**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 31, 2025**

**Sale Date and Time:**
**February 12, 2025**
**11:00 A.M. Central Time**

| | |
|---|---|
| **New Issue** | **Rating:** |
| **Book-Entry Only** | **Moody's: (Rating Requested)** |
| **Bank Qualified** | **See "BOND RATING" herein** |

*Subject to compliance by the District with certain covenants, in the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds (as defined below) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and is not included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code. See "**TAX EXEMPTION**" and "**QUALIFIED TAX-EXEMPT OBLIGATIONS**" herein for a more complete discussion.*

# Community College District No. 512
# Counties of Cook, Kane, Lake, and McHenry and State of Illinois
# (William Rainey Harper College)
# $4,925,000* General Obligation Limited Tax Bonds, Series 2025

Harper College

**Dated: Date of Delivery** **Due: December 1, as further described on the inside cover page**

The $4,925,000* General Obligation Limited Tax Bonds, Series 2025 (the "Bonds") of Community College District No. 512, Counties of Cook, Kane, Lake, and McHenry and State of Illinois (the "District"), will be issued in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Ownership by the beneficial owners of the Bonds will be evidenced by book entry only. Payments of principal of and interest on the Bonds will be made by Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent, to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal of and interest on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Individual purchases of the Bonds will be made in the principal amount of $5,000 or any integral multiple thereof. See "**THE BONDS – General Description**" herein.

The Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semiannually on each June 1 and December 1, commencing December 1, 2025.

## PURPOSE AND SECURITY

Proceeds of the Bonds will be used to pay (a) claims against the District that are presently outstanding and unpaid (the "Claims"), and (b) costs associated with the issuance of the Bonds. See "**THE BONDS – Authority and Purpose**" and "**THE BONDS – Plan of Finance**" herein.

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization, and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is limited as provided by law. See "**THE BONDS – Security**" herein.

## NO OPTIONAL REDEMPTION

The Bonds are **not** subject to optional redemption prior to maturity. See "**THE BONDS – No Optional Redemption**" herein.

The Bonds are offered at public sale on February 12, 2025, and are being issued subject to the approval of legality and the tax exemption of the interest on the Bonds by Bond Counsel, and certain other conditions. Miller, Canfield, Paddock & Stone, P.L.C., Chicago, Illinois will also act as Disclosure Counsel to the District. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about February 25, 2025. An electronic copy of this Preliminary Official Statement is available from the www.speerfinancial.com website under "Debt Auction Center/Competitive Official Statement Sales Calendar." Additional copies may be obtained from Mr. Bob Grapenthien, Controller, William Rainey Harper College, 1200 West Algonquin Road, Palatine, Illinois 60067-7398, or from Speer Financial, Inc., independent public finance consultants to the District.

Speer Financial, Inc.
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The date of this Official Statement is ______, 2025.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement for information essential to the making of an informed investment decision.

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*Preliminary, subject to change.

**Community College District No. 512**
**Counties of Cook, Kane, Lake, and McHenry and State of Illinois**
**(William Rainey Harper College)**

**$4,925,000* GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2025**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS, AND CUSIP NUMBERS[(1)]**

| MATURITY (DECEMBER 1) | AMOUNT* | INTEREST RATE | YIELD | CUSIP NUMBER[(1)] (216181) |
|---|---|---|---|---|
| 2025 | $1,020,000 | % | % | |
| 2026 | 2,870,000 | | | |
| 2027 | 1,035,000 | | | |

[(1)]CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

*Preliminary, subject to change.

This Official Statement (the "Official Statement") should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, or other documents are referred to herein, reference should be made to such statutes, reports, or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein, and the subject matter thereof.

No dealer, broker, salesman ,or other person has been authorized by the District or the Underwriter (as hereinafter defined) to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either the foregoing or by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from the District and by DTC and other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date as of which information is given in this Official Statement.

Any statements made in this Official Statement, including the appendices, involving matters of opinion or estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or expected.

This Preliminary Official Statement is in a form deemed final by the District for the purposes of paragraph (b)(1) of Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under paragraph (b)(1) of the Rule).

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THESE STATES, AND THEIR AGENCIES, HAVE MADE NO RECOMMENDATION THEREOF. THESE STATES, AND THEIR AGENCIES, HAVE NOT PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SPECIFICALLY, THE UNDERWRITER MAY OVERALLOT IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE BONDS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. PRICES OF THE BONDS AS TRADED IN THE SECONDARY MARKET ARE SUBJECT TO ADJUSTMENT UPWARD AND DOWNWARD IN RESPONSE TO CHANGES IN THE CREDIT MARKETS AND OTHER PREVAILING CIRCUMSTANCES. NO GUARANTEE EXISTS AS TO THE FUTURE MARKET VALUE OF THE BONDS. SUCH MARKET VALUE COULD BE SUBSTANTIALLY DIFFERENT FROM THE ORIGINAL PURCHASE PRICE.

THE BONDS HAVE RISK CHARACTERISTICS WHICH REQUIRE CAREFUL ANALYSIS AND CONSIDERATION BEFORE A DECISION TO PURCHASE IS MADE. THE BONDS SHOULD BE PURCHASED BY INVESTORS WHO HAVE ADEQUATE EXPERIENCE TO EVALUATE THE MERITS AND RISKS OF THE BONDS. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFICIAL STATEMENT OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE UNDERWRITER, ITS AFFILIATES, OFFICERS, AND EMPLOYEES OR ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING AS INVESTMENT OR LEGAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT, AND OTHER ADVISORS AS TO FINANCIAL, LEGAL, AND RELATED MATTERS CONCERNING THE INVESTMENT DESCRIBED HEREIN.

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in the Rule, the District will enter into a Continuing Disclosure Undertaking. For a description of the Continuing Disclosure Undertaking, see "**CONTINUING DISCLOSURE**" and "**THE UNDERTAKING**."

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified to their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement, they will be furnished on request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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**Exhibits**



**Appendices**

**Community College District No. 512**
**Counties of Cook, Kane, Lake, and McHenry and State of Illinois**
**(William Rainey Harper College)**



DR. AVIS PROCTOR
President

ROB GALICK
Executive Vice President of Finance and Administrative Services

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Chief Advancement Officer

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MUNICIPAL ADVISOR
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Chicago, Illinois

UNDERWRITER
__________
________, ________

OFFICIAL STATEMENT

**Community College District No. 512**
**Counties of Cook, Kane, Lake, and McHenry and State of Illinois**
**(William Rainey Harper College)**
**$4,925,000* General Obligation Limited Tax Bonds, Series 2025**

## INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Community College District No. 512, Counties of Cook, Kane, Lake, and McHenry and State of Illinois (the "District"), in connection with the offering and sale of its $4,925,000* General Obligation Limited Tax Bonds, Series 2025 (the "Bonds").

This Official Statement contains "forward-looking statements" that are based upon the District's current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled," "pro-forma," and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties, and factors that are outside of the control of the District. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the District nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

## THE BONDS

### Authority and Purpose

The Bonds are being issued pursuant to the Public Community College Act (the "Community College Act"), as amended and supplemented, the Local Government Debt Reform Act (the "Debt Reform Act"), as amended and supplemented, the Bond Issue Notification Act ("BINA"), as amended and supplemented, and a bond resolution adopted by the Board of Trustees of the District (the "Board") on January 15, 2025, as supplemented by a notification of sale executed in connection therewith (the "Bond Resolution"). Pursuant to and in accordance with the Community College Act, the Debt Reform Act, and the BINA, the Board approved an authorizing resolution on November 13, 2024, and executed an order calling a public hearing for December 18, 2024, concerning the intent of the District to sell the Bonds. The Notice of Intent and the BINA Notice were each published in a newspaper of general circulation in the District, and the public hearing was held and finally adjourned on December 18, 2024.

Proceeds of the Bonds will be used to pay (a) claims against the District that are presently outstanding and unpaid, dated November 12, 2024 (the "Claims"), and (b) costs associated with the issuance of the Bonds. The District issued General Obligation Debt Certificates (Limited Tax), Series 2024, dated November 12, 2024, in the amount of $4,900,000, which represent the Claims. See "**THE BONDS – Plan of Finance**" herein.

### General Description

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of $5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). Principal of and interest on the Bonds will be payable by Amalgamated Bank of Chicago, Chicago, Illinois (the "Registrar" and "Paying Agent").

The Bonds will mature as shown on the inside cover page hereof. Interest on the Bonds will be payable each June 1 and December 1, beginning December 1, 2025.

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* Preliminary, subject to change.

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date (known as the record date).

**Registration and Transfer**

The Registrar will maintain books for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or his or her attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Bonds, but the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed.

**No Optional Redemption**

The Bonds are **not** subject to optional redemption prior to maturity.

**Security**

The Bonds, in the opinion of Miller, Canfield, Paddock & Stone, P.L.C., Chicago, Illinois, Bond Counsel ("Miller Canfield" or "Bond Counsel"), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization, and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that will be extended to pay the Bonds is limited pursuant to the Property Tax Extension Limitation Law (the "Limitation Law").

**Limited Bonds**

The Bonds are limited bonds and are issued pursuant to the Community College Act and the Debt Reform Act. Although the obligation of the District to pay the Bonds is a general obligation under the Community College Act and all taxable property of the District is subject to the levy of taxes to pay the Bonds without limitation as to rate, the amount of said taxes that will be extended to pay the Bonds is limited by the Limitation Law.

The Debt Reform Act provides that the Bonds are payable from the debt service extension base of the District (the "Base" or "DSEB"), which is an amount equal to that portion of the tax extension for the District for the 1994 levy year constituting an extension for payment of principal and interest on bonds issued by the District without referendum (but not including alternate bonds issued under Section 15 of the Debt Reform Act or refunding obligations issued to refund or to continue to refund obligations of the District initially issued pursuant to referendum) increased each year, commencing with the 2009 levy year, by the lesser of 5% or the percentage increase in the consumer price index (as defined in the Limitation Law) ("CPI") during the 12-month calendar year preceding the levy year. The Limitation Law further provides that the annual amount of taxes to be extended to pay the Bonds and all other limited bonds heretofore and hereafter issued by the District shall not exceed the Base.

As of the date of delivery of the Bonds, the Bonds will constitute one of two outstanding series of limited bonds of the District that are payable from the Base. Payments on the Bonds from the Base will be made on a parity with the payments on the District's outstanding General Obligation Limited Tax Bonds, Series 2023, dated March 2, 2023 (the "2023 Bonds"). The District is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District's limited bonds. The following chart shows the Base of the District, the debt service payable on the outstanding limited tax bonds of the District and the Bonds, and the coverage available for the payment of the outstanding non-referendum bonds and the Bonds under the available Base.

The amount of the Base for levy year 2025 has been determined to be $3,085,818, which is calculated from an original Base of $2,119,980 as increased annually by CPI as described above.

The following chart shows the DSEB of the District as adjusted through the years.

**Debt Service Extension Base**

| Levy Year | DSEB From Prior Year | CPI Increase | DSEB Increase | New DSEB |
|---|---|---|---|---|
| 2009 | $2,119,980 | 0.1% | $ 2,120 | $2,122,100 |
| 2010 | 2,122,100 | 2.7% | 57,297 | 2,179,397 |
| 2011 | 2,179,397 | 1.5% | 32,691 | 2,212,088 |
| 2012 | 2,212,088 | 3.0% | 66,363 | 2,278,450 |
| 2013 | 2,278,450 | 1.7% | 38,734 | 2,317,184 |
| 2014 | 2,317,184 | 1.5% | 34,758 | 2,351,942 |
| 2015 | 2,351,942 | 0.8% | 18,816 | 2,370,757 |
| 2016 | 2,370,757 | 0.7% | 16,595 | 2,387,353 |
| 2017 | 2,387,353 | 2.1% | 50,134 | 2,437,487 |
| 2018 | 2,437,487 | 2.1% | 51,187 | 2,488,674 |
| 2019 | 2,488,674 | 1.9% | 47,285 | 2,535,959 |
| 2020 | 2,535,959 | 2.3% | 58,327 | 2,594,286 |
| 2021 | 2,594,286 | 1.4% | 36,320 | 2,630,606 |
| 2022 | 2,630,606 | 5.0% | 131,530 | 2,762,136 |
| 2023 | 2,762,136 | 5.0% | 138,107 | 2,900,243 |
| 2024 | 2,900,243 | 3.4% | 98,608 | 2,998,851 |
| 2025 | 2,998,851 | 2.9% | 86,967 | 3,085,818 |

Note: Amounts are rounded.
Source: The District.

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The following table shows debt service payable on the Bonds, and the adjusted DSEB available after the issuance of the Bonds.

| Levy Year | Debt Service on the 2023 Bonds | Estimated Debt Service on the Bonds* | Total Estimated Debt Service* | DSEB[(1)] | Unused DSEB* |
|---|---|---|---|---|---|
| 2024 | $1,785,000 | $1,208,792 | $2,993,792 | $2,998,851 | $ 5,059 |
| 2025 | - | 3,065,250 | 3,065,250 | 3,085,818 | 20,568 |
| 2026 | - | 1,086,750 | 1,086,750 | 3,085,818 | 1,999,068 |
| | $1,785,000 | $5,360,792 | $7,145,792 | | |

Note: Amounts are rounded.
(1)Based on the actual DSEB for levy years 2024 and 2025 and assumes no increase thereafter.
Source: The District and the District's Fiscal Year (as defined herein) 2024 Annual Comprehensive Financial Report ("Audit" or "ACFR").
*Preliminary, subject to change.

**Plan of Finance**

The Bonds are being issued to pay the Claims, including the principal maturing plus accrued interest, the same being further described as follows:

**The Claims**

| Maturity | Original Principal Amount Issued | Amount Paid by the Bonds |
|---|---|---|
| February 27, 2025 | $4,900,000 | $4,953,593.75 |

The proceeds of the Bonds will be irrevocably deposited with the purchaser of the Claims (the "Purchaser"). The amount so deposited with the Purchaser will be sufficient to pay the principal of and interest on the Claims upon maturity. The remaining portion of the Bond proceeds will be used to pay costs of issuance of the Bonds. See "**SOURCES AND USES**" herein.

**SOURCES AND USES**

The sources and uses of funds resulting from the Bonds are shown below:

| | |
|---|---|
| SOURCES: | |
| Principal Amount | $ |
| [Net] Reoffering [Premium/(Discount)] | |
| Total Sources | $ |
| | |
| USES: | |
| Deposit with Purchaser to Pay the Claims | $ |
| Costs of Issuance* | |
| Total Uses | $ |

*Includes Underwriter's discount, rating agency fees, and other issuance costs.

**RISK FACTORS**

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

**Finances of the State of Illinois**

While the finances of the State have significantly improved in recent years, the State continues to deal with a severe underfunding of its pension systems, which, based on the comprehensive annual financial reports of the State's five retirement systems, have a combined unfunded pension liability of approximately $140 billion and a combined funded ratio of approximately 45%. Also, despite nine credit rating upgrades since June 2021, the State's long-term general obligation bonds carry the lowest ratings of all states.

State funding sources constituted 7.57% of the District's combined Education Fund and the Operations and Maintenance Fund revenue sources for the Fiscal Year ended June 30, 2024. The District cannot predict the effect the State's financial problems may have on the District's future finances.

**Cybersecurity**

Computer networks and data transmission and collection are vital to the efficient operation of the District. Despite the implementation of network security measures by the District, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware, or computer virus, or may otherwise be breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise networks, and the information stored thereon could be disrupted, accessed, publicly disclosed, lost, or stolen. Although the District does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly situated governmental entities, any such disruption, access, disclosure, or other loss of information could have an adverse effect on the District's operations and financial health. Further, as cybersecurity threats continue to evolve, the District may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate, and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

**State Aid**

The amount of State Aid received by the District is dependent on a number of factors beyond the control of the District. The State has experienced adverse economic conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. In addition, the underfunding of the State's pension systems has contributed to the State's poor financial health. The State's general fiscal condition, the underfunding of the State's pension systems, and the State's budget impasse have materially adversely affected the State's financial condition and may result in decreased or delayed State appropriations to the District, including appropriations of State Aid. The District cannot predict the effect the State's ongoing financial problems may have on the District's future finances.

**Pension Costs**

Retirement benefits for District employees are provided under a retirement plan administered by the State Universities Retirement System of Illinois ("SURS"). Historically, the State has made the required contributions to SURS on behalf of the District's employees. For State fiscal year 2024, on-behalf of payments of $20,402,699 were made by the State for retirement costs of present and past District employees. For State fiscal year 2025, the District has budgeted for $50,000,000 of on-behalf of payments for the retirement costs of present and past District employees.

There is, however, severe underfunding of the State's retirement systems, including SURS. The required annual statutory contributions to the retirement systems, while in conformity with State law, have been less than the contributions that would otherwise be required in accordance with the actuarial standards developed by the Government Accounting Standards Board ("GASB Standards"). According to the SURS 2023 Actuarial Valuation Report for Fiscal Year Ending June 30, 2023, the unfunded accrued actuarial liability of SURS (i.e., the amount by which SURS's accrued actuarial liability exceeds the actuarial value of its assets) as of the end of State fiscal year 2023 totaled $27.686 billion (an increase from $27.315 billion as of the State fiscal year 2022 end), and the funded ratio (i.e., the ratio of the actuarial value of assets to the actuarial accrued liability, expressed as a percentage) on an actuarial basis equaled 45.27%.*

No assurance can be given that future legislation will solve the severe underfunding of the State's retirement systems. Future legislation may require the District to assume part or all of the liability for funding its employees' pensions, which would adversely affect the District's financial condition. Furthermore, the underfunding of pensions may impact the District's ability to recruit and retain faculty and staff. Recent GASB Standards may also require that the District recognize a proportionate share of the net pension liability of SURS and certain other post-employment benefits (currently paid for by the State) in future District financial statements. See "**RETIREMENT PLANS – State Universities Retirement System of Illinois**" for additional information on SURS.

**Local Economy**

The financial health of the District is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population, or commercial and industrial activity will occur and what impact such changes would have on the finances of the District.

**Loss or Change of Bond Rating**

The Bonds are expected to receive a credit rating from Moody's Investors Service, New York, New York ("Moody's"). The rating can be changed or withdrawn at any time for reasons both under and outside the District's control. Any change, withdrawal, or combination thereof, could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

**Secondary Market for the Bonds**

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

**Continuing Disclosure**

A failure by the District to comply with the Undertaking (as defined herein) for continuing disclosure (see "**CONTINUING DISCLOSURE**" herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as supplemented and amended (the "Exchange Act"), and may adversely affect the transferability and liquidity of the Bonds and their market price.

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*Source: The annual financial report of SURS for State fiscal year 2023.

**Suitability of Investment**

The interest rates borne by the Bonds are intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine the Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

**Future Changes in Laws**

Various State and federal laws, regulations, and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in, an interpretation of, or an addition to such applicable laws, provisions, and regulations which would have a material effect, either directly or indirectly, on the District, or the taxing authority of the District. Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by State government. Future actions of the State may affect the overall financial conditions of the District, the taxable value of property within the District, and the ability of the District to levy property taxes or collect revenues for its ongoing operations.

**Factors Relating to Tax Exemption**

As discussed under "**TAX EXEMPTION**" herein, interest on the Bonds could become includible in gross income for federal tax purposes, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States ("Congress") legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the District's ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the District.

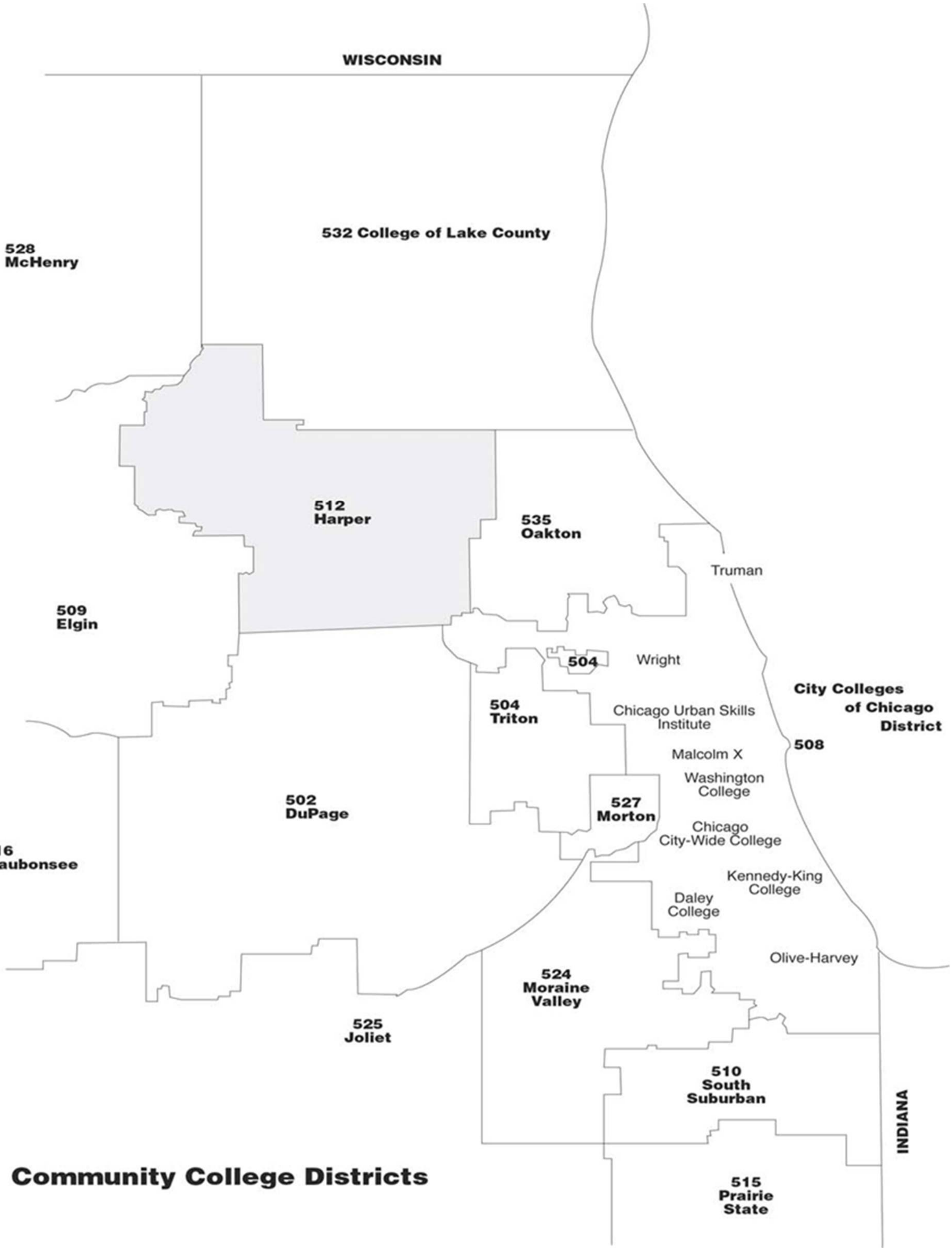
The tax-exempt bond office of the Internal Revenue Service (the "Service") is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for Federal income tax purposes. It cannot be predicted whether the Service will commence any such audit with respect to the District. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and holders of the Bonds (the "Bondholders") may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the District, including the Bonds, could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

**Bankruptcy**

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases, and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

## THE DISTRICT

### District Map



## Description

The District is a public community college which first enrolled students in September 1967. Established by referendum on March 27, 1965, the District provides its residents with a comprehensive post-secondary education which includes career- and continuing-education programs. Currently, approximately 35% of area college-bound high school graduates choose to enroll at the District within one year of graduation.

The District encompasses an area of approximately 200 square miles and much of the northwest suburban region of Chicago. The majority of acreage in the District is located in the northwestern quadrant of the County. The remainder of land within the District is located in the adjacent Counties of Kane, Lake, and McHenry. Approximately 88.4% of the 2023 equalized assessed valuation ("EAV") of the District is located in the County, with approximately 5.3% in Lake County, 0.7% in McHenry County and 0.3% in Kane County.

Substantial residential, commercial, and retail growth over the last three decades has resulted from O'Hare International Airport, located immediately to the southeast of the District, and the Northwest Tollway (Interstate Highway 90), which bisects the District.

The District's estimated total population within its boundaries is 542,200. Communities located mostly or entirely within the District include Arlington Heights, Barrington, Barrington Hills, Elk Grove Village, Hoffman Estates, Inverness, Lake Barrington, Mount Prospect, Palatine, Prospect Heights, Rolling Meadows, Schaumburg, South Barrington, Tower Lakes, and Wheeling. The District also includes sections of Buffalo Grove, Carpentersville, Deer Park, Des Plaines, Fox River Grove, Fox River Valley Gardens, Hanover Park, North Barrington, Northbrook, and Roselle.

The main campus of the District has 20 buildings and is located on a 200-acre site within Palatine. The District also operates a second, one-building facility in Prospect Heights and a third one-building facility in Schaumburg. The District operates in many extension centers in addition to the three main locations.

The District operates on a 12 calendar-month period from July 1 through June 30 (the "Fiscal Year").

## Campus Master Plan

In November 2018, William Rainey Harper College ("Harper College," "Harper," or the "College") passed a $180 million capital bond referendum. The 2016 Campus Master Plan (the "Master Plan") provided the vision to utilize these funds to update the College's physical plant through 2020 and beyond. About every five years the Master Plan is updated, with this latest being finalized in June 2021. The updated Master Plan identified several common themes: sustaining the Harper spirit, supporting growth, allowing flexibility, and reflecting the 21st century workplace.

## Governance

The District is governed by a seven-member Board of Trustees, elected by residents of the District for overlapping six-year terms, plus a non-voting student board member elected annually by the students of the District.

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The following table presents a list of the members of the Board and their business or professional affiliations as of November 2024:

| NAME | FIRST ELECTED | TERM EXPIRES | BUSINESS OR PROFESSIONAL AFFILIATION |
|---|---|---|---|
| William F. Kelley, Chairman | 2003 | April 2027 | Attorney at Law, Kelley, Kelley & Kelley |
| Walt Mundt, Vice Chairman | 2011 | April 2029 | Enterprise Account Executive at Apttus |
| Dr. Nancy Robb, Secretary | 2015 | April 2027 | Retired Superintendent for Township High School District 211 |
| Gregory Dowell | 2011 | April 2025 | Managing Partner at The Dowell Group CPAs & Advisors LLP |
| Diane Hill | 2009 | April 2027 | Retired Northwestern University Instructor |
| Herb Johnson | 2017 | April 2025 | Retired Tax Partner at CliftonLarsonAllen LLP |
| Pat Stack | 2015 | April 2029 | Retired Vice President of Performance Improvement at Northwest Community Hospital |
| Liman Lei | 2023 | May 2024 | Non-voting Student, William Rainey Harper College |

Source: The District.

**Administrative Officers**

The District is governed on a day-to day-basis by an executive staff. Set forth below are brief descriptions of the background of the District's chief administrative officers: the President, the Executive Vice President of Finance and Administrative Services, the Vice President and Chief Advancement Officer, the Chief of Staff, the Vice President of Strategic Alliances and Innovation/Board Liaison, the Provost, the Vice President of Planning, Research and Institutional Effectiveness, the Vice President of Workforce Solutions/Associate Provost for Curriculum, and the Interim Vice President of Diversity, Equity and Inclusion.

Dr. Avis Proctor, President

Dr. Avis Proctor became the sixth president of William Rainey Harper College in July 2019. Dr. Proctor has more than 25 years of experience working in multicultural environments as an innovative mathematics educator and academic administrator with a focus on teaching, service, research, and building active and inclusive learning environments. As a higher education scholar and an Aspen Presidential Fellow, she contributes to the professional discourse from local to global levels on progressive leadership in higher education, research-based instructional strategies, strategic community engagement, economic development, and the STEM pipeline for underrepresented groups.

Dr. Proctor believes in working closely with local school districts, the business community, and higher education institutions. Her work at previous institutions has included expanding articulation, internship, and employment opportunities to enhance student-employer connections for current students as well as alumni. She has also provided collaborative leadership for early childhood education, dual enrollment, and college readiness/completion initiatives which have gained national attention.

Dr. Proctor earned her bachelor's degree in Mathematics Education at Florida Agricultural and Mechanical University, a Master of Science in Teaching Mathematics at Florida Atlantic University, and her Doctorate in Higher Education at Florida International University.

Rob Galick, Executive Vice President of Finance and Administrative Services

Rob Galick is Executive Vice President of Finance and Administrative Services. In his role, Mr. Galick provides oversight and strategic leadership to the following functions: Accounting/Finance, Human Resources, Information Technology, Facilities Management, and Police. Mr. Galick is also the College's Chief Financial Officer and Treasurer.

Previously, Rob served as the Vice President of Administrative Services at Joliet Junior College and Vice President of Finance and Administration at Kishwaukee College. Mr. Galick spent the first 16 years of his career in the private sector, most notably as a Performance Manager at British Petroleum. Rob has a Bachelor of Science in Accounting from Northern Illinois University and a Master of Business Administration from the University of Chicago.

Heather Zoldak, Chief Advancement Officer

Heather Zoldak, CFRE, has served as the Chief Advancement Officer of Harper College since January 2024. In her role, Heather works with the Foundation's Board of Directors and strategically oversees all aspects of the College's fundraising program to secure philanthropic funds in support of Harper College students and programs. Prior to serving in this role, Heather was the Associate Executive Director/Major Gifts for the Harper College Educational Foundation.

Heather has worked in development for over 25 years in higher education, healthcare, and non-profit organizations. She is a member of CASE, AGB, and AFP and has presented at several CASE conferences on her work at the Harper College Educational Foundation. Heather is the former president of the Elgin Breakfast Rotary Club and currently is a member of the Rotary Club of Schaumburg/Hoffman Estates. Heather has a bachelor's degree in English and Women's Studies from the University of Wisconsin-Madison and earned her Certified Fundraising Executive designation in 2012.

Jeff Julian, Chief of Staff and Vice President of External Affairs

Jeff Julian is the chief of staff/vice president of external affairs at Harper College overseeing communications, community relations, marketing, and legislative affairs/government relations. He was instrumental in helping secure the release of $42 million in capital funds for the college's student center and led the communications efforts for the college's successful $180 million capital referendum campaign. He has previously served as the executive director of communications at Harper, the director of public awareness at the American Library Association, the executive director of communications at Elgin (Ill.) Community College, and the director of communications and external relations at Joliet (Ill.) Junior College. Jeff has a Master's degree in English Studies from Elmhurst (Ill.) College and a Bachelor's degree in Journalism/Communications from the University of St. Francis, Joliet, Ill. He also holds a certification from the Crisis Leadership in Higher Education Program at the Harvard Kennedy School. Jeff currently serves as the Immediate Past President on the Executive Committee of the National Council of Marketing and Public Relations (NCMPR) Board of Directors. He previously served as the President from 2023-2024 and as the District 3 Director from 2018-2021. Jeff was a 2023-2024 Aspen Rising Presidents Fellow.

Dr. Ruth Williams, Provost

Dr. Ruth Williams has served as Harper College's Provost since 2023. As Provost, Dr. Williams leads the academic and student service divisions of the College, including, curriculum and instruction, academic divisions, enrollment services, student affairs, and the Hispanic Serving Institution Grant Program. Prior to joining Harper College, Dr. Williams worked at Oakton College serving in various roles including Professor of Biology, Biology Department

Chairperson, Dean of Science and Health Careers, and Assistant Vice President of Academic Affairs and Dean of Curriculum and Instruction.

Dr. Williams holds a bachelor's degree in science from the University of Wisconsin-Stevens Point, a master's degree in science from the University of Wisconsin-Madison, and a Doctorate in Education in Community College Leadership from Ferris State University.

Darlene Schlenbecker, Vice President of Planning, Research and Institutional Effectiveness

Darlene Schlenbecker has worked for Harper College since 2009 and is currently the Vice President of Planning, Research and Institutional Effectiveness. Prior to serving in this role, Darlene served as Director and then Executive Director within the Planning and Institutional Effectiveness Division. In her current capacity, Darlene leads strategic planning, institutional research, regional accreditation, and outcomes assessment areas of the College. Darlene also serves as Harper's HLC Accreditation Liaison Officer and co-coordinates the College's work with Achieving the Dream. Additionally, she successfully co-led the 2018 reaffirmation of HLC accreditation with no findings or follow-up reports or visits required.

Prior to her employment with Harper College, Darlene had a variety of experiences in higher education: department chair; faculty member; assessment coordinator; faculty development coordinator; community relations representative; and student services coordinator. Darlene earned a bachelor's degree in Psychology and a master's degree in Social Psychology. She is currently a doctoral candidate in Adult & Higher Education at Northern Illinois University.

Dr. Michelé Smith, Vice President of Workforce Solutions/Associate Provost for Curriculum

Dr. Michelé Smith has worked for Harper College since 2002 and is currently serving as the Vice President of Workforce Solutions. This area of the College provides oversight for workforce partnerships and community education classes. The division includes Harper Business Solutions, the Job Placement Resource Center, the Illinois Small Business Development Center, the Wojcik Conference Center, and oversight for the College's apprenticeship programs. Community Education classes include personal enrichment courses, youth programs, the Lifelong Learning Institute (ages 50+), and the Career Skills Institute, a two-year program for young adults with mild intellectual disabilities. Dr. Smith is also responsible for strategic alliances aimed at amplifying the rapid development and delivery of emerging technology programming via the Innovation Accelerator along with the pursuit of both public and private grant opportunities via the grants department.

Prior to serving in this capacity, Dr. Smith held positions as Special Assistant to the President for Diversity & Inclusion, Associate Provost for Curriculum, Dean of Business and Social Science, Coordinator of the campus Child Learning Center, and faculty in the Early Childhood Education department teaching pre-service teachers. From 2015 – 2020 Dr. Smith served as the executive lead for the Harper College Promise Scholarship Program. The Promise Program was designed to help every student attending one of the public high schools in the Harper College district to earn two years of college tuition-free.

Dr. Smith holds a bachelor's degree in psychology from Northwestern University, a master's degree in early childhood education leadership and advocacy from National Louis University, and a Ph.D. in educational psychology from Northern Illinois University.

Dr. Tamara Johnson, Vice President of Diversity, Equity and Inclusion

Dr. Tamara A. Johnson is currently Vice President for Diversity, Equity and Inclusion at Harper College and has over 20 years of experience in higher education. Prior to joining Harper College, she served as Vice President of Diversity and Inclusion at Adler University, Vice Chancellor for Equity, Diversity and Inclusion and Student Affairs at the University of Wisconsin-Eau Claire, Director of Faculty Diversity at the University of Chicago, and Executive Director of Multicultural Student Affairs at Northwestern University. Her time in higher education includes teaching at Argosy University, the Chicago School of Professional Psychology, and Northwestern University. She also served as an organizational development consultant with the Department of Veterans Affairs.

Dr. Johnson has delivered more than 40 professional conference presentations, and she serves as a reviewer for the Journal of Diversity in Higher Education and a member of the Preparing Future Faculty of Color Conference Advisory Committee. She holds a doctorate in counseling psychology, a master's in human resources and a bachelor's in psychology.

**Academic Programs**

The District describes itself as "a community college in the truest sense of the term." The District strives to provide the opportunity for developing a career, for completing the first two years of credit required for most bachelor's degrees, for learning new skills, for retooling for career advancement or change, and for enriching the quality of one's life or simply enjoying the discovery of new knowledge.

In addition to providing these primary missions, the District also offers specialized programs and services in cooperation with local school districts, area business and industry, and other community colleges.

Graduates of the District's programs frequently transfer to schools throughout Illinois and across the United States. The District offers career programs in a number of fields including Accounting and Business Programs, Computer Information Systems, Dental Hygiene, Diagnostic Medical Services, Early Childhood Education, Electronics Engineering Technology, Emergency Management Services, Fashion, Graphics Arts Technology, Heating-Ventilation-Air Conditioning, Health Information Technology, Human Services, Interior Design, Law Enforcement and Justice Administration, Manufacturing, Welding, Medical Office Administration, Nanoscience Technology, and Nursing.

In addition, the programs offered in continuing education are an integral part of the comprehensive educational effort of the District. The wide range of offerings covers management training, technical training, psychological, and health education needs, as well as fine arts, industrial arts, home economics, and a variety of academic courses.

**Faculty and Employees**

As of July 1, 2024, the budgeted full-time faculty of the District numbered 222, while there were also approximately 964 part-time adjunct faculty members, including continuing education instructors. The full-time faculty of the District is represented by the American Federation of Teachers. Adjunct faculty, which includes librarians and counselors, are represented by the Illinois Educational Association.

As of July 1, 2024, the District had approximately 910 full-time and part-time budgeted employee positions, excluding faculty. Building Service Employees are represented by the Illinois Educational Association, the professional/technical employees are represented by the American Federation of Teachers, and the police are represented by the Illinois Council of Police.

All union-represented employees have contracts in place through at least the Fiscal Year ended June 30, 2025, with various expiration dates through Fiscal Year 2029.

**Students and Enrollment**

The students of the District traditionally are residents of the District or employees of businesses located in the District. However, the District also accepts students from outside the District, with such students paying higher tuition charges.

The following table sets forth the credit enrollment based upon Fall term registration for the current and past five academic years:

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24[3] |
|---|---|---|---|---|---|---|
| Full-Time Equivalent[1] | 9,174 | 9,083 | 8,665 | 8,049 | 8,186 | 8,693 |
| Headcount[2] | 23,451 | 23,125 | 22,647 | 21,410 | 21,913 | 22,913 |

[1]Full Time Equivalent ("FTE") is the total number of credit hours for which students are enrolled divided by 15 semester credit hours.
[2]Headcount represents total students enrolled on part-time or full-time basis.
[3]As of July 1, 2024.
Source: The District.

The District projects enrollment for financial forecast purposes. The following table sets forth enrollment projections of the District for the next three academic years:

| | 2025-26 | 2026-27 | 2027-28 |
|---|---|---|---|
| Full-Time Equivalent[1] | 8,920 | 9,053 | 9,119 |

[1]FTE is the total number of credit hours for which students are enrolled divided by 15 semester credit hours.
Source: The District.

**Admissions Policy**

All high school graduates or the equivalent (e.g., GED) are eligible for admission to the District. A non-graduate 16 or 17 years of age who has been educated within a high school system, as certified in writing by the chief executive officer of the high school district in which the student has legal residence, or a non-graduate 18 years of age or older, may be admitted if he or she demonstrates the capacity to benefit from programs and courses offered by the District. High school students may be admitted to selected courses upon the written approval of their high school principal and the Director of Admissions of the District. To be placed in some programs in the District, the applicant may have to meet additional requirements as specified by that program and/or the Community College Act.

**Tuition and Financial Aid**

The District has a Board policy 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. State statute limits in-district tuition and per credit hour fees to 1/3 of the District's per capita cost.

In the District's Fiscal Year ended June 30, 2024, in-District tuition is $138.50 and fees are $19.00 per credit hour. Tuition and fees represented 34.63% of General Fund revenues in Fiscal Year 2024. See also "**THE DISTRICT – General Fund Revenues.**"

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**Tuition Per Credit Hour and Per Capita Cost**

| YEAR | TUITION (PER CREDIT HOUR) | STATE APPORTIONMENT (PER CREDIT HOUR) | LOCAL & OTHER REVENUE (PER CREDIT HOUR) | PER CAPITA COST | TUITION AS PERCENT OF PER CAPITA COST |
|---|---|---|---|---|---|
| 2020-21 | $133.50 | $35.00 | $511.30 | $679.80 | 20% |
| 2021-22 | 133.50 | 37.16 | 565.13 | 735.79 | 18% |
| 2022-23 | 133.50 | 40.53 | 692.60 | 866.63 | 15% |
| 2023-24 | 135.50 | 44.65 | 692.60 | 866.63 | 16% |
| 2024-25 | 138.50 | N/A | N/A | N/A | N/A |

Source: The District.

In addition to tuition, the District charges a $19.00 per credit hour Universal Fee, which supports construction and renovation, technology, and the new Health and Recreation Center.

The District participates in a number of financial aid programs. The programs are funded by federal, State, and institutional sources. Federal programs include: Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study Program, William D. Ford Federal Direct Loan Program, and Veteran's Educational Benefits. State programs available: Illinois Monetary Award, Illinois Veterans Grant, and other Illinois State Scholarship programs. Other available sources of financial assistance that are institutionally funded include: Distinguished Scholarship, Senior Citizens Free Entitlement Program, Harper Community College Student Service Awards, and Educational Foundation Endowed Scholarships. Additionally, scholarships funded by local organizations, corporations, and private donors have been provided in all areas of study.

**General Fund Revenues**

Over 87% of the District's operating revenues come from local sources: property taxes and tuition and fees. In the District's Fiscal Year 2024, local tax revenues (property taxes and corporate personal property replacement taxes) represented approximately 52% of General Fund revenues. Tuition and fees comprised 34.63% of General Fund revenues that year. The District's General Fund consists of the Education Fund and the Operations and Maintenance Fund.

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**GENERAL FUND REVENUE SOURCES FOR FISCAL YEARS 2020-2024**

| | YEAR ENDED JUNE 30, 2020 | YEAR ENDED JUNE 30, 2021 | YEAR ENDED JUNE 30, 2022 | YEAR ENDED JUNE 30, 2023 | YEAR ENDED JUNE 30, 2024 |
|---|---|---|---|---|---|
| Local Sources-Property Taxes | 50.00% | 51.45% | 51.02% | 51.02% | 51.15% |
| Local Sources-Other | 0.83% | 1.16% | 2.42% | 2.39% | 1.35% |
| State Sources-ICCB Grants | 6.78% | 6.93% | 7.14% | 7.02% | 7.57% |
| State Sources-Other | 0.52% | 0.55% | 0.54% | 0.56% | 0.00% |
| Federal Sources | 0.02% | 1.88% | 5.13% | 0.01% | 0.01% |
| Tuition & Fees | 39.92% | 37.57% | 33.77% | 35.27% | 34.63% |
| Other | 1.93% | 0.46% | (0.01)% | 3.73% | 5.28% |
| TOTAL | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Source: The District's ACFR for Fiscal Years 2020-2024. The Audit was prepared using the accrual basis of accounting.

### Tax-Capped Funds Reserves

The District has a Board policy of maintaining a fund balance in the combined Tax-Capped Funds (consisting of the Education Fund, the Operations and Maintenance Fund, the Audit Fund, and the Liability, Protection and Settlement Fund) between 40% and 60% of the budgeted annual expenditures. For Fiscal Year 2024, the ending fund balance of the Tax-Capped Funds was $68,485,511, or 49.5% of budgeted expenditures. The District's fund balance has averaged approximately 49% of budgeted expenditures over the last five years.

**TAX-CAPPED FUNDS (EDUCATION FUND, OPERATIONS AND MAINTENANCE FUND, AUDIT FUND, AND LIABILITY, PROTECTION AND SETTLEMENT FUND)**

| FISCAL YEAR | ENDING FUND BALANCE | BUDGETED EXPENDITURES | ENDING FUND BALANCE AS % OF BUDGETED EXPENDITURES |
|---|---|---|---|
| 2020 | $57,129,861 | $116,026,482 | 49.2% |
| 2021 | 57,131,551 | 117,514,306 | 48.6% |
| 2022 | 57,131,552 | 117,738,566 | 48.5% |
| 2023 | 61,910,740 | 128,810,711 | 48.1% |
| 2024(1) | 68,485,511 | 138,432,736 | 49.5% |

(1)Figures from the District's ACFR for Fiscal Year 2024.

## WORKING CASH FUND

Working cash fund bonds are issued, subject to the provisions of the Limitation Law, for the purpose of creating or increasing a working cash fund. The District's Working Cash Fund is established by Section 3-33.1 of the Community College Act. The fund is established for the purpose of enabling the District to have on hand at all times sufficient money to meet the demands for ordinary and necessary expenditures for all community college purposes. By making temporary transfers, the Working Cash Fund is used as a source of working capital by other funds. Such temporary transfers assist funds in meeting the demands for ordinary and necessary expenditures during periods of temporary low cash balances.

Moneys in the Working Cash Fund are not regarded as current assets available for community college purposes and are not used by the community college board in any manner other than to provide moneys with which to meet ordinary and necessary disbursements for salaries and other community college purposes. The moneys can be loaned to the Education Fund or Operations and Maintenance Fund in order to avoid the issuance of tax anticipation warrants and notes.

**Working Cash Fund Summary**

| Fiscal Year | End of Year Fund Balance |
|---|---|
| 2020 | $16,689,270 |
| 2021 | 16,755,900 |
| 2022 | 16,784,827 |
| 2023 | 17,269,824 |
| 2024 | 18,214,546 |

Source: Compiled from the District's ACFR for Fiscal Years 2020-2024.

## POPULATION DATA

The District's estimated population is 542,200.

| Name of Entity | 1990 | 2000 | 2010 | 2020 | % Change 2000/2020 |
|---|---|---|---|---|---|
| Village of Arlington Heights | 75,460 | 76,031 | 75,101 | 77,676 | 2.16% |
| Village of Elk Grove Village | 33,429 | 34,727 | 33,127 | 32,812 | (5.51)% |
| Village of Palatine | 39,253 | 65,479 | 68,557 | 67,908 | 3.71% |
| Village of Schaumburg | 68,586 | 75,386 | 74,227 | 78,723 | 4.43% |
| Cook County | 5,105,067 | 5,376,741 | 5,194,675 | 5,275,541 | (1.88)% |
| Kane County | 317,471 | 404,119 | 515,269 | 516,522 | 27.81% |
| Lake County | 516,418 | 644,356 | 703,462 | 714,342 | 10.86% |
| McHenry County | 183,241 | 260,077 | 308,760 | 310,220 | 19.28% |
| The State | 11,430,602 | 12,419,293 | 12,830,632 | 12,812,508 | 3.17% |

Source: U.S. Census Bureau.

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## FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT

### Direct General Obligation Bonded Debt (Principal Only)

| | | | | | | Cumulative Retirement | |
|---|---|---|---|---|---|---|---|
| Calendar Year | Series 2017B Bonds (December 1)(1) | Series 2020 Bonds (December 15)(2) | Series 2023 Bonds (December 1)(3) | The Bonds (December 1)* | Total Outstanding Bonds* | Principal Amount Outstanding* | Percent Retired* |
| 2025 | $10,775,000 | $ 2,100,000 | $1,700,000 | $1,020,000 | $ 15,595,000 | $196,790,000 | 7.34% |
| 2026 | 11,500,000 | 2,305,000 | - | 2,870,000 | 16,675,000 | 180,115,000 | 15.19% |
| 2027 | 12,310,000 | 2,475,000 | - | 1,035,000 | 15,820,000 | 164,295,000 | 22.64% |
| 2028 | 13,140,000 | 2,680,000 | - | - | 15,820,000 | 148,475,000 | 30.09% |
| 2029 | - | 16,905,000 | - | - | 16,905,000 | 131,570,000 | 38.05% |
| 2030 | - | 17,905,000 | - | - | 17,905,000 | 113,665,000 | 46.48% |
| 2031 | - | 13,005,000 | - | - | 13,005,000 | 100,660,000 | 52.60% |
| 2032 | - | 13,860,000 | - | - | 13,860,000 | 86,800,000 | 59.13% |
| 2033 | - | 14,620,000 | - | - | 14,620,000 | 72,180,000 | 66.01% |
| 2034 | - | 15,405,000 | - | - | 15,405,000 | 56,775,000 | 73.27% |
| 2035 | - | 16,220,000 | - | - | 16,220,000 | 40,555,000 | 80.90% |
| 2036 | - | 17,065,000 | - | - | 17,065,000 | 23,490,000 | 88.94% |
| 2037 | - | 17,940,000 | - | - | 17,940,000 | 5,550,000 | 97.39% |
| 2038 | - | 5,550,000 | - | - | 5,550,000 | - | 100.00% |
| | $47,725,000 | $158,035,000 | $1,700,000 | $4,925,000 | $212,385,000 | | |

(1)General Obligation Refunding Bonds, Series 2017B, dated December 6, 2017.
(2)General Obligation Bonds, Series 2020, dated October 29, 2020.
(3)General Obligation Limited Tax Bonds, Series 2023, dated March 2, 2023.
Source: Compiled from the District's ACFR for Fiscal Year 2024.
*Preliminary, subject to change.

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**Overlapping General Obligation Bonded Debt**
**(As of December 2, 2024)**

| Taxing Body | Outstanding Debt(2) | Applicable to District(1) Percent | Applicable to District(1) Amount |
|---|---|---|---|
| Cook County | $2,080,433,820 | 11.37% | $236,545,325 |
| Cook County Forest Preserve District | 52,085,000 | 11.37% | 5,922,065 |
| Metropolitan Water Reclamation District | 2,340,721,774 | 11.01% | 257,713,467 |
| Kane County | - | 0.43% | - |
| Kane County Forest Preserve District | 79,890,000 | 0.43% | 343,527 |
| Lake County | - | 4.47% | - |
| Lake County Forest Preserve District | 167,195,000 | 4.47% | 7,473,617 |
| McHenry County Conservation District | 37,600,000 | 1.63% | 612,880 |
| Village of Arlington Heights | 59,705,000 | 100.00% | 59,705,000 |
| Village of Barrington | 17,484,000 | 96.26% | 16,830,098 |
| Village of Buffalo Grove | 45,377,545 | 21.67% | 9,833,314 |
| Village of Carpentersville | 20,544,000 | 8.68% | 1,783,219 |
| City of Des Plaines | 4,935,000 | 16.06% | 792,561 |
| Village of Elk Grove Village | 91,150,000 | 78.35% | 71,416,025 |
| Village of Hanover Park | 7,545,000 | 22.74% | 1,715,733 |
| Village of Hoffman Estates | 85,612,090 | 77.31% | 66,186,707 |
| Village of Inverness | - | 100.00% | - |
| Village of Lake Barrington | 305,000 | 96.04% | 292,922 |
| Village of Mount Prospect | 92,620,000 | 99.68% | 92,323,616 |
| Village of Northbrook | 97,536,000 | 0.89% | 868,070 |
| Village of Palatine | 25,905,000 | 100.00% | 25,905,000 |
| City of Prospect Heights | 3,585,000 | 97.14% | 3,482,469 |
| City of Rolling Meadows | 16,115,000 | 100.00% | 16,115,000 |
| Village of Roselle | 11,425,000 | 13.60% | 1,553,800 |
| Village of Schaumburg | 248,520,000 | 96.36% | 239,473,872 |
| Village of Wheeling | 20,125,000 | 99.57% | 20,038,463 |
| Arlington Heights Park District | 5,455,000 | 100.00% | 5,455,000 |
| Barrington Park District | 23,115,000 | 96.60% | 22,329,090 |
| Buffalo Grove Park District | 9,974,000 | 25.45% | 2,538,383 |
| Des Plaines Park District | 3,249,000 | 1.55% | 50,360 |
| Dundee Township Park District | - | 3.30% | - |
| Elk Grove Park District | 1,415,000 | 99.79% | 1,412,029 |
| Hanover Park Park District | 503,200 | 15.73% | 79,153 |
| Hoffman Estates Park District | 3,595,999 | 76.18% | 2,738,671 |
| Inverness Park District | - | 100.00% | - |
| Mt. Prospect Park District | 7,484,685 | 99.77% | 7,467,470 |
| Northbrook Park District | 11,735,000 | 0.86% | 100,921 |
| Palatine Park District | 1,550,000 | 100.00% | 1,550,000 |
| Prospect Heights Park District | - | 59.62% | - |
| River Trails Park District | - | 100.00% | - |
| Rolling Meadows Park District | - | 100.00% | - |
| Roselle Park District | 5,050,635 | 9.31% | 470,214 |
| Salt Creek Rural Park District | - | 100.00% | - |
| Schaumburg Park District | 5,123,875 | 96.33% | 4,935,829 |
| South Barrington Park District | - | 95.85% | - |
| Wheeling Park District | 1,600,000 | 94.37% | 1,509,920 |

(1)Percentages based on the 2023 EAV of each taxing body and the District, the most recent available.
(2)Excludes the following amounts of alternate revenue bonded debt, the debt service on which is expected to be paid from pledged revenues: Cook Forest - $35,255,000; Metropolitan Water - $89,540,000; Kane County - $16,905,000; Kane Forest - $2,270,000; Lake County – $131,535,000; Village of Barrington - $17,820,000; Village of Roselle - $6,735,000; Buffalo Grove PD - $5,735,000; Des Plaines PD - $710,000; Dundee Township PD - $12,272,000; Hanover Park PD - $5,801,000; Hoffman Estates PD - $53,365,000; Mt. Prospect PD - $15,270,000; Palatine Library - $3,445,000; Palatine PD - $11,175,000; Prospect Heights PD - $4,670,000; River Trails PD - $6,629,000; Roselle PD - $87,937; Salt Creek PD - $5,800,000; South Barrington PD - $3,685,000; Wheeling PD - $5,845,000; Wauconda Fire - $19,725,000; SD 15 - $36,700,000; and SD 26 - $9,445,000.
Source: Cook, Kane, Lake, and McHenry County Clerks' Offices and Electronic Municipal Market Access system ("EMMA").

## Overlapping General Obligation Bonded Debt (Cont.)

| Taxing Body | Outstanding Debt[2] | Applicable to District[1] Percent | Amount |
|---|---|---|---|
| Gail Borden Public Library District | $ - | 1.06% | $ - |
| Indian Trails Library District | - | 75.39% | - |
| Palatine Library District | - | 100.00% | - |
| Poplar Creek Public Library District | 7,530,000 | 4.95% | 372,735 |
| East Dundee & Countryside Fire District | 2,690,000 | 30.79% | 828,251 |
| Long Grove Fire District | 15,640,000 | 7.60% | 1,188,640 |
| Wauconda Fire District | - | 25.02% | - |
| Prospect Heights Fire District | 6,100,000 | 77.48% | 4,726,280 |
| North Barrington Special Service Area 19 | 9,250,000 | 50.91% | 4,709,175 |
| South Barrington Special Service Area 3 | 3,810,000 | 39.72% | 1,513,332 |
| School District Number 23 | 12,655,000 | 100.00% | 12,655,000 |
| School District Number 25 | 86,535,000 | 100.00% | 86,535,000 |
| School District Number 26 | 10,100,000 | 89.03% | 8,992,030 |
| School District Number 57 | 3,830,000 | 100.00% | 3,830,000 |
| High School District Number 155 | 11,635,000 | 1.56% | 181,506 |
| Community Consolidated School District 15 | 106,020,000 | 100.00% | 106,020,000 |
| Community Consolidated School District 21 | 74,045,000 | 100.00% | 74,045,000 |
| Community Consolidated School District 59 | 17,400,000 | 97.64% | 16,989,360 |
| Community Unit School District Number 220 | 111,160,000 | 97.51% | 108,392,116 |
| Township High School District Number 214 | 16,415,000 | 98.99% | 16,249,209 |
| Total Overlapping Bonded Debt | | | $1,634,791,423 |

[1]Percentages based on the 2023 EAV of each taxing body and the District, the most recent available.
[2]Excludes the following amounts of alternate revenue bonded debt, the debt service on which is expected to be paid from pledged revenues: Cook Forest - $35,255,000; Metropolitan Water - $89,540,000; Kane County - $16,905,000; Kane Forest - $2,270,000; Lake County – $131,535,000; Village of Barrington - $17,820,000; Village of Roselle - $6,735,000; Buffalo Grove PD - $5,735,000; Des Plaines PD - $710,000; Dundee Township PD - $12,272,000; Hanover Park PD - $5,801,000; Hoffman Estates PD - $53,365,000; Mt. Prospect PD - $15,270,000; Palatine Library - $3,445,000; Palatine PD - $11,175,000; Prospect Heights PD - $4,670,000; River Trails PD - $6,629,000; Roselle PD - $87,937; Salt Creek PD - $5,800,000; South Barrington PD - $3,685,000; Wheeling PD - $5,845,000; Wauconda Fire - $19,725,000; SD 15 - $36,700,000; and SD 26 - $9,445,000.
Source: Cook, Kane, Lake, and McHenry County Clerks' Offices and EMMA.

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**Selected Financial Information**

| | |
|---|---|
| 2023 Estimated Full Value of Taxable Property: | $76,695,792,246 |
| 2023 EAV of Taxable Property[1]: | 25,565,264,082 |
| Population Estimate: | 542,200 |
| | |
| General Obligation Bonded Debt (including this issue):* | $ 212,385,000 |
| Other Direct General Obligation Debt: | 0 |
| Total Direct General Obligation Debt:* | 212,385,000 |
| Percentage to Full Value of Taxable Property:* | 0.28% |
| Percentage to EAV:* | 0.83% |
| Debt Limit (2.875% of EAV): | $ 735,001,342 |
| Percentage of Debt Limit:* | 28.90% |
| Per Capita:* | $ 392 |
| | |
| General Obligation Bonded Debt:* | $ 212,385,000 |
| Overlapping General Obligation Bonded Debt: | 1,634,791,423 |
| General Obligation Bonded Debt and Overlapping General Obligation Bonded Debt:* | 1,847,176,423 |
| Percentage to Full Value of Taxable Property*: | 2.41% |
| Percentage to EAV:* | 7.23% |
| Per Capita:* | $ 3,407 |

[1]Includes TIF (defined below) incremental EAV in the amount of $1,332,230,934 and excludes exemptions. See "**TAX INCREMENT FINANCING DISTRICTS LOCATED WITHIN THE DISTRICT**" herein.
Source: Cook, Kane, Lake, and McHenry County Clerks' Offices.
*Preliminary, subject to change.

**Composition of EAV[1]**

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **By Property** | | | | | |
| Residential | $14,030,168,048 | $13,916,370,725 | $12,943,809,062 | $15,797,252,316 | $16,293,954,676 |
| Commercial | 5,055,176,873 | 5,222,681,816 | 4,868,512,375 | 4,973,566,068 | 5,147,212,131 |
| Industrial | 2,356,079,438 | 2,555,854,423 | 2,396,370,545 | 2,663,429,369 | 2,756,228,558 |
| Farm | 14,643,971 | 14,629,392 | 15,567,356 | 16,762,064 | 15,757,515 |
| Railroad | 15,656,979 | 16,329,389 | 16,378,497 | 18,470,454 | 19,880,268 |
| Total EAV | $21,471,725,309 | $21,725,865,745 | $20,240,637,835 | $23,469,480,271 | $24,233,033,148 |

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **By County** | | | | | |
| Cook County | $19,956,247,914 | $20,237,470,021 | $18,745,282,748 | $21,919,266,136 | $22,606,667,141 |
| Kane County | 63,153,602 | 66,606,767 | 68,574,852 | 73,121,550 | 81,553,127 |
| Lake County | 1,276,615,965 | 1,257,006,329 | 1,258,206,665 | 1,295,351,574 | 1,363,110,686 |
| McHenry County | 175,707,828 | 164,782,628 | 168,573,570 | 181,741,011 | 181,702,194 |
| Total EAV | $21,471,725,309 | $21,725,865,745 | $20,240,637,835 | $23,469,480,271 | $24,233,033,148 |

[1]Does not include TIF incremental EAV or enterprise zone EAV.
Source: Cook, Kane, Lake, and McHenry County Clerks' Offices.

**Tax Increment Financing Districts Located within the District**

A portion of the District's EAV is contained in tax increment financing ("TIF") districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated as such (the "Base EAV"). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not provided to the District until the TIF district expires. The District is not aware of any new TIF districts planned in the immediate future.

| LOCATION NAME OF TIFs[1] | 2023 EAV –TIF[2] | INCREMENTAL EAV[2] |
|---|---|---|
| Cook County TIFs | $2,485,991,632 | $ 1,323,716,626 |
| Kane County TIFs | - | 0 |
| Lake County TIFs | 17,527,285 | 8,514,308 |
| McHenry County TIFs | - | - |
| Total Incremental EAV | | 1,332,230,934 |
| Excluding TIF EAV | | 24,233,033,148 |
| Total EAV | $2,503,518,917 | $25,565,264,082 |

[1]The District has entered into intergovernmental agreements with certain of the TIF Districts located within the District pursuant to which the District receives payments from such TIF Districts.
[2]Excludes exemptions.
Source: Cook, Kane, Lake, and McHenry County Clerks' Offices.

**Trend of EAV[1]**

| LEVY YEAR | EAV | % CHANGE IN EAV FROM PREVIOUS YEAR |
|---|---|---|
| 2019 | $21,471,725,309 | +13.71%[2][3] |
| 2020 | 21,725,865,745 | +1.18% |
| 2021 | 20,240,637,835 | -6.84% |
| 2022 | 23,469,480,271 | +15.95%[3] |
| 2023 | 24,233,033,148 | +3.25% |

[1]Excludes TIF incremental value and exemptions.
[2]Based on the District's 2018 EAV of $18,882,174,512.
[3]The County reassesses its real property on a triennial basis, see "**REAL PROPERTY ASSESSMENT, TAX LEVY, AND COLLECTION PROCEDURES**" herein.
Source: Cook, Kane, Lake, and McHenry County Clerks' Offices. Does not include TIF EAV and enterprise zone EAV.

**Taxes Extended and Collected**

| TAX LEVY YEAR/ COLLECTION YEAR | TAXES EXTENDED | TAXES COLLECTED AND DISTRIBUTED | PERCENT COLLECTED |
|---|---|---|---|
| 2019/20 | $86,235,187 | $85,753,187 | 99.44% |
| 2020/21 | 88,625,111 | 88,054,187 | 99.36% |
| 2021/22 | 91,454,167 | 91,279,150 | 99.81% |
| 2022/23 | 96,045,333 | 95,880,183 | 99.83% |
| 2023/24 | 100,229,372 | 49,749,437[1] | 49.64% |

[1]As of June 30, 2024.
Source: The District.

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**District Tax Rates by Purpose 2019-2023 – Cook County Portion**
(Per $100 EAV)

| PURPOSE | 2019 | 2020 | 2021 | 2022 | 2023 | MAX RATE[1] |
|---|---|---|---|---|---|---|
| Education | $0.2466 | $0.2532 | $0.2708 | $0.2467 | $0.2531 | $0.7500 |
| Operations & Maintenance/Building | 0.0585 | 0.0586 | 0.0629 | 0.0545 | 0.0538 | 0.1000 |
| Bond & Interest Fund | 0.0933 | 0.0937 | 0.1029 | 0.0892 | 0.0876 | None |
| Audit Fund | 0.0001 | 0.0001 | 0.0001 | 0.0000 | 0.0001 | 0.0050 |
| Limited Bonds | 0.0124 | 0.0126 | 0.0138 | 0.0123 | 0.0126 | None |
| Liability, Protection, and Settlement Fund | 0.0001 | 0.0001 | 0.0001 | 0.0000 | 0.0001 | None |
| Levy Adjustment | 0.0000 | 0.0000 | 0.0062 | 0.0071 | 0.0048 | None |
| Total | $0.4110 | $0.4183 | $0.4568 | $0.4098 | $0.4121 | |

[1]See "**REAL PROPERTY ASSESSMENT, TAX LEVY, AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law**" herein for information on the operation of such maximum rates.
Source: Cook County Clerk's Office.

**Representative Total Tax Rates 2019-2023**
(Per $100 EAV)

| TAXING AUTHORITY | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| The District | $0.411 | $0.418 | $ 0.457 | $0.410 | $0.413 |
| Cook County | 0.454 | 0.453 | 0.446 | 0.431 | 0.386 |
| Cook County Forest Preserve District | 0.059 | 0.058 | 0.058 | 0.081 | 0.075 |
| Metropolitan Water Reclamation District | 0.389 | 0.378 | 0.382 | 0.374 | 0.345 |
| Consolidated Elections | 0.030 | 0.000 | 0.019 | 0.000 | 0.032 |
| Schaumburg Township | 0.097 | 0.098 | 0.109 | 0.101 | 0.092 |
| Schaumburg Township General Assistance | 0.015 | 0.015 | 0.017 | 0.016 | 0.015 |
| Schaumburg Township Road and Bridge | 0.030 | 0.031 | 0.034 | 0.029 | 0.028 |
| Northwest Mosquito Abatement District | 0.010 | 0.010 | 0.011 | 0.009 | 0.010 |
| Village of Schaumburg | 0.513 | 0.503 | 0.539 | 0.484 | 0.467 |
| Schaumburg Park District | 0.604 | 0.605 | 0.671 | 0.633 | 0.622 |
| Schaumburg Township Library District | 0.294 | 0.319 | 0.355 | 0.328 | 0.319 |
| Community Consolidated School District 54 | 3.545 | 3.575 | 3.976 | 3.685 | 3.696 |
| Township High School District 211 | 2.749 | 2.787 | 3.020 | 2.710 | 2.751 |
| TOTAL[1] | $9.200 | $9.250 | $10.094 | $9.291 | $9.251 |

[1]Based on the largest tax code in the District.
Source: Cook County Clerk's Office.

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**Ten Largest Taxpayers**

| Taxpayer Name | Type of Property | 2023 Equalized Assessed Value[1] | Percent of District's Total EAV |
|---|---|---|---|
| Simon Property Group | Shopping center | $224,166,910 | 0.88% |
| CHI3 LLC & Equinix | Industrial building | 94,776,040 | 0.37 |
| David Gelinas | Commercial property | 91,526,272 | 0.36 |
| CO Prologis | Industrial | 89,906,142 | 0.35 |
| Terrance Evans | Industrial property | 85,016,997 | 0.33 |
| Maribel Salinas | Industrial property | 79,945,170 | 0.31 |
| Digital Realty Trust | Commercial property | 76,382,860 | 0.30 |
| Digital Elk Grove 2 | Commercial property | 72,125,696 | 0.28 |
| Arlington Park Racetrack | Commercial property | 67,471,777 | 0.26 |
| David Friedman | Apartments | 66,801,190 | 0.26 |
| Total | | $948,119,054 | 3.71% |

(1)The above taxpayers represent 3.71% of the District's 2023 EAV of $25,565,264,082, which includes TIF incremental value and excludes exemptions. Reasonable efforts have been made to seek out and report the largest taxpayers. However, many of the taxpayers listed may own multiple parcels and it is possible that some parcels and their valuations may not be included.
Source: Cook, Kane, Lake, and McHenry County Clerks' Offices.

**Retailers' Occupation, Service Occupation, and Use Tax**

The following table shows the distribution of the municipal portion of the Retailers' Occupation, Service Occupation, and Use Tax collected by the Illinois Department of Revenue (the "Department") from retailers within the Village of Arlington Heights, the Village of Elk Grove Village, the Village of Palatine, and the Village of Schaumburg. The table indicates the level of retail activity in these villages.

| | Village of Arlington Heights | Village of Elk Grove Village | Village of Palatine | Village of Schaumburg |
|---|---|---|---|---|
| Year[1] | State Sales Tax Distribution[2] | State Sales Tax Distribution[2] | State Sales Tax Distribution[2] | State Sales Tax Distribution[2] |
| 2019 | $12,840,832 | $10,312,363 | $ 8,232,365 | $33,095,275 |
| 2020 | 12,147,070 | 9,798,343 | 8,555,588 | 28,184,037 |
| 2021 | 15,345,227 | 11,738,348 | 11,076,683 | 37,708.213 |
| 2022 | 15,672,102 | 14,691,542 | 11,765,554 | 39,255,887 |
| 2023 | 15,268,656 | 16,228,719 | 12,145,952 | 42,115,532 |
| 2024[3] | 11,606,074 | 12,605,079 | 8,883,789 | 30,362,330 |

(1)Calendar year reports ending December 31.
(2)Tax distributions are based on records of the Department relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation, and Use Tax, collected on behalf of the villages, less a State administration fee. The municipal 1% sales tax includes tax receipts from the sale of food and drugs, which are not taxed by the State.
(3)Through third quarter disbursements.
Source: The Department.

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**New Property**

The following chart indicates the EAV of new property within the District for each of the last five levy years.

| Levy Year | New Property |
|---|---|
| 2019 | $66,782,799 |
| 2020 | 84,912,248 |
| 2021 | 80,076,891 |
| 2022 | 82,865,962 |
| 2023 | 49,601,675 |

Source: Cook, Kane, Lake, and McHenry County Clerks' Offices.

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**Largest Employers**[(1)]

Below is a listing of the largest employers within or near the District:

| Employer | Product or Service | Location | Approximate Number of Employees |
|---|---|---|---|
| Transform Holdco, LLC | Holding company headquarters, retail department store chain | Hoffman Estates | 3,200 |
| Zurich North America | Company headquarters & commercial property & casualty insurance | Schaumburg | 2,500 |
| Nation Pizza Products L.P. | Dough related items, including pizzas, sandwiches, appetizers, snacks & desserts | Schaumburg | 2,000 |
| Automatic Data Processing, Inc., Employer Services | Data processing & payroll services | Elk Grove Village | 1,500 |
| International Services Inc. | Corporate headquarters, management consultants | Arlington Heights | 1,200 |
| William Rainey Harper College | Community college | Palatine | 910 |
| Caremark Illinois | Wholesale pharmaceutical products | Mount Prospect | 850 |
| Optumrx Inc./Division of United Health Care | Pharmacy software & automation services | Schaumburg | 800 |
| Paylocity Corporation | Development & payroll processing services | Arlington Heights | 800 |
| Gonnella Baking Co./Gonnella Frozen Products, LLC (Div. of Gonnella) | Company headquarters & frozen dough, hearth-baked & pan breads & rolls, bread crumbs & contract specialty breads for in-store bakeries, foodservice operations & consumer packaged products | Schaumburg | 750 |
| Citigroup, Inc. | Credit card services | Elk Grove Village | 725 |
| Executive Building Maintenance, Inc. | Janitorial facilities management & disaster & restoration services | Elk Grove Village | 630 |
| CDK Global | Dealership management systems for the automotive, truck, motorcycle, marine, RV & heavy equipment retail segments | Hoffman Estates | 600 |
| Robert Bosch Tool Corp. | Corporate headquarters & wholesaler of portable electric tools, saws, sanders & drills | Mount Prospect | 600 |
| Siemens Healthcare, Molecular Imaging | Nuclear medical imaging cameras | Hoffman Estates | 550 |
| Cummins-Allison Corp. | Corporate headquarters & money handling equipment | Mount Prospect | 525 |
| Ascent Industries Co. | Manufacturer and marketer of stainless steel pipes, fiberglass, steel storage tanks, and specialty chemicals | Schaumburg | 517 |
| Comcast Corp. | Cable television services | Schaumburg | 500 |
| Lawrence Foods, Inc. | Fruit fillings & toppings, fruit preps, jellies & preserves, sauces, dips, spreads, icings, glazes, mixes & confectionary ingredients for the foodservice, bakery & nutraceutical trade | Elk Grove Village | 500 |
| Lumen Technologies | Data and voice communications | Arlington Heights | 500 |
| Plote Construction, Inc. | Corporate headquarters, asphalt paving compounds and gravel processing | Hoffman Estates | 500 |
| United Parcel Service, Inc. | Local and long-distance trucking services | Palatine | 500 |
| Assurance Agency Ltd. | Insurance brokerage firm | Schaumburg | 500 |
| Cooper Lighting, Inc. | Distributor of commercial lighting fixtures | Elk Grove Village | 500 |
| Topco Associates LLC | Food products | Elk Grove Village | 460 |
| Sunstar Americas, Inc. | Corporate headquarters, toothbrushes, floss & dental care products | Schaumburg | 450 |
| Village of Arlington Heights, Economic Development | Municipal economic development organization | Arlington Heights | 430 |
| Earle M. Jorgensen Co., Chicago Div. | Metal service center, including steel & aluminum cutting & distribution | Schaumburg | 420 |
| Miracapo Pizza Company | Frozen pizza | Elk Grove | 400 |
| CBI Distributing Corp. | Distributor of costume jewelry | Hoffman Estates | 400 |
| Groot Industries, Inc. | Corporate headquarters, waste management services | Elk Grove Village | 400 |
| RSM US LLP | Accounting services | Schaumburg | 400 |
| Paddock Publications | Corporate headquarters, daily printed & online newspaper publishing | Arlington Heights/ | 375 |
| Leopardo Companies, Inc. | Corporate headquarters, general contractors & construction management | Hoffman Estates | 350 |
| Clear Lam Packaging, Inc. | Manufacturing of flexible films | Elk Grove Village | 350 |
| Liberty Mutual Insurance Co. | Property & casualty insurance claims & workers' compensation | Hoffman Estates | 350 |
| M C Machinery Systems, Inc. | Corporate headquarters, wholesaler of electrical discharge machines, lasers, and press brakes | Elk Grove | 325 |
| Canon Solutions America, Inc. | Divisional headquarters, business equipment sales & service | Schaumburg | 320 |
| Beacon Sales Acquisition | Wholesale building products | Arlington Heights | 300 |
| Gurtz Electric Co. | Electrical contractors | Arlington Heights | 300 |
| Novaspect, Inc. | Corporate headquarters, wholesale valve manufacturers' representatives | Schaumburg | 300 |
| Total Building Service, Inc. | Janitorial contractors | Elk Grove Village | 300 |
| Yusen Air & Sea Service USA, Inc. | International freight forwarding | Elk Grove Village | 300 |
| Vizient, Inc. | Member-owned healthcare company | Elk Grove Village | 300 |

Source: 2024 Illinois Services and 2024 Illinois Manufacturers Directories.

**Unemployment Rates**

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates for the Village of Arlington Heights, the Village of Elk Grove Village, the Village of Palatine, the Village of Schaumburg, the County of Cook, the County of Kane, the County of Lake, the County of McHenry, and the State.

| | Village of Arlington Heights | Village of Elk Grove Village | Village of Palatine | Village of Schaumburg | County of Cook |
|---|---|---|---|---|---|
| 2017 – Average | 3.7% | 4.1% | 4.0% | 3.8% | 5.1% |
| 2018 – Average | 3.1% | 3.3% | 3.3% | 3.2% | 4.2% |
| 2019 – Average | 2.7% | 3.1% | 3.0% | 3.0% | 3.9% |
| 2020 – Average | 7.1% | 8.7% | 7.7% | 8.0% | 10.4% |
| 2021 – Average | 4.1% | 4.9% | 4.6% | 4.6% | 7.0% |
| 2022 – Average | 3.3% | 3.6% | 3.6% | 3.5% | 4.9% |
| 2023 – Average | 3.2% | 3.3% | 3.4% | 3.2% | 4.4% |
| 2024 – November | 3.8% | 4.1% | 3.9% | 4.0% | 5.3% |

| | County of Kane | County of Lake | County of McHenry | The State |
|---|---|---|---|---|
| 2017 – Average | 4.8% | 4.5% | 4.4% | 4.9% |
| 2018 – Average | 4.9% | 4.5% | 3.6% | 4.4% |
| 2019 – Average | 4.3% | 3.9% | 3.4% | 4.0% |
| 2020 – Average | 9.3% | 8.2% | 8.0% | 9.2% |
| 2021 – Average | 5.9% | 5.3% | 4.7% | 6.1% |
| 2022 – Average | 4.7% | 4.4% | 3.9% | 4.6% |
| 2023 – Average | 5.1% | 5.0% | 3.7% | 4.5% |
| 2024 – November | 4.6% | 4.4% | 4.3% | 4.8% |

Source: Illinois Department of Employment Security.

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**Specified Owner-Occupied Housing Units**

| Value | Village of Arlington Heights | | Village of Elk Grove Village | | Village of Palatine | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| Under $50,000 | 519 | 2.3% | 252 | 2.7% | 311 | 1.7% |
| $50,000 to $99,999 | 241 | 1.1% | 27 | 0.3% | 263 | 1.5% |
| $100,000 to $149,999 | 1,071 | 4.7% | 189 | 2.0% | 1,266 | 7.0% |
| $150,000 to $199,999 | 1,416 | 6.2% | 523 | 5.5% | 1,641 | 9.1% |
| $200,000 to $299,999 | 2,903 | 12.7% | 2,722 | 28.9% | 3,321 | 18.4% |
| $300,000 to $499,999 | 10,003 | 43.7% | 4,876 | 51.7% | 7,594 | 42.2% |
| $500,000 to $999,999 | 6,200 | 27.1% | 784 | 8.3% | 3,563 | 19.8% |
| $1,000,000 or more | 561 | 2.4% | 53 | 0.6% | 52 | 0.3% |
| Total | 22,914 | 100.0% | 9,426 | 100.0% | 18,011 | 100.0% |
| Median Value | $403,200 | | $334,400 | | $347,900 | |

| Value | Village of Schaumburg | | County of Cook | | County of Kane | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| Under $50,000 | 410 | 2.1% | 41,998 | 3.5% | 3,001 | 2.2% |
| $50,000 to $99,999 | 98 | 0.5% | 40,050 | 3.3% | 2,044 | 1.5% |
| $100,000 to $149,999 | 1,103 | 5.6% | 84,534 | 7.1% | 5,746 | 4.1% |
| $150,000 to $199,999 | 2,116 | 10.7% | 117,090 | 9.8% | 13,839 | 10.0% |
| $200,000 to $299,999 | 5,515 | 27.9% | 303,912 | 25.4% | 43,777 | 31.5% |
| $300,000 to $499,999 | 8,593 | 43.4% | 361,818 | 30.2% | 53,709 | 38.7% |
| $500,000 to $999,999 | 1,878 | 9.5% | 193,482 | 16.1% | 15,171 | 10.9% |
| $1,000,000 or more | 69 | 0.3% | 55,950 | 4.7% | 1,468 | 1.1% |
| Total | 19,782 | 100.0% | 1,198,834 | 100.0% | 138,755 | 100.0% |
| Median Value | $312,200 | | $305,200 | | $303,000 | |

| Value | County of Lake | | County of McHenry | | The State | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| Under $50,000 | 5,826 | 3.1% | 2,230 | 2.3% | 179,713 | 5.4% |
| $50,000 to $99,999 | 3,494 | 1.8% | 1,401 | 1.5% | 293,418 | 8.8% |
| $100,000 to $149,999 | 11,705 | 6.1% | 5,131 | 5.3% | 373,012 | 11.2% |
| $150,000 to $199,999 | 22,520 | 11.8% | 11,743 | 12.2% | 402,625 | 12.0% |
| $200,000 to $299,999 | 43,436 | 22.7% | 31,637 | 32.9% | 796,642 | 23.8% |
| $300,000 to $499,999 | 55,491 | 29.1% | 36,278 | 37.8% | 836,453 | 25.0% |
| $500,000 to $999,999 | 38,891 | 20.4% | 7,040 | 7.3% | 373,844 | 11.2% |
| $1,000,000 or more | 9,600 | 5.0% | 603 | 0.6% | 87,327 | 2.6% |
| Total | 190,963 | 100.0% | 96,063 | 100.0% | 3,343,034 | 100.0% |
| Median Value | $326,600 | | $286,900 | | $250,500 | |

Source: U.S. Census Bureau, 2019-2023 ACS 5-year estimates.

**Employment by Industry**

The following table shows employment by industry for the Village of Arlington Heights, the Village of Elk Grove Village, the Village of Palatine, the Village of Schaumburg, the County of Cook, the County of Kane, the County of Lake, the County of McHenry, and the State as reported by the U.S. Census Bureau.

| | Village of Arlington Heights | | Village of Elk Grove Village | | Village of Palatine | | Village of Schaumburg | |
|---|---|---|---|---|---|---|---|---|
| Classification | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Agriculture, forestry, fishing, hunting and mining | 75 | 0.2% | 133 | 0.8% | 125 | 0.3% | 39 | 0.1% |
| Construction | 1,650 | 4.2% | 1,394 | 8.3% | 1,592 | 4.3% | 1,559 | 3.9% |
| Manufacturing | 4,833 | 12.3% | 2,070 | 12.3% | 4,695 | 12.7% | 5,429 | 13.5% |
| Wholesale Trade | 1,223 | 3.1% | 493 | 2.9% | 1,111 | 3.0% | 1,056 | 2.6% |
| Retail Trade | 4,021 | 10.2% | 1,159 | 6.9% | 3,689 | 10.0% | 3,746 | 9.3% |
| Transportation, warehousing and utilities | 2,657 | 6.8% | 1,627 | 9.7% | 2,324 | 6.3% | 3,145 | 7.8% |
| Information | 854 | 2.2% | 345 | 2.1% | 672 | 1.8% | 997 | 2.5% |
| Finance, insurance and real estate | 4,002 | 10.2% | 1,257 | 7.5% | 4,339 | 11.8% | 3,835 | 9.6% |
| Professional, scientific management administrative & waste management | 6,783 | 17.3% | 2,185 | 13.0% | 5,519 | 15.0% | 6,674 | 16.6% |
| Educational, health & social services | 8,265 | 21.0% | 4,026 | 24.0% | 7,540 | 20.5% | 8,291 | 20.7% |
| Arts, entertainment, recreation, & accommodations & food services | 2,385 | 6.1% | 1,029 | 6.1% | 2,986 | 8.1% | 2,994 | 7.5% |
| Other Services | 1,705 | 4.3% | 609 | 3.6% | 1,575 | 4.3% | 1,644 | 4.1% |
| Public Administration | 858 | 2.2% | 470 | 2.8% | 686 | 1.9% | 724 | 1.8% |
| Total | 39,311 | 100.0% | 16,797 | 100.0% | 36,853 | 100.0% | 40,133 | 100.0% |

Source: U.S. Census Bureau, 2019-2023 ACS 5-year estimates.

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**Employment by Industry (Cont.)**

| Classification | County of Cook Number | County of Cook Percent | County of Kane Number | County of Kane Percent | County of Lake Number | County of Lake Percent | County of McHenry Number | County of McHenry Percent | The State Number | The State Percent |
|---|---|---|---|---|---|---|---|---|---|---|
| Agriculture, forestry, fishing, hunting and mining | 5,014 | 0.2% | 1,270 | 0.5% | 1,184 | 0.3% | 1,092 | 0.7% | 64,288 | 1.0% |
| Construction | 120,465 | 4.7% | 17,151 | 6.4% | 17,826 | 5.0% | 13,434 | 8.1% | 338,825 | 5.4% |
| Manufacturing | 242,723 | 9.4% | 41,428 | 15.4% | 56,167 | 15.7% | 25,874 | 15.6% | 728,327 | 11.6% |
| Wholesale Trade | 61,180 | 2.4% | 9,988 | 3.7% | 14,130 | 4.0% | 5,404 | 3.3% | 168,508 | 2.7% |
| Retail Trade | 236,793 | 9.1% | 29,933 | 11.2% | 40,438 | 11.3% | 20,687 | 12.5% | 650,779 | 10.4% |
| Transportation, warehousing and utilities | 201,110 | 7.8% | 16,367 | 6.1% | 15,502 | 4.3% | 8,409 | 5.1% | 433,291 | 6.9% |
| Information | 51,027 | 2.0% | 3,951 | 1.5% | 5,050 | 1.4% | 2,593 | 1.6% | 103,644 | 1.7% |
| Finance, insurance and real estate | 217,703 | 8.4% | 19,067 | 7.1% | 28,8 99 | 8.1% | 11,234 | 6.8% | 462,565 | 7.4% |
| Professional, scientific management administrative & waste management | 411,128 | 15.9% | 33,947 | 12.7% | 51,170 | 14.3% | 18,068 | 10.9% | 794,813 | 12.7% |
| Educational, health & social services | 608,303 | 23.5% | 52,870 | 19.7% | 72,173 | 20.2% | 33,505 | 20.2% | 1,470,742 | 23.5% |
| Arts, entertainment, recreation, & accommodations & food services | 221,832 | 8.6% | 23,741 | 8.9% | 30,187 | 8.4% | 12,304 | 7.4% | 516,702 | 8.3% |
| Other Services | 122,385 | 4.7% | 11,340 | 4.2% | 13,668 | 3.8% | 7,878 | 4.7% | 285,896 | 4.6% |
| Public Administration | 90,955 | 3.5% | 7,120 | 2.7% | 10,945 | 3.1% | 5,419 | 3.3% | 234,863 | 3.8% |
| Total | 2,590,618 | 100.0% | 268,173 | 100.0% | 357,339 | 100.0% | 165,901 | 100.0% | 6,253,243 | 100.0% |

Source: U.S. Census Bureau, 2019-2023 ACS 5-year estimates.

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**Employment by Occupation**

The following table shows employment by occupation for the Village of Arlington Heights, the Village of Elk Grove Village, the Village of Palatine, the Village of Schaumburg, the County of Cook, the County of Kane, the County of Lake, the County of McHenry, and the State as reported by the U.S. Census Bureau.

| | Village of Arlington Heights | | Village of Elk Grove Village | | Village of Palatine | |
|---|---|---|---|---|---|---|
| Classification | Number | Percent | Number | Percent | Number | Percent |
| Management, professional & related occupations | 22,814 | 58.0% | 7,455 | 4.4% | 18,425 | 50.0% |
| Service occupations | 3,593 | 9.1% | 2,070 | 12.3% | 4,321 | 11.7% |
| Sales and office occupations | 7,713 | 19.6% | 3,805 | 22.7% | 6,750 | 18.3% |
| Natural resources, construction & maintenance occupations | 1,400 | 3.6% | 1,338 | 8.0% | 2,362 | 6.4% |
| Production, transportation & material moving occupation | 3,791 | 9.6% | 2,129 | 12.7% | 4,995 | 13.6% |
| Total | 39,311 | 100.0% | 16,797 | 100.0% | 36,853 | 100.0% |

| | Village of Schaumburg | | County of Cook | | County of Kane | |
|---|---|---|---|---|---|---|
| Classification | Number | Percent | Number | Percent | Number | Percent |
| Management, professional & related occupations | 21,083 | 52.5% | 1,181,349 | 45.6% | 104,455 | 39.0% |
| Service occupations | 4,035 | 10.1% | 416,526 | 16.1% | 42,520 | 15.9% |
| Sales and office occupations | 8,290 | 20.7% | 491,974 | 19.0% | 58,594 | 21.8% |
| Natural resources, construction & maintenance occupations | 1,866 | 4.6% | 149,254 | 5.8% | 19,049 | 7.1% |
| Production, transportation & material moving occupation | 4,859 | 12.1% | 351,515 | 13.6% | 43,555 | 16.2% |
| Total | 40,133 | 100.0% | 2,590,618 | 100.0% | 268,173 | 100.0% |

| | County of Lake | | County of McHenry | | The State | |
|---|---|---|---|---|---|---|
| Classification | Number | Percent | Number | Percent | Number | Percent |
| Management, professional & related occupations | 169,315 | 47.4% | 68,364 | 41.2% | 2,660,678 | 42.5% |
| Service occupations | 50,380 | 14.1% | 23,287 | 14.0% | 996,806 | 15.9% |
| Sales and office occupations | 72,463 | 20.3% | 35,892 | 21.6% | 1,235,237 | 19.8% |
| Natural resources, construction & maintenance occupations | 20,112 | 5.6% | 15,821 | 9.5% | 443,661 | 7.1% |
| Production, transportation & material moving occupation | 45,069 | 12.6% | 22,537 | 13.6% | 916,861 | 14.7% |
| Total | 357,339 | 100.0% | 165,901 | 100.0% | 6,253,243 | 100.0% |

Source: U.S. Census Bureau, 2019-2023 ACS 5-year estimates.

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## Household Incomes

According to the U.S. Census Bureau, 2019-2023 ACS 5-year estimates, the Village of Arlington Heights had a median household income of $118,532, the Village of Elk Grove Village had a median household income of $95,216, the Village of Palatine had a median household income of $95,950, and the Village of Schaumburg had a median household income of $94,690. This compares to $81,797 for the County of Cook, $100,678 for the County of Kane, $108,917 for the County of Lake, $102,836 for the County of McHenry, and $81,702 for the State. The following table represents the distribution of household incomes for the Village of Arlington Heights, the Village of Elk Grove Village, the Village of Palatine, the Village of Schaumburg, the County of Cook, the County of Kane, the County of Lake, the County of McHenry, and the State as reported by the U.S. Census Bureau.

| | Village of Arlington Heights | | Village of Elk Grove Village | | Village of Palatine | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| Under $10,000 | 1,207 | 3.9% | 505 | 3.9% | 965 | 3.6% |
| $10,000 to $14,999 | 645 | 2.1% | 179 | 1.4% | 319 | 1.2% |
| $15,000 to $24,999 | 1,364 | 4.4% | 589 | 4.6% | 1,235 | 4.6% |
| $25,000 to $34,999 | 986 | 3.2% | 748 | 5.9% | 1,444 | 5.4% |
| $35,000 to $49,999 | 1,779 | 5.7% | 1,088 | 8.5% | 2,436 | 9.1% |
| $50,000 to $74,999 | 3,580 | 11.5% | 1,846 | 14.4% | 3,938 | 14.7% |
| $75,000 to $99,999 | 3,715 | 11.9% | 1,691 | 13.2% | 3,732 | 13.9% |
| $100,000 to $149,999 | 6,519 | 20.9% | 2,653 | 20.7% | 4,924 | 18.4% |
| $150,000 to $199,999 | 4,407 | 14.1% | 1,730 | 13.5% | 3,272 | 12.2% |
| $200,000 or more | 7,046 | 22.5% | 1,757 | 13.7% | 4,554 | 17.0% |
| Total | 31,248 | 100.0% | 12,786 | 100.0% | 26,819 | 100.0% |

| | Village of Schaumburg | | County of Cook | | County of Kane | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| Under $10,000 | 1,072 | 3.3% | 124,398 | 6.0% | 5,667 | 3.1% |
| $10,000 to $14,999 | 638 | 2.0% | 79,619 | 3.8% | 3,546 | 1.9% |
| $15,000 to $24,999 | 1,385 | 4.3% | 131,723 | 6.3% | 7,698 | 4.2% |
| $25,000 to $34,999 | 1,371 | 4.3% | 135,473 | 6.5% | 8,868 | 4.8% |
| $35,000 to $49,999 | 2,570 | 8.0% | 199,836 | 9.6% | 14,775 | 8.1% |
| $50,000 to $74,999 | 5,040 | 15.7% | 297,564 | 14.3% | 25,826 | 14.1% |
| $75,000 to $99,999 | 5,005 | 15.6% | 256,665 | 12.3% | 24,554 | 13.4% |
| $100,000 to $149,999 | 6,876 | 21.5% | 356,146 | 17.1% | 39,234 | 21.4% |
| $150,000 to $199,999 | 3,812 | 11.9% | 201,564 | 9.7% | 22,271 | 12.2% |
| $200,000 or more | 4,245 | 13.3% | 301,590 | 14.% | 30,757 | 16.8% |
| Total | 32,014 | 100.0% | 2,084,578 | 100.0% | 183,196 | 100.0% |

| | County of Lake | | County of McHenry | | The State | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| Under $10,000 | 8,797 | 3.4% | 3,169 | 2.7% | 262,472 | 5.2% |
| $10,000 to $14,999 | 4,678 | 1.8% | 1,921 | 1.7% | 167,954 | 3.4% |
| $15,000 to $24,999 | 11,869 | 4.6% | 4,342 | 3.7% | 312,209 | 6.2% |
| $25,000 to $34,999 | 11,956 | 4.7% | 5,445 | 4.7% | 325,873 | 6.5% |
| $35,000 to $49,999 | 18,864 | 7.3% | 9,558 | 8.2% | 493,412 | 9.9% |
| $50,000 to $74,999 | 32,059 | 12.5% | 16,274 | 14.0% | 755,975 | 15.1% |
| $75,000 to $99,999 | 29,945 | 11.7% | 15,711 | 13.5% | 637,303 | 12.7% |
| $100,000 to $149,999 | 48,521 | 18.9% | 25,245 | 21.7% | 896,614 | 17.9% |
| $150,000 to $199,999 | 31,225 | 12.2% | 15,284 | 13.1% | 494,802 | 9.9% |
| $200,000 or more | 58,746 | 22.9% | 19,380 | 16.7% | 655,290 | 13.1% |
| Total | 256,660 | 100.0% | 116,329 | 100.0% | 5,001,904 | 100.0% |

Source: U.S. Census Bureau, 2019-2023 ACS 5-year estimates.

**Per Capita Income**

| | PER CAPITA INCOME |
|---|---|
| Village of Arlington Heights | $60,871 |
| Village of Elk Grove Village | 46,267 |
| Village of Palatine | 49,950 |
| Village of Schaumburg | 49,394 |
| County of Cook | 47,801 |
| County of Kane | 46,013 |
| County of Lake | 48,275 |
| County of McHenry | 46,322 |
| State | 45,104 |

Source: U.S. Census Bureau, 2019-2023 ACS 5-year estimates.

## SHORT-TERM BORROWING

The District has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

## FUTURE DEBT

The District anticipates the issuance of limited tax general obligation bonds in 2027, and every two years thereafter.

## DEFAULT RECORD

The District has no record of default and has met its debt repayment obligations promptly.

## REAL PROPERTY ASSESSMENT, TAX LEVY, AND COLLECTION PROCEDURES

### Summary of Property Assessment, Tax Levy, and Collection Procedures

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies, and collections in the County. There can be no assurance that the procedures described herein will not change. The current procedures for such assessment, levies, and collections in the County are different from such procedures in the Counties of Kane, Lake, and McHenry.

### Real Property Assessment

The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within the County, including such property located within the boundaries of the District, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Department. For triennial reassessment purposes, the County is divided into three Districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The District is located in the North Tri and was last reassessed for the 2019 tax levy year.

In response to the downturn of the real estate market, the Assessor reduced the 2009 assessed value on suburban residential properties (specifically, those properties located in the South Tri and the North Tri) not originally scheduled for reassessment in 2009. For tax year 2009, each suburban township received an adjustment percentage for tax year 2009, lowering the existing assessed values of all residential properties in such township within a range of 4% to 15%, beginning with the second-installment tax bills payable in the fall of 2010.

Real property in the County is separated into classes for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. Such classification percentages range from 10% for certain residential, commercial, and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1 - unimproved real estate (10%); Class 2 - residential (10%); Class 3 - rental-residential (16% in tax year 2009, 13% in tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 - not-for-profit (25%); Class 5a - commercial (25%); and Class 5b - industrial (25%).

In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above. The additional assessment classifications are as follows:

| CLASS | DESCRIPTION OF QUALIFYING PROPERTY | ASSESSMENT PERCENTAGE | REVERTS TO CLASS |
|---|---|---|---|
| 6b | Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties | 10% for first 10 years and any 10 year renewal; if not renewed, 15% in year 11, 20% in year 12 | 5b |
| C | Industrial property that has undergone environmental testing and remediation | 10% for first 10 years, 15% in year 11, 20% in year 12 | 5b |
| | Commercial property that has undergone environmental testing and remediation | 10% for first 10 years, 15% in year 11, 20% in year 12 | 5a |
| 7a/7b | Newly constructed or substantially rehabilitated commercial properties in an area in need of commercial development | 10% for first 10 years, 15% in year 11, 20% in year 12 | 5a |
| 7c | Newly constructed or rehabilitated commercial buildings and acquisition of abandoned property and rehabilitation of buildings thereon including the land upon which the buildings are situated and the land related to the rehabilitation | 10% for first 3 years and any 3 year renewal; if not renewed, 15% in year 4, 20% in year 5 | 5a |
| 8 | Industrial properties in enterprise communities or zones in need of substantial revitalization | 10% for first 10 years and any 10 year renewal; if not renewed, 15% in year 11, 20% in year 12 | 5b |
| | Commercial properties in enterprise communities or zones in need of substantial revitalization | 10% for first 10 years, 15% in year 11, 20% in year 12 | 5a |
| 9 | New or substantially rehabilitated multi-family residential properties in target areas, empowerment or enterprise zones | 10% for first 10 years and any 10 year renewal | As Applicable |
| S | Class 3 properties subject to Section 8 contracts renewed under the "Mark up to Market" option | 10% for term of Section 8 contract renewal and any subsequent renewal | 3 |

| | | | |
|---|---|---|---|
| L | Substantially rehabilitated Class 3, 4 or 5b properties qualifying as "Landmark" or "Contributing" buildings | 10% for first 10 years and any 10 year renewal; if not renewed, 15% in year 11, 20% in year 12 | 3, 4, or 5b |
| | Substantially rehabilitated Class 5a properties qualifying as "Landmark" or "Contributing" buildings | 10% for first 10 years, 15% in year 11, 20% in year 12 | 5a |

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review (the "Board of Review"), which consists of three commissioners elected by the voters of the county. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of residential property having six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County (the "Circuit Court") or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

**Equalization**

After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Department is required by statute to review the Assessed Valuations. The Department establishes an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county to make all valuations uniform among the 102 counties in the State. Under State law, the aggregate of the assessments within each county is equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in the County, regardless of its assessment category, except for certain farmland property and wind energy assessable property, which are not subject to equalization. The following table sets forth the Equalization Factor for the County for the last ten tax levy years.

| Tax Levy Year | Equalization Factor |
|---|---|
| 2014 | 2.7253 |
| 2015 | 2.6685 |
| 2016 | 2.8032 |
| 2017 | 2.9627 |
| 2018 | 2.9109 |
| 2019 | 2.9160 |
| 2020 | 3.2234 |
| 2021 | 3.0027 |
| 2022 | 2.9237 |
| 2023 | 3.0163 |

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the EAV of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, plus the valuation of property assessed directly by the Department, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the "Assessment Base").

**Exemptions**

The Illinois Property Tax Code (the "Property Tax Code") currently provides for a variety of different homestead exemptions ("Homestead Exemptions"). Homestead Exemptions reduce the property tax burden of the recipient while increasing the tax burden for all other taxpayers in the taxing district.

The General (Residential) Homestead Exemption reduces the taxable assessed value of an individual's primary residence by an amount equal to the increase in EAV over the 1977 EAV. The maximum assessment deduction for counties with 3,000,000 or more inhabitants is $7,000 for taxable years 2012 through 2016 and $10,000 for taxable years 2017 and thereafter. This exemption may be granted on a pro-rated basis for newly constructed homes based upon the number of days in the tax year the home was occupied by the taxpayer.

The Disabled Persons' Homestead Exemption is an additional exemption available to certain disabled individuals who meet State-mandated guidelines. The exemption reduces the taxable assessed value by an additional $2,000.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer's homestead property to 10% per year if such taxpayer has owned the property for at least ten years as of January 1 of the assessment year (or five years if purchased with certain government assistance) and has a household income of $100,000 or less ("Qualified Homestead Property"). If the taxpayer's annual income is $75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to residential properties that have been improved or rebuilt in the 2 years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to the fair cash value up to an annual maximum of $75,000 for up to four years (or $25,000 in assessed value, which is 33-1/3% of fair cash value), to the extent the assessed value deduction is attributable solely to such improvements or rebuilding.

There are two additional exemptions for senior citizens. The Senior Citizens Homestead exemption operates annually to reduce the EAV on a senior citizen's home. The maximum reduction for counties with 3,000,000 or more inhabitants is $5,000 for taxable years 2013 through 2016 and $8,000 for taxable years 2017 and thereafter. Furthermore, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro-rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and receive an annual income not in excess of $55,000 through taxable year 2016 and $65,000 for taxable year 2017 and thereafter. In general, this exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for this exemption, plus the EAV of improvements since such year. Beginning in taxable year 2017, the amount of the exemption is equal to the greater of the amount calculated as described in the previous sentence (as more completely set forth in the Property Tax Code) or $2,000.

Beginning January 1, 2015, purchasers of certain single-family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least $5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year, and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster, as defined in the Property Tax Code, occurring in taxable year 2012 or any taxable year thereafter. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially Adapted Housing exempts up to $100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to the veteran with a disability.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (i) service-connected disability of 30% or more but less than 50%, the annual exemption is $2,500, (ii) service-connected disability of 50% or more but less than 70%, the annual exemption is $5,000, and (iii) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of $5,000.

Lastly, in addition to the Homestead Exemptions, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

**Tax Levy**

As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, the designated body for each Unit annually adopts proceedings to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The County Clerk computes the Unit's maximum allowable levy by multiplying the maximum tax rate for that Unit by the prior year's EAV for all property currently in the District. The prior year's EAV includes the EAV of any new property, the current year value of any annexed property and any recovered tax increment value, minus any disconnected property for the current year under the Limitation Law. The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year's EAV.

**Property Tax Extension Limitation Law**

The Limitation Law is applied after the prior year EAV limitation. The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units, including the District. The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes, and installment contracts payable from *ad valorem* taxes, unlimited as to rate and amount, cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds, or are for certain refunding purposes.

The use of prior year EAVs to limit the allowable tax levy may reduce tax rates for funds that are at or near their maximum rates in taxing Districts with rising EAVs. These reduced rates and all other rates for those funds subject to the Limitation Law are added together, which results in the aggregate preliminary rate. The aggregate preliminary rate is then compared to the limiting rate. If the limiting rate is more than the aggregate preliminary rate, there is no further reduction in rates due to the Limitation Law. If the limiting rate is less than the aggregate preliminary rate, the aggregate preliminary rate is further reduced to the limiting rate. In all cases, taxes are extended using current year EAV under Section 18-140 of the Property Tax Code.

The District has the authority to levy taxes for many different purposes. See "**FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT – District Tax Rates by Purpose 2019-2023**." The ceiling at any particular time on the rate at which these taxes may be extended for the District is either (a) unlimited (as provided by statute), (b) initially set by statute but permitted to be increased by referendum, (c) capped by statute, or (d) limited to the rate approved by referendum. The only ceiling on a particular tax rate is the ceiling set by statute, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the District) have flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however, will not be allowed to exceed the District's limiting rate computed in accordance with the provisions of the Limitation Law.

In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. Local governments, including the District, can issue limited bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The District cannot predict whether, or in what form, any change to the Limitation Law may be enacted into law, nor can the District predict the effect of any such change on the District's finances.

**Extensions**

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

**Collections**

Property taxes are collected by the County Collector, who also serves as the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. Beginning with the first installment payable in 2010, the first installment is equal to 55% of the prior year's tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead based on the certain percentage of the corrected prior year's tax bill. The second installment covers the balance of the current year's tax bill, and is based on the then current tax year levy, Assessed Valuation, and Equalization Factor, and reflects any changes from the prior year in those factors. The first installment penalty date has historically been the first business day in March. Pursuant to Public Act 102-1112, the first installment penalty date for levy year 2022 was changed from March 1, 2023 to April 1, 2023.

| Tax Year | Second Installment Penalty Date |
|---|---|
| 2014 | August 3, 2015 |
| 2015 | August 1, 2016 |
| 2016 | August 1, 2017 |
| 2017 | August 1, 2018 |
| 2018 | August 1, 2019 |
| 2019 | October 1, 2020 |
| 2020 | October 1, 2021 |
| 2021 | December 30, 2022 |
| 2022 | December 1, 2023 |
| 2023 | August 1, 2024 |

On November 24, 2020, the County approved an ordinance declaring that no interest would accrue on the first installment of 2020 taxes, due on March 2, 2021, provided the taxes were paid on or before May 3, 2021, and no interest would accrue on the second installment of 2020 taxes, due on August 2, 2021, provided the taxes were paid on or before October 1, 2021. As a result of ongoing efforts to modernize technology within various County property tax agencies, personnel shortages, and turnover attributable to COVID-19 and the complicated nature of the reassessment of property taxes in the City of Chicago, for the 2021 tax year (for amounts payable in calendar year 2022), the distribution of amounts related to second installment County property tax bills for calendar year 2022 were delayed. Likewise, such distribution of amounts was delayed in calendar year 2023. The District did not experience any cash flow issues due to such delays.

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. In the future, the County may provide for tax bills to be payable in four installments instead of two.

During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the District promptly credits the taxes received to the funds for which they were levied.

Within 90 days following the second installment due date, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the "Annual Tax Sale") of unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any "automated means." Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and a half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

In March 2020, in response to the COVID-19 public health emergency, a Circuit Court judge approved the Cook County Treasurer's emergency motion to indefinitely postpone the Annual Tax Sale for tax year 2018, originally scheduled for May 8, 2020. Subsequently, Public Act 101-0635 provided that, notwithstanding the statutorily mandated deadlines for judgment applications to be filed as prescribed above, the County Collector may not file an application for judgment and order of sale for the 2018 Annual Tax Sale, ordinarily held in calendar year 2020, earlier than the first day of the first month during which there is no longer a statewide COVID-19 public health emergency, as evidenced by an effective disaster declaration of the Governor covering all counties in the State.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

### Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing, and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action which would adversely affect the levy, extension, collection, and application of the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it will comply with all present and future laws concerning the levy, extension, and collection of such taxes levied by the District.

## STATE AID

The State provides aid to local community college districts via grant programs administered by the ICCB ("State Aid"). Many community college districts rely on State Aid for a significant portion of their budgets. As of early 2010, Illinois community colleges received an average of 17% of their operating revenue from the State. For Fiscal Year 2024, the District received approximately 7.57% of its general fund revenue from sources at the State, including State Aid. See "**THE DISTRICT – General Fund Revenues**" for additional information.

The State subsidizes the costs of higher education by allocating tax dollars among the following four areas: (a) direct operating support, (b) indirect operating support, (c) institutional grant programs, and (d) student financial aid programs.

The Community College System Operating Budget is funded based upon unrestricted and restricted grants. Unrestricted grants have no grant guidelines or expenditure requirements and can be used for any operating purpose. Such grants include but are not limited to the Base Operating Grant, Equalization Grant, Small College Grant and Technical Education Formula Grant (as more fully discussed below). Restricted grants must be spent according to grant and expenditure guidelines and include the Adult Education Grant and Career and Technical Education Grant (as more fully discussed below).

Various proposals for changing the Illinois system of State financial aid have been considered over the years. The nature of future modifications to the process for distributing State Aid cannot be predicted, but such modifications could have an adverse effect on the finances of the District should they be enacted.

## Direct Operating Support

Public community colleges are funded primarily through direct operating support. Most of the funds for operating support are used for meeting general costs such as salaries, contracts for services, energy, supplies, travel, and scholarships; however, operating support can also be appropriated to specific activities such as workforce preparation programs, adult basic education, career, and technical education, or legislative initiatives.

## Indirect Operating Support

Public community colleges also benefit from indirect operating support through payments or benefits provided by the State to or for faculty and staff. Rather than being paid to community colleges, such funds are spent by other State entities on behalf of community college employees. Examples of indirect operating support include employee health insurance provided by the State employee benefits plan and funding for community college employees' pensions paid to SURS.

## Institutional Grant Programs

Additionally, grant programs provide funds for specific activities undertaken by educational programs. Funding for such programs as Cooperative Work Study and Nursing Grants is appropriated to the Illinois Board of Higher Education ("IBHE") and then distributed by the IBHE based upon competitive application and program criteria. Private community colleges are also eligible to apply for such grants.

As noted previously, the ICCB also administers grant programs and distributes funding to community colleges. The two principal operating grants for community colleges are the Base Operating Grant and the Equalization Grant, both of which are allocated to each local community college district based upon prescribed formulae. Generally, ICCB grants to community colleges amount to the difference between the total funds needed to offer educational programs and the total funds available from local property taxes and tuition and fees. Rate adjustments are required when State appropriations for ICCB grants fall short of equaling the calculated needs of the system. The funds of both the Base Operating Grant and the Equalization Grant are distributed on a monthly basis, though as a result of budget difficulties, the State has delayed payment of these grants in recent years.

In addition to the grants discussed in this section, the State distributes numerous other grants to Illinois community colleges on an annual basis.

## Student Financial Aid

State tax dollars support higher education through direct support to students; such financial aid is distributed through the Illinois Student Assistance Commission. The primary source of direct student assistance is need-based. Need-based programs, such as the State's Monetary Award Program ("MAP"), cover a portion of the costs of tuition and fees for students at public community colleges. The State also provides several programs that pay some or all of the costs of tuition and fees for students who have served in the military or are preparing for high-demand occupations such as nursing and certain teaching positions. In the event the federal government, the State or any agency pays tuition for any community college student, neither the district of such student's residence nor the student is required to pay that tuition, or any portion thereof, that is otherwise paid.

# RETIREMENT PLANS[(1)]

## State Universities Retirement System of Illinois

<u>Plan Description</u>. The District contributes to SURS, a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement

[(1)]The District's ACFR for Fiscal Year 2024.

annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplemental 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 Illinois 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 can be found in SURS' comprehensive annual financial report notes to its financial statements.

Contributions. The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability ("AAL") 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 Years 2023 and 2024, respectively, was 12.83% and 12.53% 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 Illinois General Assembly.

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

Net Pension Liability. The net pension liability (NPL) was measured as of June 30, 2023. At June 30, 2023, SURS reported a net pension liability of $29,444,538,098.

Employer Proportionate Share of Net Pension Liability. The amount of the proportionate share of the net pension liability to be recognized for the District is $0. The proportionate share of the State's net pension liability associated with the District was $424,405,622 or 1.4414%. The District's proportionate share changed by 0.0456% from 1.3949% since the last measurement date of June 30, 2022. This amount is not recognized in the District's financial statements. The net pension liability and total pension liability as of June 30, 2023 was determined based on the June 30, 2022 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 2022.

Defined Benefit Pension Expense. At June 30, 2023, SURS defined benefit plan reported a collective net pension expense of $1,884,388,521.

Employer Proportionate Share of Defined Benefit Pension Expense. The District's proportionate share of collective pension expense is recognized as nonoperating revenue with a matching operating expense (compensation and benefits) in the District's ACFR. 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 2022. As a result, the District recognized revenue and pension expense of $27,161,067 for the Fiscal Year ended June 30, 2024.

Actuarial assumptions. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period June 30, 2017–2020. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.25% |
| Salary increases | 3.00% to 12.75%, including inflation |
| Investment rate of return | 6.50% |

Additional information regarding the District's retirement plan is described in Note 7 of the District's ACFR for Fiscal Year 2023, which is included as Appendix A to this Official Statement.

Discount Rate. A single discount rate of 6.37%, which is a decrease of 0.02% from the prior year rate of 6.39%, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 3.86% at June 30, 2023 (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2023). 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 2074. As a result, the long- term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2074, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of SURS Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability calculated using a single discount rate of 6.37%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

| 1% Decrease (5.37%) | Current Single Discount Rate Assumption (6.37%) | 1% Increase (7.37%) |
|---|---|---|
| $35,695,434,682 | $29,444,538,098 | $24,236,489,318 |

Cost Shifting. Public Act 100-23 provides that State universities will assume certain costs of retirement benefits upon implementation of a new Tier 3 optional hybrid plan ("Tier 3"). Under Tier 3, schools, universities, and community colleges will assume the normal costs of benefits for new employees upon implementation of a Tier 3 plan, regardless of whether new employees choose a Tier 3 optional hybrid benefit or a traditional Tier 2 defined benefit plan. See "**RISK FACTORS – Pension Costs**" herein.

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**Other Post-Employment Benefits[1]**

*Harper Other Post-Employment Plan*

Plan Description and Benefits Provided: The Harper OPEB Plan ("Plan") is a single-employer defined benefit other post-employment benefit ("OPEB") plan administered by the District. The Plan provides the continuation of health care benefits and life insurance to employees, who retire from the District. 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 District 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, 2022, membership consisted of:

| | |
|---|---|
| Active | 386 |
| Inactives currently receiving benefits payments | 104 |
| Total | 490 |

Contributions. The District follows a pay-as-you go funding policy. This means the District pays the costs of the benefits as they become due. The costs are equal to the benefits distributed or claimed in the year. The District 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 District's total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability, after considering the sharing of benefit-related costs with inactive members, was determined by an actuarial valuation performed as of July 1, 2022 rolled forward to July 1, 2023.

Actuarial Assumptions: For the actuarial valuation date of July 1, 2022, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 7.50% in Fiscal Year 2024, trending to 4.50% in Fiscal Year 2044 and onward. Rates include 2.50% inflation, and a 0.00% salary scale. The discount rate changed from 3.69% to 3.86% for determining the 2024 Total OPEB Liability.

Discount Rate. The discount rate used to measure the total OPEB liability was 3.86% for determining 2024 liability and 3.69% for determining Fiscal Year 2023 liability. Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax exempt general obligation municipal bonds with an average S&P municipal bond 20-year high grade rate index as of the measurement date. Rates were taken from the Bond Buyer 20-Bond GO index as of the measurement date.

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[1] The District's ACFR for Fiscal Year ended June 30, 2024.

Changes in Net OPEB Liability

| Total OPEB Liability | Fiscal Year 2024 |
|---|---|
| Service Cost | $ 260,572 |
| Interest | 381,950 |
| Difference Between Expected and Actuarial Experience | - |
| Changes in Benefits | - |
| Assumption Changes | (27,121) |
| Benefits Paid | (880,569) |
| Net Change in Total OPEB Liability | (265,178) |
| Total OPEB Liability Beginning of Year | 10,530,669 |
| Total OPEB Liability End of Year | $10,265,491 |
| | |
| Covered Payroll | $35,678,704 |
| Total OPEB Liability as a Percentage of Covered Payroll | 28.77% |

*State of Illinois Department of Central Management Services Community College Health Insurance Security Fund*

Plan Description. The State of Illinois Department of Central Management Services Community College Health Insurance Security Fund ("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 statement 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 as of July 1, 2013. The Department administers the plan with the cooperation of SURS and the boards of trustees of the various community college districts.

All members receiving benefits from SURS who have been full-time employees of a community college district or an association of a community college who have paid the required active member CCHISF contributions prior to retirement are eligible to participate in CCHISF. Survivors of an annuitant or benefit recipient eligible for CCHISF coverage are also eligible for coverage under CCHISF. CCHISF issues a publicly available report that can be obtained at https://www.auditor.illinois.gov/Audit-Reports/Compliance-Agency-List/CMS/CCHISP/FY23-CMS-CCHISF-Fin-Sched-Allocaiton-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 SURS, who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF. The District and the State each contributed to the OPEB plan $522,427 for Fiscal Year 2024.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2024 the District reported a liability of $22,455,245 for its proportionate share of the collective net OPEB liability. This liability reflects a reduction for State OPEB support.

| | |
|---|---|
| District's proportionate share of the collective net OPEB liability | $22,455,245 |
| State's proportionate share that is associated with the District | 22,461,402 |
| Total | $44,916,647 |

The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to June 30, 2023. The District's proportion of the collective net OPEB liability was based on the District's Fiscal Year 2023 contributions to the OPEB plan relative to the Fiscal Year 2023 contributions of all participating entities. At June 30, 2023, the District's proportion was 3.1791128%, which was a decrease of 0.099517% from its proportion measured as of June 30, 2022 (3.278645%). The District's proportion of the net OPEB liability that includes the state's proportionate share associated with the District was 6.36%, which is a 0.20% decrease from 6.56% in the prior year.

For the Fiscal Year ended June 30, 2024, the District recognized a negative OPEB expense of $8,325,686. The District's proportionate share of collective OPEB expense is recognized as an on-behalf payment as both revenue and expense in the District's financial statements. The basis of allocation used is the actual OPEB expense for contributing entities. As a result, the District recognized a negative on-behalf revenue and negative OPEB expense of $8,186,544.

**CONTINUING DISCLOSURE**

The District will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of the Rule. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and a statement of other terms of the Undertaking, including termination, amendment, and remedies, are set forth below in "**THE UNDERTAKING**."

To the best of its knowledge, the District has not failed to comply in all material respects with any of its previous undertakings under the Rule to provide annual reports or notices of Reportable Events (as defined herein) within the past five years. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer, or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

**THE UNDERTAKING**

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

**Annual Financial Information Disclosure**

The District covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. At present, such dissemination is made through EMMA. The District is required to deliver such information within 210 days after the last day of the District's Fiscal Year (currently June 30), beginning with the Fiscal Year ending June 30, 2025. If Audited Financial Statements are not available when the Annual Financial Information is filed, the District will submit Audited Financial Statements to EMMA within 30 days after availability to the District. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

"Annual Financial Information" means information of the type contained in the following headings, subheadings and exhibits of the Final Official Statement:

WORKING CASH FUND—Working Cash Fund Summary
FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT
—Direct General Obligation Bonded Debt (Principal Only)
—Selected Financial Information (only as it relates to direct debt)
—Composition of EAV
—Trend of EAV
—Taxes Extended and Collected
—District Tax Rates by Purpose
Exhibit A—COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Exhibit B—BUDGET

"Audited Financial Statements" means the combined financial statements of the District prepared in accordance with accounting principles generally accepted in the United States of America.

**Reportable Events Disclosure**

The District covenants that it will disseminate in a timely manner, not in excess of ten business days after the occurrence of any Reportable Event, Reportable Events disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission or the State at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The "Reportable Events" are:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- Modifications to the rights of security holders, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution or sale of property securing repayment of the securities, if material;
- Rating changes;

- Bankruptcy, insolvency, receivership or similar event of the District[1];
- The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material;
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties;
- incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affects Bondholders, if material[2]; and
- default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.[2]

**Consequences of Failure of the District to Provide Information**

The District shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

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

**Amendment; Waiver**

Notwithstanding any other provision of the Undertaking, the District by resolution authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

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

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

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

(2)The term "financial obligation" means a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

**Termination of Undertaking**

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

**Additional Information**

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

**Dissemination of Information; Dissemination Agent**

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through EMMA for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

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

## AUDITED FINANCIAL STATEMENTS

The ACFR for the Fiscal Year ended June 30, 2024, contained in Appendix A, including the independent auditor's report accompanying the Audit, have been prepared by Crowe LLP, Oak Brook, Illinois (the "Auditor"), and the ACFR for the Fiscal Year ended June 30, 2024 has been approved by formal action of the Board. The District has not requested the Auditor to update information contained in the ACFR nor has the District requested that the Auditor consent to the use of the ACFR in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the ACFR has not been updated since the date of the ACFR. The inclusion of the ACFR in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the ACFR. Specific questions or inquiries relating to the financial information of the District since the date of the ACFR should be directed to Rob Galick, Executive Vice President of Finance and Administrative Services, of the District.

## BOOK-ENTRY ONLY SYSTEM

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at **www.dtcc.com**.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Municipal Market Instrument ("MMI") Procedures.

Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (c) the delivery of any notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the Securities Depository or any Participant.

## BOND RATING

The Bonds are expected to receive a credit rating from Moody's. The rating reflects only the views of such organization and any explanation of the significance of such rating may only be obtained from the rating agency. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to Moody's by the District. There is no assurance that the rating will be maintained for any given period of time or that it may not be changed by Moody's if, in such rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Except as may be required by the Undertaking described above under the heading "**CONTINUING DISCLOSURE**," neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the rating or to oppose any such revision or withdrawal.

## TAX EXEMPTION

In the opinion of Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel will express no opinion regarding any other federal tax consequences arising with respect to the Bonds and the interest thereon.

The opinion on federal tax matters is based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the District contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The District has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the District's certifications and representations and the continuing compliance with the District's covenants. Noncompliance with these covenants by the District may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal income tax purposes but are not a guarantee of that conclusion. The Federal income tax opinion is not binding on the Service or any court. Bond Counsel cannot give and have not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the Service.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code) subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

*Tax Treatment of Accruals on Original Issue Discount*

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

*Amortizable Bond Premium*

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. The Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such Bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

*Market Discount*

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

*Information Reporting and Backup Withholding*

Information reporting requirements apply to interest paid after March 31, 2007, on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Service.

*Future Developments*

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the District in the event of an audit examination by the Service. The Service has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL LEGISLATION, AND THE TREATMENT OF ORIGINAL ISSUE PREMIUM OR ORIGINAL ISSUE DISCOUNT.

### No State Tax Exemption

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

## QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

## CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, and sale of the Bonds are subject to the approving legal opinion of Miller Canfield, which has been retained by, and acts as, Bond Counsel to the District. Miller Canfield will also serve as Disclosure Counsel to the District ("Disclosure Counsel"). Although as Disclosure Counsel to the District, Miller Canfield has assisted the District with certain disclosure matters, Miller Canfield has not undertaken to independently verify the accuracy, completeness, or fairness of this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness, or fairness of such information. Miller Canfield's engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the District, to assist it in discharging its responsibility with respect to the Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Miller Canfield makes no representation as to the suitability of the Bonds for investment by any investor. See **APPENDIX B** for the Form of Bond Counsel Opinion.

## MUNICIPAL ADVISOR

Speer Financial, Inc., Chicago, Illinois, has been retained as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy, completeness, or fairness of any of the statements contained in this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness, or fairness of such information.

The Municipal Advisor's duties, responsibilities, and fees arise solely from the position of municipal advisor for the District with respect to the Bonds.

## NO LITIGATION

There is no controversy or litigation of any nature now pending, or to the knowledge of the District, threatened to restrain or enjoin the issuance, sale, execution, or delivery of the Bonds or the levy and collection of taxes to pay the same, or questioning the proceedings or authority pursuant to which the Bonds are issued and taxes levied, or questioning or relating to the validity of the Bonds or contesting the corporate existence of the District or the titles of its present officers to their respective offices.

## UNDERWRITING

The Bonds were offered for sale by the District at a public, competitive sale on February 12, 2025. The best bid submitted at the sale was submitted by ________, ________, _______ (the "Underwriter"). The District awarded the contract for sale of the Bonds to the Underwriter at a price of $__________ (representing the aggregate principal amount of the Bonds of $__________, plus original issue premium of $__________, and less an underwriting discount of $__________). The Underwriter has represented to the District that the Bonds have been subsequently reoffered to the public initially at the yields set forth on the inside cover of the Final Official Statement.

## CERTIFICATION OF OFFICIAL STATEMENT

The District will provide to the Underwriter, simultaneously with the delivery of the Bonds, a certificate which shall state, among other things, that to the best of the knowledge and belief of the official executing such certificate, the Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds, was true and correct in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statement herein, in light of the circumstances under which they were made, not misleading in any material respect.

## MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

/s/

Executive Vice President of Finance and Administrative Services
Community College District No. 512, Counties of Cook, Kane, Lake, and McHenry and State of Illinois

February 12, 2025

## EXHIBIT A — COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, FISCAL YEARS ENDED JUNE 30, 2020-2024

| | Education Fund | Operations and Maintenance Fund | Operations and Maintenance Fund Restricted | Bond and Interest Fund | Auxiliary Enterprise Fund | Restricted Purposes Fund | Working Cash Fund | Audit Fund | Liability, Protection and Settlement Fund | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Fund Balances at July 1, 2019 | $ 35,834,481 | $ 19,692,561 | $ 42,747,171 | $ 8,443,761 | $ 9,021,297 | $ 17,891,925 | $ 16,391,296 | $ - | $ - | $150,022,492 |
| Total Receipts | 108,779,208 | 14,317,996 | 902,588 | 21,536,318 | 5,368,886 | 72,525,839 | 297,974 | 16,755 | 16,755 | 223,762,319 |
| Total Expenditures | 93,431,372 | 14,717,598 | 4,705,960 | 19,731,159 | 5,595,004 | 80,413,867 | - | 16,755 | 16,755 | 218,628,470 |
| Total Other Financing Sources | (13,345,595) | - | 4,000,120 | - | 439,642 | 8,905,833 | - | - | - | - |
| Fund Balance at June 30, 2020 | $ 37,836,722 | $ 19,292,959 | $ 42,943,919 | $ 10,248,920 | $ 9,234,821 | $ 18,909,730 | $ 16,689,270 | $ - | $ - | $155,156,341 |
| Fund Balances at July 1, 2020 | $ 37,836,722 | $ 19,292,959 | $ 42,943,919 | $ 10,248,920 | $ 9,234,821 | $ 18,909,730 | $ 16,689,270 | $ - | $ - | $155,156,341 |
| Total Receipts | 109,022,760 | 14,043,770 | 603,132 | 22,474,375 | 7,733,606 | 75,772,399 | 66,630 | 16,925 | 16,925 | 229,750,522 |
| Total Expenditures | 91,789,205 | 13,909,276 | 8,399,753 | 24,866,773 | 4,257,399 | 80,505,554 | - | 16,925 | 16,925 | 223,761,810 |
| Total Other Financing Sources | (17,231,687) | (134,492) | 185,868,398 | - | (2,509,847) | 19,876,026 | - | - | - | 185,868,398 |
| 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 |
| Fund Balances at July 1, 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 |
| Total Receipts | 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 |
| 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 |
| Total Other Financing Sources | (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 |
| Fund Balance at July 1, 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 |
| Total Receipts | 119,757,075 | 15,054,626 | 3,937,854 | 23,809,851 | 4,388,784 | 40,416,178 | 484,997 | 18,742 | 18,742 | 207,886,849 |
| Total Expenditures | 101,437,262 | 18,355,356 | 6,436,422 | 21,997,382 | 5,383,652 | 47,193,046 | - | 18,742 | 18,742 | 200,840,604 |
| Total Other Financing Sources (Uses) | (10,139,895) | - | 7,048,540 | - | 413,744 | 7,726,151 | - | - | - | 5,048,540 |
| Fund Balance at June 30 2023 | $ 46,951,009 | $ 15,059,731 | $221,736,320 | $ 11,560,002 | $ 11,354,982 | $ 41,618,225 | $ 17,269,824 | $ - | $ - | $365,550,093 |
| Fund Balance at July 1, 2023 | $ 46,951,009 | $ 15,059,731 | $221,736,320 | $ 11,560,002 | $ 11,354,982 | $ 41,618,225 | $ 17,269,824 | $ - | $ - | $365,550,093 |
| Total Receipts | 128,272,577 | 15,592,506 | 9,158,347 | 24,588,119 | 5,186,847 | 46,075,055 | 944,722 | 19,275 | 19,275 | 229,856,723 |
| Total Expenditures | 108,892,162 | 17,704,957 | 20,168,651 | 21,915,699 | 5,557,433 | 52,500,433 | - | 19,275 | 19,275 | 226,777,885 |
| Total Other Financing Sources (Uses) | (10,793,193) | - | - | - | 480,648 | 10,312,545 | - | - | - | - |
| Fund Balance at June 30, 2024 | $ 55,538,231 | $ 12,947,280 | $210,726,016 | $ 14,232,422 | $ 11,465,044 | $45,505,392 | $ 18,214,546 | $ - | $ - | $368,628,931 |

Source: The District's ACFR for Fiscal Years 2020 through 2024.

**EXHIBIT B — BUDGET, FISCAL YEAR ENDING JUNE 30, 2025**

| | EDUCATION | OPERATIONS AND MAINTENANCE | AUXILIARY ENTERPRISE | RESTRICTED PURPOSES | AUDIT |
|---|---|---|---|---|---|
| Fund Balance 6/30/24 (Projected) | $ 54,361,944 | $12,587,515 | $10,387,699 | $37,083,917 | $ - |
| Estimated Revenue | 128,221,957 | 16,848,629 | 5,404,044 | 77,451,617[1] | 20,311 |
| Estimated Expenditures | 119,169,637 | 19,222,477 | 6,560,615 | 93,342,332 | 20,311 |
| Total Other Financings | (2,257,113) | - | 467,113 | 1,790,000 | - |
| Estimated Fund Balance 6/30/25 | $ 61,157,151 | $10,213,667 | $ 9,698,241 | $22,983,202 | $ - |

| | LIABILITY PROTECTION | BOND & INTEREST | O & M RESTRICTED | WORKING CASH | TOTAL ALL FUNDS |
|---|---|---|---|---|---|
| Fund Balance 6/30/24(Projected) | $ - | $ 13,392,634 | $204,462,129 | $17,684,827 | $349,960,665 |
| Estimated Revenue | 20,311 | 24,473,740 | 8,983,600 | 785,000 | 262,209,209 |
| Estimated Expenditures | 20,311 | 22,784,389 | 57,349,096 | - | 318,469,168 |
| Total Other Financings | - | - | - | - | - |
| Estimated Fund Balance 6/30/25 | $ - | $15,081,985 | $156,096,633 | $18,469,827 | $293,700,706 |

[1]Includes SURS on behalf payments in the amount of $50,000,000.
Source: The District.

## APPENDIX A

## AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

# Annual Comprehensive Financial Report

## For the Fiscal Year Ended June 30, 2024

Harper College®

# WILLIAM RAINEY HARPER COLLEGE – COMMUNITY COLLEGE DISTRICT NO. 512

Palatine, Illinois

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

(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:

1200 West Algonquin Road
Palatine, Illinois 60067-7398

847.925.6000
**harpercollege.edu**

December 18, 2024

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, 2024, 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

In 1950, discussions began about creating a community college. By 1962, a community survey had been conducted, and in 1964, a feasibility study recommended that citizens take steps to propose a community college to local voters.

In 1966, a 200-acre site in Palatine was chosen, and the college was named William Rainey Harper College, in honor of the first President of the University of Chicago. That spring, voters approved a bond referendum to support the college, and in 1967, the first faculty were hired, and classes started for 1,725 students in temporary facilities. The college broke ground on six new buildings that same year.

By 1973, the Harper Educational Foundation was established to support scholarships and special projects. A successful 1975 funding referendum enabled the completion of the Palatine campus, with buildings G and H finished in 1977, as well as housing vocational shops and labs. The college's first president, Dr. Robert Lahti, resigned, and Dr. James McGrath became the second president in 1978.

That year, the college also began work on a new master plan, though a referendum to increase operating revenue failed, leading to budget cuts. By 1980, the campus had grown to 15 buildings, including new physical and vocational education facilities.

In 1982, Harper established a CAD/CAM training center, partnering with local high-tech firms. A tax increase was approved in 1985, marking the first increase in tax support for Harper's operations since it opened. In 1988, Dr.

Paul Thompson became the third president, and by 1990, the college developed a long-range vision called "Our Preferred Future," with input from over 1,000 college and community members.

In 1991, Harper established its Corporate Services department, now known as Harper College for Business. The college expanded its technology plan in the following years and opened new buildings to support liberal arts, communications, and technical programs.

In the early 2000's, Harper College continued to expand, opening the Avanté Center for Science, Health Careers, and Emerging Technologies, and creating the Harper Professional Center (HPC). By 2004, Harper was one of the largest community colleges in the country, serving over 37,000 students.

Dr. Robert L. Breuder, Harper's fourth president, led significant expansion efforts, including the construction of the Performing Arts Center and Wojcik Conference Center. The college also implemented a shared governance structure and published its first comprehensive strategic long-range plan.

In 2009, Dr. Kenneth Ender became the fifth president, and Harper embarked on new initiatives to improve student completion rates, create workforce partnerships, and promote equity. In 2015, the Harper Promise Scholarship Program was launched, offering local high school students the chance to attend Harper tuition-free based on academic performance and community service.

Dr. Avis Proctor became Harper's sixth president in 2019, making history as the first woman and first person of color to lead the institution. During her tenure, Harper has been recognized nationally for student success and equity initiatives and navigated the challenges of the COVID-19 pandemic by moving classes online and providing emergency financial support to students.

Harper College continues to grow and innovate, earning prestigious awards and recognition for its programs, including being named a semifinalist among the Top 20 Community Colleges in the nation for the 2025 Aspen Prize for Community College Excellence.

## Profile of the College

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

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

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

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

## Accreditation

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

## College Philosophy and Mission

*Mission Statement*

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

*Vision Statement*

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

*Philosophy Statement*

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

## Presidential Priorities

The President establishes priorities in consultation with the Board of Trustees that support the Strategic and Operational Plans of the College. Four goals were established for FY2024:

1) Goal: Ensure continued progress on student success measures focused on how students advance in their studies at Harper, as defined by the You Matter, We Care SOAR framework and monitored through the Institutional Effectiveness Measures (IEMs). The leading indicators below provide key data on progression to graduation and will be disaggregated to ensure the College is focused on closing equity gaps. These measures include:

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

    Status: Completed.

    Measured progress on the following leading indicators, with improvement achieved in three of the four measures. Additionally, 13 equity gaps were identified in these four measures and decreases in gaps were realized for six of these measures.

2) Goal: Establish additional measures that aid in improving the recruitment and retention of diverse faculty and staff and report progress via the newly established IEMs.
   a. Implement the new recruitment plan
   b. Establish practices that enhance the retention of faculty and staff from underrepresented groups

   Status: Completed.

   Completed a handbook intended to be used by all search committees to ensure consistency on all searches. Completed an equity and compensation study. Implemented additional retention efforts to impact employee satisfaction and retention. Additionally, diversity, equity, and inclusion training is now included in all recently negotiated union contracts (Full-time Faculty, Adjunct Faculty, and Pro-Tech), and our goal is to include this training as part of the next negotiations for the remaining collective bargaining agreements. As of June 30, 2024, 89% of all employees have completed training demonstrating commitment to this work.

3) Goal: Execute recommendations that increase standards of risk management for the College.
   a. Continue to execute enrollment and marketing strategies that build on the increased enrollment experienced over the past fiscal year
   b. Continue to improve institutional readiness for emergencies and cybersecurity threats

   Status: Completed.

   The College maintained a focus on enrollment and retention, including implementing strategies to convert Adult Education Development (AED) students to credit students, increase new transfer students and international students, as well as additional retention, recruitment, and engagement strategies. Our Risk Management department continues to improve our emergency preparedness working with our Emergency Preparedness Committee to conduct specific exercises (e.g. armed intruder drill, tabletops, environment of care rounds) at the department and college-wide level in collaboration with local agencies and municipalities. Our Information Technology (IT) department has expanded its cybersecurity readiness through professional development and a proactive assessment of our systems and data management. In FY2024, the IT department voluntarily engaged an external firm to assess the College's compliance with the Gramm-Leach-Bliley Act. Data security procedures and practices were evaluated in IT, Enrollment Services/One Stop, Financial Aid, Finance, Student Accounts, Registrar's Office and Human Resources. Recommended improvements will be implemented during FY2025.

4) Goal: Execute the highest priority master planning projects.
   a. Continue development of construction documents for the Canning Center
   b. Continue schematic design of the Business and Social Sciences Center (Buildings I and J)

   Status: Completed.

   The scope of work for the Canning Student Center will include new facilities for the Campus Life/One Stop Admissions Center (Student Center) to provide one location for student services and related functions, facilities to support the Hospitality Program, and the University Center. Final construction documents were submitted to the Capital Development Board in May 2024 and contractor bidding will be completed in the fall 2024.

The 2021 Campus Master Plan has identified the need to replace the Business and Social Sciences Buildings (Buildings I and J) with new and improved classrooms, laboratories, and offices to provide additional facilities for new and expanded programs. Schematic design is complete.

## Capital Project Priorities

Several Campus Master Plan project initiatives made significant progress in FY2024:

- Completed the Building A West Plaza Concrete Replacement Project within the project budget of $388,000.
- Completed the Building B Water Service Improvement Project within the project budget of $360,000.
- Completed the Building D Hawk's Care Project within the project budget of $500,000.
- Completed the Building R Theater Upgrades within the project budget of $859,500.
- Completed the Building Z Fan Array Retrofit Project within the project budget of $762,501.
- Competed Building Z, Z204 and Z206 Remodeling Project within the project budget of
- $384,000.
- Completed the Buildings A, B, C, and W Roofing Restoration Project within the project budget of $1,489,920.
- Completed Phase I of the Buildings R, W, X, Y and Z Building Automation Systems (BAS) Upgrades Project within the project budget of $634,600.
- Completed the construction documents for the Canning Student Center and University Center. Bids are due in September 2024 with construction mobilization scheduled for December 2024.
- Completed the Design Development phase for the new Business and Social Sciences Building (Buildings I & J). Construction documents are scheduled to be completed in February 2025 with construction scheduled to begin July 2025.
- Completed the construction documents for the Emergency Services Training Center (Building Q). The project is scheduled to be re-bid this fall with construction to begin in spring of 2025.
- Completed the construction documents for the Utility Tunnel Infrastructure Repairs (Capital Development Board Project) with construction scheduled to begin in spring of 2025.
- Completed construction documents for the Learning and Career Center Elevator Project. The project is scheduled to be bid this fall with construction scheduled to be complete in fall of 2025.
- Began work on the Building B Central Steam Boiler Plant Upgrade Project. The project is scheduled to be completed in September 2024 and is within the project budget of $6,546,000.
- Began work on the Building E Film Studies Lab. The project is scheduled to be completed in August 2024 and is within the project budget of $2,420,500.
- Began work on the Building E HVAC Replacement Project. The project is scheduled to be completed in August 2024 and is within the project budget of $610,600.
- Began work on the Building E Toilet Room Upgrade Project. The project is scheduled to be completed in September 2024 and is within the project budget of $885,400.
- Began work on the Building H Welding Lab Renovation Project. The project is scheduled to be completed in December 2024 and is within the project budget of $475,300.
- Began work on the Building M Utility Piping Relocation & Building U Heating Hot Water Plant Replacement Project. The project is scheduled to be completed in November 2024 and is within the project budget of $ 2,211,000.
- Began work on the Building P Audio Lab Remodeling Project. The project is scheduled to be completed in December 2024 and is within the project budget of $736,000.

- Began work on the Building R Roofing System Replacement Project. The project is scheduled to be completed in September 2024 and is within the project budget of $796,000.
- Began work on the Building V Parking Lot and Salt Storage Project. The project is scheduled to be completed in October 2024 and is within the project budget of $562,000.
- Began work on the Building X Massage Therapy Renovation Project. The project is scheduled to be completed in December 2024 and is within the project budget of $411,400.
- Began work on the Building Y Data Center Upgrade Project. The project is scheduled to be completed in December 2024 and is within the project budget of $569,000.
- Began work on Buildings B, D, H, M and S Building Automation Systems (BAS) Upgrade Project. The project is scheduled to be completed in September 2024 and is within the project budget of $695,000.
- Began work on the Campus HVAC Improvement Project (CDB #810-032-030). The project is scheduled to be completed in September 2024 and is within the project budget of $1,725,902.
- Completed the construction documents for Phase II of the Buildings R, W, X, Y and Z Building Automation Systems (BAS) Upgrades Project. Construction is scheduled to begin in November 2024 and is within the project budget of $1,341,065.
- Other significant capital improvements in FY2024 include Occupational Safety and Health Administration roof safety upgrades; Building Z eyewash and emergency shower improvements; security improvements; building envelope improvements; campus infrastructure improvements; indoor lighting level controllers; sidewalk repairs; parking lot maintenance; parking garage maintenance; traffic signage improvements; 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, 2024, 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 three sections as follows:

- Section One – Executive Summary and Financial Policies and Guidelines
- Sections Two – Five-Year Projections by Fund and Fund Groupings
- Sections Three – Additional Financial Driver Detail

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 $697 million. The current indebtedness totals $222.1 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, 2023. This was the $14^{th}$ consecutive year Harper College has achieved this prestigious award. In order to be awarded a certificate of Achievement, a government organization must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

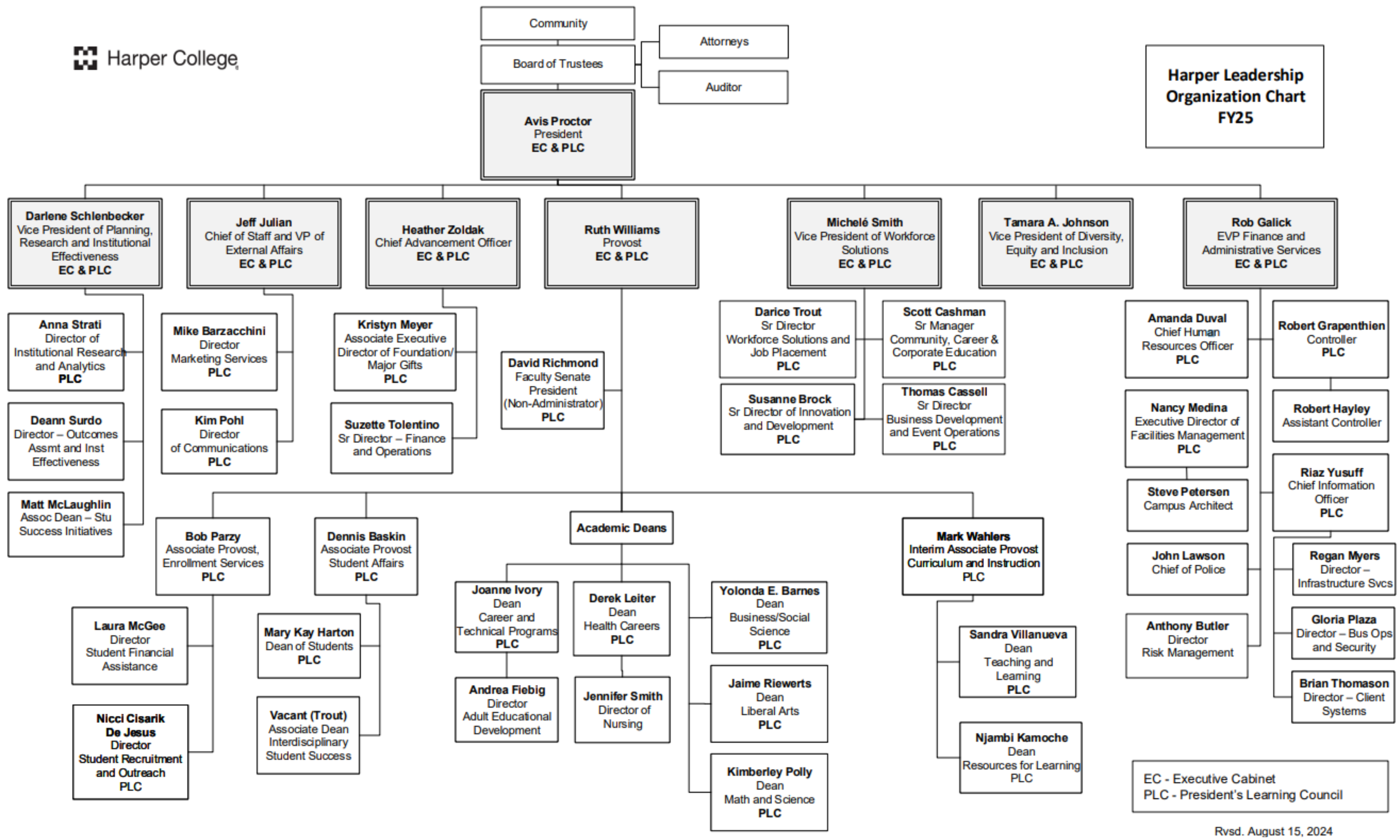
State Statute requires an annual audit by independent certified public accountants. The accounting firm of Crowe LLP was selected by the College's Board of Trustees to conduct the fiscal year 2024 audit. The auditor's report on the financial statements and supplemental financial information is included in the financial section of this report. The auditor's opinion is unmodified for this year.

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

Respectfully,

Avis Proctor, Ed.D
President

Rob Galick
Executive VP of Finance and Administrative Services


Harper College
Harper Leadership Organization Chart FY25
Community
Board of Trustees
Attorneys
Auditor
Avis Proctor President EC & PLC
Darlene Schlenbecker Vice President of Planning, Research and Institutional Effectiveness EC & PLC
Jeff Julian Chief of Staff and VP of External Affairs EC & PLC
Heather Zoldak Chief Advancement Officer EC & PLC
Ruth Williams Provost EC & PLC
Michelé Smith Vice President of Workforce Solutions EC & PLC
Tamara A. Johnson Vice President of Diversity, Equity and Inclusion EC & PLC
Rob Galick EVP Finance and Administrative Services EC & PLC
Anna Strati Director of Institutional Research and Analytics PLC
Deann Surdo Director – Outcomes Assmt and Inst Effectiveness
Matt McLaughlin Assoc Dean – Stu Success Initiatives
Mike Barzacchini Director Marketing Services PLC
Kim Pohl Director of Communications PLC
Kristyn Meyer Associate Executive Director of Foundation/ Major Gifts PLC
Suzette Tolentino Sr Director – Finance and Operations
David Richmond Faculty Senate President (Non-Administrator) PLC
Darice Trout Sr Director Workforce Solutions and Job Placement PLC
Scott Cashman Sr Manager Community, Career & Corporate Education PLC
Susanne Brock Sr Director of Innovation and Development PLC
Thomas Cassell Sr Director Business Development and Event Operations PLC
Amanda Duval Chief Human Resources Officer PLC
Robert Grapenthien Controller PLC
Nancy Medina Executive Director of Facilities Management PLC
Robert Hayley Assistant Controller
Steve Petersen Campus Architect
Riaz Yusuff Chief Information Officer PLC
John Lawson Chief of Police
Regan Myers Director – Infrastructure Svcs
Anthony Butler Director Risk Management
Gloria Plaza Director – Bus Ops and Security
Brian Thomason Director – Client Systems
Bob Parzy Associate Provost, Enrollment Services PLC
Dennis Baskin Associate Provost Student Affairs PLC
Academic Deans
Mark Wahlers Interim Associate Provost Curriculum and Instruction PLC
Laura McGee Director Student Financial Assistance
Nicci Cisarik De Jesus Director Student Recruitment and Outreach PLC
Mary Kay Harton Dean of Students PLC
Vacant (Trout) Associate Dean Interdisciplinary Student Success
Joanne Ivory Dean Career and Technical Programs PLC
Derek Leiter Dean Health Careers PLC
Yolonda E. Barnes Dean Business/Social Science PLC
Andrea Fiebig Director Adult Educational Development
Jennifer Smith Director of Nursing
Jaime Riewerts Dean Liberal Arts PLC
Kimberley Polly Dean Math and Science PLC
Sandra Villanueva Dean Teaching and Learning PLC
Njambi Kamoche Dean Resources for Learning PLC
EC - Executive Cabinet
PLC - President's Learning Council
Rvsd. August 15, 2024

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, 2023

Christopher P. Morrill

Executive Director/CEO

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE NUMBER 512

PRINCIPAL OFFICIALS
December 18, 2024

BOARD OF TRUSTEES

| | Position | Term Expiration |
|---|---|---|
| William Kelley | Chair | 2027 |
| Walt Mundt | Vice Chair | 2029 |
| Dr. Nancy Robb | Secretary | 2027 |
| Gregory Dowell | Trustee | 2025 |
| Diane Hill | Trustee | 2027 |
| Herb Johnson | Trustee | 2025 |
| Pat Stack | Trustee | 2029 |
| Liman Lei | Student Trustee | 2025 |

OFFICERS OF THE COLLEGE

| | |
|---|---|
| Avis Proctor, Ed.D | President |
| Heather Zoldak | Chief Advancement Officer |
| Rob Galick | Executive Vice President of Finance and Administrative Services |
| Ruth Williams, Ph.D | Provost |
| Jeff Julian | Chief of Staff and Vice President of External Affairs |
| Tamara Johnson, Ed.D | Vice President of Diversity, Equity and Inclusion |
| Darlene Schlenbecker | Vice President of Planning, Research and Institutional Effectiveness |
| Michelé Smith, Ph.D | Vice President of Workforce Solutions |

OFFICALS ISSUING THE REPORT

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

DEPARTMENT ISSUING THE REPORT

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

# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the business-type activities and the discretely presented component unit of William Rainey Harper College, Community College District No. 512 (the "College"), as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the William Rainey Harper College Education Foundation (the "Foundation"), which represents the College's entire discretely presented component unit as of and for the year ended June 30, 2024. 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

### *Required Supplementary Information*

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

### *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 18, 2024 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 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 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 18, 2024

## 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, 2024. 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 542,000 citizens. Harper's district contains approximately 30,000 businesses. The College is a comprehensive community college dedicated to providing excellent education at an affordable cost, promoting personal growth, enriching the local community, and meeting the challenges of a global society. The College has an annual enrollment of approximately 21,900 credit students and 4,600 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.

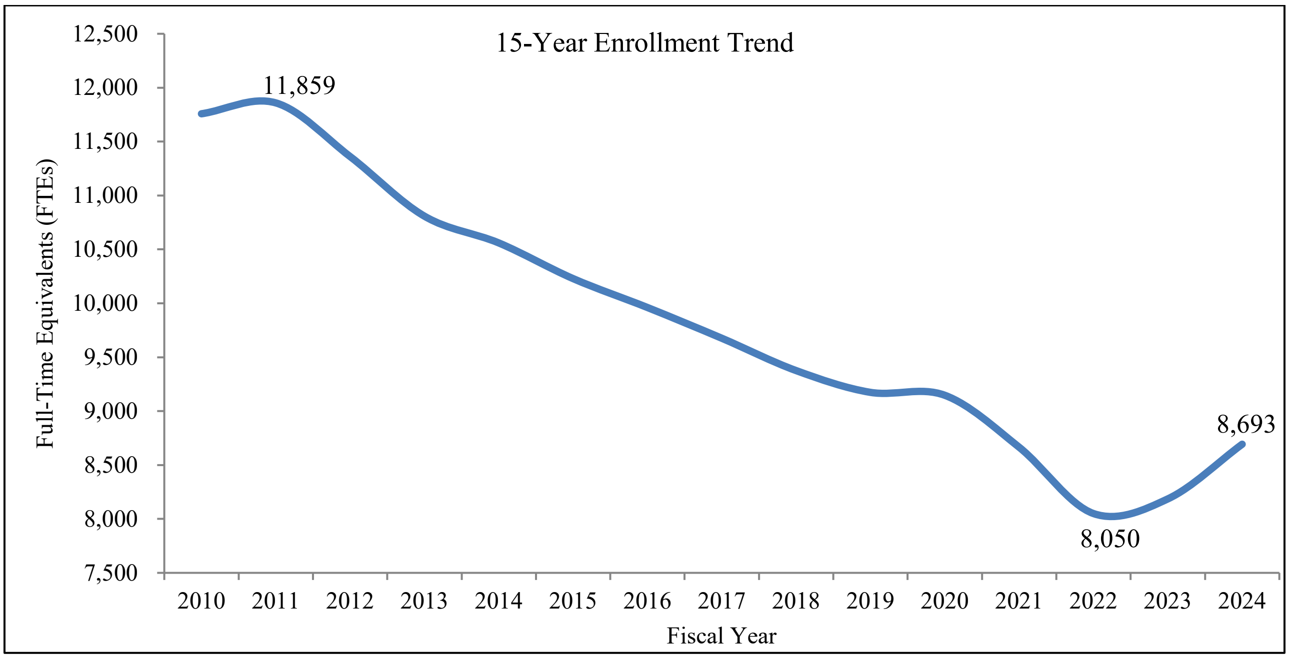
### *Accreditations*

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 26,500 students of all ages participating in credit, continuing education, customized, and extension courses at the Harper campus or at other district locations. The majority of Harper's activities take place on the 200-acre campus in Palatine, Illinois. The College also utilizes the Learning and Career Center located in Prospect Heights, Illinois, and the Harper Professional Center in Schaumburg, Illinois.

The total credit hours, including continuing education reimbursables, increased by 6.2% from 245,580 in fiscal year 2023 to 260,790 in fiscal year 2024. The full-time equivalents (FTEs) increased to 8,693 for fiscal year 2024 from 8,186 in fiscal year 2023, and headcount (the actual number of students attending the College at any point in time) increased by 4.6% during the same period.




The chart above reflects credit full-time equivalents from fiscal years 2010 through 2024.

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

*Funding Challenges*

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

| | Operating Fund Revenues | | |
|---|---|---|---|
| Fiscal Year | State Revenues | Total Revenues | % of Total |
| 2010 | $ 7,187,128 | $ 100,395,794 | 7.2% |
| 2011 | 6,887,420 | 105,615,071 | 6.5% |
| 2012 | 6,904,640 | 106,634,360 | 6.5% |
| 2013 | 6,938,432 | 108,274,547 | 6.4% |
| 2014 | 7,035,549 | 109,107,016 | 6.4% |
| 2015 | 7,359,309 | 110,058,662 | 6.7% |
| 2016 | 1,992,338 | 106,283,519 | 1.9% |
| 2017 | 8,418,809 | 114,230,920 | 7.4% |
| 2018 | 7,538,647 | 114,316,502 | 6.6% |
| 2019 | 8,097,810 | 118,608,453 | 6.8% |
| 2020 | 8,981,135 | 123,097,204 | 7.3% |
| 2021 | 9,197,968 | 123,066,530 | 7.5% |
| 2022 | 9,816,702 | 127,819,134 | 7.7% |
| 2023 | 10,221,891 | 134,811,701 | 7.6% |
| 2024 | 10,889,263 | 143,865,083 | 7.6% |

While operating funding levels from the State have risen in recent years, they only accounted for 7.6% of total operating fund revenues in fiscal year 2024. 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 2025. The College continues to consider the minimal State support as it considers program delivery, available revenues, necessary expenditures, and the resulting operating budget.

*Additional Employer SURS Contribution*

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

Statement of Net Position

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

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

Summary of Net Position – Fiscal Year 2024 compared to Fiscal Year 2023

Total net position increased by $35.3 million over the previous fiscal year. Total assets increased $15.7 million, total liabilities decreased $12.2 million as the College continued to pay its debt obligations. In addition, the College saw a $9.3 million decrease in its Other Post Employment Benefits liabilities. Other Postemployment Benefits (or OPEB) are benefits (other than pensions) that the College provides to its retired employees.

Current assets increased by $8.8 million. Capital assets, net of depreciation, increased $6.6 million due to increased capital construction activities on campus.

Current liabilities increased $6.6 million due to construction activities and an unearned tuition increase due to enrollment growth, while noncurrent liabilities decreased by $18.7 million, primarily due to the scheduled bond payments and OPEB declines referenced above.

Summary of Net Position
June 30, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| Current assets | $ 217,740,200 | $ 208,986,295 |
| Noncurrent assets: | | |
| Restricted cash and investments | 204,937,491 | 211,806,838 |
| Unrestricted cash and investments | 25,449,437 | 18,225,344 |
| Capital assets, net of depreciation | 248,332,478 | 241,734,375 |
| Total assets | 696,459,606 | 680,752,852 |
| Deferred outflows of resources | 4,676,875 | 5,280,477 |
| Total assets and deferred outflows of resources | 701,136,481 | 686,033,329 |
| Current liabilities | 45,425,090 | 38,832,569 |
| Noncurrent liabilities | 265,021,742 | 283,766,374 |
| Total liabilities | 310,446,832 | 322,598,943 |
| Deferred inflows of resources | 87,031,984 | 95,065,401 |
| Total liabilities and deferred inflows of resources | 397,478,816 | 417,664,344 |
| Net position: | | |
| Net investment in capital assets | 174,443,453 | 166,134,345 |
| Restricted, expendable | 20,073,127 | 26,308,147 |
| Unrestricted | 109,141,085 | 75,926,493 |
| Total net position | $ 303,657,665 | $ 268,368,985 |

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

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

The summary of the statement of revenues, expenses, and changes in net position for the years ended June 30, 2024, and 2023 is further detailed below.

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

Years ended June 30, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| Operating revenues: | | |
| Tuition and fees, net[1] | $ 40,276,671 | $ 41,438,352 |
| Government grants and contracts[1] | 7,342,821 | 6,499,011 |
| Auxiliary | 1,662,431 | 1,063,707 |
| Other | 1,519,754 | 1,431,663 |
| Total operating revenues | 50,801,677 | 50,432,733 |
| Operating expenses | 179,873,731 | 170,265,786 |
| Operating loss | (129,072,054) | (119,833,053) |
| Nonoperating revenues and expenses: | | |
| Property and other taxes | 97,602,041 | 92,405,515 |
| Government appropriations, grants, and contracts[1] | 52,300,542 | 48,071,106 |
| Investment income | 16,703,079 | 8,149,505 |
| Interest expense | (6,352,173) | (6,873,025) |
| Other | 928,310 | 893,649 |
| Total nonoperating revenues and expenses, net | 161,181,799 | 142,646,750 |
| Change in net position before capital contributions | 32,109,745 | 22,813,697 |
| Capital contributions | 3,178,935 | 1,374,309 |
| Change in net position | 35,288,680 | 24,188,006 |
| Net position, beginning of year | 268,368,985 | 244,180,979 |
| Net position, end of year | $ 303,657,665 | $ 268,368,985 |

[1]Tuition and Fee revenue declined due to a significant rise in grant-funded scholarship activity.

*Revenues*

Total revenues were $221.5 million and $201.3 million in fiscal years 2024 and 2023, respectively. Revenues from property taxes, the College's largest revenue source, increased $5.2 million. This revenue increase was directly related to an increase in the College's tax levy to keep pace with inflation.

Revenues – Fiscal Year 2024 compared to 2023

| | 2024 | 2023 |
|---|---|---|
| Revenues | | |
| Operating Revenues | $ 50,801,677 | $ 50,432,733 |
| Nonoperating Revenues | 167,533,972 | 149,519,775 |
| Capital Contributions | 3,178,935 | 1,374,309 |
| Total Revenues | $ 221,514,584 | $ 201,326,817 |

Operating revenues increased by $0.4 million due to an increase in net student tuition and fees and operating grants. Tuition revenues only experienced a moderate increase as a result of a significant rise in federal grant-funded scholarship activity. The federal scholarship awards increasingly covered the cost of tuition for a growing number of students, reducing the amount of tuition revenue collected directly from students. While the shift provided greater financial support for students, it impacted the College's overall tuition income.

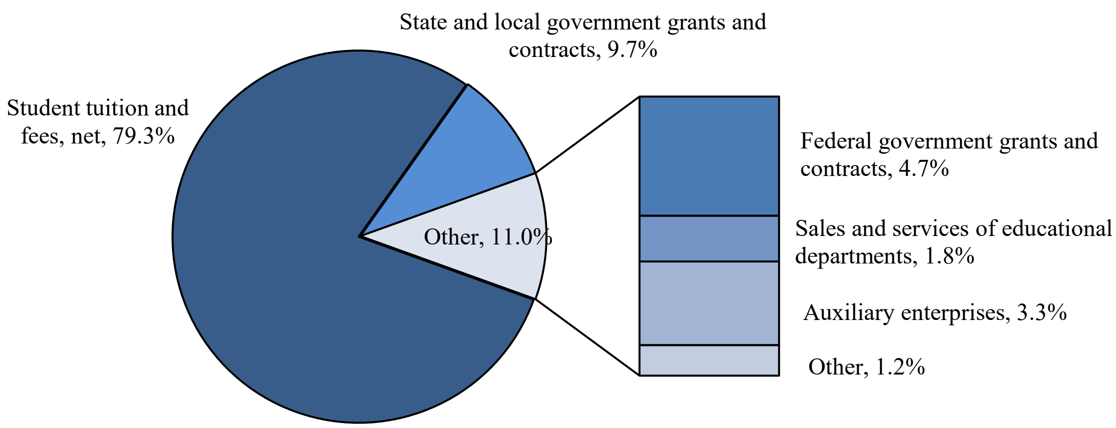
| | 2024 | 2023 |
|---|---|---|
| Operating Revenues: | | |
| Student tuition and fees, net | $ 40,276,671 | $ 41,438,352 |
| State and local government grants | 4,941,985 | 5,495,058 |
| Federal government grants | 2,400,836 | 1,003,953 |
| Auxiliary enterprises | 1,662,431 | 1,063,707 |
| Sales and services of educational departments | 914,652 | 812,397 |
| Other | 605,102 | 619,266 |
| Total Operating Revenues | $ 50,801,677 | $ 50,432,733 |

Nonoperating revenues increased by $18.0 million in total. The College recognized $5.2 million of additional revenues in property taxes and $8.6 million of additional investment revenue when compared to the prior year. Federal government grant activity increased $2.3 million compared to the prior year due to an increase in PELL awards. On-behalf payments for the College's retirement and OPEB plans increased $1.7 million. The on-behalf contribution is detailed further in note 7 and 11 of the financial statements.

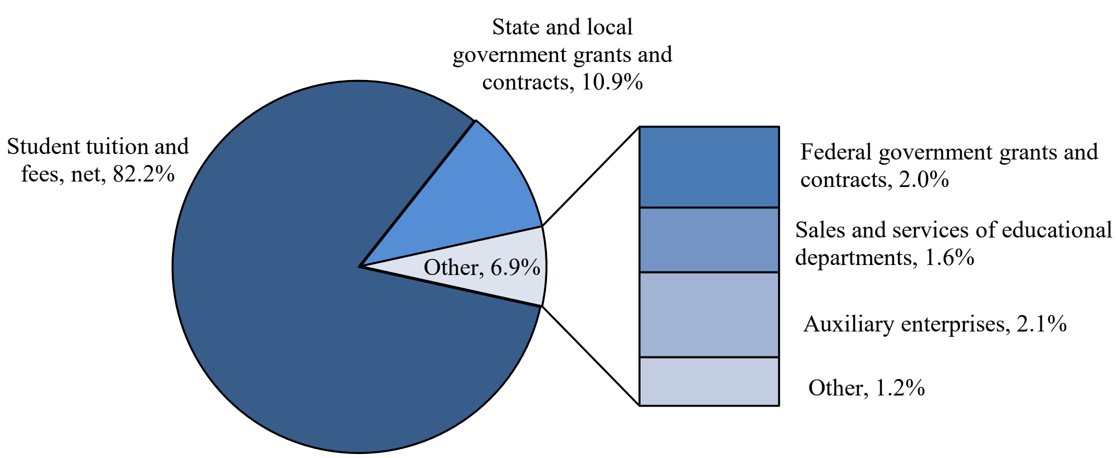
| | 2024 | 2023 |
|---|---|---|
| Nonoperating revenues: | | |
| Property taxes | $ 97,602,041 | $ 92,405,515 |
| State appropriations | 10,138,793 | 9,463,161 |
| State retirement on-behalf plan contribution (notes 7 & 11) | 20,402,699 | 18,657,686 |
| Personal property replacement tax | 1,945,229 | 3,228,170 |
| State and local government grants and contracts | 4,184,663 | 3,439,010 |
| Federal government grants and contracts | 15,629,158 | 13,283,079 |
| Gifts | 312,226 | 383,525 |
| Investment income, net of investment expense | 16,703,079 | 8,149,505 |
| Other | 616,084 | 510,124 |
| Total Nonoperating Revenues | $ 167,533,972 | $ 149,519,775 |

The following are graphic illustrations of operating revenues by type:

**FY 2024 Operating Revenues**




**FY 2023 Operating Revenues**



*Expenses*

Total expenses were $186.2 million and $177.1 million in fiscal years 2024 and 2023, respectively.

| | 2024 | 2023 |
|---|---|---|
| Expenses | | |
| Operating Expenses | $ 179,873,731 | $ 170,265,786 |
| Nonoperating Expenses (Interest Expense) | 6,352,173 | 6,873,025 |
| Total Expenses | $ 186,225,904 | $ 177,138,811 |

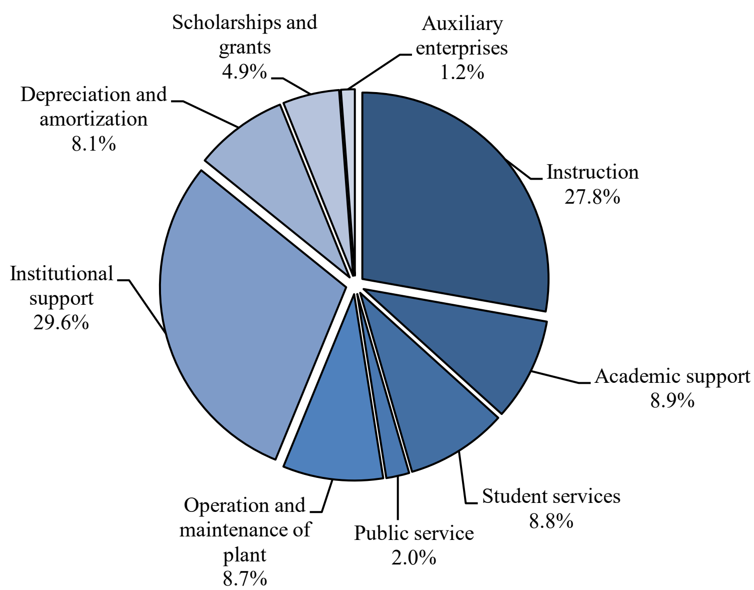
<u>Expenses – Fiscal Year 2024 compared to 2023</u>

Operating expenses increased by $9.6 million in fiscal year 2024 when compared to fiscal year 2023. Increased labor costs and tuition waivers drove the increase. The salary increases resulted from bargaining contract raises for unionized employees, alongside salary increases for our non-union groups. Additionally, the cost of employee benefits has risen, further contributing to the overall expense growth.

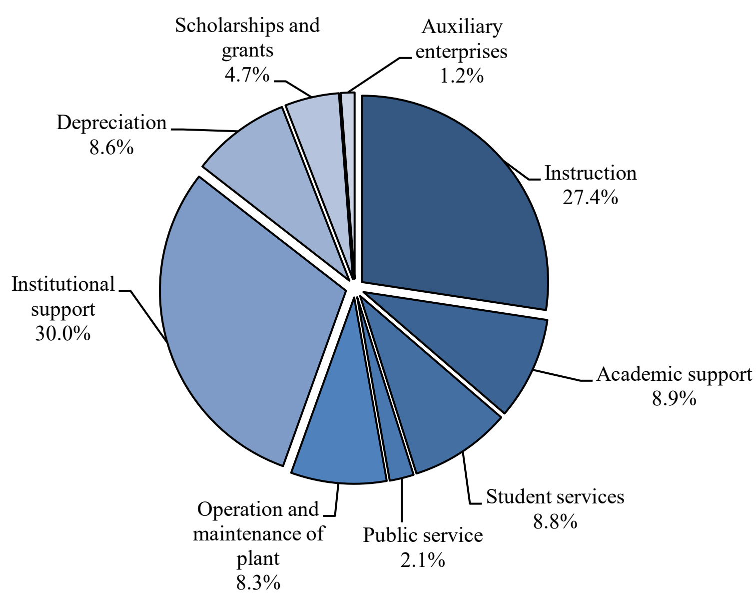
| | 2024 | 2023 |
|---|---|---|
| Operating Expenses: | | |
| Instruction | $ 49,994,052 | $ 46,711,340 |
| Academic support | 16,041,694 | 15,184,988 |
| Student services | 15,817,627 | 14,983,497 |
| Public services | 3,525,941 | 3,578,719 |
| Operation and maintenance | 15,662,188 | 14,153,972 |
| Institutional | 53,274,276 | 50,979,259 |
| Scholarships and grants | 8,843,752 | 8,053,523 |
| Auxiliary enterprises | 2,097,264 | 2,062,271 |
| Depreciation | 14,616,937 | 14,558,217 |
| Total Operating Expenses | $ 179,873,731 | $ 170,265,786 |

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

**FY 2024 Operating Expenses**




**FY 2023 Operating Expenses**



The College continues to manage its resources and planned expenses within a framework of long-range planning and budgeting. Salaries and benefits represent roughly two-thirds of total expenses for fiscal years 2024 and 2023. 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 increased by approximately $1.7 million, determined entirely by the State and its actuaries. On behalf payments have no net impact on the College's financial statements as they are presented as revenue and expense in equal amounts. The offsetting expense is allocated amongst the functional expenses.

Capital Assets

| | Year ended June 30, 2024 | 2023 |
|---|---|---|
| Land and land improvements | $ 4,326,007 | $ 4,326,007 |
| Buildings and improvements | 417,315,552 | 415,953,784 |
| Equipment | 28,302,693 | 27,041,523 |
| Construction in progress | 22,549,731 | 5,494,629 |
| Art Collection | 1,848,035 | 1,842,835 |
| Subscriptions | 5,594,610 | 4,470,512 |
| Subtotal | 479,936,628 | 459,129,290 |
| Less: accumulated depreciation | (231,604,150) | (217,394,915) |
| Net capital assets | $ 248,332,478 | $ 241,734,375 |

Net Capital Assets – Fiscal Year 2024 Compared to 2023

As of June 30, 2024, the College had net capital assets of $248.3 million, an increase of $6.6 million from 2023. The increase was due to major construction projects occurring on campus such as boiler replacements, building renovations, and other infrastructure improvements. More detailed information on capital assets is provided in Note 4 to the basic financial statements.

Debt Administration

Long-term debt obligations decreased by $16.2 million due to existing debt payments made in the fiscal year. More detailed information on debt obligations is 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 operations. Cash outlays include payment of wages, benefits, services, supplies, and scholarships. Overall, net cash and cash equivalents decreased by $9.4 million, primarily due scheduled bond payments and the proceeds from the sale of bonds in prior years being utilized for capital construction.

Current Issues

The College's management believes it will continue its strong financial position into the future. The major external validation of this strength is Moody's Investors Service. Moody's reaffirmed its highest credit rating (Aaa) for the College in February 2023, with a stable outlook. This rating looks at the overall financial health of which net position is a major component. The higher the rating the lower the cost to issue bonds. The lower the cost to issue bonds, the lower the cost to taxpayers in future periods. This aids in obtaining capital funding at the most competitive rates.

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

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

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Business-Type Activities
Statement of Net Position as of June 30, 2024

| Assets | | 2024 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents (note 2) | $ | 36,277,914 |
| Accounts receivable, net (note 3) | | 62,175,777 |
| Investments (note 2) | | 118,992,225 |
| Prepaid expenses and other assets | | 294,284 |
| Total current assets | | 217,740,200 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents (note 2) | | 158,424,393 |
| Restricted investments (note 2) | | 46,513,098 |
| Other long-term investments (note 2) | | 25,449,437 |
| Capital assets, not being depreciated (note 4) | | 28,723,773 |
| Capital assets, net of accumulated depreciation/amortization (note 4) | | 219,608,705 |
| Total noncurrent assets | | 478,719,406 |
| Total assets | | 696,459,606 |
| Deferred outflows of resources | | |
| Deferred outflows of resources related to OPEB plans (note 11) | | 3,568,441 |
| Deferred loss on debt refunding (note 6) | | 1,108,434 |
| Total deferred outflows of resources | | 4,676,875 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and other liabilities | | 8,203,652 |
| Reserve for property tax refunds | | 2,024,936 |
| Accrued payroll and compensated absences (note 5) | | 5,450,786 |
| Deposits held for others | | 164,642 |
| Unearned tuition and other revenue | | 12,751,881 |
| Worker's compensation claims liability (note 10) | | 69,277 |
| Current portion of long-term obligations (note 6) | | 15,879,347 |
| Current portion of Other Post Employment Benefits (note 11) | | 880,569 |
| Total current liabilities | | 45,425,090 |
| Noncurrent liabilities: | | |
| Long-term obligations (note 6) | | 232,607,305 |
| Unearned revenue | | 574,270 |
| Other Post Employment Benefits (note 11) | | 31,840,167 |
| Total noncurrent liabilities | | 265,021,742 |
| Total liabilities | | 310,446,832 |
| Deferred inflows of resources | | |
| Deferred inflows of resources related to OPEB plans (note 11) | | 32,967,225 |
| Deferred inflows - service concession arrangement (note 12) | | 4,064,398 |
| Deferred inflows - property taxes | | 50,000,361 |
| Total deferred inflows of resources | | 87,031,984 |
| Net Position | | |
| Net investment in capital assets | | 174,443,453 |
| Restricted: | | |
| Debt service | | 14,232,422 |
| Capital projects | | 5,840,705 |
| Unrestricted | | 109,141,085 |
| Total net position | $ | 303,657,665 |

See accompanying notes to financial statements.

Statement 2

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities

Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Year Ended June 30, 2024

| | | 2024 |
|---|---|---|
| Operating revenues: | | |
| Student tuition and fees, net of scholarships and allowances of $12,374,902 | $ | 40,276,671 |
| State and local government grants and contracts | | 4,941,985 |
| Federal government grants and contracts | | 2,400,836 |
| Sales and services of educational departments | | 914,652 |
| Auxiliary enterprises | | 1,662,431 |
| Other | | 605,102 |
| Total operating revenues | | 50,801,677 |
| Operating expenses: | | |
| Educational and general: | | |
| Instruction | | 49,994,052 |
| Academic support | | 16,041,694 |
| Student services | | 15,817,627 |
| Public service | | 3,525,941 |
| Operation and maintenance of plant | | 15,662,188 |
| Institutional support | | 53,274,276 |
| Scholarships and grants | | 8,843,752 |
| Auxiliary enterprises | | 2,097,460 |
| Depreciation and amortization | | 14,616,741 |
| Total operating expenses | | 179,873,731 |
| Operating loss | | (129,072,054) |
| Nonoperating revenues (expenses): | | |
| Property taxes | | 97,602,041 |
| State appropriations | | 10,138,793 |
| State retirement & OPEB on-behalf plan contributions (notes 7 & 11) | | 20,402,699 |
| Personal property replacement tax | | 1,945,229 |
| State and local government grants and contracts | | 4,184,663 |
| Federal government grants and contracts | | 15,629,158 |
| Gifts | | 312,226 |
| Investment income, net of investment expense | | 16,703,079 |
| Interest expense | | (6,352,173) |
| Other | | 616,084 |
| Total nonoperating income | | 161,181,799 |
| Change in net position before capital contributions | | 32,109,745 |
| Capital contributions | | 3,178,935 |
| Change in net position after capital contributions | | 35,288,680 |
| Net position at beginning of year | | 268,368,985 |
| Net position at end of year | $ | 303,657,665 |

See accompanying notes to financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities
Statement of Cash Flows for the Fiscal Year Ended June 30, 2024

| | 2024 |
|---|---|
| Cash flows from operating activities: | |
| Student tuition and fees | $ 41,401,705 |
| Student aid | 7,670,321 |
| Sales and services of educational departments | 914,652 |
| Payments to suppliers | (54,723,668) |
| Payments to employees | (99,267,820) |
| Auxiliary enterprises | 2,230,707 |
| Other | (461,038) |
| Net cash used in operating activities | (102,235,141) |
| Cash flows from noncapital financing activities: | |
| Property taxes | 98,256,514 |
| State appropriations | 10,138,793 |
| Personal property replacement taxes | 1,945,229 |
| Receipts of student scholarships and other allowances | 12,374,902 |
| Disbursements of student scholarships and other allowances | (12,374,902) |
| Contributions and gifts | 312,226 |
| Government grants and contracts | 19,813,821 |
| Net cash provided by noncapital financing activities | 130,466,583 |
| Cash flows from capital and related financing activities: | |
| Purchases of capital assets | (14,660,809) |
| Principal paid on long-term obligations | (14,929,657) |
| Interest paid on long-term obligations | (7,493,327) |
| Net cash used in capital and related financing activities | (37,083,793) |
| Cash flows from investing activities: | |
| Proceeds from sales and maturities of investments | 868,769,990 |
| Purchase of investments | (885,012,959) |
| Interest on investments | 15,692,954 |
| Net cash provided by (used in) investing activities | (550,015) |
| Net increase (decrease) in cash and cash equivalents | (9,402,366) |
| Cash and cash equivalents at the beginning of year | 204,104,673 |
| Cash and cash equivalents at the end of year | $ 194,702,307 |



(Continued)

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Business-Type Activities
Statement of Cash Flows for the Fiscal Year Ended June 30, 2024

| | | 2024 |
|---|---|---|
| Reconciliation of operating loss to net cash used in operating activities: | | |
| Operating loss | $ | (129,072,054) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization | | 14,616,937 |
| On-behalf contributions to state retirement system | | 28,589,243 |
| On-behalf contributions to state OPEB | | (8,186,544) |
| Changes in net position: | | |
| Receivables, net: | | |
| Student | | (885,331) |
| Federal, State, and other | | 327,500 |
| Other | | 568,276 |
| Prepaid expenses | | 64,383 |
| Accounts payable and other liabilities | | 533,669 |
| Accrued payroll and compensated absences | | (335,310) |
| Deposits held for others | | (1,682,224) |
| Unearned tuition and other revenue | | 2,010,365 |
| Other Post Employment Benefits | | (9,186,703) |
| Other liabilities | | 402,652 |
| Net cash used in operating activities | $ | (102,235,141) |

See accompanying notes to financial statements.

Noncash activities:

During the year ended June 30, 2024, the College received $3,178,935 in capital contributions from the Illinois Community Development Board and the Harper College Foundation.

The gross financed value of subscriptions was $1,457,724.

At June 30, 2024, capital assets totaling $4,983,129 were included in accounts payable and other liabilities.

Statement 4

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Component Unit – William Rainey Harper College Educational Foundation
Statement of Financial Position as of June 30, 2024

| Assets | | 2024 |
|---|---|---|
| Cash | $ | 3,026,061 |
| Pledges receivable, net | | 931,758 |
| Investments | | 47,670,434 |
| Total assets | $ | 51,628,253 |
| **Liabilities** | | |
| Accounts payable | $ | 52,818 |
| Total liabilities | | 52,818 |
| **Net Assets** | | |
| Without donor restrictions | | 5,902,383 |
| Without donor restrictions - board designated operating reserve | | 1,168,015 |
| Without donor restrictions - board designated endowment | | 28,603,472 |
| Total without donor restrictions | | 35,673,870 |
| With donor restrictions | | 15,901,565 |
| Total net assets | | 51,575,435 |
| Total liabilities and net assets | $ | 51,628,253 |

See accompanying notes to financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Component Unit – William Rainey Harper College Educational Foundation
Statement of Activities for the Fiscal Year Ended June 30, 2024

| | 2024 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Public support and revenue: | | | |
| Contributions | $ 111,487 | $ 2,560,466 | $ 2,671,953 |
| In-kind contributions | 262,088 | — | 262,088 |
| Fundraising events | 194,961 | 9,225 | 204,186 |
| Interest income | 325,210 | 20,797 | 346,007 |
| Investment gain (loss) | 2,499,713 | 1,184,088 | 3,683,801 |
| Net assets released from restrictions | 1,173,567 | (1,173,567) | — |
| | 4,567,026 | 2,601,009 | 7,168,035 |
| Expenses: | | | |
| Program | 3,617,859 | — | 3,617,859 |
| Management and general | 272,053 | — | 272,053 |
| Costs of direct benefits to donors | 57,745 | — | 57,745 |
| Fundraising | 301,957 | — | 301,957 |
| | 4,249,614 | — | 4,249,614 |
| Transfer from affiliate - William Rainey Harper College | 631,224 | — | 631,224 |
| Change in net assets | 948,636 | 2,601,009 | 3,549,645 |
| Net assets at beginning of year | 34,725,234 | 13,300,556 | 48,025,790 |
| Net assets at end of year | $ 35,673,870 | $ 15,901,565 | $ 51,575,435 |

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

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

*(a) Reporting Entity*

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

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

*(b) Financial Statement Presentation and Basis of Accounting*

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

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

*(c) Cash Equivalents*

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

*(d) Investments*

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

*(e) Noncurrent Cash and Investments*

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

*(f) Capital Assets*

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

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

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

*(h) Unearned Revenue*

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

*(i) Property Taxes*

The College's property taxes are levied each calendar year on all taxable real property located in the District. The College's District includes property located in Cook, Kane, Lake and McHenry counties, with over 93% of the property taxes coming from Cook County. The County Assessor is responsible for assessment of all taxable real property within Cook County except for certain railroad property, which is assessed directly by the State. Reassessment is on a three-year schedule established by the County Assessor. The County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the County Collector as the basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to each unit its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year, generally on March 1st and August 1st of each year. The first installment is an estimated bill and is approximately one-half of the prior year's tax bill. The second installment is based on the current levy, assessment, equalization, and certificate to limit levy, if any; changes from the prior year will be reflected in the second installment bill. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

In accordance with the College's Board resolution, 50% of property taxes extended for calendar year 2022 and 50% of property taxes extended for calendar year 2023 are intended to finance the College's fiscal year 2024 budget, and accordingly, have been recorded as revenue for the year ended June 30, 2024. The remaining revenue related to the 2023 tax year extension has been classified as a deferred inflow and will be recorded as revenue in fiscal year 2025. The College records real property taxes at 99.75% of the 2023 extended levy, based upon collection histories. A reserve of $2,024,936 has been recorded for the net amount of property tax refunds at June 30, 2024.

*(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.

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

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

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

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.

In January 2023, the GASB issued Statement 102, *Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. 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)

In April 2024, the GASB issued Statement 103, *Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for the College's fiscal year ended June 30, 2026. Management has not determined what impact, if any, this Statement will have on its financial statements.

(2) Deposits and Investments

Cash and investments consisted of the following as of June 30, 2024:

| | |
|---|---|
| Demand deposits | $ 4,524,829 |
| Savings Deposit Account | 10,424,580 |
| Certificates of deposit | 56,715,116 |
| Government securities commons and collective trust funds | 209,679,248 |
| Illinois School District Liquid Asset Fund Plus (government investment pool) | 54,693,477 |
| The Illinois Funds (government investment pool) | 3,106,719 |
| State and local government municipal bonds | 46,513,098 |
| Total | $ 385,657,067 |

*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, 2024 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, 2024 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, 2024, the maturities for the College's fixed-income investments are as follows:

| | Reported value | Investment maturities (in years) Less than 1 | 1 to 5 | 6 to 10 |
|---|---|---|---|---|
| Certificate of deposit | $ 56,715,116 | $ 44,535,308 | $ 12,179,808 | $ - |
| Savings Deposit Account | 10,424,580 | 10,424,580 | - | - |
| Government securities commons and collective trust funds | 209,679,248 | 196,409,619 | 13,269,629 | - |
| Illinois School District Liquid Asset Fund Plus (government investment pool) | 54,693,477 | 54,693,477 | - | - |
| The Illinois Funds (government investment pool) | 3,106,719 | 3,106,719 | - | - |
| State and local government municipal bonds | 46,513,098 | 46,513,098 | - | - |
| Total | $ 381,132,238 | $ 355,682,801 | $ 25,449,437 | $ - |

*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, 2024, the College had the following fixed income investments, which are rated by Standard & Poor's (S&P):

| | 2024 | |
|---|---|---|
| | Reported value | S&P Rating |
| Government securities commons and collective trust funds | $ 209,679,248 | AA+ and AAA |
| Illinois School District Liquid Asset Fund Plus (government investment pool) | 54,693,477 | AAA |
| The Illinois Funds (government investment pool) | 3,106,719 | AAA* |
| State and local government municipal bonds | 46,513,098 | AA+ and AAA |
| Total | $ 313,992,541 | |

*The Illinois Funds have a 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, 2024, 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, 2024:

- Depository Trust Company Certificate of Deposits of $11,499,916 were valued using Level 2 inputs.
- Municipal bond securities of $46,513,098 were valued using Level 2 inputs.
- U.S. agency securities $7,660,275 were valued using Level 2 inputs.

(3) Accounts Receivable

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

(3) Accounts Receivable (Continued)

Accounts receivable consisted of the following at June 30, 2024:

| | |
|---|---|
| Property taxes | $ 49,649,750 |
| Student tuition and fees | 14,653,515 |
| Auxiliary enterprises and other operating activities | 1,643,212 |
| Accrued interest | 1,984,349 |
| Federal, state, and private grants and contracts | 1,843,810 |
| | 69,774,636 |
| Less allowance for doubtful accounts | 7,598,859 |
| Net accounts receivable | $ 62,175,777 |

(4) Capital Assets

Following are the changes in capital assets for the year ended June 30, 2024:

| | July 1, 2023 | Additions | Deletions | June 30, 2024 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land and land improvements | $ 4,326,007 | $ - | $ - | $ 4,326,007 |
| Art Collection | 1,842,835 | 5,200 | - | 1,848,035 |
| Construction in progress | 5,494,629 | 18,500,514 | (1,445,412) | 22,549,731 |
| Total capital assets not being depreciated | 11,663,471 | 18,505,714 | (1,445,412) | 28,723,773 |
| Capital assets being depreciated/amortized: | | | | |
| Buildings and building improvements | 415,953,784 | 1,361,768 | - | 417,315,552 |
| Equipment | 27,041,523 | 1,348,950 | (87,780) | 28,302,693 |
| Subscriptions | 4,470,512 | 1,444,275 | (320,177) | 5,594,610 |
| Total capital assets being depreciated/amortized | 447,465,819 | 4,154,993 | (407,957) | 451,212,855 |
| Less accumulated depreciation/amortization: | | | | |
| Buildings and building improvements | 192,494,687 | 12,490,539 | - | 204,985,226 |
| Equipment | 23,858,835 | 951,279 | (87,329) | 24,722,785 |
| Subscriptions | 1,041,393 | 1,174,923 | (320,177) | 1,896,139 |
| Total accumulated depreciation/amortization | 217,394,915 | 14,616,741 | (407,506) | 231,604,150 |
| Total capital assets being depreciated/ amortized, net | 230,070,904 | (10,461,748) | (451) | 219,608,705 |
| Total capital assets, net | $ 241,734,375 | $ 8,043,966 | $ (1,445,863) | $ 248,332,478 |

(4) Capital Assets (Continued)

The College has committed an additional $151,080,106 for the completion of the capital projects included in construction in progress.

(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, 2024, employees had earned but not taken annual leave which at salary rates in effect, aggregated $2,780,467. 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, 2023 | Issuances | Retirements | June 30, 2024 |
|---|---|---|---|
| $ 3,176,505 | $ 2,955,778 | $ 3,351,816 | $ 2,780,467 |

(6) General Long-Term Obligations

The following is a summary of the College's bond and subscription-based information technology arrangement transactions for the year ended June 30, 2024:

| | Balance July 1, 2023 | Additions | Deletions | Balance June 30, 2024 | 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% | $ 67,505,000 | $ - | $ 9,635,000 | $ 57,870,000 | $ 10,145,000 |
| $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% | 161,395,000 | - | 1,515,000 | 159,880,000 | 1,845,000 |
| $4,335,000 G.O Limited tax bonds, 2021 series, due in annual installments through December 1, 2023 bearing interest at 5.0% | 1,865,000 | - | 1,865,000 | - | - |
| $4,995,000 G.O Limited tax bonds, 2023 series, due in annual installments through December 1, 2025 bearing interest at 5.0% | 4,995,000 | - | 615,000 | 4,380,000 | 2,680,000 |
| Subscriptions | 3,457,553 | 1,457,724 | 1,299,657 | 3,615,620 | 1,209,347 |
| Unamortized premium/discount | 25,499,888 | - | 2,758,856 | 22,741,032 | - |
| Total | $ 264,717,441 | $ 1,457,724 | $ 17,688,513 | $ 248,486,652 | $ 15,879,347 |

(6) General Long-Term Obligations (Continued)

At June 30, 2024, the annual cash flow requirements of bond principal and interest were as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| Year ending June 30: | | | |
| 2025 | $ 14,670,000 | $ 8,108,888 | $ 22,778,888 |
| 2026 | 14,575,000 | 7,397,488 | 21,972,488 |
| 2027 | 13,805,000 | 6,710,013 | 20,515,013 |
| 2028 | 14,785,000 | 6,019,163 | 20,804,163 |
| 2029 | 15,820,000 | 5,279,813 | 21,099,813 |
| 2030-2034 | 76,295,000 | 16,795,463 | 93,090,463 |
| 2035-2039 | 72,180,000 | 4,717,706 | 76,897,706 |
| Total | $ 222,130,000 | $ 55,028,534 | $ 277,158,534 |

The difference between the principal amount above ($222,130,000) and the total balance as of June 30, 2024 from the previous table ($248,486,652) is the unamortized premium remaining on the bonds as of year end ($22,741,032) and subscription liabilities ($3,615,620).

General Obligation Refunding Bonds – Series 2017B

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,571,012. This difference, reported in the accompanying financial statements as a deferred outflow, is being amortized through the year 2028 using the effective-interest method. The College completed the advance refunding to reduce its total debt service payments over ten years by $19,622,196 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $16,226,651. The total principal outstanding on the defeased Series 2009A bonds is $73,205,000 as of June 30, 2024.

| | |
|---|---|
| Bond issue date | December 6, 2017 |
| Current portion | $10,145,000 |
| Long-term portion | $47,725,000 |
| Interest rates | 1.3% - 2.4% |
| Final payment date | December 1, 2028 |
| Payment dates | June 1 and December 1 |

(6) General Long-Term Obligations (Continued)

General Obligation Limited Bonds – Series 2020

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

| | |
|---|---|
| Bond issue date | October 29, 2020 |
| Current portion | $1,845,000 |
| Long-term portion | $158,035,000 |
| 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 | N/A |
| Long-term portion | N/A |
| Interest rates | 5.0% |
| Final payment date | December 1, 2023 |
| Payment dates | June 1 and December 1 |

General Obligation Limited Bonds – Series 2023

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

| | |
|---|---|
| Bond issue date | March 2, 2023 |
| Current portion | $2,680,000 |
| Long-term portion | $1,700,000 |
| Interest rates | 5.0% |
| Final payment date | December 1, 2025 |
| Payment dates | June 1 and December 1 |

Subscription-Based Information Technology Arrangements (SBITAs)

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

(6) General Long-Term Obligations (Continued)

Future subscription payments at June 30, 2024 are as follows:

| Year ended June 30: | Principal | Interest |
|---|---|---|
| 2025 | $ 1,209,347 | $ 92,836 |
| 2026 | 1,238,599 | 63,584 |
| 2027 | 786,638 | 26,313 |
| 2028 | 381,036 | 4,925 |
| Total payments | $ 3,615,620 | $ 187,658 |

(7) Retirement Plans

*State Universities Retirement System of Illinois (SURS)*

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

*Benefits Provided*. A traditional benefit plan was established in 1941. Public Act 90-0448 effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2023, can be found in the Financial Section of SURS ACFR.

*Contributions*. The State is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2023 and fiscal year 2024, respectively, was 12.83% and 12.53% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State's General Assembly.

(7) Retirement Plans (Continued)

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

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

*Net Pension Liability.* The net pension liability (NPL) was measured as of June 30, 2023. At June 30, 2023, SURS defined benefit plan reported a NPL of $29,444,538,098.

*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 $424,405,622 or 1.4414%. The College's proportionate share changed by 0.0465% from 1.3949% since the last measurement date on June 30, 2022. This amount is not recognized in the College's financial statements. The net pension liability and total pension liability as of June 30, 2023 was determined based on the June 30, 2022 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 2022.

*Defined Benefit Pension Expense.* For the year ending June 30, 2023, SURS defined benefit plan reported a collective net pension expense of $1,884,388,521.

*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 2022. As a result, the College recognized revenue and pension expense of $27,161,067 for the fiscal year ended June 30, 2024.

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

*SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources for fiscal year 2024 are as follows*:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 62,591,844 | $ 12,277,871 |
| Changes in assumption | 70,957,694 | 420,880,693 |
| Net difference between projected and actual earnings on pension plan investments | 187,992,691 | - |
| Total | $ 321,542,229 | $ 433,158,564 |

(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 |
|---|---|---|
| 2025 | $ | (428,264,966) |
| 2026 | | (171,164,633) |
| 2027 | | 465,174,033 |
| 2028 | | 22,639,231 |
| Total | $ | (111,616,335) |

College Deferral of Fiscal Year 2024 Pension Contributions.

The College paid $105,804 in federal, trust or grant contributions for the fiscal year ended June 30, 2024. These contributions were made subsequent to the pension liability measurement date of June 30, 2023. 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, 2023 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan’s target asset allocation as of June 30, 2023, these best estimates are summarized in table on the following page.

(7) Retirement Plans (Continued)

| Asset Class | Stategic Policy Allocation | Weighted Average Long-Term Expected Real Rate of Return |
|---|---|---|
| Traditional Growth | | |
| Global Public Equity | 36.0% | 7.97% |
| Stabilized Growth | | |
| Core Real Assets | 8.0% | 4.68% |
| Public Credit Fixed Income | 6.5% | 4.52% |
| Private Credit | 2.5% | 7.36% |
| Non-Traditional Growth | | |
| Private Equity | 11.0% | 11.32% |
| Non-Core Real Assets | 4.0% | 8.67% |
| Inflation Sensitive | | |
| US Tips | 5.0% | 2.09% |
| Principal Protection | | |
| Core Fixed Income | 10.0% | 1.13% |
| Crisis Risk Offset | | |
| Systematic Trend Following | 10.0% | 3.18% |
| Alternative Risk Premia | 3.0% | 3.27% |
| Long Duration | 2.0% | 3.02% |
| Long Volatility/Tail Risk | 2.0% | -1.14% |
| Total | 100.0% | 5.98% |
| Inflation | | 2.60% |
| Expected Arithmetic Return | | 8.58% |

*Discount Rate.* A single discount rate of 6.37%, which is a decrease of 0.02% from the prior year rate of 6.39%, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 3.86% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2023). 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 2074. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2074, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of SURS Net Pension Liability to Changes in the Discount Rate.* Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.37%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

| 1% Decrease 5.37% | Current Single Discount Rate Assumption 6.37% | 1% Increase 7.37% |
|---|---|---|
| $35,695,434,682 | $29,444,538,098 | $24,236,489,318 |

(7) Retirement Plans (Continued)

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

*General Information about the Pension Plan*

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

*Benefits Provided.* A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2023, can be found in SURS Annual Comprehensive Financial Report- Notes to the Financial Statements.

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

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

*Pension Expense Related to Defined Contribution Pensions*

*Defined Contribution Pension Expense.* For the year ended June 30, 2023, the State's contributions to the RSP on behalf of individual employers totaled $90,330,044. Of this amount, $81,991,471 was funded via an appropriation from the State and $8,338,573 was funded from previously forfeited contributions.

(7) Retirement Plans (Continued)

*Employer Proportionate Share of Defined Contribution Pension Expense.* The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2023. The College's share of pensionable contributions was 1.5811%. As a result, the College recognized revenue and defined contribution pension expense of $1,428,176 from this special funding situation during the year ended June 30, 2024, of which $131,838 constituted forfeitures.

*(a) Deferred Compensation Programs*

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

(8) Contingencies

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

(9) Risk Management

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

(10) Worker's Compensation Claims Liability

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

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

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

| | |
|---|---|
| Liability for worker's compensation claims at June 30, 2022 | $ 252,960 |
| Claims incurred | 251,064 |
| Claims paid | (221,315) |
| Liability for worker's compensation claims at June 30, 2023 | 282,709 |
| Claims incurred | 64,452 |
| Claims paid | (277,884) |
| Liability for worker's compensation claims at June 30, 2024 | $ 69,277 |

(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/FY23-CMS-CCHISF-Fin-Sched-Allocation-Full.pdf

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

(11) Other Post Employment Benefits (Continued)

*Contributions.* The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF. The College and the State each contributed to the OPEB plan $522,427 for the year ended June 30, 2024.

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

At June 30, 2024, the College reported a liability of $22,455,245 for its proportionate share of the collective net OPEB liability. This liability reflects a reduction for State OPEB support.

| | | |
|---|---|---|
| College's proportionate share of the collective net OPEB liability | $ | 22,455,245 |
| State's proportionate share that is associated with the College | | 22,461,402 |
| Total | $ | 44,916,647 |

The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to June 30, 2023. The College's proportion of the collective net OPEB liability was based on the College's fiscal year 2023 contributions to the OPEB plan relative to the fiscal year 2023 contributions of all participating entities. At June 30, 2023, the College's proportion was 3.179128%, which was a decrease of 0.099517% from its proportion measured as of June 30, 2022 (3.278645%). The College's proportion of the net OPEB liability that includes the state's proportionate share associated with the College was 6.36%, which is a 0.20% decrease from 6.56% in the prior year.

For the year ended June 30, 2024, the College recognized a negative OPEB expense of $8,325,686. 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 $8,186,544.

(11) Other Post Employment Benefits (Continued)

At June 30, 2024, 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 | $ 337,911 | $ 6,760,303 |
| Changes in assumptions | - | 21,952,006 |
| Net difference between projected and actual earnings on plan investments | - | 4,800 |
| Changes in proportionate and differences between College contributions and proportionate share for contributions | 1,617,679 | 3,163,658 |
| College contributions subsequent to the measurement date | 543,159 | - |
| Total | $ 2,498,749 | $ 31,880,767 |

Of the total amount reported as deferred outflows of resources related to OPEB, $543,159 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, 2025.

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, | |
|---|---|
| 2025 | $ (9,393,462) |
| 2026 | (8,263,067) |
| 2027 | (6,966,769) |
| 2028 | (5,384,472) |
| 2029 | 82,593 |
| Total | $ (29,925,177) |

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

| | |
|---|---|
| Inflation | 2.25% |
| Salary increases | Depends on age and service and ranges from 12.75% at less than 1 year of service to 3.50% at 34 or more years of service for employees under 50 and and ranges from 12.00% at less than 1 year of service to 3.00% at 34 or more years of service for employees over 50. Salary increase includes a 3.00% wage inflation assumption. |
| Investment rate of return | 0%, net of OPEB plan investment expense, including inflation. |
| Healthcare cost trend rates | Trend rates for plan year 2024 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2025 and decrease gradually to an ultimate rate of 4.25% in 2040. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 6.08% in 2034, declining gradually to an ultimate rate of 4.25% in 2040. |

(11) Other Post Employment Benefits (Continued)

Mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table and PubT-2010 Healthy Retiree Mortality Table. Disabled Annuitants: Pub-2010 Disabled Retiree Mortality Table. Pre-Retirement: Pub-2010 Employee Mortality Table and PubT-2010 Employee Mortality Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2020.

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

*Discount rate.* Projected benefit payments were discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax- exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.86% as of June 30, 2023, and 3.69% as of June 30, 2022. The increase in the single discount rate, from 3.69 percent to 3.86 percent, caused the total OPEB liability to decrease by approximately $10.2 million as of June 30, 2023.

During the plan year ending June 30, 2023, the trust earned $168,000 in interest and due to a significant benefit payable, the market value of assets at June 30, 2023, is a negative $107.1 million. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumption was set to zero.

*Sensitivity of the College's proportionate share of the collective net OPEB liability to changes in the discount rate.* The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.86%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.86%) or lower (2.86%) than the current rate:

| | 1% Decrease (2.86%) | Discount Rate (3.86%) | 1% Increase (4.86%) |
|---|---|---|---|
| College's proportionate share of the collective net OPEB liability | $ 25,265,755 | $ 22,455,245 | $ 21,343,279 |

(11) Other Post Employment Benefits (Continued)

*Sensitivity of the College's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates.* The following presents the College's proportionate share of the collective net OPEB liability, as well as what the College's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher or lower than the current healthcare cost trend rates. The key trend rates are 9.14% in 2024, 8.00% in 2024, decreasing by 0.25% per year to an ultimate trend rate of 4.25% in 2040.

| | 1% Decrease (a) | Healthcare Cost Trends Rates Assumption | 1% Increase (b) |
|---|---|---|---|
| College's proportionate share of the collective net OPEB liability | $ 20,801,581 | $ 22,455,245 | $ 25,999,825 |

(a) One percentage point decrease in current healthcare trend rates -
Pre-Medicare per capita costs: 9.14% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2040.
Post-Medicare per capita costs: 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.
(b) One percentage point increase in current healthcare trend rates –
Pre-Medicare per capita costs: 8.14% in 2024, 7.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2040.
Post-Medicare per capita costs: 0.00% in 2024 to 2028, 18.42% from 2029 to 2033, 5.08% in 2033, 5.08% in 2034 decreasing ratably to an ultimate rate of 3.25% in 2040.

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

*(b) Harper OPEB Plan*

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

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

| | |
|---|---|
| Active | 386 |
| Inactives currently receiving benefit payments | 104 |
| Total | 490 |

(11) Other Post Employment Benefits (Continued)

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

*Total OPEB Liability*: The College's total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability, after considering the sharing of benefit-related costs with inactive members, was determined by an actuarial valuation performed as of July 1, 2022 rolled forward to July 1, 2023.

| | |
|---|---|
| Actuarial Valuation Date | July 1, 2022 |
| Measurement Date | June 30, 2023 |
| 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 2024 trending to 4.50% in fiscal 2044 and onward |
| Mortality Tables | Mortality rates were based on the Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2021 for the faculty members and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021 for the others. |

The discount rate changed from 3.69% to 3.86% for determining the 2024 total OPEB liability.

*Discount Rate*: The discount rate used to measure the total OPEB liability was 3.86% for determining the 2024 OPEB liability and 3.69% for determining the 2023 OPEB liability. Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax exempt general obligation municipal bonds with an average S&P municipal bond 20 year high grade rate index as of the measurement date. Rates were taken from the Bond Buyer 20-Bond GO index as of the measurement date.

(11) Other Post Employment Benefits (Continued)

*Changes in Total OPEB Liability*:

| | Fiscal Year 2024 |
|---|---|
| Valuation date | July 1, 2022 |
| Measurement date | June 30, 2023 |
| Change in total OPEB liability (TOL) | |
| TOL, beginning of year | $ 10,530,669 |
| Service cost | 260,562 |
| Interest cost | 381,950 |
| Change in Benefits | - |
| Difference Between Expected and Actual Experience | - |
| Benefits paid | (880,569) |
| Changes in assumptions | (27,121) |
| TOL, end of year | $ 10,265,491 |
| Change in plan fiduciary net position (FNP) | |
| FNP, beginning of year | $ - |
| Employer contributions | 880,569 |
| Benefits paid | (880,569) |
| 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 3.86% as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher that the current rate.

| | 1% Decrease (2.86%) | Discount Rate (3.86%) | 1% Increase (4.86%) |
|---|---|---|---|
| Total OPEB liability | $ 11,103,823 | $ 10,265,491 | $ 9,514,758 |

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

| | 1% Decrease | Healthcare Cost Trends Rates Assumption | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 9,423,504 | $ 10,265,491 | $ 11,242,626 |

(11) Other Post Employment Benefits (Continued)

*OPEB Expense/Income and Deferred Outflows/Inflows of Resources Related to OPEB:* For the year ended June 30, 2024, the College recognized OPEB expense of $592,285. 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 | $ - | $ (157,809) |
| Changes in assumptions | 138,820 | (928,649) |
| College contributions subsequent to the measurement date | 930,872 | - |
| Total | $ 1,069,692 | $ (1,086,458) |

Of the total amount reported as deferred outflows of resources related to OPEB, $930,872 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, 2025.

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, | |
|---|---|
| 2025 | $ (117,066) |
| 2026 | (207,558) |
| 2027 | (208,671) |
| 2028 | (208,670) |
| 2029 | (201,796) |
| Thereafter | (3,877) |
| Total | $ (947,638) |

The combined total of OPEB negative expense recognized during the year related to the CCHISF and Harper OPEB Plan is $7,594,259.

(12) 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.

(12) Tax Abatements (Continued)

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, 2024, the College's share of the abatement granted to the Class 6b properties was approximately $3,587,000.

13) Service Concession Arrangement with the Palatine Park District

During fiscal year 2017 the College entered into a Service Concession Arrangement ("SCA"), as defined by GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* with the Palatine Park District. The Park District agreed to provide a capital contribution of up to $9,000,000 to help renovate and construct the Health and Recreation Center. The Park District began operating the aquatic center facility when it was completed in August of 2018. As of June 30, 2024, 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 |
|---|---|
| 2025 | $ 931,801 |
| 2026 | 958,802 |
| 2027 | 986,586 |
| 2028 | 1,015,176 |
| 2029 | 172,033 |
| Total | $ 4,064,398 |

(14) Subsequent Event

Subsequent to the fiscal year ended June 30, 2024, but prior to the issuance of these financial statements, the College issued debt certificates in the amount of $4,900,000 on November 12, 2024. The proceeds from these debt certificates are intended to finance capital projects.

This issuance will have a future impact on the College's debt service obligations, though it does not alter the amounts reported in the accompanying financial statements as of the fiscal year ended June 30, 2024. This subsequent event has been evaluated by management through the issuance date of these financial statements.

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| College's proportion percentage of the collective net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 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 | $ 424,405,622 | $ 405,599,014 | $ 410,958,703 | $ 441,082,227 | $ 418,709,918 | $ 406,754,472 | $ 382,165,628 | $ 392,587,711 | $ 355,304,533 | $ 325,155,610 |
| Total (b) + (c) | $ 424,405,622 | $ 405,599,014 | $ 410,958,703 | $ 441,082,227 | $ 418,709,918 | $ 406,754,472 | $ 382,165,628 | $ 392,587,711 | $ 355,304,533 | $ 325,155,610 |
| College's covered payroll | $ 55,288,797 | $ 55,010,579 | $ 52,039,748 | $ 53,597,782 | $ 52,763,602 | $ 52,930,488 | $ 53,021,094 | $ 54,689,129 | $ 54,387,841 | $ 53,959,502 |
| College's proportion of collective net pension liability as a percentage of its covered payroll | 767.62% | 737.31% | 789.70% | 822.95% | 793.56% | 768.47% | 720.78% | 717.85% | 653.28% | 602.59% |
| SURS plan net position as a percentage of total pension liability | 44.06% | 43.65% | 45.45% | 39.05% | 40.71% | 41.27% | 42.04% | 39.57% | 42.37% | 44.39% |

Notes:
The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.
2021 figures revised by State University Retirement System in April, 2022.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO.512

Exhibit 2

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Federal, trust, grant, and other contribution | $ 105,804 | $ 84,345 | $ 65,098 | $ 67,582 | $ 91,571 | $ 110,953 | $ 120,590 | $ 105,265 | $ 86,601 | $ 70,673 |
| Contribution in relation to required contribution | 105,804 | 84,345 | 65,098 | 67,582 | 91,571 | 110,953 | 120,590 | 105,265 | 86,601 | 70,673 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| College covered payroll | $ 905,144 | $ 762,744 | $ 632,814 | $ 604,585 | $ 825,384 | $ 1,001,572 | $ 1,112,377 | $ 987,952 | $ 782,840 | $ 593,390 |
| Contributions as a percentage of covered payroll | 11.69% | 11.06% | 10.29% | 11.18% | 11.09% | 11.08% | 10.84% | 10.65% | 11.06% | 11.91% |

Exhibit 3

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 *

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| College's proportion of the collective net OPEB liability | 3.18% | 3.28% | 3.17% | 3.26% | 3.24% | 3.26% | 3.21% | 3.10% |
| College's proportionate share of the collective net OPEB liability | $ 22,455,245 | $ 22,444,294 | $ 55,101,003 | $ 59,371,164 | $ 61,214,886 | $ 61,403,588 | $ 58,618,119 | $ 56,471,534 |
| State's proportionate share of the net OPEB liability associated with the College | 22,461,402 | 22,453,573 | 55,103,168 | 59,330,894 | 61,188,712 | 61,364,945 | 57,878,963 | 58,876,824 |
| Total | $ 44,916,647 | $ 44,897,867 | $ 110,204,171 | $ 118,702,058 | $ 122,403,598 | $ 122,768,533 | $ 116,497,082 | $ 115,348,358 |
| College's covered payroll | $ 69,790,779 | $ 65,783,487 | $ 61,838,200 | $ 59,038,800 | $ 59,911,200 | $ 58,192,600 | $ 56,885,800 | $ 55,773,800 |
| College's proportionate share of the collective net OPEB liability as a percentage of its covered payroll | 32.18% | 34.12% | 89.11% | 100.56% | 102.18% | 105.52% | 103.05% | 101.25% |
| Plan fiduciary net position as a percentage of the total OPEB liability | -17.87% | -22.03% | -6.38% | -5.07% | -4.13% | -3.54% | -2.87% | Not Available |

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

Notes to Schedule:
The discount rate was updated from 2.85% as of June 30, 2016 to 3.56% as of June 30, 2017.
The discount rate was updated from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018.
The discount rate was updated from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019.
The discount rate was updated from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020.
The discount rate was updated from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021.
The discount rate was updated from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022.
The discount rate was updated from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023.

Exhibit 4

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Statutorily required contribution | $ 522,427 | $ 314,439 | $ 309,191 | $ 295,194 | $ 299,556 | $ 290,963 | $ 284,429 | $ 278,869 | $ 281,223 |
| Contributions in relation to the statutorily required contribution | (522,427) | (314,439) | (309,191) | (295,194) | (299,556) | (290,963) | (284,429) | (278,869) | (281,223) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| College's covered payroll | $ 69,790,779 | $ 65,783,487 | $ 61,838,200 | $ 59,038,800 | $ 59,911,200 | $ 58,192,600 | $ 56,885,800 | $ 55,773,800 | $ 56,244,600 |
| Contributions as a percentage of covered payroll | 0.7% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |

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

Exhibit 5

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

| Total OPEB Liability | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Service cost | $ 260,562 | $ 480,826 | $ 494,953 | $ 483,759 | $ 437,821 | $ 608,313 | $ 667,128 |
| Interest | 381,950 | 260,972 | 270,721 | 413,657 | 446,054 | 410,377 | 330,599 |
| Difference between expected and actual experience | - | (156,391) | - | (230,518) | - | 120,438 | - |
| Changes in plan provisions | - | - | - | - | - | (1,199,550) | - |
| Assumption changes | (27,121) | (1,229,081) | (48,103) | 682,362 | 334,219 | (408,798) | 9,744 |
| Benefit payments | (880,569) | (853,714) | (888,738) | (970,090) | (972,309) | (918,558) | (489,330) |
| Net change in total OPEB liability | (265,178) | (1,497,388) | (171,167) | 379,170 | 245,785 | (1,387,778) | 518,141 |
| Total OPEB liability beginning of year | 10,530,669 | 12,028,057 | 12,199,224 | 11,820,054 | 11,574,269 | 12,962,047 | 12,443,906 |
| Total OPEB liability end of year | $ 10,265,491 | $ 10,530,669 | $ 12,028,057 | $ 12,199,224 | $ 11,820,054 | $ 11,574,269 | $ 12,962,047 |
| Covered-employee payroll | $ 35,678,704 | $ 34,306,447 | $ 53,476,234 | $ 53,476,234 | $ 52,037,213 | $ 53,559,828 | $ 47,293,376 |
| Total OPEB Liability as a percentage of covered-employee payroll | 28.77% | 30.70% | 22.49% | 22.81% | 22.71% | 21.61% | 27.41% |

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

Notes to Schedule:

The discount rate was updated from 2.71% as of June 30, 2016 to 3.13% as of June 30, 2017.
The discount rate was updated from 3.13% as of June 30, 2017 to 3.87% as of June 30, 2018.
The discount rate was updated from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.
The discount rate was updated from 3.87% as of June 30, 2019 to 2.21% as of June 30, 2020.
The discount rate was updated from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.
The discount rate was updated from 2.16% as of June 30, 2021 to 3.69% as of June 30, 2022.
The discount rate was updated from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023.
Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with ScaleMP-2021 for the faculty members and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021 for the others
Health Care and Contribution Trend Rates included a 7.50% medical rate and a dental rate of 3.00%.
Withdrawal rates have been updated to those used in the latest available SURS Pension Actuarial Valuation report.
Retirement rates have been updated to those used in the latest available SURS Pension Actuarial Valuation report.
Disability rates have been updated to those used in the latest available SURS Pension Actuarial Valuation report.
There are no fiduciary assets in the Harper OPEB Plan.

Notes to Required Supplementary Information
Defined Benefit Pension Plan
Year Ended June 30, 2024

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*. Public Act 103-0080, effective June 9, 2023, created a disability benefit for police officers injured in the line of duty on or after January 1, 2022. This benefit was first reflected in the Total Pension Liability as of June 30, 2023.

*Changes of assumptions*. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017, to June 30, 2020, was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021. These assumptions are listed below and remained the same for the June 30, 2023, actuarial valuation.

- Salary increase. Change in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, while maintaining the underlying wage inflation rate of 2.25 percent.
- Investment return. Investment return is assumed to be 6.50 percent. This reflects an assumed real rate of return to 4.25 percent and assumed price inflation of 2.25 percent.
- Effective rate of interest. The long-term assumption for the effective rate of interest for crediting the money purchase accounts is 6.50 percent.
- Normal retirement rates. Separate rates are assumed 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. Separate rates are assumed for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Turnover rates. Assumed rates maintain the pattern of decreasing termination rates as years of service increase.
- Mortality rates. Use of Pub-2010 mortality tables reflects its high applicability to public pensions. The projection scale utilized is the MP-2020 scale.
- Disability rates. Separate rates are assumed for members in academic positions and nonacademic positions, as well as for males and females. New for the June 30, 2023, valuation, 50% of police officer disability incidence is assumed to be line-of-duty related.
- Plan election. For non-academic members, assumed plan election rates are 75 percent for Tier 2 and 25 percent for Retirement Savings Plan (RSP). For academic members, assumed plan election rates are 55 percent for Tier 2 and 45 percent for Retirement Savings Plan (RSP).

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

JUNE 30, 2024

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Position | | | | | | | | | | |
| Net investment in capital assets | $ 174,443,453 | $ 166,134,345 | $ 161,996,550 | $ 157,613,382 | $ 158,319,802 | $ 159,703,637 | $ 154,625,077 | $ 145,170,610 | $ 150,568,393 | $ 153,043,103 |
| 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 |
| Capital projects | 5,840,705 | 5,068,145 | 9,747,532 | 7,856,522 | 6,515,896 | 5,857,646 | - | - | - | - |
| Debt service | 14,232,422 | 11,560,002 | 3,147,310 | 5,785,850 | 10,248,920 | 8,443,761 | 14,363,949 | 13,138,897 | 11,643,898 | 10,761,476 |
| Other | - | - | - | - | - | - | - | 5,252,295 | 7,879,491 | 7,704,715 |
| Unrestricted | 109,141,085 | 75,926,493 | 59,609,587 | 50,210,284 | 33,779,186 | 27,288,968 | 27,608,143 | 83,840,386 | 73,295,310 | 72,536,360 |
| Total Net Position | $303,657,665 | $268,368,985 | $244,180,979 | $231,146,038 | $218,543,804 | $ 210,974,012 | $ 206,277,169 | $ 257,082,188 | $ 253,067,092 | $ 253,725,654 |

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 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating Revenues | | | | | | | | | | |
| Student tuition and fees, net | $ 40,276,671 | $ 41,438,352 | $ 37,931,788 | $ 39,214,653 | $ 41,494,837 | $ 39,635,009 | $ 38,866,081 | $ 40,574,390 | $ 39,848,544 | $ 39,483,125 |
| State and local government grants and contracts | 4,941,985 | 5,495,058 | 2,592,522 | 2,931,083 | 3,064,151 | 2,404,862 | 4,216,208 | 21,783 | 1,263,454 | 1,560,808 |
| Federal government grants and contracts | 2,400,836 | 1,003,953 | 514,443 | 680,402 | 982,606 | 1,477,044 | 1,393,940 | 1,679,208 | 1,801,080 | 1,582,891 |
| Sales and services of educational departments | 914,652 | 812,397 | 780,396 | 610,294 | 1,539,510 | 1,348,191 | 1,206,308 | 1,196,903 | 1,283,580 | 1,221,019 |
| Auxiliary enterprises | 1,662,431 | 1,063,707 | 1,037,105 | 959,085 | 697,063 | 938,099 | 861,406 | 904,074 | 1,001,238 | 1,171,863 |
| Other | 605,102 | 619,266 | 544,905 | 228,473 | 498,185 | 631,118 | 405,755 | 597,262 | 760,933 | 852,399 |
| Total operating revenues | 50,801,677 | 50,432,733 | 43,401,159 | 44,623,990 | 48,276,352 | 46,434,323 | 46,949,698 | 44,973,620 | 45,958,829 | 45,872,105 |
| Operating Expenses | | | | | | | | | | |
| Instruction | 49,994,052 | 46,711,340 | 58,392,949 | 60,698,273 | 60,046,710 | 57,554,978 | 58,889,756 | 56,219,056 | 53,132,902 | 50,585,018 |
| Academic support | 16,041,694 | 15,184,988 | 13,796,541 | 14,930,324 | 15,420,840 | 14,293,842 | 13,672,996 | 12,724,491 | 12,152,224 | 11,921,798 |
| Student services | 15,817,627 | 14,983,497 | 17,678,806 | 20,284,307 | 20,085,457 | 20,057,389 | 20,691,908 | 18,474,710 | 16,989,833 | 16,548,661 |
| Public service | 3,525,941 | 3,578,719 | 5,240,249 | 4,443,493 | 5,848,302 | 6,898,650 | 7,297,440 | 6,909,302 | 6,269,631 | 6,162,658 |
| Operation and maintenance of plant | 15,662,188 | 14,153,972 | 14,592,472 | 16,611,099 | 17,349,815 | 17,491,443 | 17,419,499 | 16,095,691 | 15,636,782 | 15,777,760 |
| Institutional support | 53,274,276 | 50,979,259 | 52,583,221 | 58,390,139 | 60,967,561 | 56,450,846 | 49,283,682 | 44,060,356 | 46,769,604 | 47,590,075 |
| Scholarships and grants | 8,843,752 | 8,053,523 | 22,596,209 | 13,223,453 | 7,070,852 | 5,520,155 | 5,469,218 | 4,686,807 | 4,796,657 | 5,217,557 |
| Auxiliary enterprises | 2,097,460 | 2,062,271 | 1,825,490 | 1,475,351 | 1,951,311 | 2,164,282 | 1,173,540 | 1,092,702 | 1,050,543 | 1,076,849 |
| Depreciation | 14,616,741 | 14,558,217 | 13,618,859 | 13,659,347 | 14,056,243 | 12,527,028 | 9,989,926 | 9,848,555 | 8,315,736 | 8,059,483 |
| Total operating expenses | 179,873,731 | 170,265,786 | 200,324,796 | 203,715,786 | 202,797,091 | 192,958,613 | 183,887,965 | 170,111,670 | 165,113,912 | 162,939,859 |
| Operating income (Loss) | (129,072,054) | (119,833,053) | (156,923,637) | (159,091,796) | (154,520,739) | (146,524,290) | (136,938,267) | (125,138,050) | (119,155,083) | (117,067,754) |
| Nonoperating revenues (expenses) | | | | | | | | | | |
| Property taxes | 97,602,041 | 92,405,515 | 88,107,411 | 85,784,253 | 82,928,590 | 80,000,872 | 77,085,753 | 75,696,330 | 75,288,071 | 72,815,204 |
| State appropriations | 10,138,793 | 9,463,161 | 9,121,825 | 8,522,545 | 8,344,915 | 7,478,490 | 11,309,392 | 3,053,360 | 1,992,338 | 6,864,994 |
| State retirement & OPEB on-behalf plan contributions | 20,402,699 | 18,657,686 | 34,370,102 | 49,850,868 | 47,870,293 | 43,870,609 | 41,367,731 | 38,799,701 | 30,112,638 | 24,868,000 |
| Personal property replacement tax | 1,945,229 | 3,228,170 | 3,093,396 | 1,430,685 | 1,026,836 | 949,644 | 853,383 | 1,036,684 | 938,634 | 1,025,291 |
| State and local government grants and contracts | 4,184,663 | 3,439,010 | 4,383,091 | 3,474,953 | 3,804,702 | 4,246,734 | 4,622,817 | 1,212,671 | 1,176,539 | 2,262,606 |
| Federal government grants and contracts | 15,629,158 | 13,283,079 | 35,316,958 | 27,605,798 | 18,127,144 | 14,701,082 | 14,906,500 | 13,798,743 | 14,052,172 | 14,691,986 |
| Gifts | 312,226 | 383,525 | 209,070 | 290,744 | 275,842 | 247,489 | 386,653 | 418,283 | 452,237 | 423,585 |
| Investment income, net of investment expense | 16,703,079 | 8,149,505 | 1,421 | 515,386 | 3,097,885 | 3,637,575 | 2,166,254 | 1,098,489 | 708,274 | 305,441 |
| Interest expense | (6,352,173) | (6,873,025) | (7,236,892) | (6,191,600) | (3,781,518) | (4,289,903) | (2,273,955) | (6,315,371) | (7,166,209) | (7,795,756) |
| Other | 616,084 | 510,124 | 237,185 | 213,184 | 269,017 | 378,541 | 334,271 | 354,256 | 334,306 | 294,213 |
| Total non-operating revenues (expenses) | 161,181,799 | 142,646,750 | 167,603,567 | 171,496,816 | 161,963,706 | 151,221,133 | 150,758,799 | 129,153,146 | 117,889,000 | 115,755,564 |
| Change in net position before capital contributions | 32,109,745 | 22,813,697 | 10,679,930 | 12,405,020 | 7,442,967 | 4,696,843 | 13,820,532 | 4,015,096 | (1,266,083) | (1,312,190) |
| Capital contributions | 3,178,935 | 1,374,309 | 2,355,011 | 197,214 | 126,825 | - | - | - | 607,521 | 8,981,869 |
| Change in net position after capital contributions | $ 35,288,680 | $ 24,188,006 | $ 13,034,941 | $ 12,602,234 | $ 7,569,792 | $ 4,696,843 | $ 13,820,532 | $ 4,015,096 | $ (658,562) | $ 7,669,679 |

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 |
|---|---|---|---|---|---|---|---|---|---|---|
| 2023 | Kane | $ 79,495,763 | $ 1,248,309 | $ - | $ 809,055 | $ - | $ - | n/a | $ 81,553,127 | 0.4116 |
| | McHenry | 167,721,432 | 6,808,482 | 17,279 | 6,435,737 | - | 719,264 | n/a | 181,702,194 | 0.4116 |
| | Cook | 14,832,102,609 | 5,029,388,512 | 2,727,507,083 | 1,137,250 | - | 16,531,687 | n/a | 22,606,667,141 | 0.4116 |
| | Lake | 1,214,634,872 | 109,766,828 | 28,704,196 | 7,375,473 | - | 2,629,317 | n/a | 1,363,110,686 | 0.4116 |
| 2022 | Kane | 71,235,409 | 1,177,712 | - | 708,429 | - | - | n/a | 73,121,550 | 0.4598 |
| | McHenry | 168,021,909 | 6,244,681 | 15,595 | 6,793,458 | - | 665,368 | n/a | 181,741,011 | 0.4598 |
| | Cook | 14,410,865,300 | 4,855,233,781 | 2,636,659,347 | 1,157,809 | - | 15,349,899 | n/a | 21,919,266,136 | 0.4598 |
| | Lake | 1,147,129,698 | 110,909,894 | 26,754,427 | 8,102,368 | - | 2,455,187 | n/a | 1,295,351,574 | 0.4598 |
| 2021 | Kane | 66,868,986 | 1,048,919 | - | 656,947 | - | - | n/a | 68,574,852 | 0.4522 |
| | McHenry | 157,619,212 | 4,567,183 | 14,528 | 5,766,048 | - | 606,599 | n/a | 168,573,570 | 0.4522 |
| | Cook | 11,608,014,059 | 4,752,515,990 | 2,370,056,580 | 1,064,473 | - | 13,631,646 | n/a | 18,745,282,748 | 0.4522 |
| | Lake | 1,111,306,805 | 110,380,283 | 26,299,437 | 8,079,888 | - | 2,140,252 | n/a | 1,258,206,665 | 0.4522 |
| 2020 | Kane | 64,968,738 | 996,404 | - | 641,625 | - | - | n/a | 66,606,767 | 0.4078 |
| | McHenry | 155,037,479 | 4,688,996 | 14,014 | 4,484,648 | - | 557,491 | n/a | 164,782,628 | 0.4078 |
| | Cook | 12,589,198,696 | 5,103,418,861 | 2,529,857,344 | 1,363,474 | - | 13,631,646 | n/a | 20,237,470,021 | 0.4078 |
| | Lake | 1,107,165,812 | 113,577,555 | 25,983,065 | 8,139,645 | - | 2,140,252 | n/a | 1,257,006,329 | 0.4078 |
| 2019 | Kane | 61,501,461 | 945,893 | - | 706,248 | - | - | n/a | 63,153,602 | 0.4017 |
| | McHenry | 166,424,272 | 4,614,739 | 13,413 | 4,120,613 | - | 534,791 | n/a | 175,707,828 | 0.4017 |
| | Cook | 12,676,260,614 | 4,935,246,501 | 2,330,432,148 | 1,258,562 | - | 13,050,089 | n/a | 19,956,247,914 | 0.4017 |
| | Lake | 1,125,981,701 | 114,369,740 | 25,633,877 | 8,558,548 | - | 2,072,099 | n/a | 1,276,615,965 | 0.4017 |
| 2018 | Kane | 56,468,828 | 885,871 | - | 680,342 | - | - | n/a | 58,035,041 | 0.4379 |
| | McHenry | 157,425,643 | 4,649,627 | 12,391 | 3,840,898 | - | 489,986 | n/a | 166,418,545 | 0.4379 |
| | Cook | 11,291,299,797 | 4,102,933,171 | 1,981,154,907 | 1,188,729 | - | 12,219,983 | n/a | 17,388,796,587 | 0.4379 |
| | Lake | 1,120,769,586 | 111,639,327 | 25,318,012 | 9,271,442 | - | 1,925,972 | n/a | 1,268,924,339 | 0.4379 |
| 2017 | Kane | 52,750,710 | 832,150 | - | 592,107 | - | - | n/a | 54,174,967 | 0.4221 |
| | McHenry | 149,707,013 | 4,254,372 | 11,673 | 3,657,298 | - | 456,108 | n/a | 158,086,464 | 0.4221 |
| | Cook | 11,518,949,605 | 4,195,587,384 | 1,964,277,082 | 1,201,795 | - | 11,489,565 | n/a | 17,691,505,431 | 0.4221 |
| | Lake | 1,107,666,967 | 111,901,377 | 24,828,503 | 8,866,077 | - | 1,799,286 | n/a | 1,255,062,210 | 0.4221 |
| 2016 | Kane | 46,425,766 | 1,014,090 | - | 626,719 | - | - | n/a | 48,066,575 | 0.4148 |
| | McHenry | 141,578,519 | 4,236,733 | 10,948 | 3,459,370 | - | 447,084 | n/a | 149,732,654 | 0.4148 |
| | Cook | 11,509,184,990 | 4,043,467,959 | 1,935,092,047 | 1,249,511 | - | 11,916,679 | n/a | 17,500,911,186 | 0.4148 |
| | Lake | 1,070,492,521 | 113,017,962 | 24,117,645 | 8,362,147 | - | 1,843,495 | n/a | 1,217,833,770 | 0.4148 |
| 2015 | Kane | 39,438,698 | 1,047,624 | - | 598,812 | - | - | n/a | 41,085,134 | 0.4600 |
| | McHenry | 133,190,446 | 3,948,075 | 10,268 | 3,074,833 | - | 439,421 | n/a | 140,663,043 | 0.4600 |
| | Cook | 9,540,899,139 | 3,771,214,456 | 1,805,395,207 | 990,659 | - | 11,429,786 | n/a | 15,129,929,247 | 0.4600 |
| | Lake | 1,013,957,073 | 111,129,310 | 23,090,082 | 8,319,897 | - | 1,779,197 | n/a | 1,158,275,559 | 0.4600 |
| 2014 | Kane | 36,211,373 | 1,075,030 | - | 566,912 | - | - | n/a | 37,853,315 | 0.4516 |
| | McHenry | 127,317,257 | 3,731,928 | 9,782 | 2,959,027 | - | 366,212 | n/a | 134,384,206 | 0.4516 |
| | Cook | 9,801,539,396 | 3,860,990,326 | 1,851,603,484 | 1,116,968 | - | 9,490,979 | n/a | 15,524,741,153 | 0.4516 |
| | Lake | 983,213,115 | 110,023,308 | 23,605,307 | 9,123,579 | - | 1,480,149 | n/a | 1,127,445,458 | 0.4516 |

Source: College Records

TABLE 4

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

PROPERTY TAX RATES[1]
LAST TEN LEVY YEARS

| Fund | Levy Year 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Education | $ 0.2531 | $ 0.2467 | $ 0.2708 | $ 0.2455 | $ 0.2397 | $ 0.2664 | $ 0.2509 | $ 0.2432 | $ 0.2577 | $ 0.2441 |
| Operations and Maintenance | 0.0538 | 0.0545 | 0.0629 | 0.0568 | 0.0569 | 0.0641 | 0.0642 | 0.0661 | 0.0944 | 0.0940 |
| Liability, Protection and Settlement | 0.0001 | 0.0000 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 |
| Audit | 0.0001 | 0.0000 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 |
| Bond and Interest/Non Capped | 0.1002 | 0.1015 | 0.1167 | 0.1063 | 0.1058 | 0.1120 | 0.1096 | 0.1063 | 0.1136 | 0.1126 |
| Levy Adjustment PA 102-0519 | 0.0048 | 0.0071 | 0.0062 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Total | $ 0.4121 | $ 0.4098 | $ 0.4568 | $ 0.4088 | $ 0.4026 | $ 0.4427 | $ 0.4249 | $ 0.4158 | $ 0.4659 | $ 0.4509 |

Source: College Records
[1]The direct tax rates per $100 of equalized assessed value reported for the College are those of Cook County, as it comprises approximately 93% of the college's district.

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 |
| 2023 | $ 62,316,853 | $ 13,256,195 | $ - | $ 24,617,178 | $ 19,573 | $ 19,573 | $ 100,229,372 |
| 2022 | 58,876,023 | 12,998,335 | - | 24,170,511 | 232 | 232 | 96,045,333 |
| 2021 | 55,007,186 | 12,773,872 | - | 23,634,335 | 19,387 | 19,387 | 91,454,167 |
| 2020 | 53,254,853 | 12,316,525 | - | 22,984,943 | 18,843 | 18,843 | 88,594,007 |
| 2019 | 51,378,877 | 12,195,060 | - | 22,623,573 | 18,838 | 18,838 | 86,235,186 |
| 2018 | 49,779,576 | 12,005,199 | - | 20,865,493 | 17,789 | 17,789 | 82,685,846 |
| 2017 | 47,790,496 | 12,244,875 | - | 20,809,248 | 18,013 | 18,013 | 80,880,645 |
| 2016 | 45,920,503 | 12,481,501 | - | 20,006,430 | 17,735 | 17,735 | 78,443,904 |
| 2015 | 41,960,211 | 15,357,235 | - | 18,416,477 | 15,454 | 15,454 | 75,764,831 |
| 2014 | 41,130,997 | 15,813,682 | - | 18,990,940 | 15,771 | 15,772 | 75,967,162 |

| | Assessed Valuation | | | | |
|---|---|---|---|---|---|
| Levy Year | Cook County | Kane County | Lake County | McHenry County | Total Assessed Valuation |
| 2023 | $ 22,606,667,141 | $ 81,553,127 | $ 1,363,110,686 | $ 181,702,194 | $ 24,233,033,148 |
| 2022 | 21,919,266,136 | 73,121,550 | 1,295,351,574 | 181,741,011 | 23,469,480,271 |
| 2021 | 18,745,282,748 | 68,574,852 | 1,258,206,665 | 168,573,570 | 20,240,637,835 |
| 2020 | 20,237,470,021 | 66,606,767 | 1,257,006,329 | 164,782,628 | 21,725,865,745 |
| 2019 | 19,956,247,914 | 63,153,602 | 1,276,615,965 | 175,707,828 | 21,471,725,309 |
| 2018 | 17,388,796,587 | 58,035,041 | 1,268,924,339 | 166,418,545 | 18,882,174,512 |
| 2017 | 17,691,505,431 | 54,174,967 | 1,255,062,210 | 158,086,464 | 19,158,829,072 |
| 2016 | 17,500,911,186 | 48,066,575 | 1,217,833,770 | 149,732,654 | 18,916,544,185 |
| 2015 | 15,129,929,247 | 41,085,134 | 1,158,275,559 | 140,663,043 | 16,469,952,983 |
| 2014 | 15,524,741,153 | 37,853,315 | 1,127,445,458 | 134,384,206 | 16,824,424,132 |

Source: College Records

TABLE 6

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

REVENUE CAPACITY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2021 (1)

| Taxpayer | | Taxable Assessed Value | Rank | Percentage of Total Assessed Valuation |
|---|---|---|---|---|
| Simon Property Group | $ | 231,275,327 | 1 | 1.09% |
| Terrance Evans | | 107,284,420 | 2 | 0.51% |
| CT Acquisitions LLC | | 69,136,602 | 3 | 0.33% |
| CO Prologis | | 67,218,183 | 4 | 0.32% |
| BRE Streets of Woodfield | | 61,555,350 | 5 | 0.29% |
| CHI3 LLC & Equinix | | 58,411,532 | 6 | 0.28% |
| David Friedman | | 57,570,710 | 7 | 0.27% |
| United Airlines | | 54,543,270 | 8 | 0.26% |
| Dipper Ventures LLC | | 53,805,159 | 9 | 0.25% |
| Cosmic Ventures | | 49,667,658 | 10 | 0.23% |
| Total | $ | 810,468,211 | | 3.83% |

2014

| Taxpayer | | Taxable Assessed Value | Rank | Percentage of Total Assessed Valuation |
|---|---|---|---|---|
| Simon Property Group | $ | 222,239,372 | 1 | 1.32% |
| AT & T | | 100,210,728 | 2 | 0.59% |
| Wal-Mart | | 54,882,436 | 3 | 0.33% |
| Streets of Woodfield | | 54,827,476 | 4 | 0.33% |
| Manulife Financial | | 54,245,226 | 5 | 0.32% |
| Crane & Norcross | | 52,491,986 | 6 | 0.31% |
| Motorola Inc. | | 45,756,677 | 7 | 0.27% |
| ZNA Real Estate Dept | | 41,828,501 | 8 | 0.25% |
| KBS Woodfield Preserve | | 41,567,060 | 9 | 0.25% |
| Bre DDR Woodfield Village | | 38,344,507 | 10 | 0.23% |
| | $ | 706,393,969 | | 4.20% |

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

Note: (1) 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

| Levy Year | Taxes Extended | Collected within the Fiscal Year of the Levy: Amount | Collected within the Fiscal Year of the Levy: Percentage of Levy | Collections in Subsequent Years | Total Collections to Date: Amount | Total Collections to Date: Percentage of Levy |
|---|---|---|---|---|---|---|
| 2023 | $ 100,229,372 | $ 49,749,437 | 49.64% | $ - | $ - | 0.00% |
| 2022 | 96,045,333 | 47,826,056 | 49.80% | 48,054,127 | 95,880,183 | 99.83% |
| 2021 | 91,454,167 | 45,431,271 | 49.68% | 45,847,879 | 91,279,150 | 99.81% |
| 2020 | 88,594,007 | 44,186,261 | 49.88% | 43,288,184 | 87,474,445 | 98.74% |
| 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% |

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 |
| 2024 | 7,457 | 13,688 | $ 155.50 | $ 412.50 | $ 488.00 | 227,054.5 | $ 40,276,671 |
| 2023 | 7,093 | 12,949 | 152.50 | 409.50 | 485.00 | 212,466.5 | 41,438,352 |
| 2022* | 7,079 | 12,735 | 152.50 | 409.50 | 485.00 | 206,357.5 | 37,931,788 |
| 2021* | 7,434 | 12,741 | 152.50 | 409.50 | 485.00 | 226,570.0 | 39,214,653 |
| 2020 | 8,002 | 14,332 | 152.50 | 409.50 | 485.00 | 247,345.0 | 41,494,837 |
| 2019 | 8,023 | 14,212 | 148.75 | 405.75 | 481.25 | 245,659.0 | 39,635,009 |
| 2018 | 8,245 | 14,446 | 142.50 | 399.50 | 475.00 | 252,091.5 | 38,866,081 |
| 2017 | 8,475 | 14,924 | 135.25 | 392.25 | 467.75 | 260,227.0 | 40,574,390 |
| 2016 | 8,754 | 15,319 | 129.75 | 386.75 | 462.25 | 265,447.5 | 39,848,544 |
| 2015 | 9,089 | 15,830 | 126.25 | 383.25 | 458.75 | 271,027.0 | 39,483,125 |

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

Source: College Records

TABLE 9

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEBT CAPACITY

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

| Fiscal Year Ended | General Obligation Bonds | General Obligation Refunding Bonds | General Obligation Limited Tax Bonds | Unamortized Premium | Subscription Liabilities | Total Outstanding Debt | Estimated Actual Taxable Property Value | Percentage of Actual Value | Population Estimate | Total Outstanding Debt Per Capita |
|---|---|---|---|---|---|---|---|---|---|---|
| 2024 | $ 159,880,000 | $ 57,870,000 | $ 4,380,000 | $ 22,741,032 | $ 3,615,620 | $ 248,486,652 | $ 72,699,099,444 | 0.34% | 542,215 | $ 458.28 |
| 2023 | 161,395,000 | 67,505,000 | 6,860,000 | 25,499,888 | 3,457,553 | 264,717,441 | 70,408,440,813 | 0.38% | 528,355 | 501.02 |
| 2022 | 162,745,000 | 76,505,000 | 4,280,000 | 28,059,580 | - | 271,589,580 | 60,721,913,505 | 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 |

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 |
|---|---|---|---|---|---|---|---|---|---|---|
| 2024 | $ 159,880,000 | $ - | $ 57,870,000 | $ 4,380,000 | $ 22,741,032 | $ 244,871,032 | $ 14,232,422 | $ 230,638,610 | 0.32% | $ 425.36 |
| 2023 | 161,395,000 | - | 67,505,000 | 6,860,000 | 25,499,888 | 261,259,888 | 11,560,002 | 249,699,886 | 0.40% | 472.60 |
| 2022 | 162,745,000 | - | 76,505,000 | 4,280,000 | 28,059,580 | 271,589,580 | 9,747,533 | 261,842,047 | 0.39% | 493.22 |
| 2021 | 163,280,000 | - | 84,890,000 | 6,600,000 | 30,795,330 | 285,565,330 | 7,856,522 | 277,708,808 | 0.43% | 519.57 |
| 2020 | - | - | 99,010,000 | 4,570,000 | 15,046,697 | 118,626,697 | 10,248,920 | 108,377,777 | 0.17% | 202.77 |
| 2019 | - | - | 110,900,000 | 6,885,000 | 17,064,515 | 134,849,515 | 8,443,761 | 126,405,754 | 0.22% | 236.49 |
| 2018 | 7,530,000 | - | 114,840,000 | 4,525,000 | 18,693,367 | 145,588,367 | 14,363,949 | 131,224,418 | 0.23% | 245.29 |
| 2017 | 132,095,000 | - | 14,485,000 | 6,675,000 | 2,432,252 | 155,687,252 | 13,138,897 | 142,548,355 | 0.25% | 266.45 |
| 2016 | 137,520,000 | - | 17,110,000 | 4,180,000 | 3,116,272 | 161,926,272 | 11,643,899 | 150,282,373 | 0.30% | 280.91 |
| 2015 | 142,785,000 | - | 21,750,000 | 6,400,000 | 2,126,859 | 173,061,859 | 10,761,477 | 162,300,382 | 0.32% | 303.37 |

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, 2024

| Governmental Unit | Debt Outstanding | Percentage of Debt Applicable | College Share of Direct and Overlapping Debt |
|---|---|---|---|
| Direct bonded debt: | | | |
| William Rainey Harper College | $ 244,871,032 | 100.00% | $ 244,871,032 |
| Overlapping bonded debt: | | As of December 19, 2022 (1) | |
| Cook County | 2,251,061,750 | 10.70% | 240,863,607 |
| Cook County Forest Preserve District | 61,505,000 | 10.70% | 6,581,035 |
| Metropolitan Water Reclamation District | 2,541,291,349 | 10.31% | 262,007,138 |
| Kane County Forest Preserve District | 92,320,000 | 0.42% | 387,744 |
| Lake County Forest Preserve District | 166,060,000 | 4.57% | 7,588,942 |
| McHenry County Conservation District | 58,315,000 | 1.77% | 1,032,176 |
| Village of Arlington Heights | 51,605,000 | 100.00% | 51,605,000 |
| Village of Buffalo Grove | 50,539,800 | 20.04% | 10,128,176 |
| Village of Carpentersville | 27,672,000 | 8.40% | 2,324,448 |
| City of Des Plaines | 9,018,111 | 15.83% | 1,427,567 |
| Village of Elk Grove Village | 104,980,000 | 82.57% | 86,681,986 |
| Village of Hanover Park | 9,690,000 | 20.88% | 2,023,272 |
| Village of Hoffman Estates | 80,130,000 | 72.73% | 58,278,549 |
| Village of Inverness | 800,000 | 100.00% | 800,000 |
| Village of Lake Barrington | 3,710,000 | 96.24% | 3,570,504 |
| Village of Mount Prospect | 100,490,000 | 99.77% | 100,258,873 |
| Village of Northbrook | 114,265,000 | 1.01% | 1,154,077 |
| Village of Palatine | 33,750,000 | 100.00% | 33,750,000 |
| City of Prospect Heights | 6,160,000 | 97.60% | 6,012,160 |
| City of Rolling Meadows | 17,145,000 | 100.00% | 17,145,000 |
| Village of Roselle | 765,000 | 12.15% | 92,948 |
| Village of Schaumburg | 264,950,000 | 96.53% | 255,756,235 |
| Village of Wheeling | 27,435,000 | 99.47% | 27,289,595 |
| Arlington Heights Park District | 8,450,000 | 100.00% | 8,450,000 |
| Barrington Park District | 8,402,000 | 99.87% | 8,391,077 |
| Buffalo Grove Park District | 6,550,000 | 23.43% | 1,534,665 |
| Des Plaines Park District | 6,878,615 | 1.62% | 111,434 |
| Elk Grove Park District | 3,510,000 | 99.78% | 3,502,278 |
| Hanover Park Park District | 395,000 | 14.55% | 57,473 |
| Hoffman Estates Park District | 4,470,000 | 71.88% | 3,213,036 |
| Inverness Park District | 52,000 | 100.00% | 52,000 |
| Mount Prospect Park District | 2,773,365 | 99.59% | 2,761,994 |
| Northbrook Park District | 15,490,000 | 0.97% | 150,253 |
| Palatine Park District | 2,760,000 | 100.00% | 2,760,000 |
| Rolling Meadows Park District | 10,178,000 | 100.00% | 10,178,000 |
| Roselle Park District | 1,104,345 | 9.22% | 101,821 |
| Salt Creek Rural Park District | 755,000 | 100.00% | 755,000 |
| Schaumburg Park District | 150,000 | 96.66% | 144,990 |
| Wheeling Park District | 1,460,000 | 93.17% | 1,360,282 |
| Poplar Creek Public Library District | 10,645,000 | 5.28% | 562,056 |
| East Dundee & Countryside Fire District | 3,150,000 | 33.56% | 1,057,140 |
| North Barrington Special Service Area 19 | 9,855,000 | 47.23% | 4,654,517 |
| South Barrington Special Service Area 3 | 4,535,000 | 39.85% | 1,807,198 |



(Continued)

TABLE 11

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEBT CAPACITY

DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2024

| Governmental Unit | Debt Outstanding | Percentage of Debt Applicable | College Share of Direct and Overlapping Debt |
|---|---|---|---|
| School District Number 23 | $ 11,100,000 | 100.00% | $ 11,100,000 |
| School District Number 25 | 91,070,000 | 100.00% | 91,070,000 |
| School District Number 26 | 10,980,000 | 88.51% | 9,718,398 |
| School District Number 57 | 5,470,000 | 100.00% | 5,470,000 |
| High School District Number 155 | 12,595,000 | 1.60% | 201,520 |
| Community Consolidated School District 15 | 35,080,000 | 100.00% | 35,080,000 |
| Community Consolidated School District 21 | 81,005,000 | 100.00% | 81,005,000 |
| Community Consolidate School District 59 | 25,185,000 | 96.05% | 24,190,193 |
| Community Unit School District Number 220 | 123,640,000 | 98.59% | 121,896,676 |
| Township High School District Number 214 | 22,265,000 | 98.40% | 21,908,760 |
| Total overlapping bonded debt | | | 1,630,004,793 |
| Total direct and overlapping bonded debt | | | $ 1,874,875,825 |

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.

Note: (1) Most recent information available

* 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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Assessed valuation | $ 24,233,033,148 | $ 23,469,480,271 | $ 20,240,637,835 | $ 21,725,865,745 | $ 21,471,725,309 |
| Legal debt limit - 2.875% of assessed valuation | 696,699,703 | 674,747,558 | 636,455,267 | 624,618,640 | 617,312,103 |
| Total debt applicable to limit | 222,130,000 | 235,760,000 | 243,530,000 | 254,770,000 | 103,580,000 |
| Legal debt margin | $ 474,569,703 | $ 438,987,558 | $ 392,925,267 | $ 369,848,640 | $ 513,732,103 |
| Total net debt applicable to the limit as a percentage of debt limit | 31.88% | 34.94% | 38.26% | 40.79% | 16.78% |

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Assessed valuation | $ 18,882,174,512 | $ 19,158,829,072 | $ 18,916,544,185 | $ 16,469,952,983 | $ 16,824,424,132 |
| Legal debt limit - 2.875% of assessed valuation | 542,862,517 | 550,816,336 | 543,850,645 | 473,511,148 | 483,702,194 |
| Total debt applicable to limit | 117,785,000 | 126,895,000 | 153,255,000 | 158,810,000 | 170,935,000 |
| Legal debt margin | $ 425,077,517 | $ 423,921,336 | $ 390,595,645 | $ 314,701,148 | $ 312,767,194 |
| Total net debt applicable to the limit as a percentage of debt limit | 21.70% | 23.04% | 28.18% | 35.34% | 36.64% |

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Population Estimates | 542,215 | 528,355 | 530,885 | 534,497 | 534,497 | 534,497 | 534,984 | 534,984 | 534,984 | 534,984 |
| Unemployment Rates: | | | | | | | | | | |
| Arlington Heights | 5.0% | 3.2% | 3.0% | 4.8% | 12.3% | 3.1% | 3.4% | 4.0% | 4.4% | 4.6% |
| Elk Grove Village | 5.2% | 3.3% | 3.4% | 5.7% | 15.2% | 3.4% | 3.6% | 4.0% | 4.7% | 5.3% |
| Hoffman Estates | 5.1% | 3.2% | 3.1% | 5.4% | 14.4% | 3.6% | 3.7% | 4.0% | 4.4% | 4.8% |
| Mount Prospect | 5.2% | 3.1% | 3.1% | 5.0% | 13.6% | 3.1% | 3.2% | 3.7% | 4.2% | 4.6% |
| Palatine | 5.1% | 3.1% | 3.1% | 5.7% | 13.1% | 3.1% | 3.4% | 3.9% | 4.4% | 4.9% |
| Schaumburg | 5.0% | 3.2% | 3.3% | 5.3% | 14.1% | 3.4% | 3.6% | 4.0% | 4.4% | 5.0% |
| Wheeling | 5.0% | 2.8% | 2.9% | 6.0% | 13.7% | 2.9% | 3.2% | 3.6% | 4.2% | 4.7% |
| Chicago PMSA | 6.4% | 4.0% | 4.2% | 7.7% | 16.4% | 4.1% | 4.3% | 5.1% | 5.5% | 6.3% |
| Illinois | 6.2% | 4.5% | 4.5% | 7.1% | 14.6% | 4.0% | 4.5% | 5.0% | 5.6% | 5.9% |
| United States | 4.5% | 3.8% | 3.4% | 6.2% | 11.2% | 3.8% | 4.2% | 4.5% | 4.5% | 5.5% |

Source: College records and Illinois Department of Employment Securities

Note: 2024 Unemployment Data as of July 2024

TABLE 14

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

DEMOGRAPHIC AND ECONOMIC INFORMATION

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

| 2022 (1) | | | 2014 | | |
|---|---|---|---|---|---|
| Employer | Number of Employees | Rank | Employer | Number of Employees | Rank |
| Northwest Community Hospital | 4,000 | 1 | Sears Roebuck and Company | 6,200 | 1 |
| Transform Holdco, LLC | 3,200 | 2 | Northwest Community Hospital | 4,000 | 2 |
| Beacon Sales Acquisition | 3,000 | 3 | Alexian Bros Medical Center | 3,100 | 3 |
| Zurich North America | 2,500 | 4 | AT&T Services Inc | 2,500 | 4 |
| Nation Pizza Products L.P. | 2,000 | 5 | Zurich North America | 2,500 | 5 |
| TAK Trucking, Inc. | 2,000 | 6 | St. Alexius Medical Center | 2,045 | 6 |
| Automatic Data Processing Inc. | 1,500 | 7 | Automatic Data Processing | 1,500 | 7 |
| HSBC Finance Corp. | 1,500 | 8 | Clearbrook | 1,000 | 8 |
| International Services Inc. | 1,200 | 9 | Motorola Solutions, Inc. | 970 | 9 |
| Caremark Illinois | 850 | 10 | CVS Caremark | 850 | 10 |
| Total | 21,750 | | | 24,665 | |

Sources:
College records
2022 Illinois Manufacturers Directory
2022 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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Faculty | | | | | | | | | | |
| Full-time | 225 | 223 | 222 | 222 | 222 | 223 | 228 | 233 | 238 | 238 |
| Part-time | - | - | - | - | - | - | - | - | - | - |
| Administrative | | | | | | | | | | |
| Full-time | 37 | 38 | 40 | 39 | 39 | 38 | 39 | 43 | 51 | 51 |
| Part-time | - | - | - | - | - | - | - | - | - | - |
| Professional/Technical | | | | | | | | | | |
| Full-time | 209 | 200 | 188 | 179 | 175 | 167 | 152 | 142 | 138 | 131 |
| Part-time | 30 | 31 | 31 | 31 | 30 | 28 | 32 | 39 | 45 | 47 |
| Supervisory/Confidential | | | | | | | | | | |
| Full-time | 126 | 117 | 114 | 114 | 113 | 111 | 103 | 99 | 94 | 97 |
| Part-time | - | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Classified Staff | | | | | | | | | | |
| Full-time | 117 | 121 | 128 | 125 | 124 | 122 | 128 | 127 | 136 | 131 |
| Part-time | 57 | 61 | 58 | 58 | 60 | 72 | 83 | 89 | 111 | 126 |
| Security | | | | | | | | | | |
| Full-time | 23 | 20 | 20 | 17 | 17 | 17 | 17 | 18 | 18 | 18 |
| Part-time | 5 | 5 | 5 | 15 | 15 | 15 | 15 | 15 | 17 | 17 |
| Custodial/Maintenance | | | | | | | | | | |
| Full-time | 77 | 77 | 86 | 86 | 86 | 84 | 84 | 84 | 93 | 93 |
| Part-time | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 |
| Total | | | | | | | | | | |
| Full-time | 814 | 796 | 798 | 782 | 776 | 762 | 751 | 746 | 768 | 759 |
| Part-time | 96 | 102 | 99 | 110 | 111 | 121 | 136 | 149 | 180 | 197 |
| Grand Total | 910 | 898 | 897 | 892 | 887 | 883 | 887 | 895 | 948 | 956 |

Source: College Records

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

TABLE 16

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

OPERATING INFORMATION

OPERATING INDICATORS
LAST TEN FISCAL YEARS

| | 2024 | 2023 | 2022* | 2021* | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Degrees and Certificates Awarded | | | | | | | | | | |
| Degrees | 1,836 | 1,996 | 1,920 | 2,027 | 1,881 | 1,944 | 1,758 | 1,791 | 1,611 | 1,629 |
| Certificates | 2,609 | 2,348 | 2,501 | 2,491 | 2,488 | 2,173 | 1,764 | 1,818 | 1,845 | 1,990 |
| Total Degrees and Certificates Awarded | 4,445 | 4,344 | 4,421 | 4,518 | 4,369 | 4,117 | 3,522 | 3,609 | 3,456 | 3,619 |
| Student enrollment by funding category (unrestricted reimbursable credit hours) | | | | | | | | | | |
| Baccalaureate | 156,225 | 148,953 | 149,538 | 168,520 | 176,124 | 173,770 | 179,247 | 183,592 | 184,847 | 187,055 |
| Business Occupational | 15,299 | 13,814 | 13,724 | 16,732 | 17,604 | 16,547 | 16,766 | 17,269 | 18,153 | 19,484 |
| Technical Occupational | 15,474 | 14,438 | 14,286 | 13,499 | 16,703 | 17,123 | 16,598 | 17,715 | 16,660 | 17,347 |
| Health Occupational | 14,192 | 13,936 | 14,261 | 13,633 | 15,771 | 15,232 | 17,180 | 17,607 | 16,546 | 16,007 |
| Remedial Developmental | 7,917 | 7,046 | 5,704 | 6,806 | 9,736 | 10,560 | 11,083 | 11,816 | 15,143 | 17,335 |
| Adult Basic/Secondary Education | 1,766 | 1,740 | 1,182 | 1,747 | 2,054 | 2,776 | 3,138 | 5,729 | 6,780 | 5,046 |
| Total Credit Hours | 210,873 | 199,927 | 198,695 | 220,937 | 237,992 | 236,008 | 244,012 | 253,728 | 258,129 | 262,274 |

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

Source: College Records

TABLE 17

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 512

OPERATING INFORMATION

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 | 1,607,197 | 1,607,189 | 1,607,189 | 1,607,189 | 1,607,189 | 1,607,189 | 1,559,278 | 1,559,278 | 1,559,278 | 1,558,990 |
| Gross Square Footage - Extension Sites | 96,430 | 96,052 | 96,052 | 96,052 | 96,052 | 96,052 | 96,052 | 96,052 | 93,142 | 93,142 |
| Number of Buildings - Main Campus | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Number of Buildings - Extension Sites | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of Parking Spaces | 5,463 | 5,463 | 5,463 | 5,463 | 5,463 | 5,463 | 5,463 | 5,463 | 5,463 | 5,463 |

Source: College Records

Changes due to building additions, renovations, and space reallocations

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Uniform Financial Statement No. 1
All Funds Summary

Year ended June 30, 2024

| | 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, 2023 | $ 46,951,009 | $ 15,059,731 | $ 221,736,320 | $ 11,560,002 | $ 11,354,982 | $ 41,618,225 | $ 17,269,824 | $ - | $ - | $ 365,550,093 |
| Revenues: | | | | | | | | | | |
| Local tax revenue | 60,723,192 | 12,869,033 | - | 23,971,266 | - | - | - | 19,275 | 19,275 | 97,602,041 |
| All other local revenue | 1,945,229 | - | 45,000 | - | - | - | - | - | - | 1,990,229 |
| ICCB grants | 10,889,263 | - | - | - | - | 2,382,008 | - | - | - | 13,271,271 |
| All other state revenue | - | - | - | - | - | 5,043,610 | - | - | - | 5,043,610 |
| Federal revenue | 16,025 | - | - | - | - | 18,013,969 | - | - | - | 18,029,994 |
| Student tuition and fees | 47,960,871 | 1,865,469 | 475,422 | - | 2,345,200 | 4,611 | - | - | - | 52,651,573 |
| On-behalf CIP | - | - | - | - | - | (8,186,544) | - | - | - | (8,186,544) |
| On-behalf SURS | - | - | - | - | - | 28,589,243 | - | - | - | 28,589,243 |
| All other revenue | 6,737,997 | 858,004 | 8,637,925 | 616,853 | 2,841,647 | 228,158 | 944,722 | - | - | 20,865,306 |
| Total revenues | 128,272,577 | 15,592,506 | 9,158,347 | 24,588,119 | 5,186,847 | 46,075,055 | 944,722 | 19,275 | 19,275 | 229,856,723 |
| Expenditures: | | | | | | | | | | |
| Instruction | 42,673,712 | - | - | - | - | 11,127,389 | - | - | - | 53,801,101 |
| Academic support | 10,906,747 | - | - | - | - | 6,033,916 | - | - | - | 16,940,663 |
| Student services | 13,465,390 | - | - | - | 792,755 | 2,915,661 | - | - | - | 17,173,806 |
| Public service/continuing education | 231,856 | - | - | - | 2,616,410 | 821,900 | - | - | - | 3,670,166 |
| Independent operations | - | - | - | - | 2,059,380 | 68,852 | - | - | - | 2,128,232 |
| Operations and maintenance of plant | - | 14,980,835 | - | - | - | 1,539,620 | - | - | - | 16,520,455 |
| Institutional support | 31,551,884 | 2,724,122 | 20,168,651 | 21,915,699 | 88,888 | 8,224,890 | - | 19,275 | 19,275 | 84,712,684 |
| Scholarships/grants/waivers | 10,062,573 | - | - | - | - | 21,768,205 | - | - | - | 31,830,778 |
| Total expenditures | 108,892,162 | 17,704,957 | 20,168,651 | 21,915,699 | 5,557,433 | 52,500,433 | - | 19,275 | 19,275 | 226,777,885 |
| Excess (deficiency) of revenues over expenditures | 19,380,415 | (2,112,451) | (11,010,304) | 2,672,420 | (370,586) | (6,425,378) | 944,722 | - | - | 3,078,838 |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers (to) from other funds | (10,793,193) | - | - | - | 480,648 | 10,312,545 | - | - | - | - |
| Fund balance at June 30, 2024 | $ 55,538,231 | $ 12,947,280 | $ 210,726,016 | $ 14,232,422 | $ 11,465,044 | $ 45,505,392 | $ 18,214,546 | $ - | $ - | $ 368,628,931 |

See accompanying independent auditor's report.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

Year ended June 30, 2024

| | Capital Asset/Debt Account Groups July 1, 2023 | Increases | Decreases | Capital Asset/Debt Account Groups June 30, 2024 |
|---|---|---|---|---|
| Capital assets: | | | | |
| Land | $ 4,326,007 | $ - | - | $ 4,326,007 |
| Buildings and improvements | 415,953,784 | 1,361,768 | - | 417,315,552 |
| Equipment | 27,041,523 | 1,348,950 | (87,780) | 28,302,693 |
| Construction in progress | 5,494,629 | 18,500,514 | (1,445,412) | 22,549,731 |
| Art collection | 1,842,835 | 5,200 | - | 1,848,035 |
| Subscriptions | 4,470,512 | 1,444,275 | (320,177) | 5,594,610 |
| Total capital assets | 459,129,290 | 22,660,707 | (1,853,369) | 479,936,628 |
| Accumulated depreciation/ amortization | (217,394,915) | (14,616,741) | 407,506 | (231,604,150) |
| Net capital assets | $ 241,734,375 | $ 8,043,966 | $ (1,445,863) | $ 248,332,478 |
| Fixed debt | | | | |
| Bonds payable | $ 261,259,888 | $ - | $ (16,388,856) | $ 244,871,032 |
| Subscriptions | 3,457,553 | 1,457,724 | (1,299,657) | 3,615,620 |
| Total fixed liabilities | $ 264,717,441 | $ 1,457,724 | $ (17,688,513) | $ 248,486,652 |

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, 2024

| | Education Fund | Operations and Maintenance Fund | Total Operating Funds |
|---|---|---|---|
| Operating revenues by source: | | | |
| Local government revenue: | | | |
| Local taxes | $ 60,723,192 | $ 12,869,033 | $ 73,592,225 |
| Chargeback revenue | — | — | — |
| CPPRT | 1,945,229 | — | 1,945,229 |
| Total local government revenue | 62,668,421 | 12,869,033 | 75,537,454 |
| State government revenue: | | | |
| ICCB Credit Hour grants | 10,138,793 | — | 10,138,793 |
| ICCB - Career and Technical Education | 750,470 | — | 750,470 |
| Total state government revenue | 10,889,263 | — | 10,889,263 |
| Federal government revenue: | | | |
| Department of Education | 16,025 | — | 16,025 |
| Total federal government revenue | 16,025 | — | 16,025 |
| Student tuition and fees: | | | |
| Tuition | 42,377,703 | — | 42,377,703 |
| Fees | 5,583,168 | 1,865,469 | 7,448,637 |
| Total student tuition and fees | 47,960,871 | 1,865,469 | 49,826,340 |
| Other sources: | | | |
| Sales and service fees | 1,084,077 | — | 1,084,077 |
| Investment revenue | 5,010,013 | 811,467 | 5,821,480 |
| Other | 643,907 | 46,537 | 690,444 |
| Total other revenue | 6,737,997 | 858,004 | 7,596,001 |
| Total revenues | 128,272,577 | 15,592,506 | 143,865,083 |
| Less – nonoperating items:* | | | |
| Tuition chargeback revenue | — | — | — |
| Transfers from nonoperating funds | — | — | — |
| Adjusted revenue | $ 128,272,577 | $ 15,592,506 | $ 143,865,083 |

* 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, 2024

| | Education Fund | Operations and Maintenance Fund | Total Operating Funds |
|---|---|---|---|
| Operating expenditures: | | | |
| By program: | | | |
| Instruction | $ 42,673,712 | $ — | $ 42,673,712 |
| Academic support | 10,906,747 | — | 10,906,747 |
| Student services | 13,465,390 | — | 13,465,390 |
| Public service/continuing education | 231,856 | — | 231,856 |
| Operations and maintenance | — | 14,980,835 | 14,980,835 |
| Institutional support | 31,551,884 | 2,724,122 | 34,276,006 |
| Scholarships/grants/waivers | 10,062,573 | — | 10,062,573 |
| Transfers | 10,793,193 | — | 10,793,193 |
| Total operating expenditures | 119,685,355 | 17,704,957 | 137,390,312 |
| Less – nonoperating items:* | | | |
| Tuition chargebacks | — | — | — |
| Transfers to nonoperating funds | 10,793,193 | — | 10,793,193 |
| Adjusted operating expenditures | $ 108,892,162 | $ 17,704,957 | $ 126,597,119 |
| By object: | | | |
| Salaries | $ 70,543,198 | $ 7,062,551 | $ 77,605,749 |
| Employee benefits | 13,630,184 | 1,857,715 | 15,487,899 |
| Contractual services | 5,348,684 | 3,573,206 | 8,921,890 |
| General materials and supplies | 4,857,926 | 947,557 | 5,805,483 |
| Conference and meeting expense | 1,365,218 | 22,904 | 1,388,122 |
| Fixed charges | 491,815 | 483,006 | 974,821 |
| Utilities | 540 | 3,307,654 | 3,308,194 |
| Capital outlay | 974,518 | 450,364 | 1,424,882 |
| Other | 11,680,079 | — | 11,680,079 |
| Transfers | 10,793,193 | — | 10,793,193 |
| Total operating expenditures | 119,685,355 | 17,704,957 | 137,390,312 |
| Less – nonoperating items:* | | | |
| Tuition chargebacks | — | — | — |
| Transfers to nonoperating funds | 10,793,193 | — | 10,793,193 |
| Adjusted operating expenditures | $ 108,892,162 | $ 17,704,957 | $ 126,597,119 |

*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, 2024

| | | |
|---|---|---|
| Revenues by source: | | |
| State government: | | |
| ICCB – Adult Education | $ | 526,157 |
| Illinois Student Assistance Commission | | 4,132,115 |
| Illinois Department of Commerce and Economic Opportunity | | 668,928 |
| On-Behalf CIP | | (8,186,544) |
| On-Behalf SURS | | 28,589,243 |
| Other | | 2,098,418 |
| Total state government | | 27,828,317 |
| Federal government: | | |
| Department of Education | | 14,570,365 |
| Department of Labor | | 523,407 |
| Department of Health and Human Services | | 2,427,150 |
| Department of Veterans Affairs | | 265,743 |
| Other | | 227,304 |
| Total federal government | | 18,013,969 |
| Student tuition and fees | | |
| Other | | 4,611 |
| Total student tuition and fees | | 4,611 |
| Other sources | | 228,158 |
| Transfers | | 10,312,545 |
| Total restricted purposes fund revenues | $ | 56,387,600 |
| Expenditures by program: | | |
| Instruction | $ | 11,127,389 |
| Academic support | | 6,033,916 |
| Student services | | 2,915,661 |
| Public service/continuing education | | 821,900 |
| Auxiliary | | 68,852 |
| Operations and maintenance | | 1,539,620 |
| Institutional support | | 8,224,890 |
| Scholarships, student grants, and waivers | | 21,768,205 |
| Transfers | | — |
| Total restricted purposes fund expenditures | $ | 52,500,433 |

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

Year ended June 30, 2024

| | | |
|---|---|---|
| Expenditures by object: | | |
| Salaries | $ | 2,931,333 |
| Employee benefits (Including SURS On-Behalf) | | 21,019,011 |
| Contractual services | | 2,701,152 |
| General materials and supplies | | 1,288,941 |
| Travel and meetings | | 369,380 |
| Fixed charges | | 158,180 |
| Utilities | | 31,292 |
| Capital outlay | | 1,527,388 |
| Other | | 22,473,756 |
| Transfers | | — |
| Total restricted purposes fund expenditures | $ | 52,500,433 |

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, 2024

| | |
|---|---|
| Instruction: | |
| Instructional programs | $ 44,350,278 |
| On-behalf State retirement plan contributions | 9,450,823 |
| Total instruction | 53,801,101 |
| Academic support: | |
| Library center | 2,375,004 |
| Academic administration and planning | 9,304,999 |
| On-behalf State retirement plan contributions | 2,344,177 |
| Other | 2,916,483 |
| Total academic support | 16,940,663 |
| Student services: | |
| Admissions and records | 2,296,893 |
| Counseling and career guidance | 4,714,490 |
| Student financial aid and administration | 993,969 |
| On-behalf State retirement plan contributions | 2,477,658 |
| Other | 6,690,796 |
| Total student services | 17,173,806 |
| Public service/continuing education: | |
| Community education | 1,165,532 |
| Customized training (instructional) | 379,287 |
| Community services | 107,412 |
| On-behalf State retirement plan contributions | 514,911 |
| Other | 1,503,024 |
| Total public service/continuing education | 3,670,166 |
| Auxiliary services | |
| Auxiliary services | 2,059,380 |
| On-behalf State retirement plan contribution | 68,852 |
| Total auxiliary services | 2,128,232 |

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

Year ended June 30, 2024

| | |
|---|---|
| Operations and maintenance of plant: | |
| Maintenance | $ 1,430,847 |
| Custodial services | 2,961,595 |
| Grounds | 1,247,778 |
| Campus security | 2,337,498 |
| Utilities | 5,501,754 |
| On-behalf State retirement plan contributions | 1,513,421 |
| Administration | 1,527,562 |
| Total operations and maintenance of plant | 16,520,455 |
| Institutional support: | |
| Executive management | 3,794,097 |
| Fiscal operations | 2,032,159 |
| Community relations | 4,263,884 |
| Administrative support services | 4,761,864 |
| Board of Trustees | 37,359 |
| General institutional support | 8,651,235 |
| Institutional research | 640,719 |
| Administrative data processing | 14,414,160 |
| On-behalf State retirement plan contributions | 4,032,857 |
| Other | — |
| Total institutional support | 42,628,334 |
| Scholarships, student grants, and waivers | 31,830,778 |
| Total current funds expenditures | $ 184,693,535 |

* 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.

CERTIFICATION OF PER CAPITA COST

Fiscal Year 2025

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512
Fiscal Year 2025 Certification of Per Capita Cost
For the Fiscal Year Ended June 30, 2024

All Fiscal Year 2024 Noncapital Audited Operating Expenditures from the following funds:

| | | |
|---|---|---|
| 1. | Education Fund | $ 108,481,388 |
| 2. | Operations and Maintenance Fund | 17,504,860 |
| 3. | Operations and Maintenance Fund (Restricted) | 0 |
| 4. | Bond and Interest Fund | 21,915,699 |
| 5. | Public Building Commission Rental Fund | 0 |
| 6. | Restricted Purposes Fund | 31,750,023 |
| 7. | Audit Fund | 19,275 |
| 8. | Liability, Protection, and Settlement Fund | 19,275 |
| 9. | Auxiliary Enterprise Fund (Subsidy Only) | 480,649 |
| **10.** | **TOTAL NONCAPITAL EXPENDITURES (sum of lines 1-9)** | $ 180,171,169 |
| 11. | Depreciation on capital outlay expenditures (equipment, building, and fixed equipment paid) from sources other than state and federal funds | 7,799,682 |
| **12.** | **TOTAL COSTS INCLUDED (line 10 plus line 11)** | $ 187,970,851 |
| 13. | Total certified semester credit hours for FY 2024 | 227,054.50 |
| **14.** | **PER CAPITA COST (line 12 divided by line 13)** | $ 827.87 |

Approved: Rob Galick 12-18-2024
Chief Fiscal Officer Date

Approved: Avis Proctor 12-19-2024
Chief Executive 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, State Performance, and Digital Instruction) and 2023 and 2024 Innovative Bridge and Transition Grant Programs (collectively "Grant Programs") as of and for the year ended June 30, 2024 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, State Performance, and Digital Instruction) and 2023 and 2024 Innovative Bridge and Transition Grant Programs as of June 30, 2024, 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, 2024, 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 107 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 107 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 18, 2024 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 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 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 18, 2024

Crowe

Crowe LLP
Independent Member Crowe Global

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the William Rainey Harper College ("College") State Adult Education (State Basic, State Performance, and Digital Instruction) and 2023 and 2024 Innovative Bridge and Transition Grant Programs (collectively "Grant Programs") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, and have issued our report thereon dated December 18, 2024. 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, 2024, 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 18, 2024

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

State Adult Education Grant Program

Balance Sheet

June 30, 2024

| | State Basic | State Performance | Digital Instruction | Total |
|---|---|---|---|---|
| Current Assets – Due from other funds | $ - | $ 2,017 | $ 18,888 | $ 20,905 |
| Current Liabilities –Accrued expenses | $ - | $ 2,017 | $ 18,888 | $ 20,905 |
| Net Position | - | - | - | - |
| Total liabilities and net position | $ - | $ 2,017 | $ 18,888 | $ 20,905 |

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, 2024

| | State Basic | State Performance | Digital Instruction | Total |
|---|---|---|---|---|
| Operating revenue – state source | $ 279,800 | $ 190,245 | $ 56,112 | $ 526,157 |
| Operating expenses by program: | | | | |
| Personnel (Salaries and Wages) | 266,493 | 112,845 | — | 379,338 |
| Fringe Benefits | — | 35,293 | — | 35,293 |
| Travel | — | 1,114 | — | 1,114 |
| Equipment | — | — | — | — |
| Supplies | — | 38,514 | 46,221 | 84,735 |
| Contractual Services | — | 2,479 | — | 2,479 |
| Training & Education | — | — | — | — |
| Miscellaneous Costs | — | — | — | — |
| Indirect Costs | 13,307 | — | 9,891 | 23,198 |
| Total operating expenses | 279,800 | 190,245 | 56,112 | 526,157 |
| 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, 2024

| | Audited expense amount | Actual expense percentage |
|---|---|---|
| State Basic: | | |
| Instruction (45% minimum required) | $ 266,493 | 95.24% |
| General administration (20% maximum allowed) | 13,307 | 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

Balance Sheet

June 30, 2024

| | Innovative Bridge and Transition Grant 2023 | Innovative Bridge and Transition Grant 2024 | Total |
|---|---|---|---|
| Current Assets – Due from other funds | $ - | $ 216,680 | $ 216,680 |
| Current Liabilities –Accrued expenses | $ - | $ 216,680 | $ 216,680 |
| Net Position | - | - | - |
| Total liabilities and net position | $ - | $ 216,680 | $ 216,680 |

See accompanying notes to state grant programs financial statements.

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

Innovative Bridge and Transition Program Grant

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2024

| | Innovative Bridge and Transition Grant 2023 | Innovative Bridge and Transition Grant 2024 | Total |
|---|---|---|---|
| Operating revenue – state source | $ 115,150 | $ 183,845 | $ 298,995 |
| Expenses | | | |
| Personnel (Salaries and Wages) | 28,935 | 16,904 | 45,839 |
| Fringe Benefits | — | 25 | 25 |
| Travel | 100 | — | 100 |
| Supplies | 6,525 | 400 | 6,925 |
| Contractual Services | — | — | — |
| Training & Education | 2,858 | — | 2,858 |
| Miscellaneous Costs | 68,135 | 158,192 | 226,327 |
| Indirect Costs | 8,597 | 8,324 | 16,921 |
| Total operating expenses | 115,150 | 183,845 | 298,995 |
| 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, 2024. 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 $2,017 in the State Performance grant, $18,888 in the Digital Instruction grant, and $216,680 in the Innovative Bridge and Transition grant represents the borrowing from the College to pay grant program expenses prior to receiving grant distributions.

(2) Background Information on State Grant Activity

*(a) Unrestricted Grants*

Base Operating Grants

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

*(b) Restricted Adult Education Grants/State*

State Basic

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

State Performance

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

*(c) Restricted Grants/State*

Innovative Bridge and Transition Program

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

Crowe LLP
Independent Member Crowe Global

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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed, of William Rainey Harper College, Community College District No. 512 (the "College") for the year ended June 30, 2024. 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 on 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, 2024, 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 the specified parties.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
December 18, 2024

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, 2024

| | 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 | 20,475.0 | — | 66,304.0 | — | 69,446.0 | — | 156,225.0 | — |
| Business occupational | 1,576.0 | — | 5,928.0 | — | 7,795.0 | — | 15,299.0 | — |
| Technical occupational | 1,170.0 | — | 6,441.5 | — | 7,862.5 | — | 15,474.0 | — |
| Health occupational | 1,388.5 | 63.0 | 7,111.5 | 847.0 | 5,692.0 | 1,013.0 | 14,192.0 | 1,923.0 |
| Remedial developmental | 874.0 | — | 3,754.0 | — | 3,289.0 | 68.0 | 7,917.0 | 68.0 |
| Adult basic/secondary education | 261.5 | 992.5 | 770.5 | 6,449.0 | 734.0 | 6,749.0 | 1,766.0 | 14,190.5 |
| Total | 25,745.0 | 1,055.5 | 90,309.5 | 7,296.0 | 94,818.5 | 7,830.0 | 210,873.0 | 16,181.5 |

| | Attending in-district | Attending out-of-district on chargeback or cooperative/ contractual agreement | Total |
|---|---|---|---|
| Reimbursable semester credit hours (all terms) | 227,054.5 | 2,165.0 | 229,219.5 |
| District prior year equalized assessed valuation | | | $ 24,233,033,148 |

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

*/s/ Rob Galick*
Chief Financial Officer (CFO)



(Continued)

WILLIAM RAINEY HARPER COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 512

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

Year ended June 30, 2024

| | 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 | 156,225.0 | 156,225.0 | — | — | — | — |
| Business occupational | 15,299.0 | 15,299.0 | — | — | — | — |
| Technical occupational | 15,474.0 | 15,474.0 | — | — | — | — |
| Health occupational | 14,192.0 | 14,192.0 | — | 1,923.0 | 1,923.0 | — |
| Remedial developmental | 7,917.0 | 7,917.0 | — | 68.0 | 68.0 | — |
| Adult basic education/adult secondary education | 1,766.0 | 1,766.0 | — | 14,190.5 | 14,190.5 | — |
| Total | 210,873.0 | 210,873.0 | — | 16,181.5 | 16,181.5 | — |

| | 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 | 227,054.5 | 227,054.5 | — |
| Reimbursable out-of-district on chargeback or contractual agreement | 2,165.0 | 2,165.0 | — |
| Total | 229,219.5 | 229,219.5 | — |

| | Total reimbursable | Total reimbursable certified to the ICCB | Difference |
|---|---|---|---|
| Dual credit | 24,846.0 | 24,846.0 | — |
| Dual enrollment | 1,741.5 | 1,741.5 | — |
| Total | 26,587.5 | 26,587.5 | — |

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

WILLIAM RAINEY HARPER COLLEGE –
COMMUNITY COLLEGE DISTRICT NO. 512

Residency Verification for Enrollment

June 30, 2024

## 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:

<u>Resident</u>
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.

<u>Permanent Resident</u>
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.

<u>Non-Resident</u>
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, 2024, 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 18, 2024. 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 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 18, 2024

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

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

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited William Rainey Harper College, Community College District No. 512's (the "College") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

### *Basis for Opinion on Each Major Federal Program*

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

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

### *Responsibilities of Management for Compliance*

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated December 18, 2024, 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 18, 2024

**WILLIAM RAINEY HARPER COLLEGE**
**COMMUNITY COLLEGE DISTRICT NO. 512**
Schedule of Expenditures of Federal Awards
As of June 30, 2024

| 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 | $ 8,401 |
| | | | |
| U.S. Department of Labor: | | | |
| Susan Harwood Training Grants | SH39192SH2 | 17.502 | 38,262 |
| Susan Harwood Training Grants | SH000022SH3 | 17.502 | 82,111 |
| Total ALN 17.502 | | | 120,373 |
| | | | |
| Strengthening Community Colleges Training Grant | CC000015PN1 | 17.261 | 403,035 |
| Total Department of Labor | | | 523,408 |
| | | | |
| U.S. Department of Veterans' Affairs: | | | |
| Vocation Rehabilitation for Disabled Veterans | N/A | 64.116 | 38,088 |
| | | | |
| U.S. Department of Health and Human Services: | | | |
| CCDF Cluster | | | |
| Passed through Illinois Community College Board | | | |
| COVID 19 - Early Childhood Access Consortium for Equity Grant | ECE-51201-22 | 93.575 | 894,246 |
| Passed through Illinois Student Assistance Commission | | | |
| COVID 19 - Early Childhood Access Consortium for Equity Scholarship | N/A | 93.575 | 1,066,588 |
| Total CCDF Cluster | | | 1,960,834 |
| Total Department of Health and Human Services | | | 1,960,834 |
| | | | |
| U.S. Department of Treasury: | | | |
| Passed through Illinois Community College Board | | | |
| COVID 19 - College Bridge Grant | CB-51201-22 | 21.027 | 40,769 |
| | | | |
| National Science Foundation: | | | |
| Enabling Partnerships to Increase Innovation Capacity/Generating Regional Innovative | NSF 23-528 | 47.084 | 67,998 |
| Advanced Technological Education Grant | NSF 21-598 | 47.076 | 95,641 |
| | | | |
| Passed through Elmhurst University | | | |
| Robert Noyce Grant | 2151078-HarperSub | 47.076 | 14,494 |
| Total ALN 47.076 | | | 110,135 |
| Total National Science Foundation | | | 178,133 |
| | | | |
| U.S. Department of Agriculture: | | | |
| Developing Hispanic Serving Institutions Grant | P031S230300 | 10.223 | 43,625 |
| | | | |
| U.S. Department of Education: | | | |
| Education Stabilization Fund | | | |
| Passed through Illinois Community College Board | | | |
| COVID-19 - Governors Emergency Education Relief Fund II | GEERII-51222 | 84.425C | 16,040 |
| Total Education Stabilization Fund | | | 16,040 |
| | | | |
| Passed through Illinois Community College Board | | | |
| Adult Education – Basic Grant | 51201-24 | 84.002 | 248,075 |
| Adult Education – National Leadership Activities – EL Civics Grant | 51201-24 | 84.002 | 82,830 |
| Total Adult Education | | | 330,905 |
| | | | |
| Fulbright Hayes | P021A220023 | 84.021A | 18,689 |
| | | | |
| Child Care Access Means Parents in School Grant | P335A230057 | 84.335A | 50,227 |

(Continued)

**WILLIAM RAINEY HARPER COLLEGE**
**COMMUNITY COLLEGE DISTRICT NO. 512**
Schedule of Expenditures of Federal Awards
As of June 30, 2024

| Federal grantor/pass through grantor/program title | Project/grant number | Federal AL number | | Federal expenditures |
|---|---|---|---|---|
| Passed through Illinois Community College Board | | | | |
| Career and Technical Postsecondary Adult Education | | | | |
| Carl D. Perkins Vocational Education - Title III | CTE51223 | 84.048 | $ | 33,775 |
| Carl D. Perkins Vocational Education - Title III | CTE51224 | 84.048 | | 751,456 |
| Total Perkins Vocational Education | | | | 785,231 |
| Passed through University of Illinois | | | | |
| Center for Global Studies Grant | N/A | 84.015A | | 200 |
| Center for Global Studies Grant | N/A | 84.015A | | 1,750 |
| Total Center for Global Studies Grant | | | | 1,950 |
| Passed through Roosevelt University | | | | |
| CARLI Scoers Grant | P116T210005 | 84.116T | | 2,000 |
| Student Financial Assistance Program Cluster: | | | | |
| Federal Supplemental Educational Opportunity Grant Program | P007A231317 | 84.007 | | 260,367 |
| Federal Direct Student Loans Program | P268K232465 | 84.268 | | 67,985 |
| Federal Direct Student Loans Program | P268K242465 | 84.268 | | 1,945,857 |
| Total Federal Direct Student Loans Program | | | | 2,013,842 |
| Federal Pell Grant Program | P063P222465 | 84.063 | | 10,329 |
| Federal Pell Grant Program | P063P232465 | 84.063 | | 12,818,755 |
| Total Federal Pell Grant Program | | | | 12,829,084 |
| Federal Work Study | P033A231317 | 84.033 | | 230,497 |
| Total Student Financial Assistance | | | | 15,333,790 |
| Passed through Illinois Department of Human Services: | | | | |
| Rehabilitation Services – Vocational Rehabilitation | N/A | 84.126 | | 433,117 |
| Total Rehabilitation Services | | | | 433,117 |
| Total Department of Education | | | | 16,971,949 |
| Total Federal Expenditures | | | $ | 19,765,207 |

See accompanying notes to schedule of expenditures of federal awards.

Notes to the Schedule of Expenditures of Federal Awards

Year Ending June 30, 2024

**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, 2024. 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 $2,013,842 during the year ended June 30, 2024.

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, 2024

**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 |

Schedule of Findings and Questioned Costs

Year Ending June 30, 2024

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

Identification of major programs:

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.007, 84.268, 84.063, 84.033 | U.S. Department of Education<br>Student Financial Assistance Cluster |
| 84.048 | U.S. Department of Education<br>Carl D. Perkins Vocational Education - Title III |

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

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

**Section II - Financial Statement Findings**

There were no findings for the year ended June 30, 2024.

**Section III - Federal Award Findings**

There were no findings for the year ended June 30, 2024.

Schedule of Prior Year Findings and Questioned Costs

Year Ending June 30, 2024

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

## APPENDIX B

## PROPOSED FORM OF OPINION OF BOND COUNSEL

________, 2025

We hereby certify that we have examined a certified copy of the proceedings (the "Proceedings") of the Board of Trustees of Community College District No. 512, Counties of Cook, Kane, Lake, and McHenry and State of Illinois (the "District"), passed preliminary to the issue by the District of its fully registered General Obligation Limited Tax Bonds, Series 2025, to the amount of $________ (the "Bonds"), dated ________, 2025, and are due on December 1 of the years, in the amounts and bearing interest at the rates percent per annum as follows:

| | | |
|---|---|---|
| 20__ | $ | % |
| 20__ | | % |
| 20__ | | % |

The Bonds are not subject to optional redemption prior to maturity.

We are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the forms of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and said Bonds are payable from ad valorem property taxes levied against all of the taxable property in the District without limitation as to rate, but limited as to amount under the Property Tax Extension Limitation Law of the State of Illinois, as amended.

We are of the opinion, under existing law, that the interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

It is also our opinion that the District has properly designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

Interest on the Bonds is not exempt from Illinois income tax.

Except as stated in the preceding paragraphs, we express no opinion regarding other federal or state consequences arising with respect to the Bonds and the interest thereon.

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

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

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

# APPENDIX C

## OFFICIAL BID FORM AND NOTICE OF SALE

## OFFICIAL BID FORM

Community College District No. 512
1200 W. Algonquin Road
Palatine, Illinois 60067

February 12, 2025
*Speer Financial, Inc.*

Board of Trustees:

For the $4,925,000* General Obligation Limited Tax Bonds, Series 2025, of Community College District No. 512, Counties of Cook, Kane, Lake and McHenry and State of Illinois, as described in the attached official Notice of Sale, which is expressly made a part of this bid, we will pay you $___________________ (no less than $4,885,600). The Bonds are dated the date of delivery, expected to be on or about February 25, 2025. The Bonds will bear interest as follows (each rate a multiple of 1/8 or 1/100 of 1%). If the principal amounts of the maturities of the Bonds are changed, the discount or premium is subject to adjustment allowing the same gross spread per $1,000 bond as bid.

### MATURITIES* - DECEMBER 1

| | |
|---|---|
| $ 1,020,000 .............................. | 2025 |
| 2,870,000.............................. | 2026 |
| 1,035,000.............................. | 2027 |

*The maturities may be aggregated into a term bond at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Miller, Canfield, Paddock & Stone, P.L.C., Chicago, Illinois, Bond Counsel. The District will pay for the legal opinion. The underwriter agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the District's good faith bank and under the terms provided in the Official Notice of Sale for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the order of the Treasurer of the District in the amount of the Deposit under the terms provided in the Official Notice of Sale for the Bonds.

**Form of Deposit (Check One)**

Prior to Bid Opening:
Certified/Cashier's Check [ ]
Wire Transfer [ ]

Within TWO hours of Bidding:
Wire Transfer [ ]

Amount: $98,500

**Account Manager Information**

Name _________________________________

Address _______________________________

By ___________________________________

City _____________ State/Zip ____________

Direct Phone (______)___________________

E-Mail Address _________________________

The foregoing bid was accepted and the Bonds sold by resolution of the District on January 15, 2025, as supplemented by a notification of sale, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Notice of Sale.

COMMUNITY COLLEGE DISTRICT NO. 512, COUNTIES OF COOK, KANE, LAKE AND MCHENRY AND STATE OF ILLINOIS

______________________________________________
Its ______________________

---------------------- **NOT PART OF THE BID** ----------------------
*(Calculation of true interest cost)*

| | |
|---|---|
| Gross Interest | $ |
| Less Premium/Plus Discount | $ |
| True Interest Cost | $ |
| True Interest Rate | % |
| TOTAL BOND YEARS | 8,715.83 |
| AVERAGE LIFE | 1.770 Years |

*Subject to change.

**OFFICIAL NOTICE OF SALE**
**$4,925,000***
**Community College District No. 512**
**Counties of Cook, Kane, Lake and McHenry and State of Illinois**
**General Obligation Limited Tax Bonds, Series 2025**

Community College District No. 512, Counties of Cook, Kane, Lake and McHenry and State of Illinois (the "District"), will receive electronic bids on the SpeerAuction ("SpeerAuction") website address "www.SpeerAuction.com" for its $4,925,000* General Obligation Limited Tax Bonds, Series 2025 (the "Bonds"), on an all or none basis between 10:45 A.M. and 11:00 A.M., C.S.T., on Wednesday, February 12, 2025. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the District's sale (as described below). Award will be made or all bids rejected at a meeting of the District on that date. The District reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids for the Bonds and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thompson Municipal News*.

In the opinion of Miller, Canfield, Paddock & Stone, P.L.C., Chicago, Illinois, Bond Counsel ("Bond Counsel"), the Bonds are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of *ad valorem* taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization, and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is limited as provided by law.

**Bidding Details**

Bidders should be aware of the following bidding details associated with the sale of the Bonds.

(1) All bids must be submitted on the SpeerAuction website at www.SpeerAuction.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the District shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

(2) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid the prior bid will remain valid.

(3) If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.

(4) The last valid bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.

(5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.)

(6) On the Auction Page, bidders will be able to see whether a bid has been submitted.

*Subject to change.

**Rules of SpeerAuction**

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

**Establishment of Issue Price (10% Test or Hold-the-Offering Price Rule to Apply if Competitive Sale Requirements are Not Satisfied)**

The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel.

The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(1) the District shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the District anticipates awarding the sale of the Bonds to the bidder who submits a bona fide, responsive, firm offer to purchase the Bonds at the highest price (or lowest true interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid**.**

In the event that the competitive sale requirements are not satisfied, the District shall so advise the winning bidder. **The District will not require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity, though the winning bidder may elect to apply the "hold the offering price rule" (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the "hold-the-offering-price rule" as described below, bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the District.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Bonds unless the winning bidder shall request that the "hold-the-offering-price rule" (as described below) shall apply.

If the winning bidder <u>does not</u> request that the "hold-the-offering-price rule" apply to determine the issue price of the Bonds, the following two paragraphs shall apply:

> The District shall treat the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.
>
> Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the District the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

If the winning bidder <u>does</u> request that the "hold-the-offering-price rule" apply to determine the issue price of the Bonds, the following three paragraphs shall apply:

The District may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold the offering price rule"), in each case applied on a maturity by maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The District shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% test or shall be subject to the hold the offering price rule or both. Bids will not be subject to cancellation in the event that the District determines to apply the hold the offering price rule to any maturity of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold the offering price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold the offering price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold the offering price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker dealer that is a party to such agreement to comply with the hold the offering price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold the offering price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold the offering price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold the offering price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, which shall be until the 10% test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth business day following the date of award, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold the offering price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth business day following the date of the award.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(1) "public" means any person other than an underwriter or a related party,

(2) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) "sale date" means the date that the Bonds are awarded by the District to the winning bidder.

**Rules**

(1) A bidder ("Bidder") submitting a winning bid ("Winning Bid") is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the District, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the District.

(2) Neither the District, Speer Financial, Inc., nor Grant Street Group (the "Auction Administrator") is responsible for technical difficulties that result in loss of Bidder's internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.

(3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the District exercises its right to reject bids, as set forth herein.

(4) Bids which generate error messages are not accepted until the error is corrected and bid is received prior to the deadline.

(5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.

(6) Neither the District, Speer Financial, Inc., nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Preliminary Official Statement as they appear on SpeerAuction.

(7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

(8) Neither the District, Speer Financial, Inc., nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder's SpeerAuction password.

(9) If two bids submitted in the same auction by the same or two or more different Bidders result in same True Interest Cost, the first confirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.

(10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to SpeerAuction within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Bonds are definitively awarded to the winning bidder only upon official award by the District. If, for any reason, the District fails to:

(i) award Bonds to the winner reported by SpeerAuction, or (ii) deliver Bonds to winning bidder at settlement, neither the District, Speer Financial, Inc., nor the Auction Administrator will be liable for damages.

The District reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thompson Municipal News.*

The Bonds will be in fully registered form in the denominations of $5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry only form. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2025, and is payable by Amalgamated Bank of Chicago, Chicago, Illinois (the "Registrar"). Interest on each Bond shall be paid by check or draft of the Registrar to the person in whose name such bond is registered at the close of business on the fifteenth day of the month next preceding any interest payment. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Registrar in Chicago, Illinois. The Bonds are dated the date of delivery, expected to be on or about February 25, 2025.

**MATURITIES* - DECEMBER 1**

| | |
|---|---|
| $1,020,000 ............................... | 2025 |
| 2,870,000 ............................... | 2026 |
| 1,035,000 ............................... | 2027 |

*The maturities may be aggregated into a term bond at the option of the bidder,*
*in which case the mandatory redemption provisions shall be on the same schedule as above.*

The Bonds are **not** subject to optional redemption prior to maturity.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The differential between the highest rate bid and the lowest rate bid shall not exceed four percent (4.00%). All bids must be for all of the Bonds and must be for not less than $4,885,600.

If the principal amounts of the maturities of the Bonds are changed, the discount or premium is subject to adjustment allowing the same gross spread per $1,000 bond as bid.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Bonds will be awarded to the bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the District as determined by the District's Financial Advisor, which determination shall be conclusive and binding on all bidders; *provided*, that the District reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the District's Financial Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The District or its Financial Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-32. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per bond.

The winning bidder is required to wire transfer from a solvent bank or trust company to the District's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the District. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two-hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

The Deposit of the successful bidder will be retained by the District pending delivery of the Bonds and all others will be promptly returned. Should the successful bidder fail to take up and pay for the Bonds when tendered in accordance with this Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the District caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
30 North LaSalle Street
Chicago, IL 60602

ABA # 071003405

Credit To: 3281 Speer Bidding Escrow

RE: Community College District No. 512, Counties of Cook, Kane, Lake and McHenry and State of Illinois bid for $4,925,000* General Obligation Limited Tax Bonds, Series 2025

Contemporaneously with such wire transfer, the bidder shall send an email to biddingescrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such bidder is not awarded the Bonds. The District and any bidder who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the District; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

The Underwriter will be required to make a *bona fide* public offering of all of the Bonds at the offering price or prices set forth or corresponding to the yield or yields set forth on the inside cover page of the Official Statement to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The Underwriter shall provide a certificate, in a form as drafted by or acceptable to Bond Counsel, to evidence the issue price of each maturity of the Bonds, the form of which is available upon request.

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter. The District represents that, except as noted in the Preliminary Official Statement, it is in compliance with each and every undertaking previously entered into it pursuant to the Rule.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about February 25, 2025  Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the District except failure of performance by the purchaser, the District may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Preliminary Official Statement, when further supplemented specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the District, shall constitute a "Final Official Statement" of the District with respect to the Bonds, as that term is defined in the Rule.  By awarding the Bonds to any underwriter or underwriting syndicate, the District agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 25 copies of the Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule.  The District shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter.  Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the District it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds.  Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The District will, at its expense, deliver the Bonds to the purchaser in New York, New York, through the facilities of DTC and will pay for the bond attorney's opinion.  At the time of closing, the District will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds:  (1) the unqualified opinion of Miller, Canfield, Paddock & Stone, P.L.C., Chicago, Illinois, that the Bonds are lawful and enforceable obligations of the District in accordance with their terms; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate of the District.

The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The District has authorized the printing and distribution of a Preliminary Official Statement containing pertinent information relative to the District and the Bonds.  Copies of such a Preliminary Official Statement or additional information may be obtained from Mr. Rob Galick, Executive Vice President of Finance and Administrative Services, William Rainey Harper College, 1200 W. Algonquin Road, Palatine, Illinois 60067-7398 or an electronic copy of the Preliminary Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Official Statement Sales Calendar" from the Independent Public Finance Consultants to the District, Speer Financial, Inc., 230 West Monroe Street, Suite 2630, Chicago, Illinois 60606, telephone (312) 346-3700.

## APPENDIX C-1

## FORM OF ISSUE PRICE CERTIFICATE

________, 2025

This certificate is furnished by __________________ (the "Underwriter") in connection with the issuance by Community College District No. 512, Counties of Cook, Kane, Lake and McHenry and State of Illinois (the "Issuer") of $__________ aggregate principal amount of its General Obligation Limited Tax Bonds, Series 2025 (the "Bonds"). The Underwriter hereby certifies the following, based upon the information available to it:

On February 12, 2025 (the "Sale Date"), the Underwriter made a bona fide offering of the Bonds to the Public (as defined below) at the respective prices (the "Prices") set forth on the Official Statement, dated the Sale Date, with respect to the Bonds. For purposes of this Certificate, the "Public" does not include bond houses, brokers, and similar persons acting in the capacity of underwriters or wholesalers.

**Select appropriate provisions below:**

1. **SALE OF BONDS (OPTION 1)**
(All Maturities) As of the date of this Certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

**SALE OF GENERAL RULE MATURITIES (OPTION 2)**
(Select Maturities) As of the date of this Certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

**2. INITIAL OFFERING PRICE OF THE [BONDS][HOLD-THE-OFFERING-PRICE MATURITIES].**

(a) (All Maturities) (Option 3) The Underwriter offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) (Select Maturities) (Option 2) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(c) (All Maturities) As set forth in the Agreement, the Underwriter has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

(d) (Select Maturities) (Option 2) As set forth in the Agreement, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the

Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. **DEFINED TERMS**.

[(a) General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities"]

[(b) Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities".]

[(c) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Dale ([DATE]), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) Issuer means Community College District No. 512, Counties of Cook, Kane, Lake and McHenry and State of Illinois.

(e) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds.

(h) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Certificate of Underwriter to which this Certificate is attached and in its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"). Miller, Canfield, Paddock & Stone, P.L.C. may also rely on this Issue Price Certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Underwriter is not engaged in the practice of law. Accordingly, the Underwriter makes no representation as to the legal sufficiency of the factual matters set forth herein.

[UNDERWRITER]

By: ________________________________________

Name: ____________________________________

Title: _____________________________________