William Rainey Harper College • Community College District #512 • Palatine, Illinois • harpercollege.edu

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

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Harper College

WILLIAM RAINEY HARPER COLLEGE – COMMUNITY COLLEGE DISTRICT NO. 512

Palatine, Illinois

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

(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
harpercollege.edu

December 9, 2022

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, 2022, 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

Late in 1964, while legislators in Springfield were adding the final revisions to the Illinois Community College Act enabling citizens to form their own college districts, concerned citizens in Chicago's northwest suburban communities petitioned for a referendum to vote on the establishment of a college. Voters in the four-township area of Elk Grove, Palatine, Schaumburg and Wheeling approved a referendum establishing the Harper district on March 27, 1965.

Two years later, Barrington School District 224 (now Unit School District 220) annexed to the Harper district, and the boundaries of Harper's 200 square mile district were established to become Illinois Community College District No. 512.

Voters in the district approved a $7,375,000 building referendum by a margin of 4-1 to begin Harper's second year. By September 1967, the College was staffed and operating with more than 1,700 students attending evening classes at Elk Grove High School and ground had been broken for a new campus. Harper College was a reality.

Although in recent years Harper has seen declines in enrollment, it has had a history of strong growth. The 1967 enrollment of 1,725 students jumped to 3,700 in one year, double the projections. In fall 1969, when the doors opened on Harper's new campus, 5,350 students were enrolled. In the 2021-2022 school year, the College enrolled approximately 21,400 students.

A successful referendum was held in September 1975 providing funds for the College to move forward with completion of the present campus, purchase land for a second site, and construct the first phase of buildings on that site when required by enrollment increases.

Changes in population trends over the succeeding 10 years indicated that a second campus would not be needed to accommodate projected enrollment, and the decision was made to sell the property, which had been purchased in Arlington Heights. The sale was finalized in 1986.

In August 1993 the College opened Building S, which housed Publications and Communication Services, now called the Marketing Services. In the spring of 1994, Building L was opened. This building includes the Liberal Arts division office, classrooms, faculty offices, and the College Bookstore. The two buildings were part of a building phase that also included renovation plans in existing buildings. Building F was completely renovated in 1995 to provide space on the third floor for the departments and programs of the Academic Enrichment and Language Studies Division and to give appropriate space to Resources for Learning/Library Services on the first and second floors. Renovations completed in 1996 included the addition of a large computer lab in Building I and updating of Building V.

The Board of Trustees approved the first and the second phase of the Technology Plan in 1995 and 1996. The campus computer network was completed in 1996, providing links between offices and classrooms and the Internet with a variety of network resources to position Harper for higher education in the next century.

In 1998, the College embarked upon implementing a new shared governance structure and the publication of the College's first comprehensive strategic long-range plan.

Groundbreaking for the new Performing Arts Center and Instructional Conference Center was held on May 18, 2000. The new buildings were partially funded by the State of Illinois.

During the summer of 2000, Harper College held "Discovery Sessions" with various community members, business leaders, and students and talked about some of the key challenges facing the College to "discover" what the community really wanted from Harper. The Community Response Team (CRT), which was subsequently formed, presented several recommendations to the Board of Trustees, which identified science, technology, and healthcare as top priorities for the College to address.

On November 7, 2000, the Harper College district residents resoundingly voted to pass an $88.8 million referendum to build a new facility to house Harper's growing science, technology, and healthcare programs. Construction of the science, emerging technology, and health career center began in the fall of 2001.

On August 29, 2001, Harper College opened a new facility in Schaumburg for the TECH (Technical Education and Consulting at Harper) program. Today, the facility now called the Harper Professional Center, is the site for the Fast Track program. It is centrally located to provide easy access for students who work or live in the Schaumburg area.

In the fall of 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. The Wojcik Conference Center houses one of the largest business amphitheaters in the northwest suburbs and offers an array of resources for companies and organizations to provide professional development and interactive education activities to their employees.

The Performing Arts Center opened in the spring of 2003. In addition to providing new expanded educational opportunities for students, the Performing Arts Center will continue to attract well-known entertainers and celebrities to campus.

In the fall of 2004, Harper College opened Avanté, Center for Science, Health Careers, and Emerging Technologies. The state-of-art learning facility encompasses 288,500 square feet of space, an area equal to six and one-half acres.

In 2006, Harper College was granted authority by the Higher Learning Commission to grant online degrees and grant degrees from two off-campus locations, Northeast Center (NEC) and Harper Professional Center (HPC). The College also received the only National Science Foundation Undergraduate Research grant awarded to a community college.

In 2008, Harper College district voters approved a $153.6 million capital bond referendum allowing the College to repair and renovate existing campus buildings, as well as build new facilities over the next ten years.

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 2014, the College re-launched 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.

In January 2015 the College completed a $38 million renovation of Building H, now known as the Career & Technical Education Center. The renovation included classrooms and labs for some of Harper's fastest-growing training programs in fields like manufacturing, welding and architectural technology. About $20 million of the two-year project was funded by a state grant.

In August 2016 the College completed a $45 million addition and renovation to Building D, bringing one of the original six buildings on campus into the 21st century with modernized classrooms, state-of-the-art labs, and more collaborative study space. The centerpiece of the building is the glass two-story Beaubien Family Rotunda that creates an inviting place for students to meet, study and learn.

In April 2018 the $26 million renovation of Building F was completed and named the David K. Hill Family Library. One of the first buildings completed on campus in 1970 and then remodeled in 1995, it now houses the Library, Academic Support Services, and the Academy for Teaching Excellence. The renewed Library offers students diverse seating options with many places to congregate and interact with the faculty librarians.

In August 2018 Harper College, along with its partners Palatine Park District and Northwest Community Healthcare, completed the $38 million renovation project on Harper's campus that expanded access to recreation, healthcare and wellness services in the northwest suburbs.

In the fall of 2018, the District 512 voters 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 will provide $180 million toward capital improvements to help position Harper students and the community for a strong future

In 2021, the College strengthened its focus on diversity, equity, and inclusion which is a hallmark of the FY2021-2024 strategic plan. A new equity statement was created through the shared governance process. This statement supports the College's resolve to close equity gaps, remove barriers that impact student persistence and success, and focus efforts on students who have been traditionally marginalized. In addition, an Executive Cabinet position was created to guide the diversity, equity and inclusion efforts. An overarching goal of this work is to close equity gaps by 20% in 2024.

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 2022 is approximately 8,050. The College has 798 full-time employees, which includes 222 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

The President establishes goals in consultation with the Board of Trustees that support the Strategic and Operational Plans of the College. Eight goals were established to begin or be completed in for FY2022:

1) *Goal*: Support the strategic plan goal teams in achieving established targets focused on student success, equity and enrollment. *Status:* Completed and Continuing.

   At the midpoint of FY2021-FY2024 Strategic Plan six goals teams and 25 sub-groups are working on various aspects of the Strategic Plan. At the end of FY2022, 22 proposals have been approved and much work is underway. Achievements include:
   - Increased graduation rate by 12% from 33.7% in 2019 to 37.8% in 2021

- Decreased gaps for Black students in developmental math (a 28% decrease), developmental writing (a 44% decrease), and fall to fall persistence (a 29% decrease)

2) *Goal*: Establish additional measures that aid in improving the recruitment and retention of diverse faculty and staff. *Status*: Completed.

   In FY2022, the College continued its commitment to hiring faculty and staff that better represent the diversity of students and the local community. Additionally, Harper continues to hire Diverse Faculty Fellows, established the Social Justice Distinction award for students, approved the use of non-binary pronouns for policies, launched Diversity, Equity, and Inclusion training for all employees, revived the 360 Assessment, and facilitated the creation of a rubric to assess academic and non-academic policies at the College through an equity-minded lens.

3) *Goal*: Execute strategies and deploy technologies that continue to enhance distance learning and other flexible teaching and learning programs. *Status*: Completed.

   Three initiatives highlight the work related to the growth of incentivized professional learning that enhances teaching and learning:
   - Equity Teaching Academy and Redesign for Equity Grants: The Equity Teaching Academy is a three course professional learning series for Harper faculty and district high school partners. The goal is to develop the capacity of educators to address equity gaps by examining institutional context, reflecting on equity pedagogies and practices, and creating an action plan for an equity- based course redesign. Faculty who complete are eligible to participate in a Redesign for Equity grant. Courses will be redesigned using evidence-based, inclusive practices with the goal of reducing equity gaps in course success rates.
   - Flexible Learning (Hyflex) Pilot: Provided incentives for 68 faculty to engage in professional learning related to HyFlex that included participation in Hyflex roundtables facilitated by the Academy for Teaching Excellence, external courses through Educause and the Online Learning Consortium, and the "Building Capacity for Flexible Learning" series.
   - Ally Advocate Badge: The Academy for Teaching Excellence has conducted workshops for faculty to earn an Ally Advocate digital badge for remediating course content. Ally Advocates are recognized for their ability to leverage the Blackboard Ally tool to improve the accessibility, quality, and usability of course content for all students. This work began in FY2021 and, at the end of FY2022, 58 faculty have earned the Ally Advocate Badge.

4) *Goal*: Develop metrics that monitor student progression and completion through the University Center. *Status*: Completed.

   Developed metrics that monitor student progress and completion through the University Center. Performance by University Center students continues to exceed expectations with persistence rates being 90% on average across all programs. Student success rates in University Center courses are also nearly 94%. During fall 2021, 487 students enrolled, and 115 students completed a University Center program.

5) *Goal*: Execute recommendations that increase standards of risk management for the College. *Status*: In Progress.

   In FY2022, an Executive Director of Facilities was hired. In early FY2023, a Director of Risk Management will be hired to begin building out a comprehensive risk management plan. During FY2022, several recommendations from the consultant report have been addressed including the assessment of call boxes across campus as well as the installation of cameras in various locations. Recommendations will continue to be implemented in the coming year as the comprehensive risk management plan is developed.

6) *Goal*: Facilitate trustee involvement in community engagement activities that support the mission of the college. *Status*: Completed.

   Trustees have attended numerous community engagement events that include the Carnivale celebration hosted by Partners for our Communities, long-term Foundation Board member Tom Wischhusen's retirement party, and a progressive dinner held by the Educational Foundation to steward new and potential donors. Additionally, several trustees supported Excel Beyond 211.

7) *Goal*: Execute the highest priority master planning projects. *Status*: Completed.

   Programming for the Canning Center has been approved. The building will include the Student Center, University Center, Campus Dining, and space for the culinary and hospitality program, including teaching kitchens, large gathering spaces, and offices. A steering committee has been formed for the Building I and J reconstruction project and a request for proposal has been issued for an architect.

8) *Goal*: Begin the planning process for the development of a Strategic Information Technology Plan. Status: In Progress.

   The new Chief Information Officer began November 2022 and formalized the Information Technology governance structure during FY2022. The next phase is to build the Strategic Information Technology Plan.

Capital Project Priorities

Several Campus Master Plan project initiatives made significant progress in FY2022:

- Completed the Building A Culinary Lab Improvements Project in August 2021, within the project budget of $660,000.
- Completed the Building D Cultural Center Project in October 2021, within the project budget of $400,000.
- Completed the Building M Hall of Fame Project in July 2021, within the project budget of $132,000.
- Completed the Building V HVAC Upgrade Project in May 2022, within the project budget of $311,922.
- Completed the Building X Dental Hygiene Simulation Lab Project in August 2021, within the project budget of $1,821,000.
- Completed the Learning and Career Center (LCC) Exterior Improvements Project in October 2021, within the project budget of $1,089,478.
- Completed Phase III of the Occupational Safety and Health Administration (OSHA) Roof Safety Project in September 2020, within the Project Budget of $468,750.
- Completed Building Z Refrigerant Detection and Purge Remediation Project in January 2021, within the project budget of $142,949.
- Completed Feasibility Studies for the Building B Natural Gas Service Replacement; Building B Water Service Improvements; Building B Motor Control Center Upgrades; Building F Water Infiltration Repairs; Building H Additive Manufacturing Lab; Building J Exposed Structural Concrete Repairs; Building M Drone Lab; Building Z Underpass Ceiling Repairs; Phase I of the Buildings R, W, X, Y, and Z Building Automation System (BAS) Improvements; and BAS Control Upgrades at Buildings D, E, H, M, and S.
- Began the schematic design for the Canning Center and University Center. Schematic design is scheduled to be completed in August 2022.

- Began the Architect Selection Process for the Buildings I and J Replacement/Renovation Project. Schematic design is scheduled to be completed in June 2023.
- 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 the design for the Building B Harper College Police Department Remodeling (B110). The project is scheduled to be completed in March 2023 and is within the project budget of $320,000.
- Began the design for the Buildings E and Z Domestic Water Heater Improvements. The project is scheduled to be completed in December 2022 and is within the project budget of $298,000.
- Began the design for the Buildings O and R Roofing Replacement. The project is scheduled to be completed in March 2023 and is within the project budget of $178,000.
- Began design for the Building R Theater Upgrades. The project is scheduled to be completed in August 2023 and is within the project budget of $566,000.
- Began the design of the Cannabis Laboratory at LCC. The project is scheduled to be completed in August 2023 and is within the project budget of $674,000.
- Began work on the Building D HVAC Upgrade Project. The project is scheduled to be completed in August 2022 and is within the project budget of $264,154.
- Began work on the Building J Theatrical Lighting Improvements. The project is scheduled to be completed in December 2022 and is within the project budget of $185,000.
- Began work on the Building L Kiln Exhaust Improvements. The project is scheduled to be completed in August 2022 and is within the project budget of $86,000.
- Began work on the Building X Respiratory Therapy Lab. The project is scheduled to be completed in January 2023 and is within the project budget of $605,800.
- Began work on the Building X Center for Interprofessional Simulation and Innovation Improvements. The project is scheduled to be completed in January 2023 and is within the project budget of $147,400.
- Began work on the Building Y Y211 Data Center Improvements. The project is scheduled to be completed in December 2022 and is within the project budget of $946,100.
- Other significant capital improvements in FY2022 include Building R Sound System Upgrades; Building V HVAC Improvements; Building Z Eyewash and Emergency Shower Improvements; security improvements; campus infrastructure improvements; indoor lighting level controllers; sidewalk repairs; parking lot maintenance; parking garage maintenance; 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, 2022, 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 $636.5 million. The current indebtedness totals $243.5 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, 2020. This was the 11th 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. The fiscal year 2021 Annual Comprehensive Financial Report has been submitted and is currently under review.

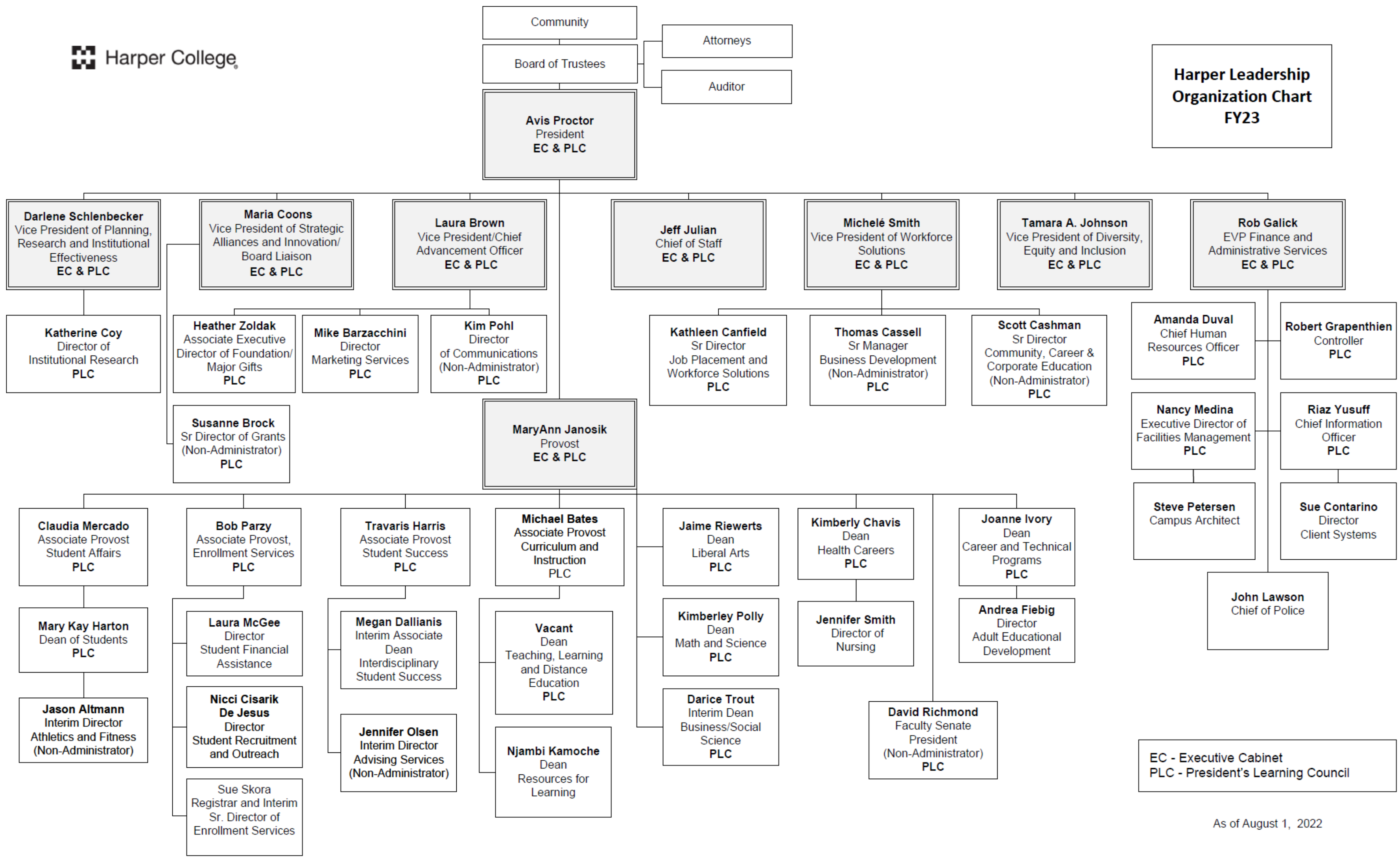
State Statute requires an annual audit by independent certified public accountants. The accounting firm of Crowe LLP was selected by the College's Board of Trustees to conduct the fiscal year 2022 audit. The auditor's report on the financial statements and supplemental financial information is included 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 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,

Dr. Avis Proctor,
President

Rob Galick,
Executive VP of Finance and Administrative Services



EC - Executive Cabinet
PLC - President's Learning Council

As of August 1, 2022

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, 2020

Christopher P. Morrill

Executive Director/CEO

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE NUMBER 512

PRINCIPAL OFFICIALS
December 9, 2022

BOARD OF TRUSTEES

	Position	Term Expiration
Pat Stack	Chair	2023
William Kelley	Vice Chair	2027
Dr. Nancy Robb	Secretary	2027
Gregory Dowell	Trustee	2025
Diane Hill	Trustee	2027
Herb Johnson	Trustee	2025
Walt Mundt	Trustee	2023
Maricarmen Gonzalez	Student Trustee	2023

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
MaryAnn Janosik, 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
Laurie Dietz	Budget/Accounting and Operational Analysis Manager

Crowe

Crowe LLP
Independent Member Crowe Global

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, 2022, 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, 2022, 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. 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*.

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.

Report on Summarized Comparative Information

We have previously audited the College's 2021 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit in our report dated December 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 December 9, 2022 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
December 9, 2022

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, 2022. 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 21,500 credit students and 10,200 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.

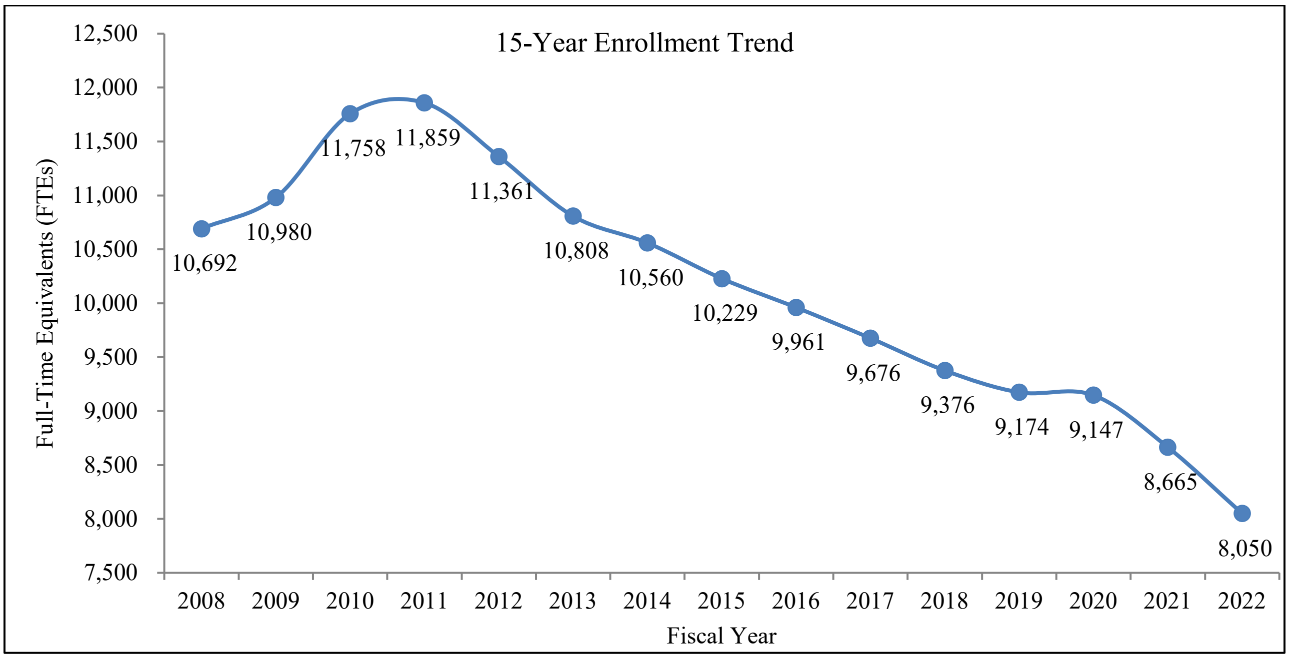
Accreditations

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.

Certified student credit hours, on which the State claim is filed, decreased for fiscal year 2022 from the levels of fiscal year 2021, from 229,932 to 210,217. The total credit hours, including continuing education reimbursables, decreased by 7.1% from 259,936 in fiscal year 2021 to 241,498 in fiscal year 2022. The full-time equivalents (FTEs) decreased to 8,050 for fiscal year 2022 from 8,665 in fiscal year 2021, and headcount (the actual number of students attending the College at any point in time) decreased by 5.5% during the same period. Total credit hours are budgeted to decline by 2.4% in fiscal year 2023.



The chart above reflects credit full-time equivalents from fiscal years 2008 through 2022.

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 target set by the State itself.

Fiscal years	State Funding	Compound Annual Growth Rate
2003	$ 7,552,401	0.0%
2004	$ 6,997,311	-7.3%
2005	$ 6,535,708	-7.0%
2006	$ 6,506,656	-4.8%
2007	$ 6,651,640	-3.1%
2008	$ 6,867,068	-1.9%
2009	$ 6,956,282	-1.4%
2010	$ 7,019,798	-1.0%
2011	$ 6,469,554	-1.9%
2012	$ 6,469,554	-1.7%
2013	$ 6,478,413	-1.5%
2014	$ 6,545,938	-1.3%
2015	$ 6,864,994	-0.8%
2016	$ 1,992,338	-9.7%
2017	$ 7,342,892	-0.2%
2018	$ 7,019,860	-0.5%
2019	$ 7,478,490	-0.1%
2020	$ 8,344,915	0.6%
2021	$ 8,522,545	0.7%
2022	$ 9,121,825	1.0%

Funding levels for the State base operating grant remained stagnant from fiscal years 2003- 2016, with the College only receiving funding at a compound annual growth rate of 1.0 percent over the past 20 years overall. The State budget for fiscal year 2023 contains appropriations for the College to receive $9.5 million. 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 2023.

In addition, the College is expected to absorb any unfunded state veterans' grant programs. Since fiscal year 2003 the cost to the College for this unfunded mandate totals $4.1 million.

The percentage of the College's funding provided by the State of Illinois, as measured by the per capita costs, is currently 5%. This, along with overall increases in the cost to provide services, has increased the percentage that students and taxpayers contribute to the cost of education at the College. The College continues to consider the reduction in 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. A summary of net position on June 30, 2022 and 2021 is on the next page.

Summary of Net Position
June 30, 2022 and 2021

	2022	2021
Current assets	$ 207,493,392	$ 222,944,494
Noncurrent assets:		
Restricted cash and investments	207,756,459	181,668,163
Unrestricted cash and investments	10,705,954	16,321,657
Capital assets, net of depreciation	246,583,014	255,062,566
Total assets	672,538,819	675,996,880
Deferred outflows of resources	4,511,353	5,639,968
Total assets and deferred outflows of resources	677,050,172	681,636,848
Current liabilities	38,271,092	39,384,049
Noncurrent liabilities	326,753,852	346,582,960
Total liabilities	365,024,944	385,967,009
Deferred inflows of resources	67,844,249	64,523,801
Total liabilities and deferred inflows of resources	432,869,193	450,490,810
Net position:		
Net investment in capital assets	161,996,550	157,613,382
Restricted, expendable	22,574,842	23,322,372
Unrestricted	59,609,587	50,210,284
Total net position	$ 244,180,979	$ 231,146,038

Net Position – Fiscal Year 2022 compared to 2021

Total net position increased by $13.0 million over the previous fiscal year. While total assets decreased $3.5 million, total liabilities decreased $20.9 million as the College continued to pay its debt obligations. In addition, the College saw a $4.4 million decrease in its Other Post Employment Benefits liabilities. Current assets decreased $15.5 million. Other Postemployment Benefits (or OPEB) are benefits (other than pensions) that the College provides to its retired employees.

Capital assets, net of depreciation, decreased $8.5 million as a result of net additions being less than annual depreciation.

Current liabilities stayed consistent with fiscal year 2021 while noncurrent liabilities decreased by $19.8 million, primarily due to scheduled bond payments.

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.

A summary of changes in net position for the years ended June 30, 2022, and 2021 is on the following page.

Changes in Net Position

Years ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Tuition and fees, net	$ 37,931,788	$ 39,214,653
Government grants and contracts	3,106,965	3,611,485
Auxiliary	1,037,105	959,085
Other	1,325,301	838,767
Total operating revenues	43,401,159	44,623,990
Operating expenses	200,324,796	203,715,786
Operating loss	(156,923,637)	(159,091,796)
Nonoperating revenues and expenses:		
Property and other taxes	91,200,807	87,214,938
Government appropriations, grants, and contracts	83,191,976	89,454,164
Investment income	1,421	515,386
Interest expense	(7,236,892)	(6,191,600)
Other	446,255	503,928
Total nonoperating revenues and expenses, net	167,603,567	171,496,816
Change in net position before capital contributions	10,679,930	12,405,020
Capital contributions	2,355,011	197,214
Change in net position	13,034,941	12,602,234
Net position, beginning of year	231,146,038	218,543,804
Net position, end of year	$ 244,180,979	$ 231,146,038

Revenues

Total revenues were $220,596,629 and $222,509,620 in fiscal years 2022 and 2021, respectively. The single largest revenue source of the College is property taxes. Revenues from property taxes were $88,107,411 and $85,784,253 in fiscal years 2022 and 2021, respectively. The second largest revenue source is tuition and fees. Tuition and fees were $37,931,788 and $39,214,653, respectively.

Revenues – Fiscal Year 2022 compared to 2021

Operating revenues decreased by $1.2 million primarily due to a decrease in net student tuition and fees.

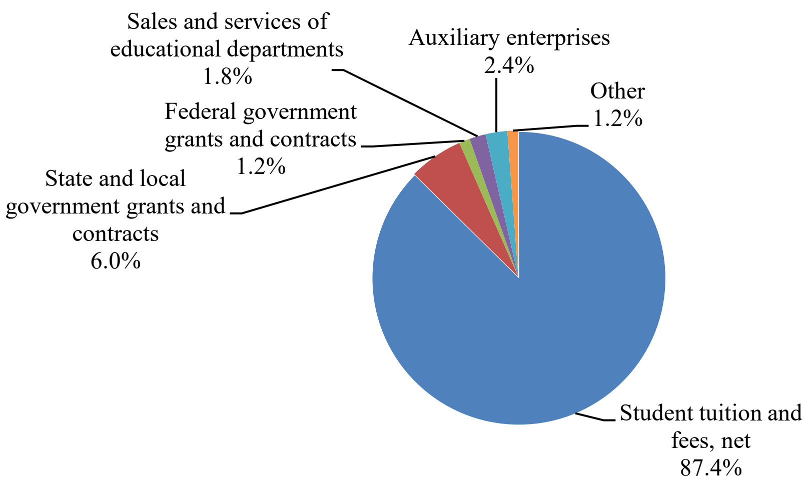
	2022	2021
Operating Revenues:		
Student tuition and fees, net	$ 37,931,788	$ 39,214,653
State and local government grants	2,592,522	2,931,083
Federal government grants	514,443	680,402
Auxiliary enterprises	780,396	610,294
Sales and services of educational departments	1,037,105	959,085
Other	544,905	228,473
Total Operating Revenues	$ 43,401,159	$ 44,623,990

Nonoperating revenues decreased by $2.8 million in total. While the College saw increases in property taxes, state and federal grants, these increases were fully offset by a $15.5 million decrease in the state retirement on-behalf plan contributions. The on-behalf contribution is detailed further in note 7 of the financial statements.

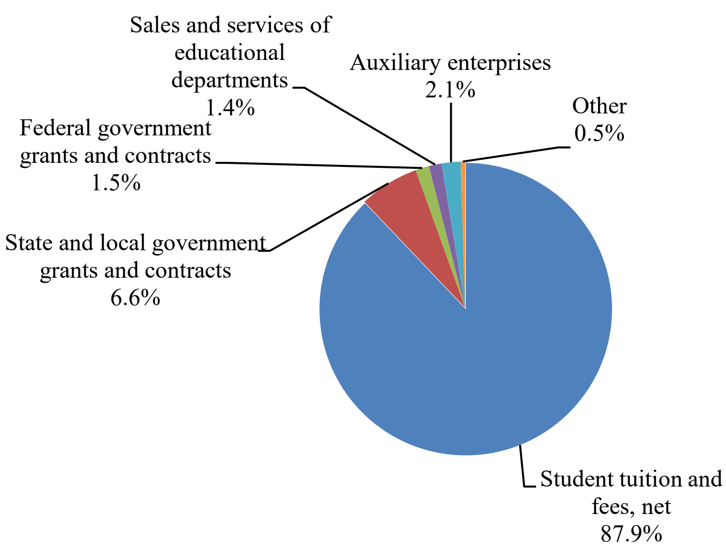
	2022	2021
Nonoperating revenues:		
Property taxes	$ 88,107,411	$ 85,784,253
State appropriations	9,121,825	8,522,545
State retirement on-behalf plan contribution (note 7)	34,370,102	49,850,868
Personal property replacement tax	3,093,396	1,430,685
State and local government grants and contracts	4,383,091	3,474,953
Federal government grants and contracts	35,316,958	27,605,798
Gifts	209,070	290,744
Investment income, net of investment expense	1,421	515,386
Other	237,185	213,184
Total Nonoperating Revenues	$ 174,840,459	$ 177,688,416

The following are graphic illustrations of operating revenues by type:

FY 2022 Operating Revenues



FY 2021 Operating Revenues



Expenses

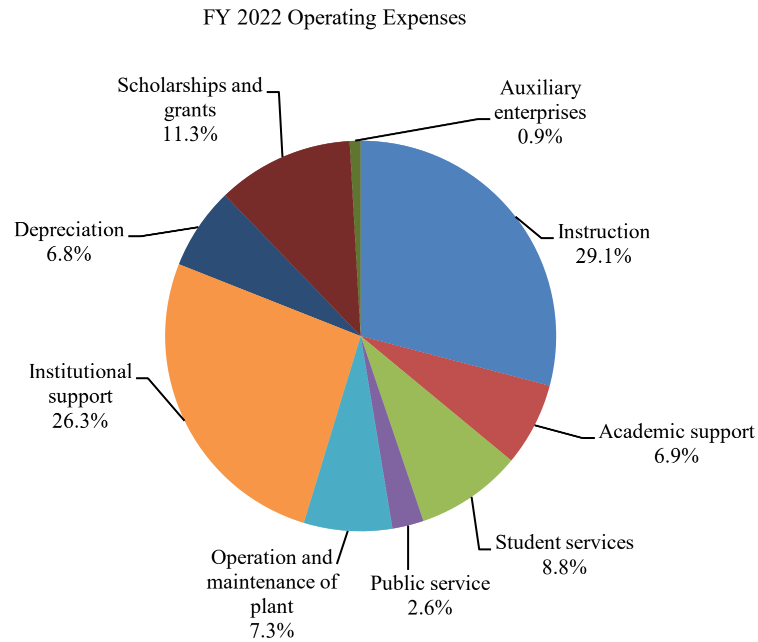
Total expenses were $207,561,688 and $209,907,386 in fiscal years 2022 and 2021, respectively.

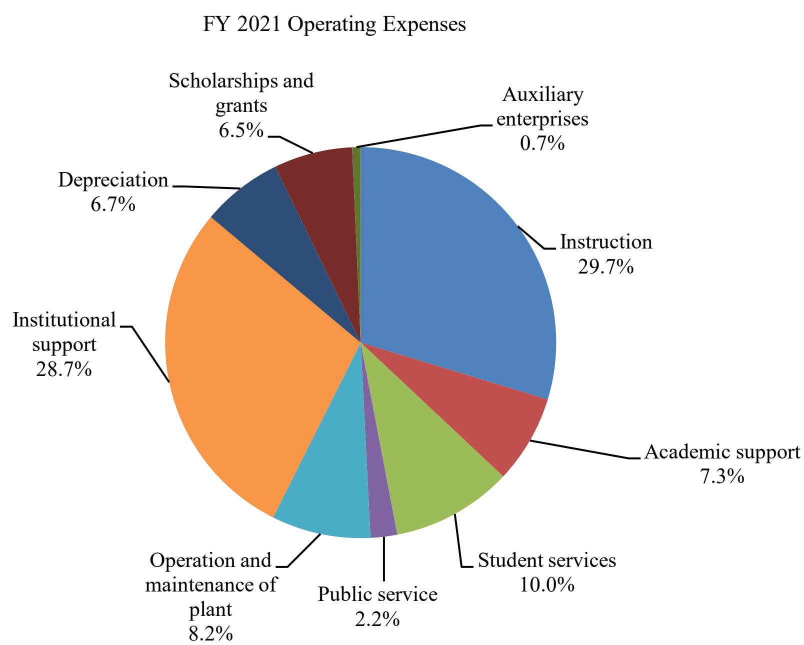
Expenses – Fiscal Year 2022 compared to 2021

Operating expenses decreased by $3.4 million in FY22. The decrease was driven by the $15.5 million reduction in the state retirement and OPEB on-behalf plan contributions. The decrease was partially by a $9.4 million increase in Scholarships and Grants extended to students.

	2022	2021
Operating Expenses:		
Instruction	$ 58,392,949	$ 60,698,273
Academic support	13,796,541	14,930,324
Student services	17,678,806	20,284,307
Public services	5,240,249	4,443,493
Operation and maintenance	14,592,472	16,611,099
Institutional	52,583,221	58,390,139
Scholarships and grants	22,596,209	13,223,453
Auxiliary enterprises	1,825,490	1,475,351
Depreciation	13,618,859	13,659,347
Total Operating Expenses	$ 200,324,796	$ 203,715,786

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





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 2022 and 2021. 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 $15.5 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

	2022	2021
Land and land improvements	$ 4,326,007	$ 4,326,007
Buildings and improvements	413,680,827	412,712,643
Equipment	24,937,174	24,420,869
Construction in progress	4,755,282	2,974,633
Art Collection	1,835,760	-
Less: accumulated depreciation	(202,952,036)	(189,371,586)
Net capital assets	$ 246,583,014	$ 255,062,566

Net Capital Assets – Fiscal Year 2022 Compared to 2021

As of June 30, 2022, the College had net capital assets of $246.6 million, a decrease of $8.5 million from 2021. 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 did not issue any additional debt in fiscal year 2022. 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 $97.2 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 2021, 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 2023 in an amount similar to our series 2021 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.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities — Statement 1

Statement of Net Position

June 30, 2022 with comparative totals from June 30, 2021

Assets		2022		2021
Current assets:				
Cash and cash equivalents (note 2)	$	56,164,107	$	129,234,321
Accounts receivable, net (note 3)		55,257,499		58,476,072
Investments (note 2)		94,822,969		34,619,659
Prepaid expenses and other assets		1,248,817		614,442
Total current assets		207,493,392		222,944,494
Noncurrent assets:				
Restricted cash and cash equivalents (note 2)		156,132,516		180,311,211
Restricted investments (note 2)		51,623,943		1,356,952
Other long-term investments (note 2)		10,705,954		16,321,657
Capital assets, not being depreciated (note 4)		10,917,049		7,300,640
Capital assets, net of accumulated depreciation (note 4)		235,665,965		247,761,926
Total noncurrent assets		465,045,427		453,052,386
Total assets		672,538,819		675,996,880
Deferred outflows of resources				
Deferred outflows of resources related to OPEB plans (note 11)		2,939,417		3,842,696
Deferred loss on debt refunding (note 6)		1,571,936		1,797,272
Total deferred outflows of resources		4,511,353		5,639,968
Liabilities				
Current liabilities:				
Accounts payable and other liabilities		3,274,340		7,386,842
Reserve for property tax refunds		2,214,824		2,110,275
Accrued payroll and compensated absences (note 5)		8,920,528		8,516,155
Deposits held for others		1,044,434		695,163
Unearned tuition and other revenue		9,799,006		9,288,055
Worker's compensation claims liability (note 10)		252,960		147,559
Current portion of long-term debt (note 6)		12,765,000		11,240,000
Total current liabilities		38,271,092		39,384,049
Noncurrent liabilities:				
Long-term debt (note 6)		258,824,580		274,325,330
Unearned revenue		800,212		687,242
Other Post Employment Benefits (note 11)		67,129,060		71,570,388
Total noncurrent liabilities		326,753,852		346,582,960
Total liabilities		365,024,944		385,967,009
Deferred inflows of resources				
Deferred inflows of resources related to OPEB plans (note 11)		16,562,961		13,491,862
Deferred inflows - service concession arrangement (note 12)		5,850,015		6,705,288
Deferred inflows - property taxes		45,431,273		44,326,651
Total deferred inflows of resources		67,844,249		64,523,801
Net Position				
Net investment in capital assets		161,996,550		157,613,382
Restricted:				
Working cash		9,680,000		9,680,000
Debt service		9,747,532		7,856,522
Capital projects		3,147,310		5,785,850
Unrestricted		59,609,587		50,210,284
Total net position	$	244,180,979	$	231,146,038

See accompanying notes to financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities — Statement 2

Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2022 with comparative totals from June 30, 2021

	2022	2021
Operating revenues:		
Student tuition and fees, net of scholarships and allowances of $7,518,332 and $8,269,262	$ 37,931,788	$ 39,214,653
State and local government grants and contracts	2,592,522	2,931,083
Federal government grants and contracts	514,443	680,402
Sales and services of educational departments	780,396	610,294
Auxiliary enterprises	1,037,105	959,085
Other	544,905	228,473
Total operating revenues	43,401,159	44,623,990
Operating expenses:		
Educational and general:		
Instruction	58,392,949	60,698,273
Academic support	13,796,541	14,930,324
Student services	17,678,806	20,284,307
Public service	5,240,249	4,443,493
Operation and maintenance of plant	14,592,472	16,611,099
Institutional support	52,583,221	58,390,139
Scholarships and grants	22,596,209	13,223,453
Auxiliary enterprises	1,825,490	1,475,351
Depreciation	13,618,859	13,659,347
Total operating expenses	200,324,796	203,715,786
Operating loss	(156,923,637)	(159,091,796)
Nonoperating revenues (expenses):		
Property taxes	88,107,411	85,784,253
State appropriations	9,121,825	8,522,545
State retirement & OPEB on-behalf plan contributions (notes 7 & 11)	34,370,102	49,850,868
Personal property replacement tax	3,093,396	1,430,685
State and local government grants and contracts	4,383,091	3,474,953
Federal government grants and contracts	35,316,958	27,605,798
Gifts	209,070	290,744
Investment income, net of investment expense	1,421	515,386
Interest expense	(7,236,892)	(6,191,600)
Other	237,185	213,184
Total nonoperating income	167,603,567	171,496,816
Change in net position before capital contributions	10,679,930	12,405,020
Capital contributions	2,355,011	197,214
Change in net position after capital contributions	13,034,941	12,602,234
Net position at beginning of year	231,146,038	218,543,804
Net position at end of year	$ 244,180,979	$ 231,146,038

See accompanying notes to financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities
Statement of Cash Flows
June 30, 2022 with comparative totals from June 30, 2021

	2022	2021
Cash flows from operating activities:		
Student tuition and fees	$ 37,692,217	$ 40,102,155
Student aid	2,511,921	4,897,957
Sales and services of educational departments	780,396	610,294
Payments to suppliers	(60,355,562)	(50,870,358)
Payments to employees	(91,862,503)	(86,913,121)
Auxiliary enterprises	307,344	607,354
Other	389,058	(452,915)
Net cash used in operating activities	(110,537,129)	(92,018,634)
Cash flows from noncapital financing activities:		
Property taxes	88,488,522	86,701,334
State appropriations	9,121,825	8,522,545
Personal property replacement taxes	3,093,396	1,430,685
Receipts of student scholarships and other allowances	7,518,332	11,309,892
Disbursements of student scholarships and other allowances	(7,518,332)	(11,309,892)
Contributions and Gifts	209,070	290,744
Government grants and contracts	46,121,080	24,659,720
Net cash provided by noncapital financing activities	147,033,893	121,605,028
Cash flows from capital and related financing activities:		
Purchases of capital assets	(4,068,512)	(1,096,556)
Proceeds from sale of bonds	-	185,868,398
Bond issuance costs	-	(1,161,470)
Principal paid on bonds	(11,240,000)	(16,425,000)
Interest paid on bonds	(13,284,913)	(3,611,960)
Net cash provided by (used in) capital and related financing activities	(28,593,425)	163,573,412
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	618,062,846	900,186,279
Purchase of investments	(723,873,343)	(856,602,990)
Interest on investments	658,249	743,417
Net cash provided by (used in) investing activities	(105,152,248)	44,326,706
Net increase (decrease) in cash and cash equivalents	(97,248,909)	237,486,512
Cash and cash equivalents at the beginning of year	309,545,532	72,059,020
Cash and cash equivalents at the end of year	$ 212,296,623	$ 309,545,532

(Continued)

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities
Statement of Cash Flows
June 30, 2022 with comparative totals from June 30, 2021

	2022	2021
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (156,923,637)	$ (159,091,796)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	13,618,859	13,659,347
On-behalf contributions to state retirement system	34,984,791	48,586,555
On-behalf contributions to state OPEB	(614,689)	1,264,313
Changes in Net Position:		
Receivables, net:		
Student	(750,522)	3,144,993
Federal, State, and other	(595,044)	1,286,472
Other	(729,761)	(351,731)
Prepaid expenses	(634,375)	487,861
Accounts payable and other liabilities	709,321	(855,779)
Accrued payroll and compensated absences	404,373	1,483,160
Deposits held for others	(393,032)	(894,572)
Unearned tuition and other revenue	510,951	(2,257,491)
Other Post Employment Benefits	(466,950)	1,358,343
Other liabilities	342,586	161,691
Net cash used in operating activities	$ (110,537,129)	$ (92,018,634)

See accompanying notes to financial statements.

Noncash activities:

During the year ended June 30, 2022, the College received $2,355,011 in capital contributions from the Illinois Community Development Board and the Harper College Foundation.

At June 30, 2022 and 2021, capital assets totaling $765,077 and $2,049,293, respectively, were included in accounts payable and other liabilities.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Component Unit – William Rainey Harper College Educational Foundation
Statements of Financial Position — Statement 4
June 30, 2022 with comparative totals from June 30, 2021

Assets		2022		2021
Cash	$	3,886,854	$	3,318,223
Prepaid expenses		—		—
Pledges receivable, net		127,451		1,723,168
Investments		46,140,625		49,823,747
Art collection		—		1,833,760
Total assets	$	50,154,930	$	56,698,898
Liabilities				
Accounts payable	$	380,508	$	117,446
Deferred revenue		—		2,500
Total liabilities		380,508		119,946
Net Assets				
Without donor restrictions		8,546,940		2,038,500
Without donor restrictions - board designated operating reserve		1,083,852		1,500,000
Without donor restrictions - board designated closing equity gaps		—		18,000,186
Without donor restrictions - board designated		27,368,417		20,426,805
Total without donor restrictions		36,999,209		41,965,491
With donor restrictions		12,775,213		14,613,461
Total Net Assets		49,774,422		56,578,952
Total liabilities and Net Assets	$	50,154,930	$	56,698,898

See accompanying notes to financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Component Unit – William Rainey Harper College Educational Foundation
Statements of Activities
June 30, 2022 with comparative totals from June 30, 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions	$ 3,079,730	$ 1,378,344	$ 4,458,074	$ 19,805,359	$ 1,843,540	$ 21,648,899
In-kind contributions	7,564	—	7,564	24,576	—	24,576
Fundraising events	160,224	7,500	167,724	207,884	23,500	231,384
Interest income	41,386	3,469	44,855	26,178	12,447	38,625
Investment Gain (Loss)	(2,035,481)	(1,264,532)	(3,300,013)	3,951,509	1,852,215	5,803,724
Net assets released from restrictions	1,663,029	(1,663,029)	—	2,283,857	(2,283,857)	—
	2,916,452	(1,538,248)	1,378,204	26,299,363	1,447,845	27,747,208
Expenses:						
Program	6,311,198	—	6,311,198	2,870,110	—	2,870,110
Management and general	265,902	—	265,902	267,647	—	267,647
Costs of direct benefits to donors	38,968	—	38,968	28,923	—	28,923
Fundraising	325,819	—	325,819	321,061	—	321,061
	6,941,887	—	6,941,887	3,487,741	—	3,487,741
Transfer from affiliate - William Rainey Harper College	594,913	—	594,913	—	—	—
Transfer to affiliate - William Rainey Harper College	(1,835,760)	—	(1,835,760)	576,269	—	576,269
Change in net assets	(5,266,282)	(1,538,248)	(6,804,530)	23,387,891	1,447,845	24,835,736
Net Assets at beginning of year	42,265,491	14,313,461	56,578,952	18,877,600	12,865,616	31,743,216
Net Assets at end of year	$ 36,999,209	$ 12,775,213	$ 49,774,422	$ 42,265,491	$ 14,313,461	$ 56,578,952

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, 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 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 92% 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 2020 and 50% of property taxes extended for calendar year 2021 are intended to finance the College's fiscal year 2022 budget, and accordingly, have been recorded as revenue for the year ended June 30, 2022. The remaining revenue related to the 2021 tax year extension has been classified as a deferred inflow and will be recorded as revenue in fiscal year 2023. The College records real property taxes at 99.75% of the 2021 extended levy, based upon collection histories. A reserve of $2,214,824 has been recorded for the net amount of property tax refunds at June 30, 2022.

(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 June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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, 2022. This Statement was adopted in the current year with no material impact.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests (An Amendment of GASB Statements No. 14 and No. 61)*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement was adopted in the current year with no impact.

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. Management has not determined what impact, if any, this Statement will have on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about reporting of intra-entity transfers of assets between a primary government employer and a

(1) Summary of Significant Accounting Policies (Continued)

component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of Statements 73 and 74 to reporting assets accumulated for postemployment benefits, the applicability of Statement 84 to postemployment benefit arrangements, measurement of liabilities and assets related to asset retirement obligations in a government acquisition, and reference to nonrecurring fair value measurements of assets and liabilities in authoritative literature. The topics within this Statement that were not effective for the College's fiscal year ended June 30, 2020 were, upon the College's adoption of GASB Statement No. 95, delayed for the College until the fiscal year ended June 30, 2022. This Statement was adopted in the current year with no material impact.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an interbank offered rate. This Statement was adopted in the current year with no 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. Management has not determined what impact, if any, this Statement will have on its financial statements.

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. Management has not determined what impact, if any, this Statement will have on its financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements 14 and 84, and a Supersession of GASB Statement 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code

(1) Summary of Significant Accounting Policies (Continued)

(IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The topics within this Statement that were not effective for the College's fiscal year ended June 30, 2020 are effective for the College's fiscal year ended June 30, 2022. This Statement was adopted in the current year with no material impact.

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 year ended June 30, 2022 with no material impact. The remaining portions of this Statement are effective for the College's fiscal years ended June 30, 2023, 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.

(1) Summary of Significant Accounting Policies (Continued)

(t) Prior Year Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

(2) Deposits and Investments

Cash and investments consisted of the following as of June 30, 2022:

Demand deposits	$	15,185,321
Certificates of deposit		21,748,740
Government securities commons and collective trust funds		219,065,018
Illinois School District Liquid Asset Fund Plus (government investment pool)		38,932,048
The Illinois Funds (government investment pool)		22,894,419
State and local government municipal bonds		51,623,943
Total	$	369,449,489

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, 2022 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, 2022 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.

(2) Deposits and Investments (Continued)

As of June 30, 2022, 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	$ 21,748,740	$ 18,803,301	$ 2,945,439	$ -
Government securities commons and collective trust funds	219,065,018	211,304,503	7,760,515	-
Illinois School District Liquid Asset Fund Plus (government investment pool)	38,932,048	38,932,048	-	-
The Illinois Funds (government investment pool)	22,894,419	22,894,419	-	-
State and local government municipal bonds	51,623,943	2,450,722	49,173,221	-
Total	$ 354,264,168	$ 294,384,993	$ 59,879,175	$ -

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.

(2) Deposits and Investments (Continued)

As of June 30, 2022, the College had the following fixed income investments, which are rated by Standard & Poor's (S&P):

	2022	
	Reported value	S&P Rating
Government securities commons and collective trust funds	$ 219,065,018	AA+ and AAA
Illinois School District Liquid Asset Fund Plus (government investment pool)	38,932,048	AAA
The Illinois Funds (government investment pool)	22,894,419	AAA*
State and local government municipal bonds	51,623,943	AA+ and AAA
Total	$ 332,515,428	

*The Illinois Funds have AAA Fitch rating

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, 2022, 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, 2022:

- A Depository Trust Company Certificate of Deposit of $3,777,671 is valued using a matrix pricing model (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.

(3) Accounts Receivable (Continued)

Accounts receivable consisted of the following at June 30, 2022:

Property taxes	$ 43,830,391
Student tuition and fees	11,385,929
Auxiliary enterprises and other operating activities	1,730,920
Accrued interest	755,085
Federal, state, and private grants and contracts	2,951,182
	60,653,507
Less allowance for doubtful accounts	5,396,008
Net accounts receivable	$ 55,257,499

(4) Capital Assets

Following are the changes in capital assets for the year ended June 30, 2022:

	July 1, 2021	Additions	Deletions	June 30, 2022
Capital assets not being depreciated:				
Land and land improvements	$ 4,326,007	$ -	$ -	$ 4,326,007
Art Collection	-	1,835,760	-	1,835,760
Construction in progress	2,974,633	2,748,833	(968,184)	4,755,282
Total capital assets not being depreciated	7,300,640	4,584,593	(968,184)	10,917,049
Capital assets being depreciated:				
Buildings and building improvements	412,712,643	968,184	-	413,680,827
Equipment	24,420,869	554,714	(38,409)	24,937,174
Total capital assets being depreciated	437,133,512	1,522,898	(38,409)	438,618,001
Less accumulated depreciation:				
Buildings and building improvements	167,167,331	12,755,805	-	179,923,136
Equipment	22,204,255	863,054	(38,409)	23,028,900
Total accumulated depreciation	189,371,586	13,618,859	(38,409)	202,952,036
Total capital assets being depreciated, net	247,761,926	(12,095,961)	-	235,665,965
Total capital assets, net	$ 255,062,566	$ (7,511,368)	$ (968,184)	$ 246,583,014

(4) Capital Assets (Continued)

The College has committed an additional $47,394,710 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, 2022, employees had earned but not taken annual leave which at salary rates in effect, aggregated $3,359,967. 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, 2021	Issuances	Retirements	June 30, 2022
$ 3,592,742	$ 2,554,655	$ 2,787,430	$ 3,359,967

(6) General Long-Term Obligations

The following is a summary of the College's bond transactions for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	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%	$ 84,890,000	$ -	$ 8,385,000	$ 76,505,000	$ 9,000,000
$4,570,000 G.O. Limited Bonds, 2019A Series, due in annual installments through December 1, 2021 bearing interest at 1.75% - 1.79%	2,265,000	-	2,265,000	-	-
$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%	163,280,000	-	535,000	162,745,000	1,350,000
$4,335,000 G.O Limited tax bonds, 2021 series, due in annual installments through December 1, 2023 bearing interest at 5.0%	4,335,000	-	55,000	4,280,000	2,415,000
Unamortized premium/discount	30,795,330	-	2,735,750	28,059,580	-
Total	$ 285,565,330	$ -	$ 13,975,750	$ 271,589,580	$ 12,765,000

(6) General Long-Term Obligations (Continued)

At June 30, 2022, the annual cash flow requirements of bond principal and interest were as follows:

	Principal	Interest	Total
Year ending June 30:			
2023	$ 12,765,000	9,195,388	$ 21,960,388
2024	13,015,000	8,565,213	21,580,213
2025	11,990,000	7,956,888	19,946,888
2026	12,875,000	7,354,988	20,229,988
2027	13,805,000	6,710,013	20,515,013
2028-2032	78,420,000	22,967,213	101,387,213
2033-2037	77,170,000	9,378,113	86,548,113
2038-2039	23,490,000	466,819	23,956,819
Total	$ 243,530,000	$ 72,594,635	$ 316,124,635

The difference between the principal amount above ($243,530,000) and the total balance as of June 30, 2022 from the previous table ($271,589,580) is the unamortized premium remaining on the bonds as of year end ($28,059,580).

<u>General Obligation Refunding Bonds – Series 2017B</u>

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 $92,470,000 as of June 30, 2022.

Bond issue date	December 6, 2017
Current portion	$9,000,000
Long-term portion	$67,505,000
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 2019A

On February 20, 2019 the College issued the Series 2019A bonds in the amount of $4,570,000. 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. There is no principal outstanding on the bonds as of June 30, 2022.

Bond issue date	February 20, 2019
Current portion	$ -
Long-term portion	$ -
Interest rates	1.75% - 1.79%
Final payment date	December 1, 2021
Payment dates	June 1 and December 1

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	$1,350,000
Long-term portion	$161,395,000
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	$2,415,000
Long-term portion	$1,865,000
Interest rates	5.0%
Final payment date	December 1, 2023
Payment dates	June 1 and December 1

(7) Retirement Plans

(u) 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 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 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible 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, 2021, can be found in SURS Annual Comprehensive Financial Report- Notes to the Financial Statements.

Contributions. The State is primarily responsible for funding the 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 2021 and fiscal year 2022, respectively, was 12.70% and 12.32% 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.

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.

(7) Retirement Plans (Continued)

Pension Liabilities, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pensions. The net pension liability (NPL) was measured as of June 30, 2021. At June 30, 2021, SURS defined benefit plan reported a NPL of $28,528,477,079.

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 $410,958,703 or 1.4405%. The College's proportionate share changed by (0.0000%) from 1.4405% since the last measurement date on June 30, 2020. This amount is not recognized in the College's financial statements. The net pension liability and total pension liability as of June 30, 2021 was determined based on the June 30, 2020 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 2020.

Defined Benefit Pension Expense. For the year ending June 30, 2021, SURS defined benefit plan reported a collective net pension expense of $2,342,460,058.

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 2020. As a result, the College recognized revenue and pension expense of $33,743,629 for the fiscal year ended June 30, 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. Deferred outflows of resources are the consumption of net assets by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net assets by SURS that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources for fiscal year 2021 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 113,467,689	$ -
Changes in assumption	776,968,084	-
Net difference between projected and actual earnings on pension plan investments	-	2,283,514,660
Total	$ 890,435,773	$ 2,283,514,660

(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
2023	$ 34,095,451
2024	(197,005,703)
2025	(538,343,058)
2026	(691,825,577)
Total	$ (1,393,078,887)

College Deferral of Fiscal Year 2022 Pension Contributions.

The College paid $65,098 in federal, trust or grant contributions for the fiscal year ended June 30, 2022. These contributions were made subsequent to the pension liability measurement date of June 30, 2021. 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, 2021 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, 2021 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 beginning with the actuarial valuation as of June 30, 2021

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, 2021, these best estimates are summarized in the following table.

(7) Retirement Plans (Continued)

Asset Class	Stategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return
Traditional Growth		
Global Public Equity	41.00%	6.30%
Stabilized Growth		
Credit Fixed Income	14.00%	1.82%
Core Real Assets	5.00%	3.92%
Options Strategies	6.00%	4.20%
Non-Traditional Growth		
Private Equity	7.50%	10.45%
Non-Core Real Assets	2.50%	8.83%
Inflation Sensitive		
US Tips	6.00%	-0.22%
Principal Protection		
Core Fixed Income	8.00%	-0.81%
Crisis Risk Offset		
Systematic Trend Following	3.50%	3.45%
Alternative Risk Premia	3.00%	2.30%
Long Duration	3.50%	0.91%
Total	100.00%	4.43%
Inflation		2.25%
Expected Arithmetic Return		6.68%

Discount Rate. A single discount rate of 6.12% was used to measure the total pension liability. This is a decrease of 0.37% from the prior year discount rate of 6.49%. 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 1.92% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2021). 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 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

(7) Retirement Plans (Continued)

Sensitivity of SURS Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the State's net pension liability, calculated using a single discount rate of 6.12%, as well as what the State's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.12%	Current Single Discount Rate Assumption 6.12%	1% Increase 7.12%
$35,000,704,353	$28,528,477,079	$23,155,085,730

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, 2021, 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

(7) Retirement Plans (Continued)

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, 2021, the State's contributions to the RSP on behalf of individual employers totaled $76,280,832. Of this amount, $70,403,460 was funded via an appropriation from the State and $5,877,372 was funded from previously forfeited contributions.

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 2021. The College's share of pensionable contributions was 1.6271%. As a result, the College recognized revenue and defined contribution pension expense of $1,241,162 from this special funding situation during the year ended June 30, 2022, of which $95,630 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.

The following is a reconciliation of changes in the liability for worker's compensation costs for the last two fiscal years. 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, 2020	$	199,052
Claims incurred		182,124
Claims paid		(233,617)
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

(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://auditor.illinois.gov/Audit-Reports/Compliance-Agency-List/CMS/CCHISP/FY21-CMS-CCHIF-Fin-Sched-Allocations-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.

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

(11) Other Post Employment Benefits (Continued)

their district. Administrative costs are paid by the CCHISF. The College and the State each contributed to the OPEB plan $309,191 and $295,194 for the years ended June 30, 2022 and 2021, respectively.

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

At June 30, 2022, the College reported a liability of $55,101,003 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	$	55,101,003
State's proportionate share that is associated with the College		55,103,168
Total	$	110,204,171

The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to June 30, 2021. The College's proportion of the collective net OPEB liability was based on the College's fiscal year 2021 contributions to the OPEB plan relative to the fiscal year 2021 contributions of all participating entities. At June 30, 2021, the College's proportion was 3.174875%, which was an increase of 0.01582% from its proportion measured as of June 30, 2020 (3.257206%). The College's proportion of the net OPEB liability that includes the state's proportionate share associated with the College was 6.35%, which is a 0.16% decrease from 6.51% in the prior year.

For the year ended June 30, 2022, the College recognized a negative OPEB expense of $96,637. 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 $614,689.

At June 30, 2022, 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	$ 348,700	$ 4,027,231
Changes in assumptions	-	10,526,035
Net difference between projected and actual earnings on plan investments	-	1,587
Changes in proportionate and differences between College contributions and proportionate share for contributions	855,809	1,746,809
College contributions subsequent to the measurement date	309,191	-
Total	$ 1,513,700	$ 16,301,662

Of the total amount reported as deferred outflows of resources related to OPEB, $309,191 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, 2023.

(11) Other Post Employment Benefits (Continued)

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,		
2022	$	(4,597,287)
2023		(3,846,880)
2024		(3,236,043)
2025		(2,290,624)
2026		(1,126,319)
Total	$	(15,097,153)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Trend used fiscal year ending 2021 based on actual premium increases. For fiscal years ending on and after 2022, trend starts at 8.00% for non-Medicare costs and post-Medicare costs, and gradually decreases to an ultimate trend of 4.25%.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table. For disabled annuitants, mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Sale MP-2017.

The actuarial assumptions used in the actuarial valuation as of June 30, 2020 were based on the results of an actuarial experience study for the period June 30, 2014 to June 30, 2017.

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

(11) Other Post Employment Benefits (Continued)

not met). Since CCHISF 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 1.92% as of June 30, 2021, and 2.45% as of June 30, 2020. The decrease in the single discount rate from 2.45% to 1.92% caused the total OPEB liability to increase by approximately $114.7 million from 2020 to 2021.

During the plan year ending June 30, 2021, the trust earned $5,000 in interest and due to a significant benefit payable, the market value of assets at June 30, 2021, is a negative $104.0 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 College's net OPEB liability, calculated using a Single Discount Rate of 1.92%, as well as what the College's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (2.92%) or lower (.92%) than the current rate:

	1% Decrease (0.92%)	Discount Rate (1.92%)	1% Increase (2.92%)
College's proportionate share of the collective net OPEB liability	$ 62,776,232	$ 55,101,003	$ 48,472,740

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 8.00% in 2023 decreasing to an ultimate trend rate of 4.25% in 2038.

	1% Decrease (a)	Healthcare Cost Trends Rates Assumption	1% Increase (b)
College's proportionate share of the collective net OPEB liability	$ 45,402,352	$ 55,101,003	$ 68,090,367

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2023 decreasing to an ultimate trend rate of 3.25% in 2038.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2023 decreasing to an ultimate trend rate of 5.25% in 2038.

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

(11) Other Post Employment Benefits (Continued)

(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.

Active Membership: As of July 1, 2020, membership consisted of:

Active	469
Inactives currently receiving benefit payments	108
Total	577

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, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as July 1, 2020. 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, 2020.

Actuarial Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
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 2022 trending to 4.50% in fiscal 2042 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.
Experience Study	The most recent experience study covered the period June 30, 2017 through June 30, 2020.

The discount rate changed from 2.21% to 2.16% for determining the 2022 total OPEB liability.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.16% for determining the 2022 OPEB liability and 2.21% for determining the 2021 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

(11) Other Post Employment Benefits (Continued)

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.

Changes in Total OPEB Liability:

		Fiscal Year 2022
Valuation date		July 1, 2020
Measurement date		June 30, 2021
Change in total OPEB liability (TOL)		
TOL, beginning of year	$	12,199,224
Service cost		494,953
Interest cost		270,721
Change in Benefits		-
Difference Between Expected and Actual Experience		-
Benefits paid		(888,738)
Changes in assumptions		(48,103)
TOL, end of year	$	12,028,057
Change in plan fiduciary net position (FNP)		
FNP, beginning of year	$	-
Employer contributions		888,738
Benefits paid		(888,738)
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 (1.16%)	Discount Rate (2.21%)	1% Increase (3.16%)
Total OPEB liability	$ 13,076,670	$ 12,028,057	$ 11,089,029

(11) Other Post Employment Benefits (Continued)

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	$ 10,942,280	$ 12,028,057	$ 13,305,292

OPEB Expense/Income and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended June 30, 2022, the College recognized OPEB expense of $859,575. 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	$ 24,086	$ 138,310
Changes in assumptions	547,917	122,989
College contributions subsequent to the measurement date	853,714	-
Total	$ 1,425,717	$ 261,299

Of the total amount reported as deferred outflows of resources related to OPEB, $853,714 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, 2023.

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,	
2023	$ 93,901
2024	151,572
2025	84,733
2026	(5,759)
2027	(6,872)
Thereafter	(6,871)
Total	$ 310,704

The combined total of OPEB expenses recognized during the year related to the CCHISF and Harper OPEB Plan is $148,249.

12) Service Concession Agreement with the Palatine Park District

During fiscal year 2017 the College entered into a Service Concession Agreement ("SCA"), as defined by GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* with the Palatine Park District. The SCA is an arrangement between a transferor (the College) and an operator (the Park District) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. 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, 2022, 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
2023	$ 880,057
2024	905,560
2025	931,801
2026	958,802
2027	986,586
2028	1,015,176
2029	172,033
Total	$ 5,850,015

(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, 2022, the College's share of the abatement granted to the Class 6b properties was approximately $1,873,000.

(14) COVID-19 District Impact

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the College moved to off campus flexible learning from Mid-March 2020 through the end of the 2019-2020 academic year. In addition, the majority of summer programs were off campus flexible learning classes, with a limited number of in-person labs on campus. Employees and faculty were asked to work remotely starting March 17, 2020 unless they were deemed essential employees, and the College continued to provide salaries and benefits to all employees and faculty.

The operations and business results of the College could be materially adversely affected in the future. In addition, significant estimates, such as the allowance for doubtful accounts, may be materially adversely impacted by national, state and local events designed to contain the coronavirus. In August 2020, the College offered a combination of off campus flexible learning and on campus labs for the 2020-2021 academic year. Throughout the pandemic the College has put into practice a number of safety measures to protect students and employees and revises them as needed. Regarding the financial impact of COVID-19 on the College's fiscal year 2021 financial statements, the College was awarded federal funds through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP) Act. The College has been awarded and has expended Higher Education Emergency Relief Funds (HEERF) as presented below.

	Funds Awarded	Expended before June 30, 2022
CARES Act		
Institutional Portion	$ 2,763,258	$ 2,763,258
Student Aid Portion	2,763,258	2,763,258
CRRSAA		
Institutional Portion	9,818,809	9,818,809
Student Aid Portion	2,763,258	2,763,258
ARP Act		
Institutional Portion	11,078,775	11,078,775
Student Aid Portion	11,254,216	11,254,216

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO.512

Exhibit 1

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]

	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%
College's proportion amount of the collective net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nonemployer contributing entities' proportion share Of the net pension liability associate with the College	$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)	$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	$ 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	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	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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Federal, trust, grant, and other contribution	$ 65,098	$ 67,582	$ 91,571	$ 110,953	$ 120,590	$ 105,265	$ 86,601	$ 70,673	$ 36,112
Contribution in relation to required contribution	65,098	67,582	91,571	110,953	120,590	105,265	86,601	70,673	36,112
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College covered payroll	$ 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	10.29%	11.18%	11.09%	11.08%	10.84%	10.65%	11.06%	11.91%	11.42%

* 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.

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 *

	2022	2021	2020	2019	2018	2017
College's proportion of the collective net OPEB liability	3.17%	3.26%	3.24%	3.26%	3.21%	3.10%
College's proportionate share of the collective net OPEB liability	$ 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	55,103,168	59,330,894	61,188,712	61,364,945	57,878,963	58,876,824
Total	$ 110,204,171	$ 118,702,058	$ 122,403,598	$ 122,768,533	$ 116,497,082	$ 115,348,358
College's covered payroll	$ 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	93.33%	99.10%	105.19%	107.94%	105.10%	100.40%
Plan fiduciary net position as a percentage of the total OPEB liability	-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.

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 *

	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 309,191	$ 295,194	$ 299,556	$ 290,963	$ 284,429	$ 278,869	$ 281,223
Contributions in relation to the statutorily required contribution	(309,191)	(295,194)	(299,556)	(290,963)	(284,429)	(278,869)	(281,223)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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
Contributions as a percentage of covered payroll	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	2022	2021	2020	2019	2018
Service cost	$ 494,953	$ 483,759	$ 437,821	$ 608,313	$ 667,128
Interest	270,721	413,657	446,054	410,377	330,599
Difference between expected and actual experience	-	(230,518)	-	120,438	-
Changes in plan provisions	-	-	-	(1,199,550)	-
Assumption changes	(48,103)	682,362	334,219	(408,798)	9,744
Benefit payments	(888,738)	(970,090)	(972,309)	(918,558)	(489,330)
Net change in total OPEB liability	(171,167)	379,170	245,785	(1,387,778)	518,141
Total OPEB liability beginning of year	12,199,224	11,820,054	11,574,269	12,962,047	12,443,906
Total OPEB liability end of year	$ 12,028,057	$ 12,199,224	$ 11,820,054	$ 11,574,269	$ 12,962,047
Covered-employee payroll	$ 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	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 2.1% as of June 30, 2021.

Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with ScaleMP-2020 for the faculty members and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2020 for the others

The medical trend rate table was reset in fiscal 2021 and the dental rate was changed to 3%.

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, 2022

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, 2021.

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.

- 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 non- academic positions to reflect that retirement rates for academic positions are lower than for non- academic positions.
- Early retirement rates. Establish separate rates for members in academic positions and non- academic positions to reflect that retirement rates for academic positions are lower than for non- academic 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, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Position										
Net investment in capital assets	$ 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	$ 97,471,575
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	9,747,532	7,856,522	6,515,896	5,857,646	-	-	-	-	22,869,459	27,295,749
Debt service	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	5,576,957
Other	-	-	-	-	-	5,252,295	7,879,491	7,704,715	2,633,724	247,096
Unrestricted	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	86,545,156
Total Net Position	$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	$ 226,816,533

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Revenues										
Student tuition and fees, net	$ 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	$ 40,545,395
State and local government grants and contracts	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	2,336,287
Federal government grants and contracts	514,443	680,402	982,606	1,477,044	1,393,940	1,679,208	1,801,080	1,582,891	1,215,567	1,359,453
Sales and services of educational departments	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	1,334,634
Auxiliary enterprises	1,037,105	959,085	697,063	938,099	861,406	904,074	1,001,238	1,171,863	2,027,524	7,138,149
Other	544,905	228,473	498,185	631,118	405,755	597,262	760,933	852,399	801,410	830,480
Total operating revenues	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	53,544,398
Operating Expenses										
Instruction	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	47,329,867
Academic support	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	10,771,836
Student services	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	15,135,366
Public service	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	5,069,346
Operation and maintenance of plant	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	14,037,070
Institutional support	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	41,967,543
Scholarships and grants	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	5,111,238
Auxiliary enterprises	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	9,130,579
Depreciation	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	6,571,789
Total operating expenses	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	155,124,634
Operating income (Loss)	(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)	(101,580,236)
Nonoperating revenues (expenses)										
Property taxes	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	68,875,412
State appropriations	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	6,484,562
State retirement & OPEB on-behalf plan contributions	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	22,946,299
Personal property replacement tax	3,093,396	1,430,685	1,026,836	949,644	853,383	1,036,684	938,634	1,025,291	953,731	942,792
State and local government grants and contracts	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	1,743,042
Federal government grants and contracts	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	13,102,539
Gifts	209,070	290,744	275,842	247,489	386,653	418,283	452,237	423,585	275,544	295,416
Investment income, net of investment expense	1,421	515,386	3,097,885	3,637,575	2,166,254	1,098,489	708,274	305,441	1,246,544	295,065
Interest expense	(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)	(8,391,967)
Other	237,185	213,184	269,017	378,541	334,271	354,256	334,306	294,213	189,334	496,223
Total non-operating revenues (expenses)	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	106,789,383
Change in net position before capital contributions	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	5,209,147
Capital contributions	2,355,011	197,214	126,825	-	-	-	607,521	8,981,869	16,352,231	-
Change in net position after capital contributions	$ 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	$ 5,209,147

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
2021	Kane	$ 66,868,986	$ 1,048,919	$ -	$ 656,947	$ -	$ -	n/a	$ 68,574,852	0.4116
	McHenry	157,619,212	4,567,183	14,528	5,766,048	-	606,599	n/a	168,573,570	0.4116
	Cook	-	-	-	-	-	-	20,642,219,421	20,642,219,421	0.4116
	Lake	1,111,306,805	110,380,283	26,299,437	8,079,888	-	2,140,252	n/a	1,258,206,665	0.4116
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
2012	Kane	40,130,625	1,219,085	-	621,549	-	-	n/a	41,971,259	0.3769
	McHenry	147,289,247	6,682,165	11,152	3,256,438	-	284,618	n/a	157,523,620	0.3769
	Cook	11,118,795,350	3,848,755,901	2,624,814,307	822,114	-	7,071,408	n/a	17,600,259,080	0.3769
	Lake	1,058,745,069	118,136,180	26,373,731	9,318,468	-	1,031,798	n/a	1,213,605,246	0.3769

Source: College Records

TABLE 4

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

PROPERTY TAX RATES
LAST TEN LEVY YEARS

Fund	Levy Year 2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Education	$ 0.2442	$ 0.2451	$ 0.2393	$ 0.2636	$ 0.2494	$ 0.2428	$ 0.2548	$ 0.2445	$ 0.2362	$ 0.2021
Operations and Maintenance	0.0568	0.0567	0.0568	0.0636	0.0639	0.0660	0.0932	0.0940	0.0975	0.0859
Liability, Protection and Settlement	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0002	0.0002
Audit	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0002	0.0002
Bond and Interest/Non Capped	0.1104	0.1058	0.1054	0.1105	0.1086	0.1058	0.1118	0.1129	0.1080	0.0885
Total	$ 0.4116	$ 0.4078	$ 0.4017	$ 0.4379	$ 0.4221	$ 0.4148	$ 0.4600	$ 0.4516	$ 0.4421	$ 0.3769

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
2021 *	$ 54,764,911	$ 12,732,539	$ -	$ 23,557,382	$ 17,717	$ 17,717	$ 91,090,266
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
2012	38,421,452	16,325,549	-	16,825,387	42,040	42,040	71,656,468

*Estimated

	Assessed Valuation				
Levy Year	Cook County	Kane County	Lake County	McHenry County	Total Assessed Valuation
2021	$ 20,642,219,421 *	$ 68,574,852	$1,258,206,665	$ 168,573,570	$ 22,137,574,508
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
2012	17,600,259,080	41,971,259	1,213,605,246	155,914,924	19,011,750,509

* Estimated

Source: College Records

TABLE 6

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND ELEVEN YEARS AGO

2019 (1)					2009				
Taxpayer		Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxpayer		Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Simon Property Group	$	217,323,843	1	0.97%	Woodfield Retax Adm	$	236,538,048	1	0.95%
Terrance Evans		104,186,688	2	0.46%	AT & T		133,669,304	2	0.54%
CT Acquisitions LLC		72,540,090	3	0.32%	Motorola, Inc		130,867,922	3	0.52%
CO Prologis		68,559,416	5	0.31%	Manulife Financial		95,590,932	4	0.38%
BRE Streets of Woodfield		59,778,000	4	0.27%	Wal-Mart Prop Tax Dept		82,197,251	5	0.38%
Cosmic Ventures		54,811,906	4	0.24%	KBS Woodfield Preserve		71,428,879	6	0.29%
CHI3 LLC & Equinix		51,971,638	7	0.23%	ZNA Real Estate Dept		64,452,084	7	0.26%
Schaumburg CC Owner		51,030,001	8	0.23%	Prime Group Realty		60,910,466	8	0.24%
BRE DDR Woodfield Village		49,246,668	9	0.22%	Marc Realty		56,174,765	9	0.22%
RMS Properties		42,755,107	10	0.19%	KF Schaumburg LLC		55,956,365	10	0.22%
Total	$	772,203,357		3.44%		$	987,786,016		4.00%

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

Note: (1) 2019 is the most recent information available.

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

		Collected within the Fiscal Year of the Levy		Collections	Total Collections to Date	
Levy Year	Taxes Extended	Amount	Percentage of Levy	in Subsequent Years	Amount	Percentage of Levy
2021	$ 91,090,266	$ 45,434,271	49.88%	$ -	$ 45,434,271	49.88%
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%
2012	71,656,468	35,324,303	49.30%	36,151,460	71,475,763	99.75%

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
2022	7,079	12,735	$ 152.50	$ 409.50	$ 485.00	210,216.5	$ 37,931,788
2021	7,434	12,741	152.50	409.50	485.00	229,932.0	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
2013	9,545	14,706	122.50	379.50	455.00	286,412.5	40,545,395

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
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
2013	147,280,000	-	29,910,000	5,800,000	2,919,110	185,909,110	57,035,251,527	0.33%	532,566	349.08

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
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
2013	147,280,000	-	29,910,000	5,800,000	2,919,110	185,909,110	8,474,008	177,435,102	0.31%	333.17

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, 2022

Governmental Unit	Debt Outstanding	Percentage of Debt Applicable	College Share of Direct and Overlapping Debt
Direct bonded debt:			
William Rainey Harper College	$ 271,589,580	100.00%	$ 271,589,580
Overlapping bonded debt:		As of December 4, 2020	
Cook County	2,663,661,751	11.98%	319,106,678
Cook County Forest Preserve District	78,560,000	11.98%	9,411,488
Metropolitan Water Reclamation District	2,599,744,289	11.55%	300,270,465
Kane County Forest Preserve District	126,940,000	0.42%	533,148
Lake County Forest Preserve District	222,645,000	4.68%	10,419,786
McHenry County Conservation District	75,985,000	1.99%	1,512,102
Village of Arlington Heights	62,015,000	100.00%	62,015,000
Village of Buffalo Grove	35,859,275	21.03%	7,541,206
Village of Carpentersville	33,489,000	8.38%	2,806,378
City of Des Plaines	14,174,250	16.45%	2,331,664
Village of Elk Grove Village	112,570,000	76.49%	86,104,793
Village of Hanover Park	11,670,000	23.02%	2,686,434
Village of Hoffman Estates	89,285,000	82.50%	73,660,125
Village of Inverness	2,320,000	100.00%	2,320,000
Village of Lake Barrington	4,095,000	96.50%	3,951,675
Village of Mount Prospect	102,000,000	99.80%	101,796,000
Village of Northbrook	119,200,000	1.05%	1,251,600
Village of Palatine	47,385,000	100.00%	47,385,000
City of Prospect Heights	9,040,000	96.35%	8,710,040
City of Rolling Meadows	21,273,805	100.00%	21,273,805
Village of Schaumburg	335,445,000	96.58%	323,972,781
Village of Wheeling	38,375,000	99.47%	38,171,613
Arlington Heights Park District	11,427,000	100.00%	11,427,000
Barrington Park District	12,960,000	99.87%	12,943,152
Buffalo Grove Park District	9,465,000	24.44%	2,313,246
Des Plaines Park District	5,390,000	1.72%	92,708
DundeeTownship Park District	2,071,355	3.33%	68,976
Elk Grove Park District	6,160,000	99.56%	6,132,896
Hanover Park Park District	1,753,630	16.07%	281,808
Hoffman Estates Park District	7,940,000	81.31%	6,456,014
Inverness Park District	52,000	100.00%	52,000
Mount Prospect Park District	5,615,568	99.81%	5,604,898
Northbrook Park District	11,615,000	1.00%	116,150
Palatine Park District	4,190,000	100.00%	4,190,000
Roselle Park District	1,323,445	9.71%	128,507
Salt Creek Rural Park District	704,000	100.00%	704,000
Schaumburg Park District	440,000	96.55%	424,820
Gail Borden Public Library District	5,015,000	1.13%	56,670
Poplar Creek Public Library District	13,370,000	5.59%	747,383
East Dundee & Countryside Fire District	3,990,000	37.35%	1,490,265
North Barrington Special Service Area 19	10,425,000	49.72%	5,183,310
South Barrington Special Service Area 3	5,215,000	40.09%	2,090,694
School District Number 3	205,000	40.43%	82,882

(Continued)

TABLE 11

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEBT CAPACITY

DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2022

Governmental Unit	Debt Outstanding	Percentage of Debt Applicable	College Share of Direct and Overlapping Debt
School District Number 23	$ 8,705,000	100.00%	$ 8,705,000
School District Number 25	42,710,000	100.00%	42,710,000
School District Number 26	12,445,000	88.35%	10,995,158
School District Number 57	5,970,000	100.00%	5,970,000
High School District Number 155	14,835,000	1.60%	237,360
Community Consolidated School District 15	43,375,000	100.00%	43,375,000
Community Consolidated School District 21	88,265,000	100.00%	88,265,000
Community Consolidate School District 59	32,355,000	96.20%	31,125,510
Community Unit School District Number 220	1,550,000	99.65%	1,544,575
Township High School District Number 214	20,360,000	98.47%	20,048,492
Total overlapping bonded debt			1,740,795,255
Total direct and overlapping bonded debt			$ 2,012,384,835

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

	2021	2020	2019	2018	2017
Assessed valuation	$ 22,137,574,508	$ 21,725,865,745	$ 21,471,725,309	$ 18,882,174,512	$ 19,158,829,072
Legal debt limit - 2.875% of assessed valuation	636,455,267	624,618,640	617,312,103	542,862,517	550,816,336
Total debt applicable to limit	243,530,000	254,770,000	103,580,000	117,785,000	126,895,000
Legal debt margin	$ 392,925,267	$ 369,848,640	$ 513,732,103	$ 425,077,517	$ 423,921,336
Total net debt applicable to the limit as a percentage of debt limit	38.26%	40.79%	16.78%	21.70%	23.04%

	2016	2015	2014	2013	2012
Assessed valuation	$ 18,916,544,185	$ 16,469,952,983	$ 16,824,424,132	$ 16,642,048,983	$ 19,011,750,509
Legal debt limit - 2.875% of assessed valuation	543,850,645	473,511,148	483,702,194	478,458,908	546,587,827
Total debt applicable to limit	153,255,000	158,810,000	170,935,000	175,310,000	182,990,000
Legal debt margin	$ 390,595,645	$ 314,701,148	$ 312,767,194	$ 303,148,908	$ 363,597,827
Total net debt applicable to the limit as a percentage of debt limit	28.18%	35.34%	36.64%	33.48%	31.32%

Source: College Records

TABLE 13

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEMOGRAPHIC AND ECONOMIC INFORMATION

POPULATION AND UNEMPLOYMENT RATES
LAST TEN YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Population Estimates	530,885	534,497	534,497	534,497	534,984	534,984	534,984	534,984	534,984	534,984
Unemployment Rates:										
Arlington Heights	3.0%	4.8%	12.3%	3.1%	3.4%	4.0%	4.4%	4.6%	5.3%	6.6%
Elk Grove Village	3.4%	5.7%	15.2%	3.4%	3.6%	4.0%	4.7%	5.3%	5.5%	7.3%
Hoffman Estates	3.1%	5.4%	14.4%	3.6%	3.7%	4.0%	4.4%	4.8%	5.4%	6.7%
Mount Prospect	3.1%	5.0%	13.6%	3.1%	3.2%	3.7%	4.2%	4.6%	5.3%	6.6%
Palatine	3.1%	5.7%	13.1%	3.1%	3.4%	3.9%	4.4%	4.9%	5.2%	6.9%
Schaumburg	3.3%	5.3%	14.1%	3.4%	3.6%	4.0%	4.4%	5.0%	5.5%	6.7%
Wheeling	2.9%	6.0%	13.7%	2.9%	3.2%	3.6%	4.2%	4.7%	5.4%	7.2%
Chicago PMSA	4.2%	7.7%	16.4%	4.1%	4.3%	5.1%	5.5%	6.3%	7.1%	10.3%
Illinois	4.5%	7.1%	14.6%	4.0%	4.5%	5.0%	5.6%	5.9%	7.1%	9.8%
United States	3.4%	6.2%	11.2%	3.8%	4.2%	4.5%	4.5%	5.5%	6.3%	7.8%

Source: College records and Illinois Department of Employment Securities

Note: 2022 Unemployment Data as of May 2022

TABLE 14

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEMOGRAPHIC AND ECONOMIC INFORMATION

PRINCIPAL EMPLOYERS
CURRENT YEAR AND ELEVEN 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Faculty										
Full-time	222	222	222	223	228	233	238	238	236	233
Part-time	-	-	-	-	-	-	-	-	-	-
Administrative										
Full-time	40	39	39	38	39	43	51	51	51	47
Part-time	-	-	-	-	-	-	-	-	-	-
Professional/Technical										
Full-time	188	179	175	167	152	142	138	131	125	124
Part-time	31	31	30	28	32	39	45	47	43	41
Supervisory/Confidential										
Full-time	114	114	113	111	103	99	94	97	94	91
Part-time	1	2	2	2	2	2	2	2	3	5
Classified Staff										
Full-time	128	125	124	122	128	127	136	131	136	139
Part-time	58	58	60	72	83	89	111	126	138	165
Security										
Full-time	20	17	17	17	17	18	18	18	16	16
Part-time	5	15	15	15	15	15	17	17	17	17
Custodial/Maintenance										
Full-time	86	86	86	84	84	84	93	93	93	97
Part-time	4	4	4	4	4	4	5	5	5	5
Total										
Full-time	798	782	776	762	751	746	768	759	751	747
Part-time	99	110	111	121	136	149	180	197	206	233
Grand Total	897	892	887	883	887	895	948	956	957	980

Source: College Records

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

In 2012 the College reviewed the workers categorized as Temporary and Short-term, and reclassified about 260 to Part-time employees based on average hours being worked.

TABLE 16

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

OPERATING INFORMATION

OPERATING INDICATORS
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Degrees and Certificates Awarded										
Degrees	1,920	2,027	1,881	1,944	1,758	1,791	1,611	1,629	1,773	1,326
Certificates	2,501	2,491	2,488	2,173	1,764	1,818	1,845	1,990	1,971	1,544
Total Degrees and Certificates Awarded	4,421	4,518	4,369	4,117	3,522	3,609	3,456	3,619	3,744	2,870
Student enrollment by funding category (unrestricted reimbursable credit hours)										
Baccalaureate	150,565	169,384	176,124	173,770	179,247	183,592	184,847	187,055	191,897	193,163
Business Occupational	14,595	17,787	17,604	16,547	16,766	17,269	18,153	19,484	20,542	22,190
Technical Occupational	16,247	14,942	16,703	17,123	16,598	17,715	16,660	17,347	15,284	16,536
Health Occupational	14,260	13,633	15,771	15,232	17,180	17,607	16,546	16,007	17,646	18,916
Remedial Developmental	5,704	6,806	9,736	10,560	11,083	11,816	15,143	17,335	19,852	21,456
Adult Basic/Secondary Education	1,182	1,747	2,054	2,776	3,138	5,729	6,780	5,046	4,986	4,942
Total Credit Hours	202,553	224,299	237,992	236,008	244,012	253,728	258,129	262,274	270,206	277,203

Source: College Records

TABLE 17

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

OPERATING INFORMATION

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	2021*	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	1,559,278	1,559,278	1,559,278	1,558,990	1,227,523	1,228,143	1,228,631
Gross Square Footage - Extension Sites	96,052	96,052	96,052	96,052	96,052	93,142	93,142	84,359	79,846	81,077
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	4,586	4,586	4,586

Source: College Records

* Most recent data available

Changes due to building additions, renovations, and space reallocations

Schedule 1

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 1
All Funds Summary

Year ended June 30, 2022

	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, 2021	$ 37,838,590	$ 19,292,961	$ 221,015,696	$ 7,856,522	$ 10,201,181	$ 34,052,601	$ 16,755,900	$ -	$ -	$ 347,013,451
Revenues:										
Local tax revenue	52,948,210	12,262,965	-	22,862,616	-	-	-	16,810	16,810	88,107,411
All other local revenue	3,093,396	-	45,000	-						3,138,396
ICCB grants	9,816,702	-	-	-	-	704,733	-	-	-	10,521,435
All other state revenue	-	-	-	-	-	4,675,730	-	-	-	4,675,730
Federal revenue	6,554,557	-	-	-	2,024,992	27,251,852	-	-	-	35,831,401
Student tuition and fees	41,372,879	1,787,115	453,050	-	1,836,483	593	-	-	-	45,450,120
On-behalf State plan contributions	-	-	-	-	-	34,370,102	-	-	-	34,370,102
All other revenue	(87,307)	70,617	213,778	18,402	2,382,785	193,996	28,927	-	-	2,821,198
Total revenues	113,698,437	14,120,697	711,828	22,881,018	6,244,260	67,197,006	28,927	16,810	16,810	224,915,793
Expenditures:										
Instruction	40,776,164	-	-	-	137,916	17,696,934	-	-	-	58,611,014
Academic support	9,278,122	-	-	-	121,628	4,440,684	-	-	-	13,840,434
Student services	12,541,838	-	-	-	655,193	4,542,478	-	-	-	17,739,509
Public service/continuing education	77,630	-	-	-	2,011,110	3,165,984	-	-	-	5,254,724
Independent operations	-	-	-	-	1,723,781	103,110	-	-	-	1,826,891
Operations and maintenance of plant	5	12,149,111	-	-	2,329	2,474,648	-	-	-	14,626,093
Institutional support	26,771,767	2,904,086	4,541,176	20,990,007	224,037	14,175,918	-	16,810	16,810	69,640,611
Scholarships/grants/waivers	6,819,947	-	-	-	5,041	30,109,672	-	-	-	36,934,660
Total expenditures	96,265,473	15,053,197	4,541,176	20,990,007	4,881,035	76,709,428	-	16,810	16,810	218,473,936
Excess (deficiency) of revenues over expenditures	17,432,964	(932,500)	(3,829,348)	1,891,011	1,363,225	(9,512,422)	28,927	-	-	6,441,857
Other financing sources (uses):										
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	-	-
Premium on Bond Issue	-	-	-	-	-	-	-	-	-	-
Payment to Escrow Agent	-	-	-	-	-	-	-	-	-	-
Transfers (to) from other funds	(16,500,463)	-	-	-	371,700	16,128,763	-	-	-	-
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

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, 2022

	Capital Asset/Debt Account Groups June 30, 2021	Increases	Decreases	Capital Asset/Debt Account Groups June 30, 2022
Capital assets:				
Land	$ 4,326,007	$ -	-	$ 4,326,007
Buildings and improvements	412,712,643	968,184	-	413,680,827
Equipment	24,420,869	554,714	(38,409)	24,937,174
Construction in progress	2,974,633	2,748,833	(968,184)	4,755,282
Art Collection	-	1,835,760	-	1,835,760
Total capital assets	444,434,152	6,107,491	(1,006,593)	449,535,050
Accumulated depreciation	(189,371,586)	(13,618,859)	38,409	(202,952,036)
Net capital assets	$ 255,062,566	$ (7,511,368)	$ (968,184)	$ 246,583,014
Total debt – bonds payable	$ 285,565,330	$ -	$ (13,975,750)	$ 271,589,580

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, 2022

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government revenue:			
Local taxes	$ 52,948,210	$ 12,262,965	$ 65,211,175
Chargeback revenue	—	—	—
CPPTRR	3,093,396	—	3,093,396
Total local government revenue	56,041,606	12,262,965	68,304,571
State government revenue:			
ICCB Credit Hour grants	9,121,825	—	9,121,825
Other	694,877	—	694,877
Total state government revenue	9,816,702	—	9,816,702
Federal government revenue:			
Department of Education	6,554,557	—	6,554,557
Total federal government revenue	6,554,557	—	6,554,557
Student tuition and fees:			
Tuition	36,737,219	—	36,737,219
Fees	4,635,660	1,787,115	6,422,775
Total student tuition and fees	41,372,879	1,787,115	43,159,994
Other sources:			
Sales and service fees	173,639	—	173,639
Investment revenue	(315,949)	36,431	(279,518)
Other	55,003	34,186	89,189
Total other revenue	(87,307)	70,617	(16,690)
Total revenues	113,698,437	14,120,697	127,819,134
Less – nonoperating items:*			
Tuition chargeback revenue	—	—	—
Transfers from nonoperating funds	—	—	—
Adjusted revenue	$ 113,698,437	$ 14,120,697	$ 127,819,134

* 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, 2022

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	$ 40,776,164	$ —	$ 40,776,164
Academic support	9,278,122	—	9,278,122
Student services	12,541,838	—	12,541,838
Public service/continuing education	77,630	—	77,630
Operations and maintenance	5	12,149,111	12,149,116
Institutional support	26,771,767	2,904,086	29,675,853
Scholarships/grants/waivers	6,819,947	—	6,819,947
Transfers	16,500,463	—	16,500,463
Total operating expenditures	112,765,936	15,053,197	127,819,133
Less – nonoperating items:*			
Tuition chargebacks	—	—	—
Transfers to nonoperating funds	16,500,463	—	16,500,463
Adjusted operating expenditures	$ 96,265,473	$ 15,053,197	$ 111,318,670
By object:			
Salaries	$ 66,906,197	$ 5,780,661	$ 72,686,858
Employee benefits	12,916,128	1,589,260	14,505,388
Contractual services	5,363,747	2,611,079	7,974,826
General materials and supplies	3,728,824	893,500	4,622,324
Conference and meeting expense	780,081	9,709	789,790
Fixed charges	395,040	347,198	742,238
Utilities	180	3,022,643	3,022,823
Capital outlay	324,432	799,079	1,123,511
Other	5,850,844	68	5,850,912
Transfers	16,500,463	—	16,500,463
Total operating expenditures	112,765,936	15,053,197	127,819,133
Less – nonoperating items:*			
Tuition chargebacks	—	—	—
Transfers to nonoperating funds	16,500,463	—	16,500,463
Adjusted operating expenditures	$ 96,265,473	$ 15,053,197	$ 111,318,670

*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, 2022

Revenues by source:		
State government:		
ICCB – Adult Education	$	478,085
Illinois Student Assistance Commission		2,354,327
Illinois Department of Commerce and Economic Opportunity		326,982
On-behalf State retirement plan contribution		34,370,102
Other		2,221,069
Total state government		39,750,565
Federal government:		
Department of Education		26,528,094
Department of Labor		123,627
Department of Health and Human Services		360,104
Department of Veterans Affairs		181,571
Other		58,456
Total federal government		27,251,852
Student tuition and fees		
Other		593
Total student tuition and fees		593
Other sources		193,996
Transfers		16,579,819
Total restricted purposes fund revenues	$	83,776,825
Expenditures by program:		
Instruction	$	17,696,934
Academic support		4,440,684
Student services		4,542,478
Public service/continuing education		3,165,984
Auxiliary		103,110
Operations and maintenance		2,474,648
Institutional support		14,175,918
Scholarships, student grants, and waivers		30,109,672
Transfers		451,056
Total restricted purposes fund expenditures	$	77,160,484

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

Year ended June 30, 2022

Expenditures by object:		
Salaries	$	2,455,076
Employee benefits		34,716,430
Contractual services		1,678,043
General materials and supplies		730,767
Travel and meetings		102,452
Fixed charges		340,269
Utilities		44,871
Capital outlay		2,002,457
Other		34,639,063
Transfers		451,056
Total restricted purposes fund expenditures	$	77,160,484

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, 2022

Instruction:	
Instructional programs	$ 42,560,176
On-behalf State retirement plan contributions	16,050,838
Total instruction	58,611,014
Academic support:	
Library center	2,249,010
Academic administration and planning	6,965,344
On-behalf State retirement plan contributions	3,230,789
Other	1,395,291
Total academic support	13,840,434
Student services:	
Admissions and records	2,289,124
Counseling and career guidance	4,946,748
Student financial aid and administration	955,351
On-behalf State retirement plan contributions	4,468,113
Other	5,080,173
Total student services	17,739,509
Public service/continuing education:	
Community education	2,700,519
Customized training (instructional)	119,546
Community services	115,796
On-behalf State retirement plan contributions	1,065,473
Other	1,253,390
Total public service/continuing education	5,254,724
Auxiliary services	
Auxiliary services	1,723,781
On-behalf State retirement plan contribution	103,110
Total auxiliary services	1,826,891

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

Year ended June 30, 2022

Operations and maintenance of plant:		
Maintenance	$	1,408,231
Custodial services		2,483,639
Grounds		866,690
Campus security		1,993,712
Utilities		4,042,463
On-behalf State retirement plan contributions		2,474,648
Administration		1,356,710
Total operations and maintenance of plant		14,626,093
Institutional support:		
Executive management		3,532,760
Fiscal operations		1,917,740
Community relations		3,159,456
Administrative support services		3,524,258
Board of Trustees		32,003
General institutional support		10,466,954
Institutional research		540,145
Administrative data processing		13,958,981
On-behalf State retirement plan contributions		6,977,131
Other		—
Total institutional support		44,109,428
Scholarships, student grants, and waivers		36,934,660
Total current funds expenditures	$	192,942,753

* 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 2023

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Certificate of Chargeback Reimbursement
Fiscal Year 2023

Schedule 6

All fiscal year 2022 noncapital audited operating expenditures from the following funds:

1	Education Fund	$	96,167,892
2	Operations and Maintenance Fund		14,819,643
3	Public Building Commission Operation and Maintenance Fund		-
4	Bond and Interest Fund		20,990,007
5	Public Building Commission Rental Fund		-
6	Restricted Purposes Fund		42,135,503
7	Audit Fund		16,810
8	Liability, Protection, and Settlement Fund		16,810
9	Auxiliary Enterprises Fund (subsidy only)		371,700
10	Total noncapital expenditures (sum of lines 1 – 9)		174,518,365
11	Depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds		7,662,579
12	Total cost included (line 10 plus 11)	$	182,180,944
13	Total certified semester credit hours for fiscal year 2022		210,217
14	Per capita cost (line 12 divided by line 13)	$	866.63
15	All fiscal year 2022 state and federal operating grants for noncapital expenditures		40,507,131
16	Fiscal year 2022 state and federal grants per semester credit hour (line 15 divided by line 13)		192.69
17	District's average ICCB grant rate (excluding equalization grants) for fiscal year 2023		40.53
18	District's student tuition and fee rate per semester credit hour for fiscal year 2023		154.05
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17 and 18)	$	479.36

Approved: ______________________ December 9, 2022
Chief Executive Officer — Date

Approved: ______________________ December 9, 2022
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 II Grant Programs (collectively "Grant Programs") as of and for the year ended June 30, 2022 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 II Grant Programs as of June 30, 2022, 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, 2022, 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 110 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 110 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 December 9, 2022 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
December 9, 2022

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 II Grant Programs (collectively "Grant Programs") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, and have issued our report thereon dated December 9, 2022. 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, 2022, 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
December 9, 2022

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

State Adult Education Grant Program

Balance Sheet

June 30, 2022

	State Basic	State Performance	Total
Current Assets – Due from other funds	$ 8,163	$ 8,852	$ 17,015
Current Liabilities –Accrued expenses	$ 8,163	$ 8,852	$ 17,015
Net Position	-	-	-
Total liabilities and net position	$ 8,163	$ 8,852	$ 17,015

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, 2022

	State Basic	State Performance	Total
Operating revenue – state source	$ 276,935	$ 201,150	$ 478,085
Operating expenses by program:			
Instructional and student services:			
Instruction	263,748	62,677	326,425
Guidance services	—	59,755	59,755
Assessment and testing	—	28,715	28,715
Literacy Services	—	29,258	29,258
Child care services	—	15,165	15,165
Subtotal instructional and student services	263,748	195,570	459,318
Program support:			
Improvement of instructional services	—	2,300	2,300
General administration	13,187	2,769	15,956
Data & information services	—	—	—
Workforce coordination	—	511	511
Subtotal program support	13,187	5,580	18,767
Total operating expenses	276,935	201,150	478,085
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, 2022

		Audited expense amount	Actual expense percentage
State Basic:			
Instruction (45% minimum required)	$	263,748	95.24%
General administration (20% maximum allowed)		13,187	4.76%

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 II

Balance Sheet

June 30, 2022

	Innovative Bridge and Transition Grant
Current Assets – Due from other funds	$ 189,475
Current Liabilities –Accrued expenses	$ 189,475
Net Position	-
Total liabilities and net position	$ 189,475

See accompanying notes to state grant programs financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Innovative Bridge and Transition Program Grant II

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2022

		Innovative Bridge and Transition Grant
Operating revenue – state source	$	11,350
Expenses		
Personnel (Salaries and Wages)		4,900
Fringe Benefits		—
Travel		-
Supplies		2,460
Contractual Services		—
Miscellaneous Costs		840
Indirect Costs		3,150
Total operating expenses		11,350
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, 2022. 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 $8,163 in the State Basic grant, $8,852 in the State Performance grant and $189,475 in the Innovative Bridge & 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 & 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, 2022. 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, 2022, 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
December 9, 2022

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, 2022

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	21,345.0	219.0	64,735.0	—	64,485.0	—	150,565.0	219.0
Business occupational	1,744.5	—	5,868.0	—	6,982.0	—	14,594.5	—
Technical occupational	1,197.5	—	6,759.5	—	8,290.0	—	16,247.0	—
Health occupational	1,352.0	48.0	7,386.0	625.0	5,522.5	621.0	14,260.5	1,294.0
Remedial developmental	802.0	—	2,675.0	—	2,227.0	—	5,704.0	—
Adult basic/secondary education	11.0	967.5	518.0	2,418.5	653.0	2,764.5	1,182.0	6,150.5
Total	26,452.0	1,234.5	87,941.5	3,043.5	88,159.5	3,385.5	202,553.0	7,663.5

	Attending in-district	Attending out-of-district on chargeback or cooperative/ contractual agreement	Total
Reimbursable semester credit hours (all terms)	178,245.5	1,265.0	179,510.5
District prior year equalized assessed valuation			$ 22,137,574,508

Signatures *l/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, 2022

	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	150,565.0	150,565.0	—	219.0	219.0	—
Business occupational	14,594.5	14,594.5	—	—	—	—
Technical occupational	16,247.0	16,247.0	—	—	—	—
Health occupational	14,260.5	14,260.5	—	1,294.0	1,294.0	—
Remedial developmental	5,704.0	5,704.0	—	—	—	—
Adult basic education/adult secondary education	1,182.0	1,182.0	—	6,150.5	6,150.5	—
Total	202,553.0	202,553.0	—	7,663.5	7,663.5	—

	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	178,245.5	178,245.5	—
Reimbursable out-of-district on chargeback or contractual agreement	1,265.0	1,265.0	—
Total	179,510.5	179,510.5	—

	Total reimbursable	Total reimbursable certified to the ICCB	Difference
Dual credit	24,952.0	24,952.0	—
Dual enrollment	835.0	835.0	—
Total	25,787.0	25,787.0	—

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

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, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 9, 2022. 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
December 9, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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 Major Federal Program

Opinion on 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 the College's major federal program for the year ended June 30, 2022. The College's major federal program is 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 its major federal program for the year ended June 30, 2022.

Basis for Opinion on 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 the 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, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated December 9, 2022, 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
December 9, 2022

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Schedule of Expenditures of Federal Awards
as of June 30, 2022

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	$ 4,250
U.S. Department of Labor:			
Susan Harwood Training Grants	SH99081SHO	17.502	39,049
Susan Harwood Training Grants	SH37193SH1	17.502	84,577
Total Department of Labor			123,626
Small Business Administration:			
Passed through Illinois Department of Commerce			
Small Business Development Centers	21-181112	59.037	37,343
Small Business Development Centers	22-561112	59.037	18,916
COVID 19 - Small Business Development Centers (Cares)	20-543112	59.037	7,137
Total Small Business Administration			63,396
U.S. Department of Veterans' Affairs			
Vocation Rehabilitation for Disabled Veterans	N/A	64.116	17,708
U.S. Department of Health and Human Services			
Child Care and Development Fund Cluster:			
Passed through Illinois Community College Board			
COVID 19 - Early Childhood Access Consortium for Equity Grant	ECE-51201-22	93.575	20,052
Passed through Illinois Student Assistance Commission			
COVID 19 - Early Childhood Access Consortium for Equity Scholarship	N/A	93.575	9,302
Total Department of Health and Human Services			29,354
U.S. Department of Education:			
Education Stabilization Fund			
COVID-19 - ARP HEERF Institutional	P425F200248.6.1	84.425F	9,232,421
COVID-19 - CRRSAA HEERF Institutional	P425F200248.3.1	84.425F	2,842,334
Total HEERF Institutional			12,074,755
COVID-19 - ARP HEERF Student	P425E202990.5.1	84.425E	11,254,216
Passed through Illinois Community College Board			
COVID-19 - Governors Emergency Education Relief Fund II	GEER-512	84.425C	180,809
COVID-19 - Governors Emergency Education Relief Fund II	GEERII-51222	84.425C	113,522
Total Governors Emergency Education Relief			294,331
Total Education Stabilization Fund			23,623,302
Passed through Illinois Community College Board			
Adult Education – Basic Grant	S5120120	84.002	201,700
Adult Education – National Leadership Activities – EL Civics Grant	S5120120	84.002	37,000
Total Adult Education			238,700
Career and Technical Postsecondary Adult Education			
Carl D. Perkins Vocational Education - Title III	CTE51221	84.048	63,540
Carl D. Perkins Vocational Education - Title III	CTE51222	84.048	653,772
Total Perkins Vocational Education			717,312
Passed through University of Illinois			
Center for Global Studies Grant	N/A	84.015A	1,750
Student Financial Assistance Program Cluster:			
Federal Supplemental Educational Opportunity Grant Program	P007A211317	84.007	375,891
Federal Direct Student Loans Program	P268K212465	84.268	14,943
Federal Direct Student Loans Program	P268K222465	84.268	1,496,383
Total Federal Direct Student Loans Program			1,511,326
Federal Pell Grant Program	P063P212465	84.063	(17,923)
Federal Pell Grant Program	P063P222465	84.063	10,109,932
Total Federal Pell Grant Program			10,092,009
Federal Work Study	P033A211317	84.033	106,659
Total Student Financial Assistance			12,085,885
Passed through Illinois Department of Human Services:			
Rehabilitation Services – Vocational Rehabilitation	Not Available	84.126	336,975
Total Rehabilitation Services			336,975
Total Department of Education			37,003,924
Total Federal Expenditures			$ 37,242,258

See accompanying notes to schedule of expenditures of federal awards.

Notes to the Schedule of Expenditures of Federal Awards

Year Ending June 30, 2022

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, 2022. 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 $1,511,326 during the year ended June 30, 2022.

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, 2022

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

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Schedule of Findings and Questioned Costs

Year Ending June 30, 2022

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
84.425C, 84.425E, 84.425F	COVID-19 – Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $1,117,268

Auditee qualified as low-risk auditee? ✓ Yes ____ No

Section II - Financial Statement Findings

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

Section III - Federal Award Findings

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

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Schedule of Prior Year Findings and Questioned Costs

Year Ending June 30, 2022

There were no findings for the year ended June 30, 2021.