position presents the financial position of the College at the end of the fiscal year. It includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The difference between the total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources represents the College's "equity" and provides a measure of the financial health of the College. The change in net position is an indicator of whether the financial condition has improved or worsened during the year.

Assets and liabilities are measured using current market values, with the exception of capital assets. Capital assets are stated at historical cost, lowered by depreciation.

Summary of Net Position – Fiscal Year 2023 compared to Fiscal Year 2022

Total net position increased by $24.2 million over the previous fiscal year. Total assets increased $8.2 million, total liabilities decreased $42.4 million as the College continued to pay its debt obligations. In addition, the College saw a $34.2 million decrease in its Other Post Employment Benefits liabilities. Other Postemployment Benefits (or OPEB) are benefits (other than pensions) that the College provides to its retired employees.

Current assets increased by $1.5 million. Capital assets, net of depreciation, decreased $4.8 million as a result of net additions being less than annual depreciation.

Current liabilities decreased $0.6 million, while noncurrent liabilities decreased by $42.4 million, primarily due to the scheduled bond payments and OPEB declines referenced above.

Summary of Net Position
June 30, 2023 and 2022

	2023	2022
Current assets	$ 208,986,295	$ 207,493,392
Noncurrent assets:		
Restricted cash and investments	211,806,838	207,756,459
Unrestricted cash and investments	18,225,344	10,705,954
Capital assets, net of depreciation	241,734,375	246,583,014
Total assets	680,752,852	672,538,819
Deferred outflows of resources	5,280,477	4,511,353
Total assets and deferred outflows of resources	686,033,329	677,050,172
Current liabilities	38,832,569	38,271,092
Noncurrent liabilities	283,766,374	326,753,852
Total liabilities	322,598,943	365,024,944
Deferred inflows of resources	95,065,401	67,844,249
Total liabilities and deferred inflows of resources	417,664,344	432,869,193
Net position:		
Net investment in capital assets	166,134,345	161,996,550
Restricted, expendable	26,308,147	22,574,842
Unrestricted	75,926,493	59,609,587
Total net position	$ 268,368,985	$ 244,180,979

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

The statement of revenues, expenses, and changes in net position represents the operating results of the College, as well as the nonoperating revenues and expenses. Annual state appropriations, while budgeted for operations, are considered nonoperating revenues according to accounting principles generally accepted in the United States.

The summary of the statement of revenues, expenses, and changes in net position for the years ended June 30, 2023, and 2022 is further detailed below.

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

Years ended June 30, 2023 and 2022

	2023	2022
Operating revenues:		
Tuition and fees, net	$ 41,438,352	$ 37,931,788
Government grants and contracts	6,499,011	3,106,965
Auxiliary	1,063,707	1,037,105
Other	1,431,663	1,325,301
Total operating revenues	50,432,733	43,401,159
Operating expenses	170,265,786	200,324,796
Operating loss	(119,833,053)	(156,923,637)
Nonoperating revenues and expenses:		
Property and other taxes	92,405,515	91,200,807
Government appropriations, grants, and contracts	48,071,106	83,191,976
Investment income	8,149,505	1,421
Interest expense	(6,873,025)	(7,236,892)
Other	893,649	446,255
Total nonoperating revenues and expenses, net	142,646,750	167,603,567
Change in net position before capital contributions	22,813,697	10,679,930
Capital contributions	1,374,309	2,355,011
Change in net position	24,188,006	13,034,941
Net position, beginning of year	244,180,979	231,146,038
Net position, end of year	$ 268,368,985	$ 244,180,979

Revenues

Total revenues were $201.3 million and $220.6 million in fiscal years 2023 and 2022, respectively. Revenues from property taxes, the College's largest revenue source, increased $4.3 million. This revenue increase was directly related to an increase in the College's tax levy to keep pace with inflation. The second largest revenue source is tuition and fees, which increased $3.5 million. The increase in tuition and fees was driven by increases in the following areas: enrollment, tuition rates, course material fees, and a reduction in tuition waiver activity.

Revenues – Fiscal Year 2023 compared to 2022

	2023	2022
Revenues		
Operating Revenues	$ 50,432,733	$ 43,401,159
Nonoperating Revenues	149,519,775	174,840,459
Capital Contributions	1,374,309	2,355,011
Total Revenues	$ 201,326,817	$ 220,596,629

Operating revenues increased by $7.0 million due to an increase in net student tuition and fees and operating grants.

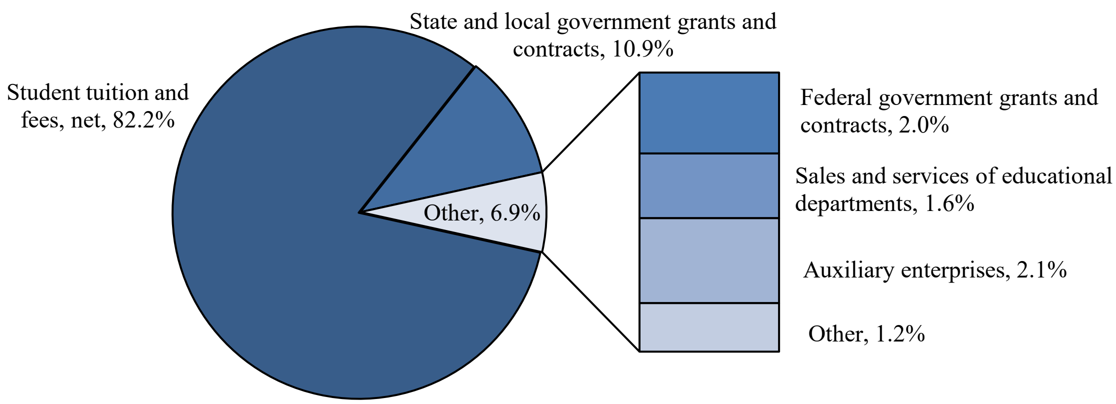
	2023	2022
Operating Revenues:		
Student tuition and fees, net	$ 41,438,352	$ 37,931,788
State and local government grants	5,495,058	2,592,522
Federal government grants	1,003,953	514,443
Auxiliary enterprises	1,063,707	1,037,105
Sales and services of educational departments	812,397	780,396
Other	619,266	544,905
Total Operating Revenues	$ 50,432,733	$ 43,401,159

Nonoperating revenues decreased by $25.3 million in total. The College recognized $4.3 million of additional revenues in property taxes and $8.1 million of additional investment revenue when compared to the prior year. However, these increases were fully offset by a $15.7 million decrease in the state retirement on-behalf plan contributions and a $22.0 million decrease in Federal government grants and contract revenues as the Higher Education Emergency Relief Funds were fully expended in the prior fiscal year. The on-behalf contribution is detailed further in note 7 and 11 of the financial statements.

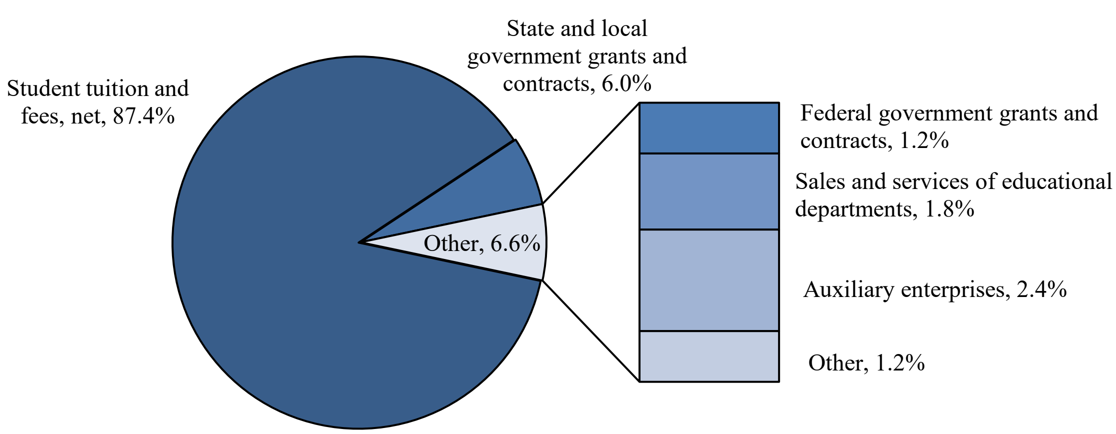
	2023	2022
Nonoperating revenues:		
Property taxes	$ 92,405,515	$ 88,107,411
State appropriations	9,463,161	9,121,825
State retirement on-behalf plan contribution (notes 7 & 11)	18,657,686	34,370,102
Personal property replacement tax	3,228,170	3,093,396
State and local government grants and contracts	3,439,010	4,383,091
Federal government grants and contracts	13,283,079	35,316,958
Gifts	383,525	209,070
Investment income, net of investment expense	8,149,505	1,421
Other	510,124	237,185
Total Nonoperating Revenues	$ 149,519,775	$ 174,840,459

The following are graphic illustrations of operating revenues by type:

FY 2023 Operating Revenues



FY 2022 Operating Revenues



Expenses

Total expenses were $177.1 million and $207.6 million in fiscal years 2023 and 2022, respectively.

	2023	2022
Expenses		
Operating Expenses	$ 170,265,786	$ 200,324,796
Nonoperating Expenses (Interest Expense)	6,873,025	7,236,892
Total Expenses	$ 177,138,811	$ 207,561,688

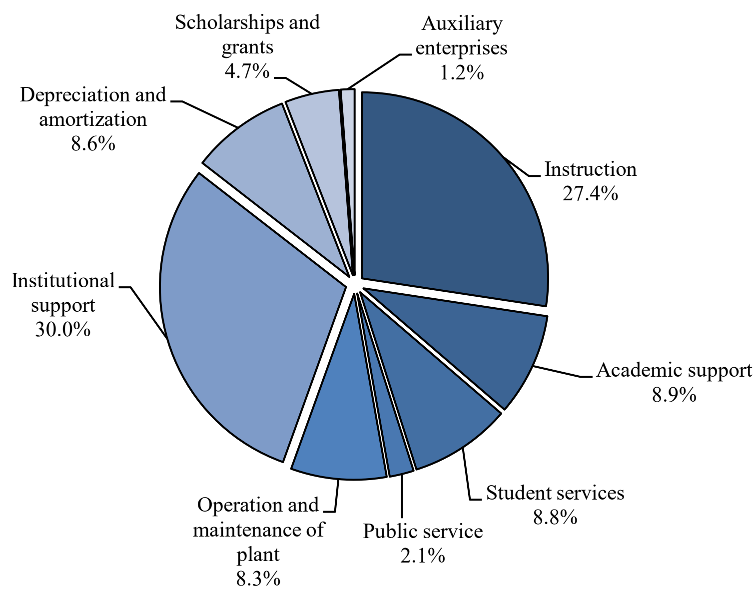
Expenses – Fiscal Year 2023 compared to 2022

Operating expenses decreased by $30.1 million in fiscal year 2023 when compared to fiscal year 2022. The decrease was driven by a $15.7 million reduction in the state retirement and OPEB on-behalf plan contributions. In addition, scholarship and grant expenses decreased $14.5 million when compared to the prior year because the Higher Education Emergency Relief Funds were fully expended in fiscal year 2022.

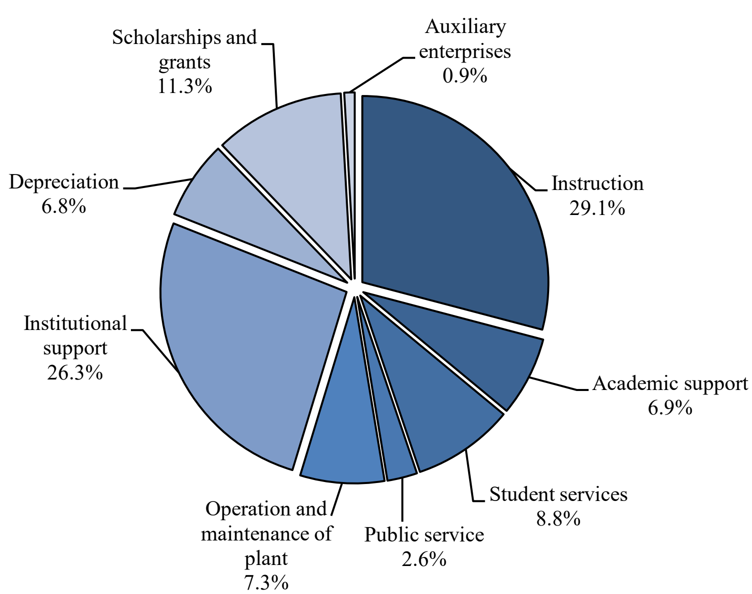
	2023	2022
Operating Expenses:		
Instruction	$ 46,711,340	$ 58,392,949
Academic support	15,184,988	13,796,541
Student services	14,983,497	17,678,806
Public services	3,578,719	5,240,249
Operation and maintenance	14,153,972	14,592,472
Institutional	50,979,259	52,583,221
Scholarships and grants	8,053,523	22,596,209
Auxiliary enterprises	2,062,271	1,825,490
Depreciation	14,558,217	13,618,859
Total Operating Expenses	$ 170,265,786	$ 200,324,796

The following are graphic illustrations of operating expenses by type and function:

FY 2023 Operating Expenses



FY 2022 Operating Expenses



The College continues to manage its resources and planned expenses within a framework of long-range planning and budgeting. Salaries and benefits represent roughly two-thirds of total expenses for fiscal years 2023 and 2022. Salary costs are determinable for at least the year for all unionized employee groups at the College, because of negotiated contracts. As in most organizations, the College faces the challenge of funding escalating health care costs. The College has programs in place to mitigate the rising costs.

Retirement contributions made by the State on behalf of the College decreased by approximately $15.7 million, determined entirely by the State and its actuaries. On behalf payments have no net impact on the College's financial statements as they are presented as revenue and expense in equal amounts. The offsetting expense is allocated amongst the functional expenses.

Capital Assets

	Year ended June 30, 2023	2022
Land and land improvements	$ 4,326,007	$ 4,326,007
Buildings and improvements	415,953,784	413,680,827
Equipment	27,041,523	24,937,174
Construction in progress	5,494,629	4,755,282
Art Collection	1,842,835	1,835,760
Subscriptions	4,470,512	3,203,431
Subtotal	459,129,290	452,738,481
Less: accumulated depreciation	(217,394,915)	(202,952,036)
Net capital assets	$ 241,734,375	$ 249,786,445

Net Capital Assets – Fiscal Year 2023 Compared to 2022

As of June 30, 2023, the College had net capital assets of $241.7 million, a decrease of $8.1 million from 2022. The decrease was due to depreciation expense exceeding capital asset additions. More detailed information on capital assets is provided in Note 4 to the basic financial statements.

Debt Administration

The College issued approximately $5.0 million of bonds in fiscal year 2023, but overall long-term debt obligations decreased by $8.7 million due to existing debt payments made in the fiscal year. More detailed information on debt obligations are provided in Note 6 to the basic financial statements.

Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments received and made during the year. This statement also helps users assess the College's ability to generate net cash flows, its ability to meet its obligations as they become due, and its need for external financing.

The primary cash receipts from operating activities consist of tuition and fee revenues. The largest source of cash is local taxes. Local taxes, along with the State appropriation, are classified as nonoperating sources by accounting standards even though the College's budget depends on this to continue the current level of operations. Cash outlays include payment of wages, benefits, services, supplies, and scholarships. Overall, net cash and cash equivalents decreased by $8.2 million, primarily due to the proceeds from the sale of bonds in the previous year being invested and other schedule bond payments.

Current Issues

The College's management believes it will continue its strong financial position into the future. The major external validation of this strength is Moody's Investors Service. Moody's reaffirmed its highest credit rating (Aaa) for the College in February 2023, with a stable outlook. This rating looks at the overall financial health of which net position is a major component. The higher the rating the lower the cost to issue bonds. The lower the cost to issue bonds, the lower the cost to taxpayers in future periods. This aids in obtaining capital funding at the most competitive rates. The Board approved the placement of a bond question on the referendum for November 2018, and the community supported it. The bonds were sold in October 2020, and the $163 million in proceeds will be used for projects identified through the updated campus master plan and maintaining and improving campus infrastructure.

The College has a practice of issuing smaller general obligation limited bonds on an every other year schedule. It is our intention to continue this practice and issue general obligation limited bonds in the spring of 2025 in an amount similar to our series 2023 limited bonds (see note 6 for more detail).

Going forward, the College will continue its prudent attention to spending and balanced budgets to prevent the erosion of the College's current financial position.

Statement 1

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Business-Type Activities
Statement of Net Position as of June 30, 2023

Assets		2023
Current assets:		
Cash and cash equivalents (note 2)	$	66,612,826
Accounts receivable, net (note 3)		59,843,346
Investments (note 2)		82,171,456
Prepaid expenses and other assets		358,667
Total current assets		208,986,295
Noncurrent assets:		
Restricted cash and cash equivalents (note 2)		137,491,847
Restricted investments (note 2)		74,314,991
Other long-term investments (note 2)		18,225,344
Capital assets, not being depreciated (note 4)		11,663,471
Capital assets, net of accumulated depreciation/amortization (note 4)		230,070,904
Total noncurrent assets		471,766,557
Total assets		680,752,852
Deferred outflows of resources		
Deferred outflows of resources related to OPEB plans (note 11)		3,938,127
Deferred loss on debt refunding (note 6)		1,342,350
Total deferred outflows of resources		5,280,477
Liabilities		
Current liabilities:		
Accounts payable and other liabilities		4,368,625
Reserve for property tax refunds		2,212,017
Accrued payroll and compensated absences (note 5)		5,786,096
Deposits held for others		828,335
Unearned tuition and other revenue		10,741,516
Worker's compensation claims liability (note 10)		282,709
Current portion of long-term obligations (note 6)		14,613,271
Total current liabilities		38,832,569
Noncurrent liabilities:		
Long-term obligations (note 6)		250,104,170
Unearned revenue		687,241
Other Post Employment Benefits (note 11)		32,974,963
Total noncurrent liabilities		283,766,374
Total liabilities		322,598,943
Deferred inflows of resources		
Deferred inflows of resources related to OPEB plans (note 11)		42,269,387
Deferred inflows - service concession arrangement (note 12)		4,969,958
Deferred inflows - property taxes		47,826,056
Total deferred inflows of resources		95,065,401
Net Position		
Net investment in capital assets		166,134,345
Restricted:		
Working cash		9,680,000
Debt service		11,560,002
Capital projects		5,068,145
Unrestricted		75,926,493
Total net position	$	268,368,985

See accompanying notes to financial statements.

Statement 2

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities

Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Year Ended June 30, 2023

		2023
Operating revenues:		
Student tuition and fees, net of scholarships and allowances of $8,795,956	$	41,438,352
State and local government grants and contracts		5,495,058
Federal government grants and contracts		1,003,953
Sales and services of educational departments		812,397
Auxiliary enterprises		1,063,707
Other		619,266
Total operating revenues		50,432,733
Operating expenses:		
Educational and general:		
Instruction		46,711,340
Academic support		15,184,988
Student services		14,983,497
Public service		3,578,719
Operation and maintenance of plant		14,153,972
Institutional support		50,979,259
Scholarships and grants		8,053,523
Auxiliary enterprises		2,062,271
Depreciation and amortization		14,558,217
Total operating expenses		170,265,786
Operating loss		(119,833,053)
Nonoperating revenues (expenses):		
Property taxes		92,405,515
State appropriations		9,463,161
State retirement & OPEB on-behalf plan contributions (notes 7 & 11)		18,657,686
Personal property replacement tax		3,228,170
State and local government grants and contracts		3,439,010
Federal government grants and contracts		13,283,079
Gifts		383,525
Investment income, net of investment expense		8,149,505
Interest expense		(6,873,025)
Other		510,124
Total nonoperating income		142,646,750
Change in net position before capital contributions		22,813,697
Capital contributions		1,374,309
Change in net position after capital contributions		24,188,006
Net position at beginning of year		244,180,979
Net position at end of year	$	268,368,985

See accompanying notes to financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities
Statement of Cash Flows for the Fiscal Year Ended June 30, 2023

		2023
Cash flows from operating activities:		
Student tuition and fees	$	42,201,458
Student aid		7,278,883
Sales and services of educational departments		812,397
Payments to suppliers		(51,448,280)
Payments to employees		(97,045,283)
Auxiliary enterprises		583,139
Other		(79,737)
Net cash used in operating activities		(97,697,423)
Cash flows from noncapital financing activities:		
Property taxes		90,310,883
State appropriations		9,463,161
Personal property replacement taxes		3,228,170
Receipts of student scholarships and other allowances		8,795,956
Disbursements of student scholarships and other allowances		(8,795,956)
Contributions and gifts		383,525
Government grants and contracts		16,722,089
Net cash provided by noncapital financing activities		120,107,828
Cash flows from capital and related financing activities:		
Purchases of capital assets		(4,289,082)
Proceeds from sale of bonds		5,184,503
Bond issuance costs		(135,963)
Principal paid on long-term obligations		(13,777,959)
Interest paid on long-term obligations		(7,955,295)
Net cash used in capital and related financing activities		(20,973,796)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments		695,043,041
Purchase of investments		(712,601,966)
Interest on investments		7,930,366
Net cash provided by (used in) investing activities		(9,628,559)
Net increase (decrease) in cash and cash equivalents		(8,191,950)
Cash and cash equivalents at the beginning of year		212,296,623
Cash and cash equivalents at the end of year	$	204,104,673

(Continued)

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities
Statement of Cash Flows for the Fiscal Year Ended June 30, 2023

		2023
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(119,833,053)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization		14,558,217
On-behalf contributions to state retirement system		27,914,052
On-behalf contributions to state OPEB		(9,256,366)
Changes in net position:		
Receivables, net:		
Student		(179,404)
Federal, State, and other		779,872
Other		(480,568)
Prepaid expenses		890,150
Accounts payable and other liabilities		217,234
Accrued payroll and compensated absences		(3,134,432)
Deposits held for others		(1,209,127)
Unearned tuition and other revenue		942,510
Other Post Employment Benefits		(9,446,381)
Other liabilities		539,873
Net cash used in operating activities	$	(97,697,423)

See accompanying notes to financial statements.

Noncash activities:

During the year ended June 30, 2023, the College received $1,374,309 in capital contributions from the Illinois Community Development Board and the Harper College Foundation.

At June 30, 2023, capital assets totaling $1,607,833 were included in accounts payable and other liabilities.

Statement 4

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Component Unit – William Rainey Harper College Educational Foundation
Statement of Financial Position as of June 30, 2023

Assets		2023
Cash	$	2,608,252
Accounts receivable		7,990
Pledges receivable, net		274,126
Investments		45,541,921
Total assets	$	48,432,289
Liabilities		
Accounts payable	$	406,499
Total liabilities		406,499
Net Assets		
Without donor restrictions		5,654,873
Without donor restrictions - board designated operating reserve		994,298
Without donor restrictions - board designated endowment		28,076,063
Total without donor restrictions		34,725,234
With donor restrictions		13,300,556
Total net assets		48,025,790
Total liabilities and net assets	$	48,432,289

See accompanying notes to financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Component Unit – William Rainey Harper College Educational Foundation
Statement of Activities for the Fiscal Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Contributions	$ 91,370	$ 1,368,585	$ 1,459,955
In-kind contributions	7,564	—	7,564
Fundraising events	186,752	4,800	191,552
Interest income	218,568	25,910	244,478
Investment gain (loss)	1,727,545	724,289	2,451,834
Net assets released from restrictions	1,598,241	(1,598,241)	—
	3,830,040	525,343	4,355,383
Expenses:			
Program	6,065,412	—	6,065,412
Management and general	248,258	—	248,258
Costs of direct benefits to donors	42,137	—	42,137
Fundraising	333,867	—	333,867
	6,689,674	—	6,689,674
Transfer from affiliate - William Rainey Harper College	585,659	—	585,659
Transfer to affiliate - William Rainey Harper College	—	—	—
Change in net assets	(2,273,975)	525,343	(1,748,632)
Net assets at beginning of year	36,999,209	12,775,213	49,774,422
Net assets at end of year	$ 34,725,234	$ 13,300,556	$ 48,025,790

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

The accounting policies of William Rainey Harper College – Community College District No. 512 (the College) conform to U.S. generally accepted accounting principles applicable to government units and Illinois Community Colleges. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing accounting and financial reporting principles. The authoritative pronouncements are consistent with the accounting practices prescribed or permitted by the Illinois Community College Board (ICCB), as set forth in the ICCB *Fiscal Management Manual*. The following is a summary of the more significant policies.

(a) Reporting Entity

The financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

(1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

(2) Fiscal dependency on the primary government and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The William Rainey Harper College Educational Foundation (the Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation's board is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted by donors to the activities of the College. Because these restricted resources can only be used by or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model is ASC 958 Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Complete financial statements for the Foundation can be obtained from Harper College Educational Foundation, 1200 West Algonquin Road, Palatine, IL 60067 or 847-925-6182.

In addition, the College is not aware of any entity whose elected officials are financially accountable for the operations of the College, which would result in the College being considered a component unit of such entity.

(1) Summary of Significant Accounting Policies (Continued)

(b) Financial Statement Presentation and Basis of Accounting

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 specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

(c) Cash Equivalents

The College considers funds invested through Illinois School District Liquid Asset Fund (ISDLAF) and investments less than 90 days as cash equivalents.

(d) Investments

Investments are reported at fair value using the market approach. Money markets and cash equivalents are reported at cost or amortized cost. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position.

(e) Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the statements of net position.

(f) Capital Assets

Capital assets are reported at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. The College's capitalization policy on renovations to buildings, infrastructure, land improvements, and subscriptions includes projects greater than $100,000.

Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 10 to 20 years for building improvements, 15 to 20 years for land improvements, and 3 to 10 years for equipment.

(1) Summary of Significant Accounting Policies (Continued)

(g) Premiums, Discounts, Issuance Costs, and Deferred Amounts on Refundings

Bond premiums and discounts are recorded and amortized over the life of the bonds using the effective interest method. Long-term obligations (general obligation bonds) are reported net of the applicable bond premium or discount. The deferred gain or loss amount on a refunding is shown as a deferred inflow or outflow. Bond issuance costs are expensed at the time of issuance.

(h) Unearned Revenue

Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

(i) Property Taxes

The College's property taxes are levied each calendar year on all taxable real property located in the District. The College's District includes property located in Cook, Kane, Lake and McHenry counties, with over 93% of the property taxes coming from Cook County. The County Assessor is responsible for assessment of all taxable real property within Cook County except for certain railroad property, which is assessed directly by the State. Reassessment is on a three-year schedule established by the County Assessor. The 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 each unit its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year, generally on March 1st and August 1st of each year. The first installment is an estimated bill and is approximately one-half of the prior year's tax bill. The second installment is based on the current levy, assessment, equalization, and certificate to limit levy, if any; changes from the prior year will be reflected in the second installment bill. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

In accordance with the College's Board resolution, 50% of property taxes extended for calendar year 2021 and 50% of property taxes extended for calendar year 2022 are intended to finance the College's fiscal year 2023 budget, and accordingly, have been recorded as revenue for the year ended June 30, 2023. The remaining revenue related to the 2022 tax year extension has been classified as a deferred inflow and will be recorded as revenue in fiscal year 2024. The College records real property taxes at 99.75% of the 2022 extended levy, based upon collection histories. A reserve of $2,212,017 has been recorded for the net amount of property tax refunds at June 30, 2023.

(j) Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statements of net position, and as a component of compensation and benefit expense in the statements of revenues, expenses, and changes in net position.

(1) Summary of Significant Accounting Policies (Continued)

The College has not recorded a liability for accumulated sick pay because employees are not entitled to cash compensation for unused sick leave upon termination. Employees who retire are given credit for unused sick leave towards years of service in the State Universities Retirement System pension plan.

(k) Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable, greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; (3) other postemployment benefits and (4) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

(l) Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of accumulated depreciation and debt related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Restricted net position includes resources which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

(m) Classification of Revenues

The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) federal and state awards for student financial aid, and (4) interest on institutional student loans.

Nonoperating revenues – Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as (1) local property taxes, (2) state appropriations, (3) most federal, state, and local grants and contracts and Federal appropriations, and (4) gifts and contributions, and investment income.

(1) Summary of Significant Accounting Policies (Continued)

(n) Classification of Expenses

The College classifies all expenses as operating in the statement of revenues, expenses, and changes in net position, except for interest expense and losses on disposal of capital assets which are classified as nonoperating.

(o) Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

(p) Pensions

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

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the College) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The College recognizes its proportionate share of the State's pension expense related to the College's employees as nonoperating revenue and pension expense, with the expense further allocated to the related function by employees.

(q) Other Post Employment Benefits

For purposes of measuring the College's Postemployment Benefits Other Than Pensions ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State of Illinois Department of Central Management Services Community College Health Insurance Security Fund ("CCHISF") and additions to/deductions from the CCHISF Plan's fiduciary net position have been determined on the same basis as they are reported by the CCHISF Plan. For this purpose, the CCHISF Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

(1) Summary of Significant Accounting Policies (Continued)

(r) Component Unit

The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. The Foundation's financial statements are presented on the accrual basis of accounting and 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. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board may impose stipulations on these assets for a specific purpose or future use.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by actions of the Foundation pursuant to those restrictions or are required to be maintained in perpetuity by the Foundation.

Contributions and other revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction.

All contributions and special event revenue are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions. When a restriction expires net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Foundation recognizes contributions and special event revenue when an unconditional promise to give cash, securities, other assets, services or space, is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized as revenue until the conditions on which they depend have been met.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in more than one year are initially reported at fair value determined using the discounted present value of estimated future cash flows technique based on a risk adjusted 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.

The Foundation recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Donated assets are recorded in the financial statements as assets and revenue at their estimated fair market value on the dates the assets are contributed.

(1) Summary of Significant Accounting Policies (Continued)

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged when feasible. Costs that cannot be directly charged (salaries and wages and rent expense) are allocated based on time and effort.

Investments are measured at fair value. The net asset value (NAV) reported by the investment manager of funds within the Commonfund Group (Commonfund) is used as a practical expedient to estimate the fair value of the Foundation's interest therein.

(s) New Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Upon the College's adoption of GASB Statement No. 95, the effective date of the Statement was delayed for the College until the fiscal year ended June 30, 2023. This Statement was adopted in the current year with no material impact.

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement is effective for the College's fiscal year ended June 30, 2023. This Statement was adopted in the current year with no material impact.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended*.* This Statement is effective for the College's fiscal year ended June 30, 2023 and was adopted. Please see Note 14 for more information.

(1) Summary of Significant Accounting Policies (Continued)

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This statement provides clarifications to the following previously issued statements:

- Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*,
- Statement No. 87, *Leases*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

The effective date of this Statement is staggered. Portions were implemented during the years ended June 30, 2022 and 2023 with no material impact. The remaining portions of this Statement are effective for the College's fiscal years ended June 30, 2024 and 2025. Management has not determined what impact, if any, this Statement will have on its financial statements

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement is effective for the College's fiscal year ended June 30, 2025. Management has not determined what impact, if any, this Statement will have on its financial statements.

In June 2022, the GASB issued Statement 101, *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for the College's fiscal year ended June 30, 2025. Management has not determined what impact, if any, this Statement will have on its financial statements.

(2) Deposits and Investments

Cash and investments consisted of the following as of June 30, 2023:

Demand deposits	$ 4,149,926
Savings Deposit Account	5,001,384
Certificates of deposit	52,978,369
Government securities commons and collective trust funds	149,814,930
Illinois School District Liquid Asset Fund Plus (government investment pool)	46,896,508
The Illinois Funds (government investment pool)	45,660,356
State and local government municipal bonds	74,314,991
Total	$ 378,816,464

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the College's deposits may not be returned. The College's investment policy requires that time deposits in excess of Federal Depository Insurance Corporation (FDIC) insurable limits at a single financial institution be secured by collateral or private insurance. As of June 30, 2023 there was no custodial credit risk for the time deposits as they were either insured or collateralized with investments held by the College or its agent in the College's name. The College also has bank demand deposits where collateral is updated daily based on the prior days ending balance. As of June 30, 2023 the demand deposits were fully insured or collateralized.

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

As of June 30, 2023, the maturities for the College's fixed-income investments are as follows:

		Investment maturities (in years)		
	Reported value	Less than 1	1 to 5	6 to 10
Certificate of deposit	$ 52,978,369	$ 40,234,421	$ 12,743,948	$ -
Savings Deposit Account	5,001,384	5,001,384	-	-
Government securities commons and collective trust funds	149,814,930	144,333,533	5,481,397	-
Illinois School District Liquid Asset Fund Plus (government investment pool)	46,896,508	46,896,508	-	-
The Illinois Funds (government investment pool)	45,660,356	45,660,356	-	-
State and local government municipal bonds	74,314,991	26,972,928	47,342,063	-
Total	$ 374,666,538	$ 309,099,130	$ 65,567,408	$ -

(2) Deposits and Investments (Continued)

Credit Risk – Investments – Credit risk is the risk that the College will not recover its investments due to the ability of the counterparty to fulfill its obligation. Illinois statutes authorize the College to invest in obligations of the U.S. Treasury and U.S. Agencies, interest-bearing savings accounts, interest-bearing time deposits, money market mutual funds registered under the Investment Company Act of 1940 (limited to U.S. Government obligations), shares issued by savings and loan associations (provided the investments are insured by the Federal Savings and Loan Insurance Corporation (FSLIC)), short-term discount obligations issued by the Federal National Mortgage Association, share accounts of certain credit unions, securities issued by The Illinois Funds, investments in the Illinois School District Liquid Asset Fund, and certain repurchase agreements.

The Illinois Funds is a Local Government Investment Pool (LGIP) created by the Illinois State Legislature and is managed by the Illinois State Treasurer's Office. The Illinois School District Liquid Asset Fund was formed by the Illinois Association of School Boards, the Illinois Association of School Administrators and the Illinois Association of School Business Officials in accordance with the laws of the State of Illinois. For both funds the fair value of their positions in the pool are the same as the value of the pool shares.

The College is also authorized to invest in short-term obligations of corporations organized in the United States with assets exceeding $500,000,000 if such obligations are rated at the time of purchase within the three highest classifications established by two or more standard rating services, the obligations mature within 180 days, no more than 1/3 of the total average balances from all funds available at the end of each month is invested in such obligations at any time and such purchases do not exceed 10% of a corporation's outstanding obligations. Investments may be made only in banks, which are insured by the Federal Deposit Insurance Corporation (FDIC).

The College's investment policy does not further limit its investment choices.

As of June 30, 2023, the College had the following fixed income investments, which are rated by Standard & Poor's (S&P):

	2023	
	Reported value	S&P Rating
Government securities commons and collective trust funds	$ 149,814,930	AA+ and AAA
Illinois School District Liquid Asset Fund Plus (government investment pool)	46,896,508	AAA
The Illinois Funds (government investment pool)	45,660,356	AAA*
State and local government municipal bonds	74,314,991	AA+ and AAA
Total	$ 316,686,785	

*The Illinois Funds have a AAA Fitch rating

(2) Deposits and Investments (Continued)

Concentration of Credit Risk – Investments – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The College's investment policy does not limit the amount the College may invest in any one issuer. The College is considered to have a concentration of credit risk if its investment in any one single issue is greater than 5% of the total fixed income investments. At June 30, 2023, the College did not have a concentration of credit risk.

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurement as of June 30, 2023:

- Depository Trust Company Certificate of Deposits of $7,043,119 were valued using Level 2 inputs.
- Municipal bond securities of $74,314,991 were valued using Level 2 inputs.
- U.S. agency securities $7,646,730 were valued using Level 2 inputs.

(3) Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Illinois. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Accounts receivable consisted of the following at June 30, 2023:

Property taxes	$ 48,316,999
Student tuition and fees	12,536,707
Auxiliary enterprises and other operating activities	2,211,488
Accrued interest	974,224
Federal, state, and private grants and contracts	2,171,310
	66,210,728
Less allowance for doubtful accounts	6,367,382
Net accounts receivable	$ 59,843,346

(4) Capital Assets

Following are the changes in capital assets for the year ended June 30, 2023:

	Restated July 1, 2022	Additions	Deletions	June 30, 2023
Capital assets not being depreciated:				
Land and land improvements	$ 4,326,007	$ -	$ -	$ 4,326,007
Art Collection	1,835,760	7,075	-	1,842,835
Construction in progress	4,755,282	3,553,109	(2,813,762)	5,494,629
Total capital assets not being depreciated	10,917,049	3,560,184	(2,813,762)	11,663,471
Capital assets being depreciated/amortized:				
Buildings and building improvements	413,680,827	2,394,259	(121,302)	415,953,784
Equipment	24,937,174	2,134,354	(30,005)	27,041,523
Subscriptions	3,203,431	1,267,081	-	4,470,512
Total capital assets being depreciated/amortized	441,821,432	5,795,694	(151,307)	447,465,819
Less accumulated depreciation/amortization:				
Buildings and building improvements	179,923,136	12,656,884	(85,333)	192,494,687
Equipment	23,028,900	859,940	(30,005)	23,858,835
Subscriptions	-	1,041,393	-	1,041,393
Total accumulated depreciation/amortization	202,952,036	14,558,217	(115,338)	217,394,915
Total capital assets being depreciated/ amortized, net	238,869,396	(8,762,523)	(35,969)	230,070,904
Total capital assets, net	$ 249,786,445	$ (5,202,339)	$ (2,849,731)	$ 241,734,375

July 1, 2022 has been restated for GASB 96 implementation.

The College has committed an additional $84,357,373 for the completion of the capital projects included in construction in progress above.

(5) Accrued Vacation

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, 2023, employees had earned but not taken annual leave which at salary rates in effect, aggregated $3,176,505. It is anticipated the entire vacation accrual liability will be liquidated during the upcoming fiscal year; therefore, it is considered a current liability.

July 1, 2022	Issuances	Retirements	June 30, 2023
$ 3,359,967	$ 2,594,007	$ 2,777,469	$ 3,176,505

(6) General Long-Term Obligations

The following is a summary of the College's bond and subscription-based information technology arrangement transactions for the year ended June 30, 2023:

	Restated Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Portion
$103,450,000 G.O Refunding Bonds, 2017B series, due in annual installments through December 1, 2028 bearing interest at 1.3% - 2.4%	$ 76,505,000	$ -	$ 9,000,000	$ 67,505,000	$ 9,635,000
$163,280,000 G.O Limited tax bonds, 2020 series, due in annual installments through December 15, 2038 bearing interest at 2.4% - 4.0%	162,745,000	-	1,350,000	161,395,000	1,515,000
$4,335,000 G.O Limited tax bonds, 2021 series, due in annual installments through December 1, 2023 bearing interest at 5.0%	4,280,000	-	2,415,000	1,865,000	1,865,000
$4,995,000 G.O Limited tax bonds, 2023 series, due in annual installments through December 1, 2025 bearing interest at 5.0%	-	4,995,000	-	4,995,000	615,000
Subscriptions	3,203,431	1,267,081	1,012,959	3,457,553	983,271
Unamortized premium/discount	28,059,580	189,503	2,749,195	25,499,888	-
Total	$ 274,793,011	$ 6,451,584	$ 16,527,154	$ 264,717,441	$ 14,613,271

July 1, 2022 has been restated for GASB 96 implementation.

(6) General Long-Term Obligations (Continued)

At June 30, 2023, the annual cash flow requirements of bond principal and interest were as follows:

	Principal	Interest	Total
Year ending June 30:			
2024	$ 13,630,000	$ 8,861,331	$ 22,491,331
2025	14,670,000	8,108,888	22,778,888
2026	14,575,000	7,397,488	21,972,488
2027	13,805,000	6,710,013	20,515,013
2028	14,785,000	6,019,163	20,804,163
2029-2033	77,495,000	19,725,263	97,220,263
2034-2038	81,250,000	7,001,813	88,251,813
2039	5,550,000	65,906	5,615,906
Total	$ 235,760,000	$ 63,889,865	$ 299,649,865

The difference between the principal amount above ($235,760,000) and the total balance as of June 30, 2023 from the previous table ($264,717,441) is the unamortized premium remaining on the bonds as of year end ($25,499,888) and subscription liabilities ($3,457,553).

General Obligation Refunding Bonds – Series 2017B

On December 6, 2017, the College issued $103,450,000 in Series 2017B bonds with an average interest rate of 1.9% to advance refund $117,835,000 of outstanding 2009A Series bonds with an average interest rate of 3.5%. The net proceeds of $121,665,354 (after payment of $558,451 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009A Series bonds. As a result, the 2009A Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,571,012. This difference, reported in the accompanying financial statements as a deferred outflow, is being amortized through the year 2028 using the effective-interest method. The College completed the advance refunding to reduce its total debt service payments over ten years by $19,622,196 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $16,226,651. The total principal outstanding on the defeased Series 2009A bonds is $83,820,000 as of June 30, 2023.

Bond issue date	December 6, 2017
Current portion	$9,635,000
Long-term portion	$57,870,000
Interest rates	1.3% - 2.4%
Final payment date	December 1, 2028
Payment dates	June 1 and December 1

(6) General Long-Term Obligations (Continued)

General Obligation Limited Bonds – Series 2020

On October 29, 2020 the College issued referendum Series 2020 bonds in the amount of $163,280,000. Proceeds of the bonds will be used to pay (a) the costs to acquire real property, build and equip new buildings, build and equip additions to, and alter, equip, repair, and renovate, existing buildings of the College, and (b) costs associated with the issuance of the bonds.

Bond issue date	October 29, 2020
Current portion	$1,515,000
Long-term portion	$159,880,000
Interest rates	2.38% - 4.00%
Final payment date	December 15, 2038
Payment dates	June 15 and December 15

General Obligation Limited Bonds – Series 2021

On March 4, 2021 the College issued Series 2021 bonds in the amount of $4,335,000. It is the intent of the College to use the proceeds derived from the issuance of these bonds to finance capital projects and pay the cost of issuing the bonds.

Bond issue date	March 4, 2021
Current portion	$1,865,000
Long-term portion	N/A
Interest rates	5.0%
Final payment date	December 1, 2023
Payment dates	June 1 and December 1

General Obligation Limited Bonds – Series 2023

On March 2, 2023 the College issued Series 2023 bonds in the amount of $4,995,000. The bonds were used to pay debt certificates issued on December 13, 2022 in the amount of $5,000,000.

Bond issue date	March 2, 2023
Current portion	$615,000
Long-term portion	$4,380,000
Interest rates	5.0%
Final payment date	December 1, 2025
Payment dates	June 1 and December 1

Subscription-Based Information Technology Arrangements (SBITAs)

The College has entered into subscription-based contracts to use vendor-provided information technology with noncancelable terms ranging from one to six years. These contracts require the College to make fixed payments for the right to use software.

(6) General Long-Term Obligations (Continued)

Future subscription payments at June 30, 2023 are as follows:

Year ended June 30:	Principal	Interest
2024	$ 983,271	$ 91,812
2025	933,505	62,579
2026	961,282	34,802
2027	386,325	11,314
2028	193,170	2,849
Total payments	$3,457,553	$ 203,356

(7) Retirement Plans

State Universities Retirement System of Illinois (SURS)

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

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2022, can be found in the Financial Section of SURS ACFR.

Contributions. The State is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2022 and fiscal year 2023, respectively, was 12.32% and 12.83% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State's General Assembly.

(7) Retirement Plans (Continued)

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants), Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor). There were no such liabilities for the College at year-end.

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

Net Pension Liability. The net pension liability (NPL) was measured as of June 30, 2022. At June 30, 2022, SURS defined benefit plan reported a NPL of $29,078,053,857.

College Proportionate Share of Net Pension Liability. The amount of the proportionate share of the net pension liability to be recognized for the College is $0. The proportionate share of the State's net pension liability associated with the College was $405,599,014 or 1.3949%. The College's proportionate share changed by (0.0456%) from 1.4405% since the last measurement date on June 30, 2021. This amount is not recognized in the College's financial statements. The net pension liability and total pension liability as of June 30, 2022 was determined based on the June 30, 2021 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2021.

Defined Benefit Pension Expense. For the year ending June 30, 2022, SURS defined benefit plan reported a collective net pension expense of $1,903,314,699.

College Proportionate Share of Defined Benefit Pension Expense. The College's proportionate share of collective pension expense is recognized as nonoperating revenue with a matching operating expense (compensation and benefits) in the College's financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2021. As a result, the College recognized revenue and pension expense of $26,548,633 for the fiscal year ended June 30, 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. Deferred outflows of resources represent a consumption of net assets that applies to future periods. Conversely, deferred inflows of resources represent an acquisition of net assets that applies to future periods and represent an acquisition of net assets.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources for fiscal year 2023 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 31,973,496	$ 28,674,599
Changes in assumption	279,362,441	982,954,268
Net difference between projected and actual earnings on pension plan investments	31,628,935	-
Total	$ 342,964,872	$ 1,011,628,867

(7) Retirement Plans (Continued)

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

Fiscal Year Ending	Net Deferred Outflows (Inflows) of Resources
2024	$ (332,941,204)
2025	(528,966,820)
2026	(249,290,775)
2027	442,534,804
Total	$ (668,663,995)

College Deferral of Fiscal Year 2023 Pension Contributions.

The College paid $84,345 in federal, trust or grant contributions for the fiscal year ended June 30, 2023. These contributions were made subsequent to the pension liability measurement date of June 30, 2022. However, the amount is immaterial to the financial statements and has not been recognized as a deferred outflow of resources.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from June 30, 2017 – 2020. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.75 percent, including inflation
Investment rate of return	6.50 percent

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2022, these best estimates are summarized in table on the following page.

(7) Retirement Plans (Continued)

Asset Class	Stategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return
Traditional Growth		
Global Public Equity	38.00%	7.62%
Stabilized Growth		
Public Credit Fixed Income	9.00%	4.20%
Credit Real Assets	4.50%	4.98%
Options Strategies	2.50%	4.91%
Private Credit	1.00%	7.45%
Non-Traditional Growth		
Private Equity	10.50%	11.91%
Non-Core Real Assets	2.50%	9.43%
Inflation Sensitive		
US Tips	5.00%	1.23%
Principal Protection		
Core Fixed Income	8.00%	1.79%
Crisis Risk Offset		
Systematic Trend Following	10.00%	4.33%
Alternative Risk Premia	5.00%	3.59%
Long Duration	4.00%	2.16%
Total	100.00%	6.08%
Inflation		2.25%
Expected Arithmetic Return		8.33%

Discount Rate. A single discount rate of 6.39%, which is an increase of 0.27% from the prior year rate of 6.12%, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 3.69% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of SURS Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.39%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.39%	Current Single Discount Rate Assumption 6.39%	1% Increase 7.39%
$35,261,802,968	$29,078,053,857	$23,928,761,076

(7) Retirement Plans (Continued)

Additional information regarding the SURS basic financial statements, including the Plan Net Position, can be found in the SURS Annual Comprehensive Financial Report by accessing the website at www.SURS.org.

General Information about the Pension Plan

Plan Description. The College contributes to the Retirement Savings Plan (RSP) administered by the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State of Illinois (State) makes substantially all required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is governed by Chapter 40, Act 5, Article 15 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Benefits Provided. A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2022, can be found in SURS Annual Comprehensive Financial Report- Notes to the Financial Statements.

Contributions. All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from "trust, federal, and other funds" as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State's General Assembly.

Forfeitures. Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee's RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State's contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State's General Assembly.

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense. For the year ended June 30, 2022, the State's contributions to the RSP on behalf of individual employers totaled $89,770,940. Of this amount, $80,902,699 was funded via an appropriation from the State and $8,868,241 was funded from previously forfeited contributions.

(7) Retirement Plans (Continued)

Employer Proportionate Share of Defined Contribution Pension Expense. The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2022. The College's share of pensionable contributions was 1.5210%. As a result, the College recognized revenue and defined contribution pension expense of $1,365,419 from this special funding situation during the year ended June 30, 2023, of which $134,886 constituted forfeitures.

(a) Deferred Compensation Programs

The College offers both a 403(b) and a 457(b) program to eligible employees. The programs are not defined contribution plans, as the College acts as a conduit for the benefit of employees and their personal contributions.

(8) Contingencies

The College is involved in litigation and other claims that have arisen in the normal course of business. It is the opinion of management that the outcome of these matters will not have a material adverse effect on the financial position or results of operations of the College.

(9) Risk Management

The College is exposed to various risks of loss related to torts, property damage, and general business risks. The College carries commercial insurance coverage related to these potential risks and believes coverage is adequate to cover such risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

(10) Worker's Compensation Claims Liability

The College utilizes the services of Cannon Cochran Management Services Inc. (CCMSI) for administering their self-insured Worker's Compensation program. This program provides coverage for employer required worker's compensation coverage in the State of Illinois. For claims in excess of $250,000 the College has a stop loss policy.

On the following page is a reconciliation of changes in the liability for worker's compensation costs for last fiscal year. The liability is based on deposits net of charges for this past fiscal year. CCMSI has been administering this program since January 2004. This liability is included in the current liabilities on the statement of net position.

(10) Worker's Compensation Claims Liability (Continued)

Liability for worker's compensation claims at June 30, 2021	$	147,559
Claims incurred		311,696
Claims paid		(206,295)
Liability for worker's compensation claims at June 30, 2022		252,960
Claims incurred		251,064
Claims paid		(221,315)
Liability for worker's compensation claims at June 30, 2023	$	282,709

(11) Other Post Employment Benefits

(a) State of Illinois Department of Central Management Services Community College Health Insurance Security Fund ("CCHISF")

Plan description. The CCHISF is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CCHISF is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees and their dependents of Illinois community college districts throughout the State of Illinois, excluding the City Colleges of Chicago. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to CCHISF were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the State Universities Retirement System and the boards of trustees of the various community college districts.

All members receiving benefits from the State Universities Retirement System ("SURS") who have been full-time employees of a community college district or an association of a community college who have paid the required active member CCHISF contributions prior to retirement are eligible to participate in CCHISF. Survivors of an annuitant or benefit recipient eligible for CCHISF coverage are also eligible for coverage under CCHISF. CCHISF issues a publicly available report that can be obtained at https://www.auditor.illinois.gov/Audit-Reports/Compliance-Agency-List/CMS/CCHISP/FY22-CMS-CCHISF-Fin-Full.pdf.

Benefits provided. CCHISF health coverage includes provisions for medical, prescription drugs, vision, dental and behavioral health benefits. Eligibility to participate in the CCHISF is defined in the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3). The Act (5 ILCS 375/6.9) also establishes health benefits for community college benefit recipients and dependent beneficiaries.

(11) Other Post Employment Benefits (Continued)

Contributions. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF. The College and the State each contributed to the OPEB plan $335,171 for the year ended June 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At June 30, 2023, the College reported a liability of $22,444,294 for its proportionate share of the collective net OPEB liability. This liability reflects a reduction for State OPEB support.

College's proportionate share of the collective net OPEB liability	$	22,444,294
State's proportionate share that is associated with the College		22,453,573
Total	$	44,897,867

The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to June 30, 2022. The College's proportion of the collective net OPEB liability was based on the College's fiscal year 2022 contributions to the OPEB plan relative to the fiscal year 2022 contributions of all participating entities. At June 30, 2022, the College's proportion was 3.278645%, which was an increase of 0.10377% from its proportion measured as of June 30, 2021 (3.174875%). The College's proportion of the net OPEB liability that includes the state's proportionate share associated with the College was 6.56%, which is a 0.21% increase from 6.35% in the prior year.

For the year ended June 30, 2023, the College recognized a negative OPEB expense of $8,868,417. The College's proportionate share of collective OPEB expense is recognized as an on-behalf payment as both revenue and expense in the College's financial statements. The basis of allocation used is the actual OPEB expense for contributing entities. As a result, the College recognized a negative on-behalf revenue and a negative OPEB expense of $9,256,366.

(11) Other Post Employment Benefits (Continued)

At June 30, 2023, the College reported deferred outflows and inflows of resources related to the CCHISF OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 177,306	$ 9,348,745
Changes in assumptions	-	30,254,209
Net difference between projected and actual earnings on plan investments	-	1,161
Changes in proportionate and differences between College contributions and proportionate share for contributions	2,201,713	1,351,160
College contributions subsequent to the measurement date	335,171	-
Total	$ 2,714,190	$ 40,955,275

Of the total amount reported as deferred outflows of resources related to OPEB, $335,171 resulting from College contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the College's OPEB expense as follows:

Year ended June 30,	
2024	$ (9,696,009)
2025	(9,011,491)
2026	(8,036,002)
2027	(6,834,906)
2028	(4,997,848)
Total	$ (38,576,256)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on age and service and ranges from 12.75% at less than 1 year of service to 3.50% at 34 or more years of service for employees under 50 and and ranges from 12.00% at less than 1 year of service to 3.00% at 34 or more years of service for employees over 50. Salary increase includes a 3.00% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Trend rates for plan year 2023 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2024 and decrease gradually to an ultimate rate of 4.25% in 2039. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 5.86% in 2034, declining gradually to an ultimate rate of 4.25% in 2039.

(11) Other Post Employment Benefits (Continued)

Mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table and PubT-2010 Healthy Retiree Mortality Table. Disabled Annuitants: Pub-2010 Disabled Retiree Mortality Table. Pre-Retirement: Pub-2010 Employee Mortality Table and PubT-2010 Employee Mortality Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2020.

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

Discount rate. Projected benefit payments were discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax- exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.69% as of June 30, 2022, and 1.92% as of June 30, 2021. The increase in the single discount rate, from 1.92 percent to 3.69 percent, caused the total OPEB liability to decrease by approximately $119.2 million as of June 30, 2022.

During the plan year ending June 30, 2022, the trust earned $16,000 in interest and due to a significant benefit payable, the market value of assets at June 30, 2022, is a negative $123.6 million. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumption was set to zero.

Sensitivity of the College's proportionate share of the collective net OPEB liability to changes in the discount rate. The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.69%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.69%) or lower (2.69%) than the current rate:

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
College's proportionate share of the collective net OPEB liability	$ 24,569,278	$ 22,444,294	$ 20,627,129

(11) Other Post Employment Benefits (Continued)

Sensitivity of the College's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The following presents the College's proportionate share of the collective net OPEB liability, as well as what the College's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher or lower than the current healthcare cost trend rates. The key trend rates are 9.18% in 2023 decreasing to an ultimate trend rate of 4.25% in 2039.

	1% Decrease (a)	Healthcare Cost Trends Rates Assumption	1% Increase (b)
College's proportionate share of the collective net OPEB liability	$ 20,057,415	$ 22,444,294	$ 25,360,857

(a) One percentage point decrease in current healthcare trend rates -
Pre-Medicare per capita costs: 8.18% in 2023, 7.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2039.
Post-Medicare per capita costs: 1.98% in 2023, 0.00% from 2024 to 2028, 18.42% from 2029 to 2033, 4.86% in 2034 decreasing ratably to an ultimate trend rate of 3.25% in 2039.

(b) One percentage point increase in current healthcare trend rates –
Pre-Medicare per capita costs: 10.18% in 2023, 9.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2039.
Post-Medicare per capita costs: 3.98% in 2023, 1.00% from 2024 to 2028, 20.42% from 2029 to 2033, 6.86% in 2034 decreasing ratably to an ultimate trend rate of 5.25% in 2039.

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CCHISF financial report.

(b) Harper OPEB Plan

Plan description and benefits provided: The Harper OPEB Plan ("Plan") is a single-employer defined benefit OPEB plan administered by the College. The plan provides the continuation of health care benefits and life insurance to employees who retire from the College. Employees who terminate after reaching retirement eligibility in the plan are eligible to receive reimbursement for medical and dental insurance. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the College and is the basis for the OPEB obligation accounted for under GASB 75. Benefit provisions and contributions are established and can be amended by the Board. A separate report on the OPEB plan is not issued, and there are no assets accumulated in a GASB-compliant trust.

Active Membership: As of July 1, 2022, membership consisted of:

Active	386
Inactives currently receiving benefit payments	104
Total	490

(11) Other Post Employment Benefits (Continued)

Contributions: The College follows a pay-as-you go funding policy. This means the College pays the costs of the benefits as they become due. The costs are equal to the benefits distributed or claimed in the year. The College is not required to, and currently does not, advance fund the cost of benefits that will become due and payable in the future. The plan members do not have a required contribution.

Total OPEB Liability: The College's total OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability, after considering the sharing of benefit-related costs with inactive members, was determined by an actuarial valuation performed as of July 1, 2022.

Actuarial Valuation Date	July 1, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	N/A - No Assets
Assumptions	
Inflation	2.50%
Salary Scale	0.00%
Rate of Return	N/A - No Assets
Healthcare Cost Trend Rates	7.50% in fiscal 2023 trending to 4.50% in fiscal 2043 and onward
Mortality Tables	Mortality rates were based on the Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2021 for the faculty members and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021 for the others.

The discount rate changed from 2.16% to 3.69% for determining the 2023 total OPEB liability.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.69% for determining the 2023 OPEB liability and 2.16% for determining the 2022 OPEB liability. Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax exempt general obligation municipal bonds with an average S&P municipal bond 20 year high grade rate index as of the measurement date. Rates were taken from the Bond Buyer 20-Bond GO index as of the measurement date.

(11) Other Post Employment Benefits (Continued)

Changes in Total OPEB Liability:

	Fiscal Year 2023
Valuation date	July 1, 2022
Measurement date	June 30, 2022
Change in total OPEB liability (TOL)	
TOL, beginning of year	$ 12,028,057
Service cost	480,826
Interest cost	260,972
Change in Benefits	-
Difference Between Expected and Actual Experience	(156,391)
Benefits paid	(853,714)
Changes in assumptions	(1,229,081)
TOL, end of year	$ 10,530,669
Change in plan fiduciary net position (FNP)	
FNP, beginning of year	$ -
Employer contributions	853,714
Benefits paid	(853,714)
TOL, end of year	$ -

Rate Sensitivity: The following analysis presents the sensitivity of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate.

The table below presents the total OPEB liability of the College calculated using the discount rate of 2.16% as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher that the current rate.

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	$ 11,394,387	$ 10,530,669	$ 9,757,898

The table below presents the total OPEB liability of the College calculated using the healthcare rate of 7.50% to 4.50% as well as what the College's total OPEB liability would be if it were calculated using a healthcare rate that is one percentage point lower or one percentage point higher that the current rate.

	1% Decrease	Healthcare Cost Trends Rates Assumption	1% Increase
Total OPEB liability	$ 9,743,886	$ 10,530,669	$ 11,442,694

(11) Other Post Employment Benefits (Continued)

OPEB Expense/Income and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended June 30, 2023, the College recognized OPEB expense of $637,774. At year end, the College is reporting the following deferred inflows/outflows of resources related to the plan.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (226,255)
Changes in assumptions	343,368	(1,087,857)
College contributions subsequent to the measurement date	880,569	-
Total	$ 1,223,937	$ (1,314,112)

Of the total amount reported as deferred outflows of resources related to OPEB, $880,569 resulting from College contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the College's OPEB expense as follows:

Year ended June 30,	
2024	$ (46,353)
2025	(113,192)
2026	(203,684)
2027	(204,797)
2028	(204,796)
Thereafter	(197,922)
Total	$ (970,744)

The combined total of OPEB negative expense recognized during the year related to the CCHISF and Harper OPEB Plan is $8,230,643.

12) Service Concession Arrangement with the Palatine Park District

During fiscal year 2017 the College entered into a Service Concession Arrangement ("SCA"), as defined by GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* with the Palatine Park District. The Park District agreed to provide a capital contribution of up to $9,000,000 to help renovate and construct the Health and Recreation Center. The Park District began operating the aquatic center facility when it was completed in August of 2018. As of June 30, 2023, the Park District has been billed and paid the capital contribution amount in full, which has been recorded as a deferred inflow of resources. The SCA deferred inflow of resources will be recognized as revenue over the life of the arrangement as shown below.

Year ended June 30,	Revenue Recognized	
2024	$	905,560
2025		931,801
2026		958,802
2027		986,586
2028		1,015,176
2029		172,033
Total	$	4,969,958

(13) Tax Abatements

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The College is affected by Cook County's Class 6b property tax incentive program. The purpose of the Class 6b program is to encourage industrial development throughout Cook County by offering a real estate tax incentive for the development of new industrial facilities, the rehabilitation of existing industrial structures, and the industrial reutilization of abandoned buildings. The goal of the program is to attract new industry, stimulate expansion and retention of existing industry, and increase employment opportunities.

Properties receiving a Class 6b incentive are assessed at 10% of market value for the first 10 years, 15% in the 11th year, and 20% in the 12th year. This constitutes a substantial reduction in the level of assessment and results in significant tax savings. In the absence of this incentive, industrial real estate would normally be assessed at 25% of its market value.

Municipalities within the College area have granted Class 6b incentives to businesses that, as a result, have occupied abandoned properties, constructed new buildings, or expanded existing facilities. In many instances, the program has produced more property tax revenue for the College and the other impacted taxing districts than would have been generated if the development had not occurred. The College's tax revenues are reduced due to the agreements entered into by these municipalities.

For the fiscal year ending June 30, 2023, the College's share of the abatement granted to the Class 6b properties was approximately $2,605,800.

(14) Adoption of New Accounting Principle

As of July 1, 2022, the College implemented the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement 96 provided guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Upon implementation of this Statement, the College recognized subscription assets and subscription liabilities. The implementation had no effect on beginning net position.

(15) Subsequent Event

On July 28, 2023, Illinois Public Act 103-0278 amended the Public Community College Act to state that monies in the working cash fund may be used for any and all community college purposes and may be transferred in whole or in part from the working cash fund to the educational fund or operations and maintenance fund. The net position classified on Statement 1 as restricted for working cash ($9,680,000) will be presented as unrestricted in subsequent periods based on the legislation.

Exhibit 1

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO.512

Required Supplementary Information
Defined Benefit Pension Plan
Schedule of the College's Proportionate Share of the Collective Net Pension Liability
Last 10 Fiscal Years[1]

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion percentage of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
College's proportion amount of the collective net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nonemployer contributing entities' proportion share Of the net pension liability associate with the College	$405,599,014	$410,958,703	$441,082,227	$418,709,918	$406,754,472	$382,165,628	$392,587,711	$355,304,533	$325,155,610
Total (b) + (c)	$405,599,014	$410,958,703	$441,082,227	$418,709,918	$406,754,472	$382,165,628	$392,587,711	$355,304,533	$325,155,610
College's covered payroll	$ 55,010,579	$ 52,039,748	$ 53,597,782	$ 52,763,602	$ 52,930,488	$ 53,021,094	$ 54,689,129	$ 54,387,841	$ 53,959,502
College's proportion of collective net pension liability as a percentage of its covered payroll	737.31%	789.70%	822.95%	793.56%	768.47%	720.78%	717.85%	653.28%	602.59%
SURS plan net position as a percentage of total pension liability	43.65%	45.45%	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%	44.39%

[1]The System implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedule is intended to show information for 10 years. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

[2]2021 figures revised by State University Retirement System in April, 2022.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO.512

Exhibit 2

Required Supplementary Information
Defined Benefit Pension Plan
Schedule of College Contributions
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Federal, trust, grant, and other contribution	$ 84,345	$ 65,098	$ 67,582	$ 91,571	$ 110,953	$ 120,590	$ 105,265	$ 86,601	$ 70,673	$ 36,112
Contribution in relation to required contribution	84,345	65,098	67,582	91,571	110,953	120,590	105,265	86,601	70,673	36,112
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College covered payroll	$ 762,744	$ 632,814	$ 604,585	$ 825,384	$ 1,001,572	$ 1,112,377	$ 987,952	$ 782,840	$ 593,390	$ 316,216
Contributions as a percentage of covered payroll	11.06%	10.29%	11.18%	11.09%	11.08%	10.84%	10.65%	11.06%	11.91%	11.42%

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Required Supplementary Information
Schedule of College's Proportionate Share of the Collective Net OPEB Liability

State of Illinois Department of Central Management Services
Community College's Health Insurance Security Fund
Last 10 Fiscal Years *

	2023	2022	2021	2020	2019	2018	2017
College's proportion of the collective net OPEB liability	3.28%	3.17%	3.26%	3.24%	3.26%	3.21%	3.10%
College's proportionate share of the collective net OPEB liability	$ 22,444,294	$ 55,101,003	$ 59,371,164	$ 61,214,886	$ 61,403,588	$ 58,618,119	$ 56,471,534
State's proportionate share of the net OPEB liability associated with the College	22,453,573	55,103,168	59,330,894	61,188,712	61,364,945	57,878,963	58,876,824
Total	$ 44,897,867	$ 110,204,171	$ 118,702,058	$ 122,403,598	$ 122,768,533	$ 116,497,082	$ 115,348,358
College's covered payroll	$ 61,838,200	$ 59,038,800	$ 59,911,200	$ 58,192,600	$ 56,885,800	$ 55,773,800	$ 56,244,600
College's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	36.30%	93.33%	99.10%	105.19%	107.94%	105.10%	100.40%
Plan fiduciary net position as a percentage of the total OPEB liability	-22.03%	-6.38%	-5.07%	-4.13%	-3.54%	-2.87%	Not Available

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end. This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for as many years as available.

Notes to Schedule:
The discount rate was updated from 2.85% as of June 30, 2016 to 3.56% as of June 30, 2017.
The discount rate was updated from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018.
The discount rate was updated from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019.
The discount rate was updated from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020.
The discount rate was updated from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021.
The discount rate was updated from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022.

Exhibit 4

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Required Supplementary Information
Schedule of the College's Contributions
State of Illinois Department of Central Management Services
Community College's Health Insurance Security Fund
Last 10 Fiscal Years *

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 335,171	$ 309,191	$ 295,194	$ 299,556	$ 290,963	$ 284,429	$ 278,869	$ 281,223
Contributions in relation to the statutorily required contribution	(335,171)	(309,191)	(295,194)	(299,556)	(290,963)	(284,429)	(278,869)	(281,223)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 65,783,487	$ 61,838,200	$ 59,038,800	$ 59,911,200	$ 58,192,600	$ 56,885,800	$ 55,773,800	$ 56,244,600
Contributions as a percentage of covered payroll	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for as many years as available.

Exhibit 5

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
Harper OPEB Plan
Last 10 Fiscal Years*

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	$ 480,826	$ 494,953	$ 483,759	$ 437,821	$ 608,313	$ 667,128
Interest	260,972	270,721	413,657	446,054	410,377	330,599
Difference between expected and actual experience	(156,391)	-	(230,518)	-	120,438	-
Changes in plan provisions	-	-	-	-	(1,199,550)	-
Assumption changes	(1,229,081)	(48,103)	682,362	334,219	(408,798)	9,744
Benefit payments	(853,714)	(888,738)	(970,090)	(972,309)	(918,558)	(489,330)
Net change in total OPEB liability	(1,497,388)	(171,167)	379,170	245,785	(1,387,778)	518,141
Total OPEB liability beginning of year	12,028,057	12,199,224	11,820,054	11,574,269	12,962,047	12,443,906
Total OPEB liability end of year	$ 10,530,669	$ 12,028,057	$ 12,199,224	$ 11,820,054	$ 11,574,269	$ 12,962,047
Covered-employee payroll	$ 34,306,447	$ 53,476,234	$ 53,476,234	$ 52,037,213	$ 53,559,828	$ 47,293,376
Total OPEB Liability as a percentage of covered-employee payroll	30.70%	22.49%	22.81%	22.71%	21.61%	27.41%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, information is presented for as many years as available.

Notes to Schedule:
The discount rate was updated from 2.71% as of June 30, 2016 to 3.13% as of June 30, 2017.
The discount rate was updated from 3.13% as of June 30, 2017 to 3.87% as of June 30, 2018.
The discount rate was updated from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.
The discount rate was updated from 3.87% as of June 30, 2019 to 2.21% as of June 30, 2020.
The discount rate was updated from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.
The discount rate was updated from 2.16% as of June 30, 2021 to 3.69% as of June 30, 2022.
Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with ScaleMP-2021 for the faculty members and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021 for the others
Health Care and Contribution Trend Rates included a 7.50% medical rate and a dental rate of 3.00%.
Withdrawal rates have been updated to those used in the latest available SURS Pension Actuarial Valuation report.
Retirement rates have been updated to those used in the latest available SURS Pension Actuarial Valuation report.
Disability rates have been updated to those used in the latest available SURS Pension Actuarial Valuation report.
There are no fiduciary assets in the Harper OPEB Plan.

Notes to Required Supplementary Information
Defined Benefit Pension Plan
Year Ended June 30, 2023

These pension schedules are presented to illustrate the requirements of the Governmental Accounting Standards Board's Statement No. 68 to show information for 10 years. However, until a full 10-year trend is compiled, the University/College will only present available information measured in accordance with the requirements of Statement No. 68.

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2022.

Changes of assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017, to June 30, 2020, was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021. These assumptions are listed below and remained the same for the June 30, 2022, actuarial valuation.

- Salary increase. Change in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, while maintaining the underlying wage inflation rate of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects decreasing the assumed real rate of return to 4.25 percent and maintaining the underlying assumed price inflation of 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Early retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.
- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

JUNE 30, 2023

STATISTICAL SECTION

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

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

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

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

Demographic and Economic Information
These tables offer information about the socioeconomic environment within which the College operates. Data are provided to facilitate comparisons of financial statements information over time.

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

Sources: Unless otherwise noted, the information in these tables is derived from the College's Annual Financial Reports and Fact Books for the relevant years.

TABLE 1

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

FINANCIAL TRENDS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Position										
Net investment in capital assets	$ 166,134,345	$ 161,996,550	$ 157,613,382	$ 158,319,802	$ 159,703,637	$ 154,625,077	$ 145,170,610	$ 150,568,393	$ 153,043,103	$ 123,232,283
Restricted										
Working cash	9,680,000	9,680,000	9,680,000	9,680,000	9,680,000	9,680,000	9,680,000	9,680,000	9,680,000	9,680,000
Capital projects	5,068,145	9,747,532	7,856,522	6,515,896	5,857,646	-	-	-	-	22,869,459
Debt service	11,560,002	3,147,310	5,785,850	10,248,920	8,443,761	14,363,949	13,138,897	11,643,898	10,761,476	7,397,172
Other	-	-	-	-	-	-	5,252,295	7,879,491	7,704,715	2,633,724
Unrestricted	75,926,493	59,609,587	50,210,284	33,779,186	27,288,968	27,608,143	83,840,386	73,295,310	72,536,360	80,243,337
Total Net Position	$268,368,985	$244,180,979	$231,146,038	$218,543,804	$ 210,974,012	$ 206,277,169	$ 257,082,188	$ 253,067,092	$ 253,725,654	$ 246,055,975

Note: The College implemented GASB Statement 75 in fiscal year 2018 resulting a reduction in beginning net position of $64,625,551

Source: College Records

TABLE 2

WILLIAM RAINEY HARPER COLLEGE, COMMUNITY COLLEGE DISTRICT NUMBER 512

FINANCIAL TRENDS

CHANGES IN NET POSITION - LAST TEN FISCAL YEARS

JUNE 30	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues										
Student tuition and fees, net	$ 41,438,352	$ 37,931,788	$ 39,214,653	$ 41,494,837	$ 39,635,009	$ 38,866,081	$ 40,574,390	$ 39,848,544	$ 39,483,125	$ 39,867,037
State and local government grants and contracts	5,495,058	2,592,522	2,931,083	3,064,151	2,404,862	4,216,208	21,783	1,263,454	1,560,808	2,155,450
Federal government grants and contracts	1,003,953	514,443	680,402	982,606	1,477,044	1,393,940	1,679,208	1,801,080	1,582,891	1,215,567
Sales and services of educational departments	812,397	780,396	610,294	1,539,510	1,348,191	1,206,308	1,196,903	1,283,580	1,221,019	1,309,873
Auxiliary enterprises	1,063,707	1,037,105	959,085	697,063	938,099	861,406	904,074	1,001,238	1,171,863	2,027,524
Other	619,266	544,905	228,473	498,185	631,118	405,755	597,262	760,933	852,399	801,410
Total operating revenues	50,432,733	43,401,159	44,623,990	48,276,352	46,434,323	46,949,698	44,973,620	45,958,829	45,872,105	47,376,861
Operating Expenses										
Instruction	46,711,340	58,392,949	60,698,273	60,046,710	57,554,978	58,889,756	56,219,056	53,132,902	50,585,018	49,973,085
Academic support	15,184,988	13,796,541	14,930,324	15,420,840	14,293,842	13,672,996	12,724,491	12,152,224	11,921,798	10,511,574
Student services	14,983,497	17,678,806	20,284,307	20,085,457	20,057,389	20,691,908	18,474,710	16,989,833	16,548,661	15,559,087
Public service	3,578,719	5,240,249	4,443,493	5,848,302	6,898,650	7,297,440	6,909,302	6,269,631	6,162,658	5,469,648
Operation and maintenance of plant	14,153,972	14,592,472	16,611,099	17,349,815	17,491,443	17,419,499	16,095,691	15,636,782	15,777,760	15,676,728
Institutional support	50,979,259	52,583,221	58,390,139	60,967,561	56,450,846	49,283,682	44,060,356	46,769,604	47,590,075	44,434,746
Scholarships and grants	8,053,523	22,596,209	13,223,453	7,070,852	5,520,155	5,469,218	4,686,807	4,796,657	5,217,557	5,261,488
Auxiliary enterprises	2,062,271	1,825,490	1,475,351	1,951,311	2,164,282	1,173,540	1,092,702	1,050,543	1,076,849	2,578,381
Depreciation	14,558,217	13,618,859	13,659,347	14,056,243	12,527,028	9,989,926	9,848,555	8,315,736	8,059,483	6,902,086
Total operating expenses	170,265,786	200,324,796	203,715,786	202,797,091	192,958,613	183,887,965	170,111,670	165,113,912	162,939,859	156,366,823
Operating income (Loss)	(119,833,053)	(156,923,637)	(159,091,796)	(154,520,739)	(146,524,290)	(136,938,267)	(125,138,050)	(119,155,083)	(117,067,754)	(108,989,962)
Nonoperating revenues (expenses)										
Property taxes	92,405,515	88,107,411	85,784,253	82,928,590	80,000,872	77,085,753	75,696,330	75,288,071	72,815,204	71,516,695
State appropriations	9,463,161	9,121,825	8,522,545	8,344,915	7,478,490	11,309,392	3,053,360	1,992,338	6,864,994	6,551,627
State retirement & OPEB on-behalf plan contributions	18,657,686	34,370,102	49,850,868	47,870,293	43,870,609	41,367,731	38,799,701	30,112,638	24,868,000	23,379,200
Personal property replacement tax	3,228,170	3,093,396	1,430,685	1,026,836	949,644	853,383	1,036,684	938,634	1,025,291	953,731
State and local government grants and contracts	3,439,010	4,383,091	3,474,953	3,804,702	4,246,734	4,622,817	1,212,671	1,176,539	2,262,606	1,370,073
Federal government grants and contracts	13,283,079	35,316,958	27,605,798	18,127,144	14,701,082	14,906,500	13,798,743	14,052,172	14,691,986	14,579,647
Gifts	383,525	209,070	290,744	275,842	247,489	386,653	418,283	452,237	423,585	275,544
Investment income, net of investment expense	8,149,505	1,421	515,386	3,097,885	3,637,575	2,166,254	1,098,489	708,274	305,441	1,246,544
Interest expense	(6,873,025)	(7,236,892)	(6,191,600)	(3,781,518)	(4,289,903)	(2,273,955)	(6,315,371)	(7,166,209)	(7,795,756)	(8,185,222)
Other	510,124	237,185	213,184	269,017	378,541	334,271	354,256	334,306	294,213	189,334
Total non-operating revenues (expenses)	142,646,750	167,603,567	171,496,816	161,963,706	151,221,133	150,758,799	129,153,146	117,889,000	115,755,564	111,877,173
Change in net position before capital contributions	22,813,697	10,679,930	12,405,020	7,442,967	4,696,843	13,820,532	4,015,096	(1,266,083)	(1,312,190)	2,887,211
Capital contributions	1,374,309	2,355,011	197,214	126,825	-	-	-	607,521	8,981,869	16,352,231
Change in net position after capital contributions	$ 24,188,006	$ 13,034,941	$ 12,602,234	$ 7,569,792	$ 4,696,843	$ 13,820,532	$ 4,015,096	$ (658,562)	$ 7,669,679	$ 19,239,442

Source: College Records

TABLE 3

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN LEVY YEARS

Levy Year	County	Residential Property	Commercial Property	Industrial Property	Farm Property	Mineral Property	Railroad Property	Detail Not Available	Total Taxable Assessed Value	Blended Direct Tax Rate
2022	Kane	$ 71,235,409	$ 1,177,712	$ -	$ 708,429	$ -	$ -	n/a	$ 73,121,550	0.4598
	McHenry	168,021,909	6,244,681	15,595	6,793,458	-	665,368	n/a	181,741,011	0.4598
	Cook	-	-	-	-	-	-	$ 19,307,641,230	19,307,641,230	0.4598
	Lake	1,147,129,698	110,909,894	26,754,427	8,102,368	-	2,455,187	n/a	1,295,351,574	0.4598
2021	Kane	66,868,986	1,048,919	-	656,947	-	-	n/a	68,574,852	0.4522
	McHenry	157,619,212	4,567,183	14,528	5,766,048	-	606,599	n/a	168,573,570	0.4522
	Cook	11,608,014,059	4,752,515,990	2,370,056,580	1,064,473	-	13,631,646	n/a	18,745,282,748	0.4522
	Lake	1,111,306,805	110,380,283	26,299,437	8,079,888	-	2,140,252	n/a	1,258,206,665	0.4522
2020	Kane	64,968,738	996,404	-	641,625	-	-	n/a	66,606,767	0.4078
	McHenry	155,037,479	4,688,996	14,014	4,484,648	-	557,491	n/a	164,782,628	0.4078
	Cook	12,589,198,696	5,103,418,861	2,529,857,344	1,363,474	-	13,631,646	n/a	20,237,470,021	0.4078
	Lake	1,107,165,812	113,577,555	25,983,065	8,139,645	-	2,140,252	n/a	1,257,006,329	0.4078
2019	Kane	61,501,461	945,893	-	706,248	-	-	n/a	63,153,602	0.4017
	McHenry	166,424,272	4,614,739	13,413	4,120,613	-	534,791	n/a	175,707,828	0.4017
	Cook	12,676,260,614	4,935,246,501	2,330,432,148	1,258,562	-	13,050,089	n/a	19,956,247,914	0.4017
	Lake	1,125,981,701	114,369,740	25,633,877	8,558,548	-	2,072,099	n/a	1,276,615,965	0.4017
2018	Kane	56,468,828	885,871	-	680,342	-	-	n/a	58,035,041	0.4379
	McHenry	157,425,643	4,649,627	12,391	3,840,898	-	489,986	n/a	166,418,545	0.4379
	Cook	11,291,299,797	4,102,933,171	1,981,154,907	1,188,729	-	12,219,983	n/a	17,388,796,587	0.4379
	Lake	1,120,769,586	111,639,327	25,318,012	9,271,442	-	1,925,972	n/a	1,268,924,339	0.4379
2017	Kane	52,750,710	832,150	-	592,107	-	-	n/a	54,174,967	0.4221
	McHenry	149,707,013	4,254,372	11,673	3,657,298	-	456,108	n/a	158,086,464	0.4221
	Cook	11,518,949,605	4,195,587,384	1,964,277,082	1,201,795	-	11,489,565	n/a	17,691,505,431	0.4221
	Lake	1,107,666,967	111,901,377	24,828,503	8,866,077	-	1,799,286	n/a	1,255,062,210	0.4221
2016	Kane	46,425,766	1,014,090	-	626,719	-	-	n/a	48,066,575	0.4148
	McHenry	141,578,519	4,236,733	10,948	3,459,370	-	447,084	n/a	149,732,654	0.4148
	Cook	11,509,184,990	4,043,467,959	1,935,092,047	1,249,511	-	11,916,679	n/a	17,500,911,186	0.4148
	Lake	1,070,492,521	113,017,962	24,117,645	8,362,147	-	1,843,495	n/a	1,217,833,770	0.4148
2015	Kane	39,438,698	1,047,624	-	598,812	-	-	n/a	41,085,134	0.4600
	McHenry	133,190,446	3,948,075	10,268	3,074,833	-	439,421	n/a	140,663,043	0.4600
	Cook	9,540,899,139	3,771,214,456	1,805,395,207	990,659	-	11,429,786	n/a	15,129,929,247	0.4600
	Lake	1,013,957,073	111,129,310	23,090,082	8,319,897	-	1,779,197	n/a	1,158,275,559	0.4600
2014	Kane	36,211,373	1,075,030	-	566,912	-	-	n/a	37,853,315	0.4516
	McHenry	127,317,257	3,731,928	9,782	2,959,027	-	366,212	n/a	134,384,206	0.4516
	Cook	9,801,539,396	3,860,990,326	1,851,603,484	1,116,968	-	9,490,979	n/a	15,524,741,153	0.4516
	Lake	983,213,115	110,023,308	23,605,307	9,123,579	-	1,480,149	n/a	1,127,445,458	0.4516
2013	Kane	37,501,869	1,224,058	-	550,259	-	-	n/a	39,276,186	0.4421
	McHenry	133,471,425	3,885,431	10,214	3,049,120	-	351,261	n/a	140,767,451	0.4421
	Cook	9,333,612,412	3,641,881,414	2,328,670,678	795,369	-	8,924,792	n/a	15,313,884,665	0.4421
	Lake	998,183,198	114,269,659	24,803,867	9,477,641	-	1,386,316	n/a	1,148,120,681	0.4421

Source: College Records

TABLE 4

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

PROPERTY TAX RATES
LAST TEN LEVY YEARS

	Levy Year									
Fund	2022*	2021	2020	2019	2018	2017	2016	2015	2014	2013
Education	$ 0.2769	$ 0.2682	$ 0.2451	$ 0.2393	$ 0.2636	$ 0.2494	$ 0.2428	$ 0.2548	$ 0.2445	$ 0.2362
Operations and Maintenance	0.0611	0.0627	0.0567	0.0568	0.0636	0.0639	0.0660	0.0932	0.0940	0.0975
Liability, Protection and Settlement	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0002
Audit	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0002
Bond and Interest/Non Capped	0.1216	0.1211	0.1058	0.1054	0.1105	0.1086	0.1058	0.1118	0.1129	0.1080
Total	$ 0.4598	$ 0.4522	$ 0.4078	$ 0.4017	$ 0.4379	$ 0.4221	$ 0.4148	$ 0.4600	$ 0.4516	$ 0.4421

*Estimated

Source: College Records

TABLE 5

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

ASSESSED VALUATIONS AND TAX EXTENSIONS
GOVERNMENTAL FUND TYPES
LAST TEN LEVY YEARS

	Taxes Extended						
Levy Year	Education Purposes	Operations and Maintenance Purposes (Unrestricted)	Operations and Maintenance (Restricted) Fund	Bond & Interest Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
2022 *	$ 58,717,020	$ 12,963,144	$ -	$ 24,173,283	$ 19,198	$ 19,198	$ 95,891,843
2021	55,007,186	12,773,872	-	23,634,335	19,387	19,387	91,454,167
2020	53,254,853	12,316,525	-	22,984,943	18,843	18,843	88,594,007
2019	51,378,877	12,195,060	-	22,623,573	18,838	18,838	86,235,186
2018	49,779,576	12,005,199	-	20,865,493	17,789	17,789	82,685,846
2017	47,790,496	12,244,875	-	20,809,248	18,013	18,013	80,880,645
2016	45,920,503	12,481,501	-	20,006,430	17,735	17,735	78,443,904
2015	41,960,211	15,357,235	-	18,416,477	15,454	15,454	75,764,831
2014	41,130,997	15,813,682	-	18,990,940	15,771	15,772	75,967,162
2013	39,306,458	16,232,564	-	17,966,056	38,489	38,489	73,582,056

*Estimated

	Assessed Valuation				
Levy Year	Cook County	Kane County	Lake County	McHenry County	Total Assessed Valuation
2022	$ 19,307,641,230 *	$ 73,121,550	$ 1,295,351,574	$ 181,741,011	$ 20,857,855,365
2021	18,745,282,748	68,574,852	1,258,206,665	168,573,570	20,240,637,835
2020	20,237,470,021	66,606,767	1,257,006,329	164,782,628	21,725,865,745
2019	19,956,247,914	63,153,602	1,276,615,965	175,707,828	21,471,725,309
2018	17,388,796,587	58,035,041	1,268,924,339	166,418,545	18,882,174,512
2017	17,691,505,431	54,174,967	1,255,062,210	158,086,464	19,158,829,072
2016	17,500,911,186	48,066,575	1,217,833,770	149,732,654	18,916,544,185
2015	15,129,929,247	41,085,134	1,158,275,559	140,663,043	16,469,952,983
2014	15,524,741,153	37,853,315	1,127,445,458	134,384,206	16,824,424,132
2013	15,313,884,665	39,276,186	1,148,120,681	140,767,451	16,642,048,983

* Estimated

Source: College Records

TABLE 6

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TWELVE YEARS AGO

2021					2009				
Taxpayer		Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxpayer		Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Simon Property Group	$	231,275,327	1	1.09%	Woodfield Retax Adm	$	236,538,048	1	0.95%
Terrance Evans		107,284,420	2	0.51%	AT & T		133,669,304	2	0.54%
CT Acquisitions LLC		69,136,602	3	0.33%	Motorola, Inc		130,867,922	3	0.52%
CO Prologis		67,218,183	4	0.32%	Manulife Financial		95,590,932	4	0.38%
BRE Streets of Woodfield		61,555,350	5	0.29%	Wal-Mart Prop Tax Dept		82,197,251	5	0.38%
CHI3 LLC & Equinix		58,411,532	6	0.28%	KBS Woodfield Preserve		71,428,879	6	0.29%
David Friedman		57,570,710	7	0.27%	ZNA Real Estate Dept		64,452,084	7	0.26%
United Airlines		54,543,270	8	0.26%	Prime Group Realty		60,910,466	8	0.24%
Dipper Ventures LLC		53,805,159	9	0.25%	Marc Realty		56,174,765	9	0.22%
Cosmic Ventures		49,667,658	10	0.23%	KF Schaumburg LLC		55,956,365	10	0.22%
Total	$	810,468,211		3.83%		$	987,786,016		4.00%

Source: Cook, Kane, Lake and McHenry County Clerk's Office

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations may not be included.

TABLE 7

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN LEVY YEARS

Levy Year	Taxes Extended	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2022	$ 95,891,843	$ 47,826,056	49.87%	$ -	$ 47,826,056	49.87%
2021	91,454,167	45,434,271	49.68%	45,331,169	90,765,440	99.25%
2020	88,594,007	44,186,261	49.88%	43,868,345	88,054,606	99.39%
2019	86,235,186	43,009,798	49.87%	42,743,389	85,753,187	99.44%
2018	82,685,846	41,239,566	49.88%	40,828,906	82,068,472	99.25%
2017	80,880,645	40,339,221	49.87%	40,255,701	80,594,922	99.65%
2016	78,443,904	39,123,897	49.87%	39,156,711	78,280,608	99.79%
2015	75,764,831	37,587,308	49.61%	38,020,850	75,608,158	99.79%
2014	75,967,162	37,538,088	49.41%	38,223,973	75,762,061	99.73%
2013	73,582,056	36,617,798	49.76%	36,516,927	73,134,725	99.39%

Source: College Records

TABLE 8

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

ENROLLMENT, TUITION AND FEE RATES, CREDIT HOURS CLAIMED AND TUITION AND FEE REVENUE
LAST TEN FISCAL YEARS

	Fall Term Enrollment		Tuition and Fee Rates				
Fiscal Year	FTE Credit Courses	Headcount Credit Courses	In District Tuition and Fees per Semester Hour	Out of District Tuition and Fees per Semester Hour	Out of State Tuition and Fees per Semester Hour	Total Credit Hours Claimed	Tuition and Fee Revenue Net of Allowances
2023	7,093	12,949	$ 152.50	$ 409.50	$ 485.00	212,466.5	$ 41,438,352
2022*	7,079	12,735	152.50	409.50	485.00	206,357.5	37,931,788
2021*	7,434	12,741	152.50	409.50	485.00	226,570.0	39,214,653
2020	8,002	14,332	152.50	409.50	485.00	247,345.0	41,494,837
2019	8,023	14,212	148.75	405.75	481.25	245,659.0	39,635,009
2018	8,245	14,446	142.50	399.50	475.00	252,091.5	38,866,081
2017	8,475	14,924	135.25	392.25	467.75	260,227.0	40,574,390
2016	8,754	15,319	129.75	386.75	462.25	265,447.5	39,848,544
2015	9,089	15,830	126.25	383.25	458.75	271,027.0	39,483,125
2014	9,444	16,260	124.50	381.50	457.00	278,565.5	39,867,037

*2021 and 2022 certified reimbursable credit hours were revised in 2023.

Source: College Records

TABLE 9

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEBT CAPACITY

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended	General Obligation Bonds	General Obligation Alternate Revenue Bonds	General Obligation Refunding Bonds	General Obligation Limited Tax Bonds	Unamortized Premium	Total Outstanding Debt	Estimated Actual Taxable Property Value	Percentage of Actual Value	Population Estimate	Total Outstanding Debt Per Capita
2023	$ 161,395,000	$ -	$ 67,505,000	$ 6,860,000	$ 25,499,888	$ 261,259,888	$ 62,573,566,095	0.42%	528,355	$ 494.48
2022	162,745,000	-	76,505,000	4,280,000	28,059,580	271,589,580	66,412,723,524	0.41%	530,885	511.58
2021	163,280,000	-	84,890,000	6,600,000	30,795,330	285,565,330	65,177,597,235	0.44%	534,497	534.27
2020	-	-	99,010,000	4,570,000	15,046,697	118,626,697	64,415,175,927	0.18%	534,497	221.94
2019	-	-	110,900,000	6,885,000	17,064,515	134,849,515	56,646,523,536	0.24%	534,497	252.29
2018	7,530,000	-	114,840,000	4,525,000	18,693,367	145,588,367	57,476,487,216	0.25%	534,984	272.14
2017	132,095,000	-	14,485,000	6,675,000	2,432,252	155,687,252	56,749,632,555	0.27%	534,984	291.01
2016	137,520,000	-	17,110,000	4,180,000	3,116,272	161,926,272	49,409,858,949	0.33%	534,984	302.67
2015	142,785,000	-	21,750,000	6,400,000	2,126,859	173,061,859	50,473,272,396	0.34%	534,984	323.49
2014	145,525,000	-	26,100,000	3,685,000	2,451,037	177,761,037	49,926,146,949	0.36%	534,586	332.52

Source: College Records

TABLE 10

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEBT CAPACITY

RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended	General Obligation Bonds	General Obligation Alternate Revenue Bonds	General Obligation Refunding Bonds	General Obligation Limited Tax Bonds	Unamortized Premium	Total Outstanding Debt	Less: Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Total Net Outstanding Debt Per Capita
2023	$ 161,395,000	$ -	$ 67,505,000	$ 6,860,000	$ 25,499,888	$ 261,259,888	$ 11,560,002	$ 249,699,886	0.40%	$ 472.60
2022	162,745,000	-	76,505,000	4,280,000	28,059,580	271,589,580	9,747,533	261,842,047	0.39%	493.22
2021	163,280,000	-	84,890,000	6,600,000	30,795,330	285,565,330	7,856,522	277,708,808	0.43%	519.57
2020	-	-	99,010,000	4,570,000	15,046,697	118,626,697	10,248,920	108,377,777	0.17%	202.77
2019	-	-	110,900,000	6,885,000	17,064,515	134,849,515	8,443,761	126,405,754	0.22%	236.49
2018	7,530,000	-	114,840,000	4,525,000	18,693,367	145,588,367	14,363,949	131,224,418	0.23%	245.29
2017	132,095,000	-	14,485,000	6,675,000	2,432,252	155,687,252	13,138,897	142,548,355	0.25%	266.45
2016	137,520,000	-	17,110,000	4,180,000	3,116,272	161,926,272	11,643,899	150,282,373	0.30%	280.91
2015	142,785,000	-	21,750,000	6,400,000	2,126,859	173,061,859	10,761,477	162,300,382	0.32%	303.37
2014	145,525,000	-	26,100,000	3,685,000	2,451,037	177,761,037	9,775,939	167,985,098	0.34%	314.23

Source: College records

Note: Details of the College's outstanding debt can be found in the notes to the financial statements.

TABLE 11

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEBT CAPACITY

DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2023

Governmental Unit	Debt Outstanding	Percentage of Debt Applicable	College Share of Direct and Overlapping Debt
Direct bonded debt:			
William Rainey Harper College	$ 261,259,888	100.00%	$ 261,259,888
Overlapping bonded debt:		As of December 19, 2022	
Cook County	2,251,061,750	10.70%	240,863,607
Cook County Forest Preserve District	61,505,000	10.70%	6,581,035
Metropolitan Water Reclamation District	2,541,291,349	10.31%	262,007,138
Kane County Forest Preserve District	92,320,000	0.42%	387,744
Lake County Forest Preserve District	166,060,000	4.57%	7,588,942
McHenry County Conservation District	58,315,000	1.77%	1,032,176
Village of Arlington Heights	51,605,000	100.00%	51,605,000
Village of Buffalo Grove	50,539,800	20.04%	10,128,176
Village of Carpentersville	27,672,000	8.40%	2,324,448
City of Des Plaines	9,018,111	15.83%	1,427,567
Village of Elk Grove Village	104,980,000	82.57%	86,681,986
Village of Hanover Park	9,690,000	20.88%	2,023,272
Village of Hoffman Estates	80,130,000	72.73%	58,278,549
Village of Inverness	800,000	100.00%	800,000
Village of Lake Barrington	3,710,000	96.24%	3,570,504
Village of Mount Prospect	100,490,000	99.77%	100,258,873
Village of Northbrook	114,265,000	1.01%	1,154,077
Village of Palatine	33,750,000	100.00%	33,750,000
City of Prospect Heights	6,160,000	97.60%	6,012,160
City of Rolling Meadows	17,145,000	100.00%	17,145,000
Village of Roselle	765,000	12.15%	92,948
Village of Schaumburg	264,950,000	96.53%	255,756,235
Village of Wheeling	27,435,000	99.47%	27,289,595
Arlington Heights Park District	8,450,000	100.00%	8,450,000
Barrington Park District	8,402,000	99.87%	8,391,077
Buffalo Grove Park District	6,550,000	23.43%	1,534,665
Des Plaines Park District	6,878,615	1.62%	111,434
Elk Grove Park District	3,510,000	99.78%	3,502,278
Hanover Park Park District	395,000	14.55%	57,473
Hoffman Estates Park District	4,470,000	71.88%	3,213,036
Inverness Park District	52,000	100.00%	52,000
Mount Prospect Park District	2,773,365	99.59%	2,761,994
Northbrook Park District	15,490,000	0.97%	150,253
Palatine Park District	2,760,000	100.00%	2,760,000
Rolling Meadows Park District	10,178,000	100.00%	10,178,000
Roselle Park District	1,104,345	9.22%	101,821
Salt Creek Rural Park District	755,000	100.00%	755,000
Schaumburg Park District	150,000	96.66%	144,990
Wheeling Park District	1,460,000	93.17%	1,360,282
Poplar Creek Public Library District	10,645,000	5.28%	562,056
East Dundee & Countryside Fire District	3,150,000	33.56%	1,057,140
North Barrington Special Service Area 19	9,855,000	47.23%	4,654,517
South Barrington Special Service Area 3	4,535,000	39.85%	1,807,198

(Continued)

TABLE 11

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEBT CAPACITY

DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2023

Governmental Unit	Debt Outstanding	Percentage of Debt Applicable	College Share of Direct and Overlapping Debt
School District Number 23	$ 11,100,000	100.00%	$ 11,100,000
School District Number 25	91,070,000	100.00%	91,070,000
School District Number 26	10,980,000	88.51%	9,718,398
School District Number 57	5,470,000	100.00%	5,470,000
High School District Number 155	12,595,000	1.60%	201,520
Community Consolidated School District 15	35,080,000	100.00%	35,080,000
Community Consolidated School District 21	81,005,000	100.00%	81,005,000
Community Consolidate School District 59	25,185,000	96.05%	24,190,193
Community Unit School District Number 220	123,640,000	98.59%	121,896,676
Township High School District Number 214	22,265,000	98.40%	21,908,760
Total overlapping bonded debt			1,630,004,793
Total direct and overlapping bonded debt			$ 1,891,264,681

Source: Cook, Kane, Lake and McHenry County Clerk's Office. Does not include Alternate Revenue Bonds

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the College. This schedule estimates the portion of the the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Harper District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the College's taxable assessed value that is within the government's boundaries and dividing it by the College's total taxable assesed value.

TABLE 12

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEBT CAPACITY

LEGAL DEBT MARGIN INFORMATION
LAST TEN LEVY YEARS

	2022*	2021	2020	2019	2018
Assessed valuation	$ 20,857,855,365	$ 20,240,637,835	$ 21,725,865,745	$ 21,471,725,309	$ 18,882,174,512
Legal debt limit - 2.875% of assessed valuation	599,663,342	636,455,267	624,618,640	617,312,103	542,862,517
Total debt applicable to limit	235,760,000	243,530,000	254,770,000	103,580,000	117,785,000
Legal debt margin	$ 363,903,342	$ 392,925,267	$ 369,848,640	$ 513,732,103	$ 425,077,517
Total net debt applicable to the limit as a percentage of debt limit	39.32%	38.26%	40.79%	16.78%	21.70%

	2017	2016	2015	2014	2013
Assessed valuation	$ 19,158,829,072	$ 18,916,544,185	$ 16,469,952,983	$ 16,824,424,132	$ 16,642,048,983
Legal debt limit - 2.875% of assessed valuation	550,816,336	543,850,645	473,511,148	483,702,194	478,458,908
Total debt applicable to limit	126,895,000	153,255,000	158,810,000	170,935,000	175,310,000
Legal debt margin	$ 423,921,336	$ 390,595,645	$ 314,701,148	$ 312,767,194	$ 303,148,908
Total net debt applicable to the limit as a percentage of debt limit	23.04%	28.18%	35.34%	36.64%	33.48%

Source: College Records

* Estimated

TABLE 13

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEMOGRAPHIC AND ECONOMIC INFORMATION

POPULATION AND UNEMPLOYMENT RATES
LAST TEN YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Population Estimates	528,355	530,885	534,497	534,497	534,497	534,984	534,984	534,984	534,984	534,984
Unemployment Rates:										
Arlington Heights	3.2%	3.0%	4.8%	12.3%	3.1%	3.4%	4.0%	4.4%	4.6%	5.3%
Elk Grove Village	3.3%	3.4%	5.7%	15.2%	3.4%	3.6%	4.0%	4.7%	5.3%	5.5%
Hoffman Estates	3.2%	3.1%	5.4%	14.4%	3.6%	3.7%	4.0%	4.4%	4.8%	5.4%
Mount Prospect	3.1%	3.1%	5.0%	13.6%	3.1%	3.2%	3.7%	4.2%	4.6%	5.3%
Palatine	3.1%	3.1%	5.7%	13.1%	3.1%	3.4%	3.9%	4.4%	4.9%	5.2%
Schaumburg	3.2%	3.3%	5.3%	14.1%	3.4%	3.6%	4.0%	4.4%	5.0%	5.5%
Wheeling	2.8%	2.9%	6.0%	13.7%	2.9%	3.2%	3.6%	4.2%	4.7%	5.4%
Chicago PMSA	4.0%	4.2%	7.7%	16.4%	4.1%	4.3%	5.1%	5.5%	6.3%	7.1%
Illinois	4.5%	4.5%	7.1%	14.6%	4.0%	4.5%	5.0%	5.6%	5.9%	7.1%
United States	3.8%	3.4%	6.2%	11.2%	3.8%	4.2%	4.5%	4.5%	5.5%	6.3%

Source: College records and Illinois Department of Employment Securities

Note: 2023 Unemployment Data as of July 2023

TABLE 14

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEMOGRAPHIC AND ECONOMIC INFORMATION

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

2020 (1)			2010		
Employer	Number of Employees	Rank	Employer	Number of Employees	Rank
Northwest Community Hospital	4,000	1	Alexian Brothers Medical System	4,813	1
Transform Holdco, LLC	3,200	2	Sears Roebuck & Co.	4,800	2
Allied Building Products Corp.	3,000	3	Arlington Park Racecourse	4,500	3
Zurich North America	2,500	4	Northwest Community Hospital	4,000	4
St. Alexius Medical Center	2,045	5	Woodfield Mall Shopping Center	3,800	5
Nation Pizza Products	2,000	6	AT&T Services Inc	3,000	6
Motorola Solutions	1,600	7	Zurich American Insurance	2,687	7
Automatic Data Processing	1,500	8	School District 54	2,274	8
HSBC Finance Corp.	1,000	9	Motorola Solutions, Inc	2,225	9
Clearbrook	1,000	10	Northrup Grumman	2,000	10
Total	21,845			34,099	

Sources:
College records
2020 Illinois Manufacturers Directory
2020 Illinois Services Directory

Note: (1) Most recent information available

TABLE 15

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

OPERATING INFORMATION

EMPLOYEE HEADCOUNT
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Faculty										
Full-time	223	222	222	222	223	228	233	238	238	236
Part-time	-	-	-	-	-	-	-	-	-	-
Administrative										
Full-time	38	40	39	39	38	39	43	51	51	51
Part-time	-	-	-	-	-	-	-	-	-	-
Professional/Technical										
Full-time	200	188	179	175	167	152	142	138	131	125
Part-time	31	31	31	30	28	32	39	45	47	43
Supervisory/Confidential										
Full-time	117	114	114	113	111	103	99	94	97	94
Part-time	1	1	2	2	2	2	2	2	2	3
Classified Staff										
Full-time	121	128	125	124	122	128	127	136	131	136
Part-time	61	58	58	60	72	83	89	111	126	138
Security										
Full-time	20	20	17	17	17	17	18	18	18	16
Part-time	5	5	15	15	15	15	15	17	17	17
Custodial/Maintenance										
Full-time	77	86	86	86	84	84	84	93	93	93
Part-time	4	4	4	4	4	4	4	5	5	5
Total										
Full-time	796	798	782	776	762	751	746	768	759	751
Part-time	102	99	110	111	121	136	149	180	197	206
Grand Total	898	897	892	887	883	887	895	948	956	957

Source: College Records

There are no part-time faculty or student employees presented since those employees are considered temporary.

TABLE 16

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

OPERATING INFORMATION

OPERATING INDICATORS
LAST TEN FISCAL YEARS

	2023	2022*	2021*	2020	2019	2018	2017	2016	2015	2014
Degrees and Certificates Awarded										
Degrees	1,996	1,920	2,027	1,881	1,944	1,758	1,791	1,611	1,629	1,773
Certificates	2,348	2,501	2,491	2,488	2,173	1,764	1,818	1,845	1,990	1,971
Total Degrees and Certificates Awarded	4,344	4,421	4,518	4,369	4,117	3,522	3,609	3,456	3,619	3,744
Student enrollment by funding category (unrestricted reimbursable credit hours)										
Baccalaureate	148,953	149,538	168,520	176,124	173,770	179,247	183,592	184,847	187,055	191,897
Business Occupational	13,814	13,724	16,732	17,604	16,547	16,766	17,269	18,153	19,484	20,542
Technical Occupational	14,438	14,286	13,499	16,703	17,123	16,598	17,715	16,660	17,347	15,284
Health Occupational	13,936	14,261	13,633	15,771	15,232	17,180	17,607	16,546	16,007	17,646
Remedial Developmental	7,046	5,704	6,806	9,736	10,560	11,083	11,816	15,143	17,335	19,852
Adult Basic/Secondary Education	1,740	1,182	1,747	2,054	2,776	3,138	5,729	6,780	5,046	4,986
Total Credit Hours	199,927	198,695	220,937	237,992	236,008	244,012	253,728	258,129	262,274	270,206

*2021 and 2022 certified reimbursable credit hours were revised in 2023.

Source: College Records

TABLE 17

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

OPERATING INFORMATION

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	2022*	2021	2020	2019	2018	2017	2016	2015	2014	2013
Facilities Data										
Total Acreage - Main Campus	188	188	188	188	188	188	188	188	188	188
Total Acreage - Extension Sites	9	9	9	9	9	9	9	9	9	9
Gross Square Footage - Main Campus	1,607,189	1,607,189	1,607,189	1,607,189	1,559,278	1,559,278	1,559,278	1,558,990	1,227,523	1,228,143
Gross Square Footage - Extension Sites	96,052	96,052	96,052	96,052	96,052	96,052	93,142	93,142	84,359	79,846
Number of Buildings - Main Campus	23	23	23	23	23	23	23	23	23	23
Number of Buildings - Extension Sites	2	2	2	2	2	2	2	2	2	2
Number of Parking Spaces	5,463	5,463	5,463	5,463	5,463	5,463	5,463	5,463	4,586	4,586

Source: College Records

* Most recent data available

Changes due to building additions, renovations, and space reallocations

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 1
All Funds Summary

Year ended June 30, 2023

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance at June 30, 2022	$ 38,771,091	$ 18,360,461	$ 217,186,348	$ 9,747,533	$ 11,936,106	$ 40,668,942	$ 16,784,827	$ -	$ -	$ 353,455,308
Revenues:										
Local tax revenue	56,080,551	12,701,370	-	23,586,110	-	-	-	18,742	18,742	92,405,515
All other local revenue	3,228,170	-	45,000	-	-	-	-	-	-	3,273,170
ICCB grants	10,221,891	-	-	-	-	2,858,552	-	-	-	13,080,443
All other state revenue	-	-	-	-	-	4,391,729	-	-	-	4,391,729
Federal revenue	15,290	-	-	-	-	14,271,742	-	-	-	14,287,032
Student tuition and fees	45,748,481	1,793,840	454,976	-	2,233,736	3,275	-	-	-	50,234,308
On-behalf State plan contributions	-	-	-	-	-	18,657,686	-	-	-	18,657,686
All other revenue	4,462,692	559,416	3,437,878	223,741	2,155,048	233,194	484,997	-	-	11,556,966
Total revenues	119,757,075	15,054,626	3,937,854	23,809,851	4,388,784	40,416,178	484,997	18,742	18,742	207,886,849
Expenditures:										
Instruction	40,708,314	-	-	-	-	10,302,436	-	-	-	51,010,750
Academic support	10,077,646	-	-	-	2,952	6,077,467	-	-	-	16,158,065
Student services	12,769,971	-	-	-	690,898	2,831,088	-	-	-	16,291,957
Public service/continuing education	198,597	-	-	-	2,379,997	1,235,362	-	-	-	3,813,956
Independent operations	-	-	-	-	2,037,097	50,991	-	-	-	2,088,088
Operations and maintenance of plant	-	13,452,556	-	-	8,452	1,392,697	-	-	-	14,853,705
Institutional support	28,998,349	4,902,800	6,436,422	21,997,382	264,256	7,171,652	-	18,742	18,742	69,808,345
Scholarships/grants/waivers	8,684,385	-	-	-	-	18,131,353	-	-	-	26,815,738
Total expenditures	101,437,262	18,355,356	6,436,422	21,997,382	5,383,652	47,193,046	-	18,742	18,742	200,840,604
Excess (deficiency) of revenues over expenditures	18,319,813	(3,300,730)	(2,498,568)	1,812,469	(994,868)	(6,776,868)	484,997	-	-	7,046,245
Other financing sources (uses):										
Proceeds from issuance of debt	-	-	4,995,000	-	-	-	-	-	-	4,995,000
Premium on Bond Issue	-	-	189,503	-	-	-	-	-	-	189,503
Payment to Escrow Agent	-	-	(135,963)	-	-	-	-	-	-	(135,963)
Transfers (to) from other funds	(10,139,895)	-	2,000,000	-	413,744	7,726,151	-	-	-	-
Fund balance at June 30, 2023	$ 46,951,009	$ 15,059,731	$ 221,736,320	$ 11,560,002	$ 11,354,982	$ 41,618,225	$ 17,269,824	$ -	$ -	$ 365,550,093

See accompanying independent auditor's report.

Schedule 2

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 2
Summary of Capital Assets and Debt

Year ended June 30, 2023

		Capital Asset/Debt Account Groups Restated July 1, 2022		Increases		Decreases		Capital Asset/Debt Account Groups June 30, 2023
Capital assets:								
Land	$	4,326,007	$	-		-	$	4,326,007
Buildings and improvements		413,680,827		2,394,259		(121,302)		415,953,784
Equipment		24,937,174		2,134,354		(30,005)		27,041,523
Construction in progress		4,755,282		3,553,109		(2,813,762)		5,494,629
Art collection		1,835,760		7,075		-		1,842,835
Subscriptions		3,203,431		1,267,081		-		4,470,512
Total capital assets		452,738,481		9,355,878		(2,965,069)		459,129,290
Accumulated depreciation/ amortization		(202,952,036)		(14,558,217)		115,338		(217,394,915)
Net capital assets	$	249,786,445	$	(5,202,339)	$	(2,849,731)	$	241,734,375
Fixed debt								
Bonds payable	$	271,589,580	$	5,184,503	$	(15,514,195)	$	261,259,888
Subscriptions		3,203,431		1,267,081		(1,012,959)		3,457,553
Total fixed liabilities	$	274,793,011	$	6,451,584	$	(16,527,154)	$	264,717,441

See accompanying independent auditor's report.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 3
Operating Funds Revenues and Expenditures

Year ended June 30, 2023

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government revenue:			
Local taxes	$ 56,080,551	$ 12,701,370	$ 68,781,921
Chargeback revenue	—	—	—
CPPRT	3,228,170	—	3,228,170
Total local government revenue	59,308,721	12,701,370	72,010,091
State government revenue:			
ICCB Credit Hour grants	9,463,161	—	9,463,161
ICCB - Career and Technical Education	758,730	—	758,730
Total state government revenue	10,221,891	—	10,221,891
Federal government revenue:			
Department of Education	15,290	—	15,290
Total federal government revenue	15,290	—	15,290
Student tuition and fees:			
Tuition	40,464,152	—	40,464,152
Fees	5,284,329	1,793,840	7,078,169
Total student tuition and fees	45,748,481	1,793,840	47,542,321
Other sources:			
Sales and service fees	758,298	—	758,298
Investment revenue	3,101,943	523,089	3,625,032
Other	602,451	36,327	638,778
Total other revenue	4,462,692	559,416	5,022,108
Total revenues	119,757,075	15,054,626	134,811,701
Less – nonoperating items:*			
Tuition chargeback revenue	—	—	—
Transfers from nonoperating funds	—	—	—
Adjusted revenue	$ 119,757,075	$ 15,054,626	$ 134,811,701

* Intercollege revenue that does not generate related college credit hours is subtracted to allow for statewide comparisons.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 3
Operating Funds Revenues and Expenditures

Year ended June 30, 2023

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	$ 40,708,314	$ —	$ 40,708,314
Academic support	10,077,646	—	10,077,646
Student services	12,769,971	—	12,769,971
Public service/continuing education	198,597	—	198,597
Operations and maintenance	—	13,452,556	13,452,556
Institutional support	28,998,349	4,902,800	33,901,149
Scholarships/grants/waivers	8,684,385	—	8,684,385
Transfers	10,139,895	—	10,139,895
Total operating expenditures	111,577,157	18,355,356	129,932,513
Less – nonoperating items:*			
Tuition chargebacks	—	—	—
Transfers to nonoperating funds	10,139,895	—	10,139,895
Adjusted operating expenditures	$ 101,437,262	$ 18,355,356	$ 119,792,618
By object:			
Salaries	$ 67,425,659	$ 6,053,551	$ 73,479,210
Employee benefits	13,314,630	1,669,690	14,984,320
Contractual services	4,229,175	3,993,148	8,222,323
General materials and supplies	4,690,725	830,967	5,521,692
Conference and meeting expense	1,126,634	13,330	1,139,964
Fixed charges	74,369	762,138	836,507
Utilities	720	3,236,434	3,237,154
Capital outlay	628,645	1,796,098	2,424,743
Other	9,946,705	—	9,946,705
Transfers	10,139,895	—	10,139,895
Total operating expenditures	111,577,157	18,355,356	129,932,513
Less – nonoperating items:*			
Tuition chargebacks	—	—	—
Transfers to nonoperating funds	10,139,895	—	10,139,895
Adjusted operating expenditures	$ 101,437,262	$ 18,355,356	$ 119,792,618

*Intercollege expenses are subtracted to allow for statewide comparisons.

See accompanying independent auditor's report.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 4
Restricted Purposes Fund Revenues and Expenditures

Year ended June 30, 2023

Revenues by source:		
State government:		
ICCB – Adult Education	$	511,074
Illinois Student Assistance Commission		3,136,331
Illinois Department of Commerce and Economic Opportunity		631,866
On-behalf State retirement plan contribution		18,657,686
Other		2,971,010
Total state government		25,907,967
Federal government:		
Department of Education		12,577,849
Department of Labor		136,278
Department of Health and Human Services		1,238,433
Department of Veterans Affairs		232,014
Other		87,168
Total federal government		14,271,742
Student tuition and fees		
Other		3,275
Total student tuition and fees		3,275
Other sources		233,194
Transfers		9,010,872
Total restricted purposes fund revenues	$	49,427,050
Expenditures by program:		
Instruction	$	10,302,436
Academic support		6,077,467
Student services		2,831,088
Public service/continuing education		1,235,362
Auxiliary		50,991
Operations and maintenance		1,392,697
Institutional support		7,171,652
Scholarships, student grants, and waivers		18,131,353
Transfers		1,284,721
Total restricted purposes fund expenditures	$	48,477,767

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 4
Restricted Purposes Fund Revenues and Expenditures

Year ended June 30, 2023

Expenditures by object:		
Salaries	$	2,598,771
Employee benefits		19,063,609
Contractual services		2,508,466
General materials and supplies		1,546,818
Travel and meetings		398,534
Fixed charges		272,090
Utilities		46,052
Capital outlay		2,103,115
Other		18,655,591
Transfers		1,284,721
Total restricted purposes fund expenditures	$	48,477,767

See accompanying independent auditor's report.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 5
Current Funds* Expenditures by Activity

Year ended June 30, 2023

Instruction:	
Instructional programs	$ 42,518,921
On-behalf State retirement plan contributions	8,491,829
Total instruction	51,010,750
Academic support:	
Library center	2,342,371
Academic administration and planning	8,993,039
On-behalf State retirement plan contributions	1,921,938
Other	2,900,717
Total academic support	16,158,065
Student services:	
Admissions and records	2,459,731
Counseling and career guidance	4,554,975
Student financial aid and administration	1,006,931
On-behalf State retirement plan contributions	2,428,325
Other	5,841,995
Total student services	16,291,957
Public service/continuing education:	
Community education	1,580,163
Customized training (instructional)	199,903
Community services	108,469
On-behalf State retirement plan contributions	464,619
Other	1,460,802
Total public service/continuing education	3,813,956
Auxiliary services	
Auxiliary services	2,037,097
On-behalf State retirement plan contribution	50,991
Total auxiliary services	2,088,088

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 5
Current Funds* Expenditures by Activity

Year ended June 30, 2023

Operations and maintenance of plant:	
Maintenance	$ 1,479,237
Custodial services	2,407,162
Grounds	965,964
Campus security	2,298,540
Utilities	4,481,344
On-behalf State retirement plan contributions	1,382,054
Administration	1,839,404
Total operations and maintenance of plant	14,853,705
Institutional support:	
Executive management	3,981,321
Fiscal operations	1,890,343
Community relations	3,877,109
Administrative support services	4,201,425
Board of Trustees	42,892
General institutional support	9,459,984
Institutional research	633,353
Administrative data processing	13,370,183
On-behalf State retirement plan contributions	3,917,931
Other	—
Total institutional support	41,374,541
Scholarships, student grants, and waivers	26,815,738
Total current funds expenditures	$ 172,406,800

* Current funds include: Education Fund, Operations and Maintenance Fund, Auxiliary Enterprises Fund, Restricted Purposes Fund, Audit Fund, and the Liability, Protection, and Settlement Fund.

See accompanying independent auditor's report.

CERTIFICATE OF CHARGEBACK REIMBURSEMENT

Fiscal Year 2024

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Certificate of Chargeback Reimbursement
Fiscal Year 2024

Schedule 6

All fiscal year 2023 noncapital audited operating expenditures from the following funds:

1	Education Fund	$	101,251,664
2	Operations and Maintenance Fund		18,059,280
3	Public Building Commission Operation and Maintenance Fund		-
4	Bond and Interest Fund		21,997,382
5	Public Building Commission Rental Fund		-
6	Restricted Purposes Fund		27,302,182
7	Audit Fund		18,742
8	Liability, Protection, and Settlement Fund		18,742
9	Auxiliary Enterprises Fund (subsidy only)		413,744
10	Total noncapital expenditures (sum of lines 1 – 9)		169,061,736
11	Depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds		7,773,058
12	Total cost included (line 10 plus 11)	$	176,834,794
13	Total certified semester credit hours for fiscal year 2023		212,467
14	Per capita cost (line 12 divided by line 13)	$	832.29
15	All fiscal year 2023 state and federal operating grants for noncapital expenditures		18,678,761
16	Fiscal year 2023 state and federal grants per semester credit hour (line 15 divided by line 13)		87.91
17	District's average ICCB grant rate (excluding equalization grants) for fiscal year 2024		46.20
18	District's student tuition and fee rate per semester credit hour for fiscal year 2024		156.85
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17 and 18)	$	541.33

Approved: ______________________ November 15, 2023
Chief Executive Officer — Date

Approved: ______________________ November 15, 2023
Chief Fiscal Officer — Date

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON STATE GRANT PROGRAMS FINANCIAL STATEMENTS

The Board of Trustees
William Rainey Harper College
Community College District No. 512

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the William Rainey Harper College, Community College District No. 512 (the "College") State Adult Education (State Basic and State Performance) and Innovative Bridge and Transition Grant Programs (collectively "Grant Programs") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the College's State Adult Education (State Basic and State Performance) and Innovative Bridge and Transition Grant Programs as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board *Fiscal Management Manual (Fiscal Management Manual)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the College's Grant Programs and do not purport to, and do not, present fairly the financial position of the College, as of June 30, 2023, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Fiscal Management Manual*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grant Programs' financial statements. The ICCB Compliance Statement on page 112 is presented for purposes of additional analysis and is 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statement included on page 112 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 15, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
November 15, 2023

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF STATE GRANT PROGRAM FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
Harper College
Community College District No. 512

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the William Rainey Harper College ("College") State Adult Education (State Basic and State Performance) and Innovative Bridge and Transition Grant Programs (collectively "Grant Programs") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, and have issued our report thereon dated November 15, 2023. The financial statements present only the College's Grant Programs and do not purport to, and do not, present fairly the financial position of the College, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") of the Grant Programs as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control of the Grant Programs. Accordingly, we do not express an opinion on the effectiveness of the College's internal control of the Grant Programs.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Grant Program's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Grant Programs' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance of the Grant Programs and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance of the Grant Programs. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance of the Grant Programs. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
November 15, 2023

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

State Adult Education Grant Program

Balance Sheet

June 30, 2023

	State Basic	State Performance	Total
Current Assets – Due from other funds	$ -	$ 5,446	$ 5,446
Current Liabilities –Accrued expenses	$ -	$ 5,446	$ 5,446
Net Position	-	-	-
Total liabilities and net position	$ -	$ 5,446	$ 5,446

See accompanying notes to state grant programs financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

State Adult Education Grant Program

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2023

	State Basic	State Performance	Total
Operating revenue – state source	$ 282,944	$ 228,130	$ 511,074
Operating expenses by program:			
Personnel (Salaries and Wages)	257,160	122,809	379,969
Fringe Benefits	—	45,936	45,936
Travel	—	800	800
Equipment	—	16,860	16,860
Supplies	12,350	22,753	35,103
Contractual Services	—	17,660	17,660
Training & Education	—	1,045	1,045
Miscellaneous Costs	—	267	267
Indirect Costs	13,434	—	13,434
Total operating expenses	282,944	228,130	511,074
Change in net position	—	—	—
Net position, beginning of year	—	—	—
Net position, end of year	$ —	$ —	$ —

See accompanying notes to state grant programs financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

ICCB Compliance Statement for State Adult Education Grant Program

Expense Amount and Percentages for ICCB Grant Funds Only

Year ended June 30, 2023

		Audited expense amount	Actual expense percentage
State Basic:			
Instruction (45% minimum required)	$	269,510	95.25%
General administration (20% maximum allowed)		13,434	4.75%

See accompanying independent auditor's report on state grant programs financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Innovative Bridge and Transition Program Grant

Balance Sheet

June 30, 2023

	Innovative Bridge and Transition Grant 2022	Innovative Bridge and Transition Grant 2023	Total
Current Assets – Due from other funds	$ -	$ 113,206	$ 113,206
Current Liabilities –Accrued expenses	$ -	$ 113,206	$ 113,206
Net Position	-	-	-
Total liabilities and net position	$ -	$ 113,206	$ 113,206

See accompanying notes to state grant programs financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Innovative Bridge and Transition Program Grant

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2023

	Innovative Bridge and Transition Grant 2022	Innovative Bridge and Transition Grant 2023	Total
Operating revenue – state source	$ 188,650	$ 205,064	$ 393,714
Expenses			
Personnel (Salaries and Wages)	46,610	13,600	60,210
Fringe Benefits	—	—	—
Travel	—	—	—
Supplies	8,401	5,981	14,382
Contractual Services	—	—	—
Training & Education	3,406	—	3,406
Miscellaneous Costs	102,073	174,683	276,756
Indirect Costs	28,160	10,800	38,960
Total operating expenses	188,650	205,064	393,714
Change in net position	-	-	-
Net position, beginning of year	-	-	-
Net position, end of year	$ -	$ -	$ -

See accompanying notes to state grant programs financial statements.

(1) Summary of Significant Accounting Policies

(a) General

The accompanying statements include only those transactions resulting from the State Adult Education (State Basic and State Performance) and Innovative Bridge & Transition Grant Programs and are not intended to present the financial position or changes in financial position of the William Rainey Harper College – Community College District No. 512 (the College). These transactions have been accounted for in a Restricted Purposes Fund.

(b) Basis of Accounting

The statements have been prepared on the accrual basis. Expenses include all accounts payable representing liabilities for goods and services actually received as of June 30, 2023. Unexpended funds are reflected as a reduction to net position and a liability due to the ICCB by October 15.

(c) Capital Assets

Capital assets are reported at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. The College's capitalization policy on renovations to buildings, infrastructure, and land improvements includes projects greater than $100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 10 to 20 years for building improvements, 15 to 20 years for land improvements, and 3 to 10 years for equipment.

No capital assets were identified in the current year.

(d) Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. Interfund eliminations have not been made in the aggregation of this data.

The balance of $5,446 in the State Performance grant and $113,206 in the Innovative Bridge and Transition grant represents the borrowing from the College to pay grant program expenses prior to receiving grant distributions.

(2) Background Information on State Grant Activity

(a) Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment with a small portion of the allocation based upon gross square footage of space at the College.

(b) Restricted Adult Education Grants/State

State Basic

Grant awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and over or persons under the age of 21 and not otherwise in attendance in public school for the purpose of providing education to adults in the community, and other instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens, including courses of instruction regularly accepted for graduation from elementary or high schools and for Americanization and General Education Development Review classes. Included in this grant are funds for support services, such as student transportation and childcare facilities or provisions.

State Performance

Grant awarded to Adult Education and Family Literacy providers based on performance outcomes.

(c) Restricted Grants/State

Innovative Bridge and Transition Program

Grant awarded to provide services to targeted populations for the purpose of preparing them to succeed in post-secondary education and training leading to employment in high skill, high wage and in- demand occupations. Targeted populations include individuals who are 16 years or older, adults who are not enrolled in high school with limited academic or basic skills, underemployed or unemployed youth, and individuals with disabilities.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT ACCOUNTANT'S REPORT ON THE SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED

The Board of Trustees
William Rainey Harper College
Community College District No. 512

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed, of William Rainey Harper College, Community College District No. 512 (the "College") for the year ended June 30, 2023. The College's management is responsible for the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Our responsibility is to express an opinion on the schedule based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed for the year ended June 30, 2023, is presented in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual,* in all material respects.

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

Crowe LLP

Crowe LLP

Oak Brook, Illinois
November 15, 2023

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

Year ended June 30, 2023

	Total semester credit hours by term (in-district and out of district reimbursable)							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	18,692.0	—	65,034.0	7.0	65,227.0	—	148,953.0	7.0
Business occupational	1,553.5	—	5,149.5	3.0	7,110.5	—	13,813.5	3.0
Technical occupational	1,024.5	—	5,911.0	18.0	7,502.5	—	14,438.0	18.0
Health occupational	1,388.0	—	7,023.5	667.0	5,524.5	580.0	13,936.0	1,247.0
Remedial developmental	854.0	—	3,363.0	—	2,829.0	—	7,046.0	—
Adult basic/secondary education	117.0	475.0	619.0	4,708.0	1,004.0	6,082.0	1,740.0	11,265.0
Total	23,629.0	475.0	87,100.0	5,403.0	89,197.5	6,662.0	199,926.5	12,540.0

	Attending in-district	Attending out-of-district on chargeback or cooperative/contractual agreement	Total
Reimbursable semester credit hours (all terms)	179,481.5	1,109.0	180,590.5
District prior year equalized assessed valuation			$ 20,857,855,365

Signatures */s/ Dr. Avis Proctor*
Chief Executive Officer (CEO)

/s/ Rob Galick
Chief Financial Officer (CFO)

(Continued)

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

Year ended June 30, 2023

	Reconciliation of semester credit hours			Reconciliation of semester credit hours		
	Total unrestricted credit hours verified	Total unrestricted credit hours certified by ICCB	Difference	Total restricted credit hours verified	Total restricted credit hours certified by ICCB	Difference
Categories:						
Baccalaureate	148,953.0	148,953.0	—	7.0	7.0	—
Business occupational	13,813.5	13,813.5	—	3.0	3.0	—
Technical occupational	14,438.0	14,438.0	—	18.0	18.0	—
Health occupational	13,936.0	13,936.0	—	1,247.0	1,247.0	—
Remedial developmental	7,046.0	7,046.0	—	—	—	—
Adult basic education/adult secondary education	1,740.0	1,740.0	—	11,265.0	11,265.0	—
Total	199,926.5	199,926.5	—	12,540.0	12,540.0	—

	Reconciliation of in-district/chargeback and cooperative/contractual agreement credit hours		
	Total attending	Total attending as certified to the ICCB	Difference
Reimbursable in-district residents	179,481.5	179,481.5	—
Reimbursable out-of-district on chargeback or contractual agreement	1,109.0	1,109.0	—
Total	180,590.5	180,590.5	—

	Total reimbursable	Total reimbursable certified to the ICCB	Difference
Dual credit	22,418.0	22,418.0	—
Dual enrollment	826.5	826.5	—
Total	23,244.5	23,244.5	—

See independent accountant's report on the schedule of enrollment data and other bases upon which claims are filed.

WILLIAM RAINEY HARPER COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 512

Residency Verification for Enrollment

June 30, 2023

RESIDENCY VERIFICATION PROCESS

Students enrolling at Harper College are classified as Resident, Non-Resident, Out-of-State or International for tuition and fee purposes. The Registrar's Office is responsible for maintaining, updating and documenting student addresses for residency and tuition calculation purposes. Proof of residency is required at the time of registration and acceptable proof of residence can include the following documents:

Driver's license
Voter's registration card
Library card
Lease agreement
Utility bill
Tax bill

Residency requirements for tuition and fee and state funding purposes are as follows:

Resident
A student who has resided within Illinois and the Harper College District 512 thirty days immediately prior to the start of the term is eligible to be classified as a resident student for tuition calculation purposes. These communities are considered part of the Harper College District:

Arlington Heights, Barrington, Barrington Hills, Buffalo Grove+, Carpentersville+, Deer Park+, Des Plaines+, Elk Grove Village, Fox River Grove+, Hanover Park+, Hoffman Estates+, Inverness, Lake Barrington, Mount Prospect, North Barrington, Palatine, Prospect Heights, Rolling Meadows, Roselle+, Schaumburg, South Barrington, Tower Lakes, Wheeling. +Portions of these communities are included in the district.

Residency requirements may differ for limited enrollment programs admission.

Permanent Resident
A permanent resident is defined as an individual who:

A.) is a citizen of the United States or has established permanent residence (holds an I-551 alien registration card) AND
B.) resides in the Harper College district for reasons other than attending Harper College.

The Admissions Office shall make the final determination of permanent residency status in relation to the selection process for limited enrollment programs.

Non-Resident
A student who has resided in Illinois, but outside the Harper district, for thirty days immediately prior to the start of the term shall be classified as a non-resident student.

Out-of-State

A student who resided in Illinois for less than thirty days immediately prior to the start of the term shall be classified as an out-of-state student. Students who move outside the state or district and who obtain residence in the state or Harper district for reasons other than attending the community college shall be exempt from the thirty day requirement if they demonstrate through documentation a verifiable interest in establishing permanent residency. The Registrar's Office shall make the final determination of residency status for tuition purposes.

Chargebacks and Joint Agreements

Resident students desiring to pursue a certificate or degree program not available through Harper College may apply for chargeback tuition if they attend another public community college in Illinois which offers that program. Students approved for chargeback will pay the resident tuition of the receiving institution; the Harper College District will reimburse the college for the remainder of the non-district tuition cost. Application for chargeback tuition must be made in the Office of the Registrar 30 days prior to the beginning of the term in which the student wishes to enroll.

Business Edvantage

Non-resident students employed full-time by companies within the Harper College District may be eligible for a tuition reduction based on their employer's participation in the program. Students employed by participating companies receive a form directly from their employer and present work identification or a payroll stub to the Registrar's Office for tuition adjustment. Forms must be submitted for each term of enrollment.

Student Record Updates – Address Changes

The Registrar's Office maintains student addresses for residency purposes, telephone numbers for College use, student major area of study for advising purposes, and corrects social security number errors. Address, phone and major area of study updates will be accepted by e-mail, but students will be required to provide documentation before receiving resident tuition. Social security number changes also require documentation.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
Harper College
Community College District No. 512

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of William Rainey Harper College, Community College District No. 512 (the "College") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 15, 2023. Our report includes a reference to other auditors who audited the financial statements of the William Rainey Harper College Educational Foundation (the "Foundation"), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
November 15, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Board of Trustees
William Rainey Harper College
Community College District No. 512

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited William Rainey Harper College, Community College District No. 512's (the "College") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely presented component unit of the College as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 15, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
November 15, 2023

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Schedule of Expenditures of Federal Awards
as of June 30, 2023

Federal grantor/pass through grantor/program title	Project/Grant Number	Federal AL Number		Federal Expenditures
U. S. Department of Defense:				
Armed Forces	N/A	12.000	$	4,158
U.S. Department of Labor:				
Susan Harwood Training Grants	SH37193SH1	17.502		40,862
Susan Harwood Training Grants	SH39192SH2	17.502		84,422
Total ALN 17.502				125,284
Strengthening Community Colleges Training Grant	CC000015PN1	17.261		10,995
Total Department of Labor				136,279
Small Business Administration:				
Passed through Illinois Department of Commerce				
Small Business Development Centers	22-561112	59.037		49,284
COVID 19 - Small Business Development Centers (Cares)	20-543112	59.037		1,925
Total Small Business Administration				51,209
U.S. Department of Veterans' Affairs:				
Vocation Rehabilitation for Disabled Veterans	N/A	64.116		19,120
U.S. Department of Health and Human Services:				
CCDF Cluster				
Passed through Illinois Community College Board				
COVID 19 - Early Childhood Access Consortium for Equity Grant	ECE-51201-22	93.575		477,884
Passed through Illinois Student Assistance Commission				
COVID 19 - Early Childhood Access Consortium for Equity Scholarship	N/A	93.575		414,856
Total Department of Health and Human Services				892,740
U.S. Department of Treasury:				
Passed through Illinois Community College Board				
COVID 19 - College Bridge Grant	CB-51201-22	21.027		11,241
National Science Foundation:				
Passed through Elmhurst University				
Robert Noyce Grant	2151078-HarperSub	47.076		11,371

(Continued)

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Schedule of Expenditures of Federal Awards
as of June 30, 2023

Federal grantor/pass through grantor/program title	Project/Grant Number	Federal AL Number	Federal Expenditures
U.S. Department of Education:			
Education Stabilization Fund			
Passed through Illinois Community College Board			
COVID-19 - Governors Emergency Education Relief Fund II	GEERII-51222	84.425C	$ 196,075
Passed through Illinois Community College Board			
Adult Education – Basic Grant	S5120123	84.002	275,677
Adult Education – National Leadership Activities – EL Civics Grant	S5120123	84.002	84,080
Total Adult Education			359,757
Fulbright Hayes	P021A220023	84.021A	144,746
Career and Technical Postsecondary Adult Education			
Carl D. Perkins Vocational Education - Title III	CTE51222	84.048	23,780
Carl D. Perkins Vocational Education - Title III	CTE51223	84.048	676,714
Total Perkins Vocational Education			700,494
Passed through University of Illinois			
Center for Global Studies Grant	N/A	84.015A	1,550
Passed through Roosevelt University			
CARLI Scoers Grant	P116T210005	84.116T	6,000
Student Financial Assistance Program Cluster:			
Federal Supplemental Educational Opportunity Grant Program	P007A221317	84.007	271,381
Federal Direct Student Loans Program	P268K222465	84.268	31,128
Federal Direct Student Loans Program	P268K232465	84.268	1,791,380
Total Federal Direct Student Loans Program			1,822,508
Federal Pell Grant Program	P063P212465	84.063	(23,576)
Federal Pell Grant Program	P063P222465	84.063	10,744,694
Total Federal Pell Grant Program			10,721,118
Federal Work Study	P033A221317	84.033	176,727
Total Student Financial Assistance			12,991,734
Passed through Illinois Department of Human Services:			
Rehabilitation Services – Vocational Rehabilitation	Not Available	84.126	330,866
Total Department of Education			14,731,222
Total Federal Expenditures			$ 15,857,340

See accompanying notes to schedule of expenditures of federal awards.

Notes to the Schedule of Expenditures of Federal Awards

Year Ending June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of William Rainey Harper College (the "College") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Basis of Accounting and Cost Principles:

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Federal Student Loan Programs:

Federally guaranteed loans issued to students of the College by financial institutions under the Federal Direct Loan Program were $1,822,508 during the year ended June 30, 2023.

Subrecipients:

Of the federal expenditures presented in the Schedule, the College did not provide any federal awards to subrecipients.

Non-Cash Assistance:

The College had no non-cash assistance during the year.

Federal Insurance:

The College had no Federal insurance in force during the year.

Schedule of Findings and Questioned Costs

Year Ending June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	*Unmodified*	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	✓ No
Significant deficiency(ies) identified?	______ Yes	✓ None Reported
Noncompliance material to financial statements noted?	______ Yes	✓ No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	______ Yes	✓ No
Significant deficiency(ies) identified?	______ Yes	✓ None Reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	______ Yes	✓ No

Section I - Summary of Auditor's Results (Continued)

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
	U.S. Department of Education
84.007, 84.268, 84.063, 84.033	Student Financial Assistance Cluster
	U.S. Department of Health and Human Services
93.575	CCDF Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ___✓___ Yes _______ No

Section II - Financial Statement Findings

There were no findings for the year ended June 30, 2023.

Section III - Federal Award Findings

There were no findings for the year ended June 30, 2023.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Schedule of Prior Year Findings and Questioned Costs

Year Ending June 30, 2023

There were no findings for the year ended June 30, 2022.