

**Highland Community College
District #519**

Freeport, Illinois

Annual Financial Report

June 30, 2015

Highland Community College District #519

Year Ended June 30, 2015

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Independent Auditor's Report

Board of Trustees
Highland Community College
District #519
Freeport, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Highland Community College, Illinois Community College District #519 (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Highland Community College Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of Highland Community College, Illinois Community College District #519 as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

The College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68*, during the year ended June 30, 2015. Statement No. 68 and No. 71 changed the footnotes related to the retirement system the College participates in. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the SURS Pension Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Financial Information and ICCB Supplementary Information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The ICCB Supplementary 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. Such information has been subjected to the auditing procedures applied in

the audit 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. In our opinion, the ICCB Supplementary Information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Other Financial Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 District's internal control over financial reporting and compliance.

Wipfli LLP

Freeport, Illinois
October 2, 2015

Management Discussion and Analysis

Highland Community College District #519

Management Discussion and Analysis

Introduction

This section of Highland Community College District 519's (the District) financial report presents management's discussion and analysis of the financial position and results of activities of the District as of June 30, 2015. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of the District's management.

Using the Financial Statements

The financial report for the fiscal year ended June 30, 2015 consists of financial statements prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Three basic financial statements comprise the financial report: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements present financial information in a form similar to that used by corporations. The accrual basis of accounting is used, whereby revenues and assets are recognized when a service is provided and expenses and liabilities are recognized when others provide a service, regardless of when cash is exchanged.

The Statement of Net Position includes all assets and liabilities. Over time, increases or decreases in net position is one indicator of the improvement or decline of the District's financial condition when considered with non-financial facts such as enrollment levels and the condition of facilities. Assets and liabilities are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Annual state appropriations, while primarily budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles. The utilization of capital assets is reflected in the financial statements as depreciation, which spreads the cost of an asset over its expected useful life. Depreciation expense is classified as an operating expense.

The Statement of Cash Flows presents information related to cash inflows and outflows. GASB principles include four major sources of cash flows: cash flows from operating activities, cash flows from non-capital financing activities, cash flows from capital financing activities, and cash flows from investing activities.

The financial report for the fiscal year ended June 30, 2015 reflects the District's adoption of certain GASB statement's relating to component units. Under these statements, if a private foundation provides financial support to a public college or university at a level that meets specified criteria, the foundation is considered a "component unit" of the college for purposes of financial reporting and the college is required to include the foundation's financial activities in the college's financial statements.

Highland Community College District #519

Management Discussion and Analysis

Using the Financial Statements (Continued)

The Highland Community College Foundation is administered and operated exclusively for the benefit of the District. However, the Foundation is not a subsidiary or affiliate of the District and is not directly or indirectly controlled by the District. The resources of the Foundation are disbursed at the discretion of the Foundation's independent board of directors in accordance with donor directions and Foundation policy. The majority of the assets held by the Foundation are endowments, the principal of which may not be spent.

Although the Foundation is independent of the District in all respects, management has concluded that the Foundation is a "component unit" of the District. Therefore, the Foundation's Financial Statements are included in the District's Financial Statements in a separate column. See the Notes to the Financial Statements for further discussion.

Highland Community College District #519

Management Discussion and Analysis

Condensed Financial Information

Net position is summarized in the table below.

Condensed Statement of Net Position June 30,

	<u>2015</u>	<u>2014</u>
Assets:		
Current Assets	\$25,490,406	\$22,366,877
Non-current Assets:		
Capital (Fixed) assets	<u>17,491,645</u>	<u>17,983,582</u>
Total assets	<u>\$42,982,051</u>	<u>\$40,350,459</u>
Total deferred outflows of resources	<u>\$ 213,655</u>	<u>\$ 240,826</u>
Liabilities:		
Current Liabilities	\$ 5,034,796	\$ 4,754,155
Non-current Liabilities	<u>8,111,682</u>	<u>6,136,019</u>
Total liabilities	<u>\$13,146,478</u>	<u>\$10,890,174</u>
Total deferred inflows of resources	<u>\$ 3,995,142</u>	<u>\$ 4,004,673</u>
Net Position:		
Net investment in capital assets	\$10,125,691	\$12,586,953
Restricted, expendable:		
Capital projects	3,988,898	1,309,720
Debt service	680,763	722,843
Working cash	7,851,128	7,851,128
Other	1,039,636	685,589
Unrestricted	<u>2,367,970</u>	<u>2,540,205</u>
Total net position	<u>\$26,054,086</u>	<u>\$25,696,438</u>

Current assets consist primarily of cash, investments, and property taxes receivable. Total current assets and deferred outflows cover current liabilities and deferred inflows 2.8 times, an indicator of good liquidity.

The District's largest asset group is its capital assets. This includes land and land improvements, buildings, equipment, and technology. Capital projects completed in fiscal year 2015 include computer replacement and installation of a domestic water booster pump. Other projects begun in fiscal year 2015, but not yet completed include an evaluation of campus electrical equipment for compliance with NFPA 70E and updated security lighting.

Highland Community College District #519

Management Discussion and Analysis

Condensed Financial Information (Continued)

The District's current liabilities are primarily made up of accounts payable and unearned tuition revenue.

Non-current liabilities include bonds payable, debt certificates, and working cash bonds issued by the District.

The District's net position consists of capital assets net of related debt, restricted net position, and unrestricted net position. Expendable restricted net position represents assets that have restrictions determined by an outside party. This includes restrictions related to State and Federal grants and debt repayment.

Unrestricted net position represents assets that have not been restricted by an outside party. This includes funds that the Board of Trustees and management have designated for specific uses as well as amounts that are contractually committed for goods and services.

Revenues, expenses, and changes in net position are summarized in the table below.

Condensed Statement of Revenues, Expenses, and Changes in Net Position For Fiscal Year Ending June 30,

	<u>2015</u>	<u>2014</u>
Total operating revenues	\$ 6,617,016	\$ 6,528,588
Total operating expenses	<u>25,910,256</u>	<u>26,639,964</u>
Operating loss	(19,293,240)	(20,111,376)
Nonoperating revenues (expenses)	<u>19,650,888</u>	<u>20,362,169</u>
Change in net position	357,648	250,793
Net position, beginning of year	<u>25,696,438</u>	<u>25,164,729</u>
Prior period adjustment	<u>-</u>	<u>280,916</u>
Net position, end of year	<u>\$26,054,086</u>	<u>\$25,696,438</u>

Sources of operating revenues for the District include: tuition and fees, \$3,371,655, auxiliary enterprises revenue, \$1,469,041, and other revenue, \$1,776,320. Nonoperating revenues and operating expenses include a State Universities Retirement System of Illinois (SURS) contribution provided by the State in the amount of \$3,934,046.

Highland Community College District #519

Management Discussion and Analysis

Condensed Financial Information (Continued)

SURS is a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of participants.

The District's sources of nonoperating revenue include state appropriations, \$2,199,715, property and replacement taxes, \$8,438,446, and federal grants and contracts, \$5,324,884. The increase in net position for fiscal year 2015 is \$357,647.

The District reports expenditures on a functional basis. The table below summarizes operating expenses.

Condensed Statement of Operating Expenses and Non-Operating Expenses For the Year Ended June 30,

	<u>2015</u>	<u>2014</u>
Instruction	\$ 9,366,992	\$ 9,352,821
Academic support	1,012,884	993,116
Student services	5,016,421	5,371,672
Public services	786,725	1,014,736
Operations and maintenance of plant	2,447,737	2,516,741
General administration	1,869,440	1,675,326
Independent operations	-	-
Institutional support	2,563,820	2,736,700
Auxiliary enterprises	1,527,634	1,603,063
Scholarships, grants, waivers	269,705	282,622
Capital projects	-	25,501
Depreciation	<u>1,048,898</u>	<u>1,067,666</u>
Total operating expenses	<u>\$25,910,256</u>	<u>\$26,639,964</u>
Interest expense and other	<u>\$272,846</u>	<u>\$252,041</u>

The main factors contributing to the increase in the District's operating revenues in fiscal year 2015 are the increase in other operating revenues of \$771,427. Tuition and fees revenue, classified as operating revenue, decreased 14% in fiscal year 2015.

Highland Community College District #519

Management Discussion and Analysis

Condensed Financial Information (Continued)

Changes in operating expenses from 2014 to 2015 in all categories include changes in salaries and employee benefits due to changes in rates and in personnel. In addition, Student Services and Public Services changes reflect changes in grant funding; General Administration increases reflect the results of the health insurance fund; and Institutional Support reflect technology projects and Protection, Health, and Safety projects.

Management's Analysis of the District's Overall Financial Position and Results of Operations

Using GASB Statement No. 35, the Statement of Revenues, Expenses, and Changes in Net Position reflects an overall increase in the District's net position totaling \$357,648. Using the prior method of reporting, which reflects the day-to-day operations of the District, the Combined Balance Sheet for All Fund Types and Account Groups reflects an overall increase in the District's fund balance/net position totaling \$2,828,309. The variance in results of \$2,470,661 is due primarily to the way in which debt and fixed assets are accounted for under each method. The prior method used self-balancing funds to account for debt and fixed assets, resulting in a zero effect on the increase in net position of the District. The GASB 35 method accounts for debt and fixed assets more like a corporation. Fixed assets are included as a long-term asset, with depreciation as an expense. Debt is included as a current and non-current liability, with interest as an expense.

GASB Statement No. 35 affects the District's reporting model, but not the day-to-day operations or the budgeting process of the District. In considering the District's financial position at June 30, 2015, of key importance is the fund balance in the Operating Funds, which increased by \$83,506 from June 30, 2014 to June 30, 2015. This increase results in a fund balance amount of \$3,511,502, which is approximately 20% of the 2015 expenditures and is within Illinois Community College Board recommended guidelines. This increase is due to additional gift revenue received from the Highland Community College Foundation and to reductions in utilities expenses and several positions becoming open for the fiscal year. Fund balances in the other fund types are limited in use according to the source of revenue. These restricted types of funds will be used for capital expenditures, debt repayment, and grant programs.

Capital Assets/Long Term Debt

During the year ended June 30, 2015, the District invested \$556,961 in capital assets. This includes \$155,647 for buildings and improvements, and \$401,314 expended for equipment and technology. Capital projects were funded by a combination of restricted real estate tax revenue, operating funds, and bond proceeds.

Highland Community College District #519

Management Discussion and Analysis

Capital Assets/Long Term Debt (Continued)

Working cash bonds were issued in fiscal year 2010. The bonds were issued for the purpose of increasing the Working Cash Fund of the District. Serial retirement of principal occurs on January 1, 2010, with interest payable semiannually with rates of 1.90% - 4.50%. These bonds were paid off during fiscal year 2015.

Series 2010 General Obligation Bonds were issued in December, 2010. \$1,750,000 bonds were issued for the purpose of paying unpaid claims of the District. Serial retirement of principal occurs on January 1, with interest payable on January 1 and July 1 of each year at rates of 2.00% - 4.00%, commencing January 1, 2012 and maturing on January 1, 2016.

Working cash bonds were issued in fiscal year 2013. The bonds were issued for the purpose of increasing the Working Cash Fund of the District. Serial retirement of principal occurs on January 1, with interest payable semiannually with a rate of 2.50%.

Series 2012 General Obligation Refunding Debt Certificates were issued in November, 2012. \$3,725,000 bonds were issued for the purpose of refunding a portion of the District's outstanding debt certificates. Serial retirement of principal occurs on January 1, with interest payable on January 1 and July 1 of each year at rates of 2.00% - 2.50%, commencing January 1, 2013 and maturing on January 1, 2024.

Series 2014 General Obligation Bonds were issued in November, 2014. \$3,225,000 bonds were issued for the purpose of renovating, improving, and equipping the District's buildings. Serial retirement of principal occurs on January 1, with interest payable on January 1 and July 1 of each year at rates of 2.00%, commencing July 1, 2015 and maturing on January 1, 2021.

Additional information on the District's debt activity can be found in the accompanying Notes to the Financial Statements.

Factors or Conditions Impacting Future Periods

Financial and budget planning is directly related to and supportive of the District's strategic plan and operational needs. The District's financial outlook is influenced by factors such as: the State economy, the level of support available from the Highland Community College Foundation, program growth and development, new initiatives, and technology needs.

The District's main sources of Operating Funds Revenue are: property tax revenue, student tuition and fees, and State Operating grants. Management is aware of conditions that may impact each of those sources of revenue in fiscal year 2016.

Highland Community College District #519

Management Discussion and Analysis

Factors or Conditions Impacting Future Periods (Continued)

Property tax revenue in the Operating Funds has decreased annually during the most recent 5 year period. The average decrease in equalized assessed valuation (EAV) during this time period has been 2.5%. For fiscal year 2016, the District has estimated a .5% increase in EAV due to the economic conditions of the District. Each percentage point in EAV is the equivalent of about \$35,000 in property tax revenue in the Operating funds.

Management anticipates a 2.7% increase in tuition revenue in fiscal year 2016 based on an estimated 3% decrease in enrollment for the 2015-2016 academic year, combined with a \$5 increase in tuition.

The final State of Illinois budget for fiscal year 2016 is not available at the time of this writing. It is estimated that Operating grants for the District will decrease by 12%. Overall, Operating funds revenue is expected to remain flat from fiscal year 2015 to fiscal year 2016.

Anticipated Operating Funds revenues for fiscal year 2016 are about \$30,000 more than fiscal year 2015. In order to bring expenses more in line with revenues, a variety of reductions have been made in areas such as employee benefits, utilities, materials and supplies, capital and travel/training costs. For fiscal year 2016, the Operating funds budget includes expenditures in excess of revenues in the amount of \$330,000. The District is budgeted to maintain an Operating funds ending fund balance that is within recommended guidelines of 5% to 20% of expenditures. The majority of the Operating funds budget for fiscal year 2016 continues to comprise instruction, academic support, and student services, reflecting the District's commitment to providing quality education and learning opportunities to the people of Northwestern Illinois.

The District completed a comprehensive strategic planning process in 2010 and will undergo a similar process beginning in 2016. Goals identified through that process and corresponding planned outcomes include:

- Proactively identify emerging programmatic opportunities.
 - Improve our District's awareness and identity with Highland Community College through structured outreach efforts.
 - Increase the number of faculty and staff engaged in community outreach efforts and providing feedback regarding programmatic opportunities.
- Meet program delivery needs of current and prospective students.
 - Increase success of students in alternatively delivered programs and courses.

Highland Community College District #519

Management Discussion and Analysis

Factors or Conditions Impacting Future Periods (Continued)

- Provide student and academic services that meet the needs of students enrolled in alternative delivery courses and programs.
- Increase college-level enrollment.
 - More students will be retained through transitional courses and enroll in college-level courses.
 - More District students will enroll at Highland Community College because of their experiences in career exploration.

Short and long-range strategies associated with the above goals and outcomes may have budget implications for the upcoming fiscal year and for future fiscal years.

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the V.P. of Administrative Services, 2998 W. Pearl City Road, Freeport, IL 61032.

Basic Financial Statements

Highland Community College District #519

Statement of Net Position/Net Assets

June 30, 2015

	Primary Government	Component Unit Highland Community College Foundation
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,813,987	\$ 526,870
Investments	11,178,392	20,333,112
Receivables:		
Taxes	6,584,831	-
Related party	311,827	-
Other, net of \$1,383,254 allowance for doubtful accounts	2,906,077	710,909
Inventories	395,678	-
Prepaid expense	299,614	-
Total current assets	25,490,406	21,570,891
Non-current assets:		
Cash surrender value of life insurance	-	317,015
Land	110,000	-
Fixed assets	32,949,654	71,178
Less allowance for accumulated depreciation	(15,568,009)	(49,476)
Total non-current assets	17,491,645	338,717
Total assets	42,982,051	21,909,608
Deferred Outflows of Resources		
SURS pension contribution	42,942	-
Deferred charge on refunding	170,713	-
Total deferred outflows of resources	213,655	-
Liabilities		
Current liabilities:		
Accounts payable	450,185	-
Accounts payable, related party	-	335,148
Accrued expenses	465,874	158,785
Agency deposits	441,270	-

See accompanying notes to financial statements.

Unearned tuition revenue	2,253,290	-
Accrued compensated absences	81,487	-
Capital lease payable	36,373	-
Debt certificates payable	370,000	-
Bonds payable, including unamortized premium	936,317	-
Total current liabilities	5,034,796	493,933
Non-current liabilities:		
Accrued compensated absences	21,095	-
Other postemployment benefits	122,323	-
Capital lease payable	139,599	-
Debt certificates payable	3,195,000	-
Bonds payable, including unamortized premium	4,633,665	-
Total non-current liabilities	8,111,682	-
Total liabilities	13,146,478	493,933
Deferred Inflows of Resources		
Property taxes	3,995,142	-
Total deferred inflows of resources	3,995,142	-
Net Position/Net Assets		
Net investment in capital assets	10,125,691	-
Restricted, expendable:		
Capital projects	3,988,898	-
Debt service	680,763	-
Working cash	7,851,128	-
Other	1,039,636	-
Temporarily restricted	-	5,721,444
Permanently restricted	-	4,450,107
Unrestricted - Board designated	-	7,887,526
Unrestricted	2,367,970	3,356,598
Total net position/net assets	\$ 26,054,086	\$ 21,415,675

Highland Community College District #519

Statement of Revenues, Expenses, and Changes in Net Position/Net Assets

For the year ended June 30, 2015

	Primary Government	Component Unit Highland Community College Foundation
Revenues		
Operating Revenues:		
Student tuition and fees, net of scholarship allowances of \$1,994,868	\$ 3,371,655	\$ -
Auxiliary enterprises revenue	1,469,041	-
Other operating revenues	1,776,320	913,030
Total operating revenues	6,617,016	913,030
Expenses		
Operating Expenses:		
Instruction	9,366,992	-
Academic support	1,012,884	-
Student services	5,016,421	-
Public services	786,725	-
Operations and maintenance of plant	2,447,737	-
General administration	1,869,440	-
Independent operations	-	-
Institutional support	2,563,820	522,704
Auxiliary enterprises	1,527,634	-
Scholarships, student grants, and waivers	269,705	1,610,686
Capital projects	-	-
Depreciation	1,048,898	-
Total operating expenses	25,910,256	2,133,390
Operating income (loss)	(19,293,240)	(1,220,360)
Non-operating revenues (expenses)		
State sources	2,199,715	-
SURS contribution provided by state	3,934,046	-
Property and replacement taxes	8,438,446	-
Federal grants and contracts	5,324,884	-
Interest expense and other	(272,846)	-
Investment income earned	26,643	404,645
Total non-operating revenues	19,650,888	404,645
Change in net position/net assets	357,648	(815,715)
Net position/net assets, beginning of year, as restated	25,696,438	22,231,390
Net position/net assets, end of year	\$ 26,054,086	\$ 21,415,675

Highland Community College District #519

Statement of Cash Flows

For the year ended June 30, 2015

	Primary Government
Cash Flows from Operating Activities	
Tuition and fees	\$ 3,421,078
Payments to/for:	
Employees	(10,410,397)
Suppliers and students	(10,571,711)
Auxiliary enterprises	1,533,367
Other receipts	1,458,217
Net cash provided by (used in) operations	(14,569,446)
Cash Flows from Noncapital Financing Activities	
State sources	2,274,822
Property and replacement taxes	7,621,582
Federal grants and contracts	5,270,470
Net cash provided by (used for) noncapital financing activities	15,166,874
Cash Flows from Capital Financing Activities	
Purchases of capital assets and construction	(556,961)
Proceeds from long term debt	6,440,000
Principal paid on capital debt	(4,520,045)
Interest paid on capital debt	(272,846)
Net cash provided by (used for) capital financing activities	1,090,148
Cash Flows from Investing Activities	
Maturity of investments	1,355,000
Purchase of investments	(3,414,847)
Interest and earnings on investments	26,643
Net cash provided by (used for) investing activities	(2,033,204)
Net increase (decrease) in cash and cash equivalents	(345,628)
Beginning cash and cash equivalents	4,159,615
Ending cash and cash equivalents	\$ 3,813,987
Noncash, Capital and Related Financing Activities:	
SURS contribution paid by state	\$ 3,934,046

Highland Community College District #519

Statement of Cash Flows (Continued)

For the year ended June 30, 2015

	Primary Government
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (used) From Operating Activities	
Operating income (loss)	\$ (19,293,240)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,048,898
On-behalf payments for SURS	3,934,046
Changes in net assets:	
Receivables (net)	(362,499)
Inventories	64,326
Prepaid expenses	(255,044)
SURS pension contribution	7,088
Accounts payable	48,633
Accrued expenses	79,517
Accrued compensated absences	(15,095)
Other post employment benefits	13,088
Other accrued liabilities	-
Deposits held in custody for others	18,258
Unearned tuition and fees	142,578
Net cash provided (used) by operating activities	\$ (14,569,446)

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

The Board of Trustees (Board), a seven member group, is the level of government which has the governing responsibilities over all activities related to public post and secondary school education within the jurisdiction of the Highland Community College District No. #519 (the District). The District receives funding from local, state and federal sources and must comply with the requirements established by these funding source entities. However, the District is not included in any other governmental "reporting entity" as to result in the District being considered a component unit of the entity since Board members are elected by the public and have decision making authority, the power to designate management, and the responsibility to significantly influence operations and primary accountability for fiscal matters.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Highland Community College Foundation.

The Foundation is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District in support of its programs. The board members of the Foundation are self-perpetuating and consist of graduates and friends of the District. Although the District 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 to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District.

The Foundation is a not-for-profit organization that reports their financial results under Financial Accounting Standard Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Standards relating to accounting for contributions received and contributions made and financial reporting for not-for-profit-organizations. 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 District's financial reporting entity for these differences.

Although the District is the exclusive beneficiary of the Foundation, the Foundation is independent of the District in all respects. The Foundation is not a subsidiary or affiliate of the District and is not directly or indirectly controlled by the District. The District does not have the power or authority to mortgage, pledge or encumber the assets of the Foundation. The directors of the Foundation are entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the District. Under state law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of state-appropriated funds allocated to the District. Third parties dealing with the District, the Illinois State Board of Higher Education and the State of Illinois (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all of the foregoing conditions and limitations.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Financial statements for the Highland Community College Foundation can be obtained by calling the Foundation at 815-235-6121.

In addition, the District is not aware of any entity which would be financially accountable for the District, which would result in the District being considered a component of the entity.

The financial statements present a comprehensive look at the government and capitalization of assets and recording of depreciation. The financial statements use the full accrual basis of accounting rather than the modified accrual basis. The financial statements show the recording of accumulated depreciation and depreciation expense on general fixed assets, the elimination of internal revenue and expense charges, the removal of capital related items and debt principal payments from expenses, the recording of tuition revenue net of scholarships and allowances, the recording of property tax revenues on an accrual basis rather than a modified accrual basis, and the recording of summer school revenue between fiscal years rather than in one fiscal year.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The District reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District'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 District receives value without directly giving equal value in return, includes 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Budgets

Budgeted amounts are obtained from the Board of Trustees approved operating budget of the District. The budget is used as the fiscal guideline in the implementation of Board policies and support of educational purposes of the District during the fiscal year. The budget amounts are the final adopted budget, including all amendments. The restricted fund budget is different than the operating budget. The restricted fund budget includes figures for grants received during the fiscal year. Therefore, these budgets are not approved by the Board at the beginning of the year and can change throughout the year.

Unexpended budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each object and purpose, but management control is exercised at budgetary line item levels.

Investments

Investments consist of certificates of deposit and money market mutual funds. Investments are stated at cost or amortized cost, which approximates market. The District may invest funds under Section 3-47 of the Public Community College Act and Sections 235/1 through 235/7 of the Investment of the Public Funds Act.

The District funds may be invested in the types of securities listed below:

- a. Bonds, notes, certificates of indebtedness, treasury bills and other securities issued by the United States.
- b. Interest-bearing savings accounts, certificates of deposit, or time deposits with a bank or any other investment constituting direct obligations of any bank as defined by the Illinois Banking Act.
- c. Short-term obligations of U.S. corporations with assets exceeding \$500 million and meeting certain other requirements.
- d. Money market mutual funds registered under the Investment Company Act of 1940 provided the portfolio, both principal and interest, is guaranteed by the full faith and credit of the United States of America.
- e. Short-term discount obligations issued by the Federal National Mortgage Association.
- f. Shares or other securities issued by savings and loan associations.
- g. Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered in the United States with its principal office located in Illinois if insured by applicable law.
- h. Certificates or securities issued by the Public Treasurers' Investment Pool.
- i. Funds managed, operated and administered by a bank, subsidiary of a bank, or a subsidiary of a bank holding company.
- j. Illinois School District Liquid Asset Fund.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Investments (Continued)

- k. Repurchase agreements in which the instrument and the transaction must meet certain requirements.
- l. Mutual funds that invest primarily in corporate investment grade or global government short-term bonds which are approved by the local board of trustees.

The Foundation invests in various money markets, U.S. obligations, equities, and mutual funds, which are shown on the financial statements at fair market value.

Inventory

Inventories of books, clothing and supplies are carried at cost, based on the first-in, first-out method.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists of NOW accounts and savings accounts.

For purposes of the statement of cash flows, cash equivalents can include money market accounts and any highly liquid debt instruments purchased with a maturity of less than three months. There were no cash equivalents included in cash as of June 30, 2015.

Classification of Revenues

Operating revenue include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Non-operating revenue includes activities that have the characteristics of non-exchange 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.

Property Taxes

Property taxes are levied each calendar year on all taxable real property located within the District. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board of Trustee resolution, property tax levies passed in December 2013 and 2014 were allocated fifty percent for each of the two years after the levy year.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

The personal property replacement tax is recorded on the accrual basis based on the amounts held by the State.

The Counties in which the District resides are responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year which begins in January and are payable in two installments approximately in July and September. Payments made after the September installment date are assessed interest at the rate of 1% for farm land and 1-1/2% for all others.

Following are the tax rates for the last three years, and the statutory maximum tax rates. The 2014 rate is for tax levy payable in calendar year 2015, per \$100 of assessed valuation.

	Statutory Maximum Rate	2012 Rate	2013 Rate	2014 Rate
Education Fund*	\$.1750	\$.2800	\$.2800	\$.2800
Operations and Maintenance Fund	.0750	.0750	.0750	.0750
Average Additional	.2100	.0000	.0000	.0000
Liability Insurance	None	.0517	.0484	.0499
Audit Fund	.0050	.0027	.0026	.0027
Protection, Health, & Safety	.0500	.0029	.0091	.0061
Social Security/Medicare Fund**	None	.0086	.0090	.0076
Prior Year Adjustment	None	.0000	.0000	.0000
Bond and Interest Fund	None	<u>.0570</u>	<u>.0604</u>	<u>.0621</u>
Total		<u>\$.4779</u>	<u>\$.4845</u>	<u>\$.4834</u>

* The District is able to exceed the statutory maximum rate due to a local referendum.

**The Social Security/Medicare tax levy and related expenditures are recorded in the Liability, Protection, and Settlement Fund.

Tuition and fees

Student tuition and fees include all such items assessed against students for educational and service purposes. Tuition and fee revenues collected during the fiscal year which relate to the period after June 30, 2015, have been recognized as unearned revenues.

Prepaid Expense

Prepaid expenses relate to expenditures the District has paid for prior to year end, but relate to fiscal year 2016.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on a refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The SURS pension contribution is the other expense deferred until the following year.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, unavailable revenue, which comes from property taxes recorded on the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

The District's net position is classified as follows:

Net investment in capital assets - This represents the District's total investment in capital assets, net of accumulated depreciation, and net of related debt.

Restricted - expendable - This includes resources that the District 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 District's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted - This includes 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 District and may be used at the discretion of the governing board to meet current expenses for any purpose.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Out-of-District Tuition

The amount of cost to be charged for out-of-district students during the year ended June 30, 2015, has been computed using the guidelines provided in the 2015 edition of the Fiscal Management Manual prepared by the Illinois Community College Board.

Compensated Absences

The District 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.

At June 30, 2015, the District recorded a vacation liability of \$81,487. The District considers this liability current and due within one year.

The District implemented a sick pay payout upon retirement program that allows sick days over 180 to be paid out at \$20 a day upon retirement. At June 30, 2015, the District recorded a sick pay liability of \$21,095. The District considers this liability non-current.

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 is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

Highland Community College District #519

Notes to Financial Statements

Note 2 Capital assets

The following is a summary of the changes in general fixed assets of the College for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Land (non-depreciable)	\$ 110,000	\$ -	\$ -	\$ 110,000
Construction in process	-	-	-	-
Land improvements	3,816,269	131,561	-	3,947,830
Buildings	24,358,497	24,086	-	24,382,583
Equipment	2,541,463	314,378	73,201	2,782,640
Technology	<u>2,525,054</u>	<u>86,936</u>	<u>775,389</u>	<u>1,836,601</u>
	<u>\$33,351,283</u>	<u>\$556,961</u>	<u>\$848,590</u>	<u>\$33,059,654</u>

A summary of changes in accumulated depreciation by asset categories follow:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Land improvements	\$ 3,422,856	\$ 136,059	\$ -	\$ 3,558,915
Buildings	9,273,052	483,204	-	9,756,256
Equipment	1,291,682	276,576	73,201	1,495,057
Technology	<u>1,380,111</u>	<u>153,059</u>	<u>775,389</u>	<u>757,781</u>
	<u>\$15,367,701</u>	<u>\$1,048,898</u>	<u>\$848,590</u>	<u>\$15,568,009</u>

Capital assets include property, plant equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the District as assets with an initial unit cost of \$2,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated on the straight line basis based on the following:

<u>Assets</u>	<u>Years</u>
Buildings	50
Land Improvements	10
Equipment	8
Computer technology	4

Highland Community College District #519

Notes to Financial Statements

Note 3 Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Federal Family Education Loan programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 Audit of States, Local Governments and Non-Profit Organizations, and the Compliance Supplement.

Note 4 On-Behalf Payments for Fringe Benefits and Salaries

The College recognizes as revenues and expenses contributions made by the State of Illinois to the State Universities Retirement Systems on behalf of the District's employees. In fiscal year 2015 and 2014, the state made contributions of \$3,934,046 and \$3,461,583, respectively (see Note 5).

Note 5 Pension Plan

General Information about the Pension Plan

Plan Description. The College contributes to the State Universities Retirement System of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the 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 of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by 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 services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2014 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions. The State of Illinois 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 by the end of Fiscal Year 2045. Employer contributions from

Highland Community College District #519

Notes to Financial Statements

Note 5 Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions (continued) "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 2014 and 2015 respectively, was 11.91% and 11.71% 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. 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).

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

Net Pension Liability At June 30, 2014, SURS reported a net pension liability (NPL) of \$21,790,983,139. The net pension liability was measured as of June 30, 2013.

Employer 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 is \$51,944,951 or 0.2384%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2014.

Pension Expense At June 30, 2014 SURS reported a collective net pension expense of \$1,650,338,263.

Employer Proportionate Share of Pension Expense The employer proportionate share of collective pension expense should be recognized similarly to on behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable earnings made to SURS during fiscal year 2014. As a result, the College recognized on-behalf revenue and pension expense of \$3,934,046 for the fiscal year ended June 30, 2015.

Highland Community College District #519

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumption	88,940,815	-
Net difference between projected and actual earnings on pension plan investments	-	1,271,105,952
Total	\$88,940,815	\$1,271,105,952

Employer Deferral of Fiscal Year 2015 Pension Expense

The District paid \$42,942 in federal, trust or grant contributions for the fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as Deferred Outflows of Resources as of June 30, 2015.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2006 – 2010 and an economic study completed June 2014. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 12.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

Highland Community College District #519

Notes to Financial Statements

Note 5 Pension Plan (Continued)

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, 2014, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	31%	7.65%
Private Equity	6%	8.65%
Non-U.S. Equity	21%	7.85%
Global Equity	8%	7.90%
Fixed Income	19%	2.50%
Treasury-Inflation Protected Securities	4%	2.30%
Real Estate	6%	6.20%
REITS	4%	6.20%
Opportunity Fund	1%	2.50%
Total	100%	5.00%
Inflation		2.75%
Expected Geometrical Normal Return		7.75%

Discount Rate. A single discount rate of 7.090% 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 7.250% and a municipal bond rate of 4.290% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). 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 the System's 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 2065. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, and the municipal bond rate was applied to all benefit payments after that date.

Highland Community College District #519

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Sensitivity of the System's 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 7.09%, 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 6.09%	Current Single Discount Rate Assumption 7.09%	1% Increase 8.09%
\$26,583,701,134	\$21,790,983,139	\$17,796,570,836

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

Note 6 Other Postemployment Benefits

Benefits Provided. The District provides continued medical, prescription drug, and dental coverage at the active employee rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree medical, prescription drug, and dental coverage.

Plan Description. In addition to providing pension benefits, the District provides postemployment health benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the District and can be amended by the District through its personnel manual and employment contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the District's government-wide activities.

Funding Policy. 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. Active employees do not contribute to the plan until after retirement.

The portion of the premium to be paid by the College for health and dental insurance will be determined by the insurance cap in place at the time of retirement. Currently, the District does not contribute to the premium amount per retired member for the cost of a faculty or support staff member's individual insurance coverage.

Annual OPEB Costs and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC is the periodic required contribution to fund the postemployment health care benefits of both active and retired employees, calculated in accordance with GASB Statement No. 45. It includes both the value of benefits earned during the year (normal cost) and an amortization of

Highland Community College District #519

Notes to Financial Statements

Note 6 Other Postemployment Benefits (Continued)

Annual OPEB Costs and Net OPEB Obligation (continued). the unfunded actuarial accrued liability. Although there is no requirement to make contributions equal to the ARC, it serves as the starting point for determining the annual OPEB cost.

The District had an actuarial valuation performed for the plan as of July 1, 2013 to determine the funded status of the plan as of the date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2014. The annual OPEB cost is the amount the District charges as the cost of the postemployment health care benefits each fiscal year. If there is no net OPEB obligation, then the annual OPEB cost is equal to the ARC. However, if there is a net OPEB obligation, the annual OPEB cost reflects adjustment for interest on the net OPEB obligation.

For the year ending June 30, 2014, there were 22 active employees fully eligible to retire, 111 employees not yet fully eligible to retire, and 4 participating retirees.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 was as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Estimated Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	<u>\$45,544</u>	<u>\$13,495</u>	29.6%	<u>\$96,147</u>
June 30, 2014	<u>\$44,303</u>	<u>\$31,215</u>	71.0%	<u>\$109,235</u>
June 30, 2015	<u>\$44,303</u>	<u>\$31,215</u>	71.0%	<u>\$122,323</u>

The net OPEB obligation as of June 30, 2015 (most recent information available), was calculated as follows:

Annual required contribution	\$ 44,303
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	44,303
Contribution made	(31,215)
Increase in net OPEB obligation	13,088
Net OPEB obligation, beginning of year	109,235
Net OPEB obligation, end of year	<u>\$122,323</u>

Highland Community College District #519

Notes to Financial Statements

Note 6 Other Postemployment Benefits (Continued)

Funded Status and Funding Progress. The funded status of the plan on June 30, 2014 (the date of the last actuarial valuation), was as follows:

Actuarial accrued liability (AAL)	\$358,921
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$358,921</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the projected unit credit method was used.

Discount rate. The discount rate as of June 30, 2014 is 3.00 percent. The discount rate is determined by the plan sponsor based on the estimated long-term investment yield on the investments that are expected to be used to finance the payment of the benefits.

Mortality. Life expectancy was based on mortality tables developed by the Society of Actuaries with a generally accepted projection of future mortality improvement. The RP-2000 Combined Mortality Tables for males and females were used.

Highland Community College District #519

Notes to Financial Statements

Note 6 Other Postemployment Benefits (Continued)

Retiree Contributions. Retiree and spouse (if applicable) costs of \$8,674 and \$9,076, respectively.

Average retirement age. The average age for a retiree is age 65.

Health Care Trend Rate. The initial rates of 8.50% for the District PPO medical plan grading down over 10 years to a 5.00% ultimate rate for the medical plan. The trend rate for dental and vision claims is 5.00 percent for all years.

Retiree contributions and trend rate. Monthly premium rates reflect the estimated future increases in retiree contributions. The trend rate is 6% for Fiscal Year 2014 and 6% for all subsequent periods.

Participation/election assumption. The percentage reflects the participants who will choose retiree coverage when eligible. The assumption is that 10% of future retirees will elect medical coverage in the District Plan.

Spousal coverage. The percentage reflects the spouses who will choose retiree coverage when eligible. The assumption is that 100% of spouses are assumed to elect retiree coverage when eligible assuming 70% are married with husbands three years older than wives. Actual spouse data was used for current retirees.

Eligibility provisions. The following must be met for full-time college employees to participate in coverage:

- An annuitant in the State Universities Retirement System (SURS) with at least 5 continuous years of service with the District; or
- Retires under the SURS requirement of "any age with 30 or more years of service" or is at least age 55 at the time of retirement under SURS.

Actuarial Cost Method. The method used to calculate normal cost and actuarial accrued liability is the projected unit credit cost method. Under this method, the present value of projected benefits is estimated at each decrement age, taking into account the value of future increases in medical claims and the effect of medical contributions. The total present value of projected benefits is the sum of the present values for each decrement age.

The actuarial accrued liability is calculated by prorating the present value of projected benefits by service at the valuation date over service projected to the date of decrement.

The actuarial value of assets was not determined as the District has not advance funded its obligation.

Highland Community College District #519

Notes to Financial Statements

Note 7 Deposits and Investments

Cash and investments as of June 30, 2015 consist of the following:

	<u>Carrying Amount</u>
Cash and cash equivalents	\$ 3,813,987
Deposits with financial institutions	9,550,494
External investment pool	<u>1,627,897</u>
Total	<u>\$14,992,378</u>

Deposits

Concentration of credit risk and Foreign Currency Risk:

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year end, the District's carrying amount of deposits was \$13,363,081 and the bank balance was \$13,707,907.

Of the bank balance, \$13,707,907 was covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

The District has no foreign currency risk for deposits at year end.

Investments

As of June 30, 2015, the District's investments were as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
External investment pool	<u>\$1,627,897</u>	<u>\$1,627,897</u>

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. There was no increase in the fair value of investments during 2015.

The District's investments during the year did not vary significantly from those at year-end in amounts or level of risk.

Highland Community College District #519

Notes to Financial Statements

Note 7 Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	
External investment pool	<u>\$1,627,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,627,897</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year end for the external investment pool investment type:

<u>Investment Type</u>	<u>June 30, 2015</u>	<u>AAAm</u>	<u>Aa</u>	<u>Unrated</u>
External investment pool	<u>\$1,627,897</u>	<u>\$1,627,897</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk

The District has no investments in any one issuer that represent 5% or more of the total District's investments.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of June 30, 2015 there are no investments with custodial credit risk.

Highland Community College District #519

Notes to Financial Statements

Note 7 Deposits and Investments (Continued)

Foreign Currency Risk

The District has no foreign currency risk for investments at year end. At various times during the year, the bank balances exceeded FDIC insurance and collateral pledged by the financial institutions.

The Illinois School District Liquid Asset Fund is an investment pool acting on behalf of School Districts, Community Colleges, and Educational Service Regions.

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustments in the interest earnings. The fair value of the District's investment in the fund is the same as the value of the pool shares. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants.

The Pools maintain a Standard and Poor's AAA rating. The District's investments in the funds are not required to be categorized because they are not securities. The relationship between the District and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship.

All funds deposited in the Pools could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Investment Act, 30 ILCS 235.

Note 8 Changes in General Long-term Debt

	Balance July 1, 2014	Issuances	Retirements	Balance June 30, 2015
2008 Debt Certificates	\$ 295,000	\$ -	\$ 295,000	\$ -
2009 Working Cash Bonds	320,000	-	320,000	-
2010 Gen. Oblig. Bonds	855,000	-	600,000	255,000
2012 Copier Capital Lease	81,847	-	19,185	62,662
2012 G.O. Rfdg. Debt Cert.	3,620,000	-	55,000	3,565,000
2012 Gen. Oblig. WC Bonds	1,945,000	-	-	1,945,000
2014 Debt Certificates	-	3,215,000	3,215,000	-
2014 G.O. Bonds	-	3,225,000	-	3,225,000
2014 Bus Capital Lease	129,170	-	15,860	113,310
Total	<u>\$7,246,017</u>	<u>\$6,440,000</u>	<u>\$4,520,045</u>	<u>\$9,165,972</u>
Premium on bonds	<u>\$95,612</u>	<u>\$ 85,687</u>	<u>\$36,317</u>	<u>\$144,982</u>

Highland Community College District #519

Notes to Financial Statements

Note 8 Changes in General Long-term Debt (Continued)

Debt certificates were issued on July 1, 2008. \$4,800,000 in debt certificates were issued for the purpose of purchasing real and personal property. Serial retirement of principal occurs on January 1, 2010, with interest at rates of 4.00% - 5.00%, commencing July 1, 2009 and with an original maturity of January 1, 2024. In November 2012, the District defeased a portion of these debt certificates by placing \$3,654,448 (which includes \$354,448 of interest) of proceeds of the new certificates in an irrevocable trust to provide for future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2015, \$3,300,000 of bonds outstanding is considered defeased.

Series 2009 General Obligation Bonds were issued in November, 2009. \$1,200,000 bonds were issued for the purpose of increasing the Working Cash Fund. Serial retirement of principal occurs on January 1, with interest payable on January 1 and July 1 of each year at rates of 1.90% - 4.50%, commencing January 1, 2011 and maturing on January 1, 2015.

Series 2010 General Obligation Bonds were issued in December, 2010. \$1,750,000 bonds were issued for the purpose of paying unpaid claims of the District. Serial retirement of principal occurs on January 1, with interest payable on January 1 and July 1 of each year at rates of 2.00% - 4.00%, commencing January 1, 2012 and maturing on January 1, 2016.

Series 2012 General Obligation Bonds were issued in December, 2012. \$1,945,000 bonds were issued for the purpose of increasing the Working Cash Fund. Serial retirement of principal occurs on January 1, with interest payable on January 1 and July 1 of each year at a rate of 2.50%, commencing January 1, 2013 and maturing on January 1, 2018.

Series 2012 General Obligation Refunding Debt Certificates were issued in November, 2012. \$3,725,000 bonds were issued for the purpose of refunding a portion of the District's outstanding Debt Certificates, Series 2008 and pay certain costs associated with the issuance of the Certificates. Serial retirement of principal occurs on January 1, with interest payable on January 1 and July 1 of each year at rates of 2.00% - 2.50%, commencing January 1, 2013 and maturing on January 1, 2024. The District defeased a portion of the 2008 debt certificates by placing the proceeds of the new bonds in an irrevocable trust to provide for certain future debt service payments of the old bonds. The reacquisition price exceeded the net carrying amount of the old debt and is being amortized over the life of the old debt. At June 30, 2015, \$170,713 remains as a deferred charge on the bond refunding.

Debt Certificates, Series 2014 were issued in August 2014 and were paid off by the Series 2014 General Obligation Bonds were issued in November, 2014. \$3,225,000 bonds were issued for the purpose of renovating, improving, and equipping the District's buildings. Serial retirement of principal occurs on January 1, with interest payable on January 1 and July 1 of each year at rates of 2.00%, commencing July 1, 2015 and maturing on January 1, 2021.

Highland Community College District #519

Notes to Financial Statements

Note 8 Changes in General Long-term Debt (Continued)

At June 30, 2015, the annual cash flow requirements of bond principal (including debt certificates) and interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$1,270,000	\$199,858	\$1,469,858
2017	1,325,000	166,132	1,491,132
2018	1,325,000	128,858	1,453,858
2019	1,390,000	96,632	1,486,632
2020	1,445,000	68,332	1,513,332
2021-2024	<u>2,235,000</u>	<u>105,234</u>	<u>2,340,234</u>
	<u>\$8,990,000</u>	<u>\$765,046</u>	<u>\$9,755,046</u>

The District entered into a capital lease in June, 2013 at an interest rate of 4.23%, to acquire copiers. Monthly payments of interest and principal began in June, 2013. Total payments for the copier equipment are \$111,385 (principal of \$100,239 and interest of \$11,147).

The District entered into a capital lease in February, 2014 at an interest rate of 2.70%, to acquire three buses. Monthly payments of interest and principal began in February, 2014. Total payments for the buses are \$148,713 (principal of \$135,958 and interest of \$12,755).

The following is an amortization schedule for these leases:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 36,373	\$ 4,187	\$ 40,560
2017	37,688	2,837	40,525
2018	37,191	1,956	39,147
2019	<u>64,720</u>	<u>1,505</u>	<u>66,225</u>
	<u>\$175,972</u>	<u>\$10,485</u>	<u>\$186,457</u>

A computation of the legal debt margin of the District as of June 30, 2015, is as follows:

Assessed valuation – 2014 tax levy	\$1,651,976,422
Debt limit – 2.875% of assessed valuation	\$ 47,494,322
Less applicable debt	<u>(9,165,972)</u>
Legal debt margin	<u>\$ 38,328,350</u>

Highland Community College District #519

Notes to Financial Statements

Note 9 Leases

HCC-YMCA Building

In an agreement made effective July 21, 1977, the Board of Trustees of Highland Community College District #519 and the Young Men's Christian Association of Freeport, Illinois, agreed to jointly construct and operate a multi-purpose recreational facility to be located on the District's campus.

In exchange for sharing the cost, the YMCA has a 50 year lease of the facility upon the terms and conditions set forth in the agreement. The District is entitled to the fair and equitable use of the facilities, the details of which are also set forth in the agreement.

The YMCA reimburses Highland Community College District #519 for its portion of operational costs for the physical education building. This reimbursement is based upon a set formula in which the YMCA reimburses the District for 65% of the operational costs. The total reimbursement amount for fiscal year 2015 totals \$260,892. As of June 30, 2015, the YMCA had paid \$260,892. The YMCA has a balance due of \$0 included in accounts receivable at year end.

As part of the lease with Highland Community College, both the District and the YMCA contribute \$1,250 per month to a joint fund used to share the cost of repair and maintenance to the Sports Complex building and to the loop road and parking lot.

The funds are maintained in an interest bearing account and the interest earned is credited to the joint account. These amounts are accounted for as Agency Funds. The allowable expenses from these funds must be approved by the District's Board of Trustees and the YMCA's Board of Directors. As of June 30, 2015, the following amounts were available for the District's share of these expenditures:

Road and lot	\$ 84,481
Building maintenance	69,725
Accumulated interest	<u>47,806</u>
Total	<u>\$202,012</u>

In an agreement dated April 2, 2014, the District agreed to lease to the YMCA the Child Care and Training Center. The YMCA shall pay the District lease payments of between \$800 - \$860 per month, payable on the first day of each month. The YMCA also reimburses the District 90% of the electricity costs of the child care center. The lease will terminate on June 30, 2019 with the option of extending.

Note 10 Short-Term Debt

The District did not engage in any short-term debt activity during the year, other than issuing the debt certificates that were paid off during the year.

Highland Community College District #519

Notes to Financial Statements

Note 11 Related Party Transactions

Transactions between the District and Highland Community College Foundation, a related party, took place during the fiscal year. For the year ended June 30, 2015, \$1,124,960 was received from the Foundation which consists of grants, tuition, Foundation employee salary reimbursements, and miscellaneous expenses. Accounts receivable from Highland Community College Foundation total \$311,827 as of June 30, 2015.

Note 12 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; and natural disasters. The District purchases commercial insurance to cover the various risks of loss. The commercial insurance policies contain deductibles which vary with the type of coverage and risk involved. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 13 Self-Insurance

The District is partially self-insured for health care benefits provided to its own employees. The purpose of this program is to pay medical insurance claims of the District employees and their covered dependents and minimize the total costs of annual insurance to the District. The health insurance consultant determines premium payments to be made by the District. Annual claims are paid from accumulated premium payments, and claims exceeding a specific and/or aggregate amount are paid by the private insurance carrier. Employee and dependent coverage is partially funded by charges to employees and the remainder by the District.

Under the program, the District is responsible for the first \$60,000 of covered charges per individual per year and approximately the first \$2,701,280 of covered charges in aggregate. Health care claims which are more than \$60,000 per individual and \$2,701,280 in aggregate are covered by re-insurance.

The District establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The estimate was provided by management. At June 30, 2015, the amount of these liabilities was \$134,354.

The following represents changes in those liabilities for the District during the past three years:

<u>Current Year Year Ending June 30</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2013	\$203,059	\$2,496,981	\$2,476,919	\$223,121
2014	\$223,121	\$1,912,029	\$1,968,903	\$166,247
2015	\$166,247	\$2,542,269	\$2,574,162	\$134,354

Starting in fiscal year 2016, the District is no longer self-insured and purchases insurance through a commercial entity.

Highland Community College District #519

Notes to Financial Statements

Note 14 New Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" The District adopted this guidance for the year ended June 30, 2015.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68" The District adopted this guidance for the year ended June 30, 2015. The beginning fund balance as of June 30, 2015 and 2014 was increased by \$42,942 and \$50,030, respectively due to pension contributions made subsequent to the Measurement Date.

Note 15 Pending Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" The District is required to implement this standard for the fiscal year ending June 30, 2016.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" The District is required to implement this standard for the fiscal year ending June 30, 2018.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The District is required to implement this standard for the fiscal year ending June 30, 2016.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, *Tax Abatement Disclosures*. The District is required to implement this standard for the fiscal year ending June 30, 2017.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

Note 16 Prior Period Adjustment

Beginning 2014 net position of the District has been restated \$275,770 due to a correction asset retirements. This increased the beginning net position amount for the assets that were inadvertently classified as retired assets. A prior period adjustment was also made for the SURS pension contribution of \$50,030 due to GASB 68.

Highland Community College District #519

Notes to Financial Statements

Note 17 Board Designated Assets of the Foundation

On October 5, 2011, the United States Department of Education released the Endowment Challenge Grant to the District, as the 20 year investment period was completed on March 31, 2010. During those 20 years, Highland Community College Foundation served as the fiscal agent for the District for the purposes of investing these funds.

During the year ended June 30, 2012, the Foundation Board designated the combined Federal and matching share of the Endowment Challenge Grant. The expenditures from this fund and its proceeds shall be at the suggestion and direction of the Board of Trustees of the District. These assets will remain as such until the District's Board requests all or a portion of these funds.

As of June 30, 2015, \$6,887,526 of assets relating to the Endowment Challenge Grant remains. These funds may be used for any educational purpose including strengthening the District's capability to meet financial goals and increasing student access to quality higher education.

The Foundation retains ownership and fiduciary responsibilities of these funds, but has entered into a memo of understanding with the District's Board as to what these funds will be used for along with the timing for the release of these funds.

Note 18 Component Unit

The Foundation is a private, not-for-profit organization that reports its financial results under the *Financial Accounting Standards Board (FASB) Accounting Standards Codification* (Codification) which is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The financial statements of the Foundation have been reformatted to comply with the classification and display requirements in GASB Statement 35 on the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. However, no modifications have been made to the Foundation's financial information in the District's financial reporting entity for revenue recognition or footnote disclosure differences.

Fund Accounting: To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, the funds are combined and fund balances with similar characteristics are combined and reported. The Foundation follows the accrual basis of accounting.

Under the Codification, the Foundation reports its fund balances as net assets. Net assets are classified into one of three classes of net position based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Highland Community College District #519

Notes to Financial Statements

Note 18 Component Unit (Continued)

Summary of Significant Accounting Policies

Unrestricted: Unrestricted net assets include all net assets, which are neither temporarily or permanently restricted.

Temporarily Restricted: Temporarily restricted net assets include contributed net assets for which donor imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently Restricted: Permanently restricted net assets include contributed net assets, which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Cash and Cash Equivalents: Cash and cash equivalents include checking accounts, savings accounts, and repurchase agreements with maturity dated of 90 days or less. Money market mutual funds are considered investments for financial reporting purposes.

Concentration of Credit Risk: The Foundation maintains cash balances in banks. The balances for these accounts at times exceed \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC).

Investments: Investments are composed of publicly traded securities, which are carried at fair value and money market funds and certificates of deposits, which are carried at cost, but which approximates fair value.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporary or permanently restricted net assets depending on the nature of the restriction.

Temporary restricted contributions received in the same year in which the restriction is met are recorded as temporarily restricted contributions and released from restriction.

Donated Property: Donated property is recorded at its fair value at the date of donation. If donors stipulate how long the assets must be used or held, the contributions are recorded as restricted support. In absence of such stipulations, contributions of property are recorded as unrestricted support.

Accounting Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Highland Community College District #519

Notes to Financial Statements

Note 18 Component Unit (Continued)

Summary of Significant Accounting Policies (Continued)

Endowment: The Foundation's endowment consists of many funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted state law as requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the purposes of the Foundation and the donor-restricted endowment fund.

The endowment net asset composition by type of fund at June 30, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$5,721,444	\$4,450,107	\$ 10,171,551
Board-designated endowment funds	<u>6,887,526</u>	<u>-</u>	<u>-</u>	<u>6,887,526</u>
	<u>\$6,887,526</u>	<u>\$5,721,444</u>	<u>\$4,450,107</u>	<u>\$17,059,077</u>

Highland Community College District #519

Notes to Financial Statements

Note 18 Component Unit (Continued)

Summary of Significant Accounting Policies (Continued)

Changes in endowment net assets as of June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment net assets, beginning of year	\$6,865,339	\$5,895,425	\$4,517,066	\$17,277,830
Contributions	-	658,077	45,372	703,449
Interest and dividend income	139,380	294,415	-	433,795
Net unrealized gain(loss) on investments	134,772	(104,436)	(112,331)	(81,995)
Amounts appropriated for Expenditure	(251,965)	-	-	(251,965)
Amounts released from restriction	-	(1,022,037)	-	(1,022,037)
	<u>\$6,887,526</u>	<u>\$5,721,444</u>	<u>\$4,450,107</u>	<u>\$17,059,077</u>

Investments

Investments consist of the following as of June 30, 2014:

Money market funds	\$ 259,053
Certificates of deposits	506,305
U.S. Treasury and governmental agency obligations	26,049
Corporate and other obligations	1,346,321
Common stock and equity funds	3,963,665
Mutual funds	12,631,294
ETF	394,885
REIT	520,540
Property and other	<u>685,000</u>
Total investments	<u>\$20,333,112</u>

Fair Value Measurement

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2015 are as follows:

Highland Community College District #519

Notes to Financial Statements

Note 18 Component Unit (Continued)

Fair Value Measurement

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Quoted Prices in Inactive Markets for Identical Assets (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Treasury and governmental agency obligations	\$ 26,049	\$ 26,049	\$ -	\$ -
Money market	259,053	259,053	-	-
Certificate of deposits	506,305	506,305	-	-
Corporate and other obligations	1,346,321	1,346,321	-	-
Common stock and equity funds	17,510,384	10,627,743	6,882,641	-
Property and other	<u>685,000</u>	<u>-</u>	<u>-</u>	<u>685,000</u>
Total investments	<u>\$20,333,112</u>	<u>\$12,765,471</u>	<u>\$6,882,641</u>	<u>\$685,000</u>

Property and Equipment

A summary of equipment is as follows:

	<u>Cost 6/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Cost 6/30/2015</u>
Equipment	\$ 71,545	\$ 1,094	\$ 1,461	\$71,178
Less accumulated Depreciation	<u>(47,158)</u>	<u>(3,779)</u>	<u>1,461</u>	<u>(49,476)</u>
Total, net of accumulated Depreciation	<u>\$ 24,387</u>	<u>\$ (2,685)</u>	<u>\$ -</u>	<u>\$21,702</u>

Depreciation is calculated using the straight-line method over 5 and 7 year lives.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

Tax returns filed by the Foundation are subject to examination by the Internal Revenue Service for up to three years from the extended due date of each return. Tax returns filed by the Foundation are no longer subject to examination for the fiscal years ended June 30, 2011 and prior.

Required Supplementary Information

Highland Community College District #519

Required Supplementary Information

SURS Pension Information for the Year Ended June 30, 2014

Covered Payroll

The definition of covered payroll in GASB Statement Number 25, Financial Reporting for Defined Benefit Pension Plans was changed in GASB Statement Number 67, Financial Reporting for Pensions. Below are the definitions from the glossaries of both statements.

GASB 25 Covered Payroll. All elements included in compensation paid to active employees on which contributions to a pension plan are based. For example, if pension contributions are calculated on base pay including overtime, covered payroll includes overtime compensation.

GASB 67 Covered-Employee Payroll. The payroll of employees that are provided with pensions through the pension plan.

The change in definition refers to gross payroll rather than pensionable payroll. SURS employers do not report the gross payroll directly to SURS. Therefore, you must fill in your gross payroll amount for Fiscal Year 2014 in the following Required Supplementary Information for your covered-employee payroll and calculate the employer's proportion of collective net pension liability as a percentage of covered-employee payroll.

(a) Proportion Percentage of the Collective Net Pension Liability	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$0
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	\$51,944,951
<u>Total (b) + (c)</u>	<u>\$51,944,951</u>

Employer Covered-employee payroll	\$10,405,989
Proportion of Collective Net Pension Liability associated with the Employer as a percentage of covered-employee payroll	499.18%
 SURS Plan Net Position as a Percentage of Total Pension Liability	 44.39%
 Federal, Trust, Grant and Other contribution	 \$42,942
Contribution in relation to required contribution	\$42,942
Contribution deficiency (excess)	\$0
 Employer Covered-employee payroll	 \$10,405,989
Contributions as a percentage of covered-employee payroll	.41%

Highland Community College District #519

Notes to Required Supplementary Information

Additional Information

	<u>FY 2014</u>	<u>FY 2015</u>
On-Behalf Payments for Community College Health Insurance Program	\$44,931	\$43,715

Note: The System implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2014.

Changes of assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five 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, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.

Other Financial Information

Highland Community College District #519

Reconciliation of Change in all Fund Balances to the Changes in Net Position

June 30, 2015

All Fund Types - Change in Fund Balances	\$	2,828,309
Reduction in student tuition and fees		(1,994,868)
Reduction in financial aid expense		1,994,868
Net effect		-
Prior year recognition of summer revenue deferred		(205,361)
Prior year recognition of summer salaries deferred		41,018
Recognition of summer revenue deferred		208,399
Recognition of summer salaries deferred		(48,374)
Net effect		(4,318)
Compensated absences decrease (increase)		15,095
SURS pension contribution decrease (increase)		(7,088)
Other post employment benefits decrease (increase)		(13,088)
Expended for capital assets		556,961
Depreciation		(1,048,898)
Net effect		(491,937)
Long-term debt issued (governmental funds)		(6,440,000)
Premium adjustment on bonds		(49,370)
Long-term debt retired (governmental funds)		4,520,045
Net effect		(1,969,325)
Change in net position	\$	357,648
Net position, beginning of year, as restated	\$	25,696,438
Net position, end of year		26,054,086
Change in net position	\$	357,648

Reconciliation of Combined Balance Sheet to the Statement of Net Position

Fund Balances - All Fund Types and Account Groups	\$	50,954,987
Allowance for accumulated depreciation		(15,568,009)
Recognition of summer revenue deferred		208,399
Recognition of summer salaries deferred		(48,374)
Deferral of SURS pension contribution		42,942
Amount to be provided for compensated absences		(102,582)
Amount to be provided for other post employment benefits		(122,323)
Amount available in debt service fund		(680,763)
Amount to be provided for retirement of general long-term debt		(8,630,191)
Net Position of Statement of Net Position	\$	26,054,086

Highland Community College District #519

Combined Balance Sheet All Fund Types and Account Groups

June 30, 2015

Assets	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and cash equivalents	\$ 255,289	\$ 2,706,883	\$ 171,102	\$ 239,443
Investments	1,427,300	5,944,453	13,456	3,793,183
Receivables:				
Taxes	4,851,056	810,381	841,790	81,604
Other, net of \$1,383,254 allowance for doubtful accounts	2,520,386	638,599	-	-
Due from other funds	-	349,677	-	-
Inventories	-	-	-	-
Deferred expense	97,696	248,919	170,713	950
Fixed assets	-	-	-	-
Other debits:				
Amount to be provided for compensated absences	-	-	-	-
Amount available in the debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets	\$ 9,151,727	\$ 10,698,912	\$ 1,197,061	\$ 4,115,180
Liability, Deferred Inflows and Fund Equity				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Due to other funds	30,222	113,101	-	-
Accounts payable	94,296	257,941	-	76,227
Accrued expenses	462,951	705	552	-
Agency deposits	-	-	-	-
Unearned tuition revenue	2,120,495	209,260	-	-
Accrued compensated absences	-	-	-	-
Debt certificates payable	-	-	-	-
Capital lease payable	-	-	-	-
Premium on bonds	-	-	-	-
Bonds payable	-	-	-	-
Total liabilities	2,707,964	581,007	552	76,227
Deferred Inflows of Resources:				
Property taxes	2,932,261	497,080	515,746	50,055
Fund equity:				
Investments in general fixed assets	-	-	-	-
Unrestricted net position	-	-	-	-
Fund balances (deficit):				
Reserved for restricted purposes	-	1,039,636	-	-
Reserved for bond requirements	-	-	680,763	-
Reserved for working cash	-	7,851,128	-	-
Unreserved - designated	3,511,502	730,061	-	3,988,898
Total fund equity	3,511,502	9,620,825	680,763	3,988,898
Total liabilities, deferred inflows and fund equity	\$ 9,151,727	\$ 10,698,912	\$ 1,197,061	\$ 4,115,180

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	Long-Term Debt	
Enterprise	Agency			
\$ -	\$ 441,270	\$ -	\$ -	\$ 3,813,987
-	-	-	-	11,178,392
-	-	-	-	6,584,831
58,919	-	-	-	3,217,904
-	-	-	-	349,677
395,678	-	-	-	395,678
423	-	-	-	518,701
-	-	33,059,654	-	33,059,654
-	-	-	102,582	102,582
-	-	-	680,763	680,763
-	-	-	8,630,191	8,630,191
\$ 455,020	\$ 441,270	\$ 33,059,654	\$ 9,413,536	\$ 68,532,360
\$ -	\$ -	\$ -	\$ -	\$ -
206,354	-	-	-	349,677
21,721	-	-	-	450,185
1,666	-	-	-	465,874
-	441,270	-	-	441,270
131,934	-	-	-	2,461,689
-	-	-	102,582	102,582
-	-	-	3,565,000	3,565,000
-	-	-	175,972	175,972
-	-	-	144,982	144,982
-	-	-	5,425,000	5,425,000
361,675	441,270	-	9,413,536	13,582,231
-	-	-	-	3,995,142
-	-	33,059,654	-	33,059,654
93,345	-	-	-	93,345
-	-	-	-	1,039,636
-	-	-	-	680,763
-	-	-	-	7,851,128
-	-	-	-	8,230,461
93,345	-	33,059,654	-	50,954,987
\$ 455,020	\$ 441,270	\$ 33,059,654	\$ 9,413,536	\$ 68,532,360

Highland Community College District #519

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types

For the year ended June 30, 2015

	Governmental	
	General	Special Revenue
Revenues		
Local governmental sources	\$ 6,303,095	\$ 994,280
State governmental sources	1,685,712	514,003
Federal governmental sources	33,585	5,291,299
Student tuition and fees	4,948,763	414,722
Other sources	1,167,582	557,354
On behalf payments	2,675,151	1,258,895
Total revenue	16,813,888	9,030,553
Expenditures		
Instruction	6,757,537	511,974
Academic support	776,841	-
Student services	1,347,737	5,230,807
Public services	385,497	125,845
Operations and maintenance of plant	1,493,518	609,027
General administration	1,344,306	210,410
Independent operations	-	-
Institutional support	1,770,953	1,026,434
Scholarships, student grants, and waivers	269,705	-
Capital projects	-	-
Debt service	-	-
On behalf payments	2,675,151	1,258,895
Total expenditures	16,821,245	8,973,392
Excess (deficiency) of revenues over expenditures	(7,357)	57,161
Other financing sources (uses)		
Bond proceeds	-	-
Premiums on debt issued	-	-
Payment to escrow agent	-	-
Transfers from (to) other funds	90,863	109,137
Total other financing sources (uses)	90,863	109,137
Net change in fund balance	83,506	166,298
Fund balance, beginning of year	3,427,996	9,454,527
Fund balance, end of year	\$ 3,511,502	\$ 9,620,825

Fund Types		Total (Memorandum Only)
Debt Service	Capital Projects	
\$ 1,015,810	\$ 125,261	\$ 8,438,446
-	-	2,199,715
-	-	5,324,884
-	-	5,363,485
1,021	77,006	1,802,963
-	-	3,934,046
1,016,831	202,267	27,063,539
-	-	7,269,511
-	-	776,841
-	-	6,578,544
-	-	511,342
-	-	2,102,545
-	-	1,554,716
-	-	-
-	-	2,797,387
-	-	269,705
-	548,089	548,089
1,058,911	-	1,058,911
-	-	3,934,046
1,058,911	548,089	27,401,637
(42,080)	(345,822)	(338,098)
-	3,225,000	3,225,000
-	-	-
-	-	-
-	(200,000)	-
-	3,025,000	3,225,000
(42,080)	2,679,178	2,886,902
722,843	1,309,720	14,915,086
\$ 680,763	\$ 3,988,898	\$ 17,801,988

Highland Community College District #519

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual All Governmental Fund Types

For the year ended June 30, 2015

	General Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues			
Local governmental sources	\$ 6,239,528	\$ 6,303,095	\$ 63,567
State governmental sources	1,723,087	1,685,712	(37,375)
Federal governmental sources	35,541	33,585	(1,956)
Student tuition and fees	4,923,300	4,948,763	25,463
Other sources	848,800	1,167,582	318,782
On behalf payments	-	2,675,151	2,675,151
Total revenues	13,770,256	16,813,888	3,043,632
Expenditures			
Instruction	6,858,127	6,757,537	(100,590)
Academic support	824,773	776,841	(47,932)
Student services	1,408,964	1,347,737	(61,227)
Public services	319,765	385,497	65,732
Operations and maintenance of plant	1,618,379	1,493,518	(124,861)
General administration	1,313,784	1,344,306	30,522
Independent operations	-	-	-
Institutional support	1,873,651	1,770,953	(102,698)
Scholarships, student grants, and waivers	300,000	269,705	(30,295)
Capital projects	-	-	-
Debt service	-	-	-
On behalf payments	-	2,675,151	2,675,151
Total expenditures	14,517,443	16,821,245	2,303,802
Excess (deficiency) of revenues over expenditures	(747,187)	(7,357)	739,830
Other financing sources (uses)			
Bond proceeds	-	-	-
Premiums on debt issued	-	-	-
Payment to escrow agent	-	-	-
Transfer from (to) other funds	239,087	90,863	(148,224)
Total other financing sources (uses)	239,087	90,863	(148,224)
Net change in fund balance	\$ (508,100)	83,506	\$ 591,606
Fund balance, beginning of year		3,427,996	
Fund balance, end of year		\$ 3,511,502	

Special Revenue Fund Types			Debt Service Fund Types		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
\$ 993,075	\$ 994,280	\$ 1,205	\$ 1,022,409	\$ 1,015,810	\$ (6,599)
514,003	514,003	-	-	-	-
6,289,560	5,291,299	(998,261)	-	-	-
451,500	414,722	(36,778)	-	-	-
354,430	557,354	202,924	-	1,021	1,021
-	1,258,895	1,258,895	-	-	-
8,602,568	9,030,553	427,985	1,022,409	1,016,831	(5,578)
529,198	511,974	(17,224)	-	-	-
-	-	-	-	-	-
6,227,582	5,230,807	(996,775)	-	-	-
119,018	125,845	6,827	-	-	-
624,389	609,027	(15,362)	-	-	-
391,614	210,410	(181,204)	-	-	-
-	-	-	-	-	-
1,284,529	1,026,434	(258,095)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	998,445	1,058,911	60,466
-	1,258,895	1,258,895	-	-	-
9,176,330	8,973,392	(202,938)	998,445	1,058,911	60,466
(573,762)	57,161	630,923	23,964	(42,080)	(66,044)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	109,137	109,137	-	-	-
-	109,137	109,137	-	-	-
\$ (573,762)	166,298	\$ 740,060	\$ 23,964	(42,080)	\$ (66,044)
	9,454,527			722,843	
	\$ 9,620,825			\$ 680,763	

Highland Community College District #519

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued) All Governmental Fund Types

For the year ended June 30, 2015

	Capital Project Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues			
Local governmental sources	\$ 125,000	\$ 125,261	\$ 261
State governmental sources	-	-	-
Federal governmental sources	-	-	-
Student tuition and fees	-	-	-
Other sources	-	77,006	77,006
On behalf payments	-	-	-
Total revenues	125,000	202,267	77,267
Expenditures			
Instruction	-	-	-
Academic support	-	-	-
Student services	-	-	-
Public services	-	-	-
Operations and maintenance of plant	-	-	-
General administration	-	-	-
Independent operations	-	-	-
Institutional support	-	-	-
Scholarships, student grants, and waivers	-	-	-
Capital projects	3,748,072	548,089	(3,199,983)
Debt service	-	-	-
On behalf payments	-	-	-
Total expenditures	3,748,072	548,089	(3,199,983)
Excess (deficiency) of revenues over expenditures	(3,623,072)	(345,822)	3,277,250
Other financing sources (uses)			
Bond proceeds	-	3,225,000	3,225,000
Capital lease proceeds	-	-	-
Transfer from (to) other funds	3,100,000	(200,000)	(3,300,000)
Total other financing sources (uses)	3,100,000	3,025,000	(75,000)
Net change in fund balance	\$ (523,072)	2,679,178	\$ 3,202,250
Fund balance, beginning of year		1,309,720	
Fund balance, end of year		\$ 3,988,898	

Highland Community College District #519

Combined Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual All Proprietary Fund Types

For the year ended June 30, 2015

	Proprietary Fund Type Enterprise	
	Budget	Actual
Operating revenues		
Bookstore sales	\$ 1,164,900	\$ 1,035,268
Other fees	193,000	122,785
Athletics	48,565	39,998
Other sources	166,631	270,990
Total operating revenues	1,573,096	1,469,041
Operating expenses		
Salaries	303,814	293,162
Employee benefits	54,346	57,398
Contractual services	73,621	60,690
General materials and supplies	1,057,595	910,499
Conference and meeting expense	176,290	99,640
Utilities	593	552
Fixed charges	1,240	367
Capital outlay	16,258	14,894
Other	30,777	90,432
Total operating expenses	1,714,534	1,527,634
Operating income (loss)	(141,438)	(58,593)
Nonoperating revenue (expenses)		
Transfer from (to) other funds	-	-
Total nonoperating revenue (expenses)	-	-
Net income (loss)	\$ (141,438)	(58,593)
Unrestricted net position beginning of year		151,938
Unrestricted net position end of year		\$ 93,345

Highland Community College District #519

Combined Statement of Cash Flows Proprietary Fund Type

For the year ended June 30, 2015

	Proprietary Fund Type
	Enterprise Fund Type
Cash Flows from Operating Activities	
Operating income (loss)	\$ (58,593)
Adjustments to reconcile net income to net cash from operating activities:	
(Increase) decrease in current assets:	
Inventory	64,326
Accounts receivable	653
Deferred expense	(43)
Due from other funds	-
Increase (decrease) in current liabilities:	
Deferred revenue	13,674
Due to other funds	(18,705)
Accounts payable	(1,157)
Accrued expenses	(155)
Net cash provided by (used in) operations	-
Cash Flows from Investing Activities	
Purchase of investments	-
Maturity of investments	-
Net cash provided by (used for) investing activities	-
Cash Flows from Noncapital Financing Activities	
Transfer from (to) other funds	-
Net cash provided by (used for) noncapital financing activities	-
Net increase (decrease) in cash and cash equivalents	-
Beginning cash and cash equivalents	-
Ending cash and cash equivalents	\$ -

Highland Community College District #519

Combining Balance Sheet Governmental Fund Types - General Funds

June 30, 2015

	Educational Fund	Operations and Mainten- ance Fund	Total General Funds
Assets			
Cash	\$ 255,289	\$ -	\$ 255,289
Investments	1,427,300	-	1,427,300
Receivables:			
Taxes	3,796,601	1,054,455	4,851,056
Other, net of \$1,383,254 allow- ance for doubtful accounts	2,485,687	34,699	2,520,386
Deferred expense	97,696	-	97,696
Total assets	\$ 8,062,573	\$ 1,089,154	\$ 9,151,727
Liabilities, Deferred Inflows and Fund Balance			
Liabilities:			
Cash overdraft	\$ -	\$ -	\$ -
Due to other funds	-	30,222	30,222
Accounts payable	41,941	52,355	94,296
Accrued expenses	450,518	12,433	462,951
Unearned tuition revenue	2,120,495	-	2,120,495
Total liabilities	2,612,954	95,010	2,707,964
Deferred Outflows of Resources:			
Property tax revenue	2,312,770	619,491	2,932,261
Fund balance - unreserved - designated	3,136,849	374,653	3,511,502
Total liabilities, deferred outflows, and fund balance	\$ 8,062,573	\$ 1,089,154	\$ 9,151,727

Highland Community College District #519

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund Types General Funds

For the year ended June 30, 2015

	Educational Fund	Operations and Mainten- ance Fund	Total General Funds
Revenues			
Local governmental sources	\$ 4,791,265	\$ 1,511,830	\$ 6,303,095
State governmental sources	1,497,055	188,657	1,685,712
Federal governmental sources	33,585	-	33,585
Student tuition and fees	4,948,763	-	4,948,763
Other sources	1,102,878	64,704	1,167,582
On behalf payments	2,675,151	-	2,675,151
Total revenues	15,048,697	1,765,191	16,813,888
Expenditures			
Instruction	6,757,537	-	6,757,537
Academic support	776,841	-	776,841
Student services	1,347,737	-	1,347,737
Public services	385,497	-	385,497
Operations and maintenance of plant	-	1,493,518	1,493,518
General administration	1,344,306	-	1,344,306
Institutional support	1,770,953	-	1,770,953
Scholarships, student grants, and waivers	269,705	-	269,705
Debt service	-	-	-
On behalf payments	2,675,151	-	2,675,151
Total expenditures	15,327,727	1,493,518	16,821,245
Excess (deficiency) of revenue over expenditures	(279,030)	271,673	(7,357)
Other financing sources (uses)			
Capital lease proceeds	-	-	-
Transfer from (to) other funds	90,863	-	90,863
Net change in fund balance	(188,167)	271,673	83,506
Fund balance, beginning of year	3,325,016	102,980	3,427,996
Fund balance, end of year	\$ 3,136,849	\$ 374,653	\$ 3,511,502

Highland Community College District #519

Combining Balance Sheet Governmental Fund Types - Special Revenue Funds

June 30, 2015

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Funds	Working Cash Funds	Total Special Revenue Funds
Assets					
Cash	\$ -	\$ 1,017	\$ 424,091	\$ 2,281,775	\$ 2,706,883
Investments	735,094	-	-	5,209,359	5,944,453
Receivables:					-
Property tax	-	35,954	774,427	-	810,381
Other	628,282	-	-	10,317	638,599
Prepaid expense	248,919	-	-	-	248,919
Due from other funds	-	-	-	349,677	349,677
Total assets	\$ 1,612,295	\$ 36,971	\$ 1,198,518	\$ 7,851,128	\$ 10,698,912
Liabilities, Deferred Inflows, and Fund Balance					
Liabilities:					
Due to other funds	\$ 113,101	\$ -	\$ -	\$ -	\$ 113,101
Accounts payable	249,593	-	8,348	-	257,941
Unearned tuition revenue	209,260	-	-	-	209,260
Accrued expense	705	-	-	-	705
Total liabilities	572,659	-	8,348	-	581,007
Deferred outflows:					
Property taxes	-	22,054	475,026	-	497,080
Fund balance (deficit):					
Reserved for restricted purposes	1,039,636	-	-	7,851,128	8,890,764
Unreserved - designated	-	14,917	715,144	-	730,061
Total fund balance	1,039,636	14,917	715,144	7,851,128	9,620,825
Total liabilities, deferred inflows, and fund balance	\$ 1,612,295	\$ 36,971	\$ 1,198,518	\$ 7,851,128	\$ 10,698,912

Highland Community College District #519

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund Types - Special Revenue Funds

For the year ended June 30, 2015

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Working Cash Fund	Total Special Revenue Funds
Revenues					
Local government sources	\$ -	\$ 44,168	\$ 950,112	\$ -	\$ 994,280
State governmental sources	514,003	-	-	-	514,003
Federal governmental sources	5,291,299	-	-	-	5,291,299
Student tuition	414,722	-	-	-	414,722
Other sources	533,935	-	-	23,419	557,354
On behalf payments	1,258,895	-	-	-	1,258,895
Total revenues	8,012,854	44,168	950,112	23,419	9,030,553
Expenditures					
Instruction	511,974	-	-	-	511,974
Academic support	-	-	-	-	-
Student services	5,230,807	-	-	-	5,230,807
Public services	125,845	-	-	-	125,845
General administration	210,410	-	-	-	210,410
Operations and maintenance	-	-	609,027	-	609,027
Independent operations	-	-	-	-	-
Institutional support	446,969	45,500	527,502	6,463	1,026,434
Debt service	-	-	-	-	-
On behalf payments	1,258,895	-	-	-	1,258,895
Total expenditures	7,784,900	45,500	1,136,529	6,463	8,973,392
Excess (deficiency) of revenues over expenditures	227,954	(1,332)	(186,417)	16,956	57,161
Other financing sources (uses) of funds					
Bond proceeds	-	-	-	-	-
Premium on debt issued	-	-	-	-	-
Transfer from (to) other funds	126,093	-	-	(16,956)	109,137
Total other financing sources	126,093	-	-	(16,956)	109,137
Net change in fund balance	354,047	(1,332)	(186,417)	-	166,298
Fund balance, beginning of year	685,589	16,249	901,561	7,851,128	9,454,527
Fund balance, end of year	\$ 1,039,636	\$ 14,917	\$ 715,144	\$ 7,851,128	\$ 9,620,825

Highland Community College District #519

Combining Balance Sheet Fiduciary Funds

June 30, 2015

	Agency Funds	Total
Assets		
Cash on hand and in bank	\$ 441,270	\$ 441,270
Investments	-	-
Receivables - other	-	-
Due from other funds	-	-
Total assets	\$ 441,270	\$ 441,270
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ -	\$ -
Agency deposits	441,270	441,270
Total liabilities	441,270	441,270
Fund balances:		
Undesignated	-	-
Total fund balances	-	-
Total liabilities and fund balances	\$ 441,270	\$ 441,270

Highland Community College District #519

Educational Fund Schedule of Revenues Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Local Governmental Sources			
Current taxes	\$ 2,291,340	\$ 2,312,764	\$ 21,424
Corporate personal property replacement tax	147,189	159,246	12,057
Back taxes	2,314,485	2,319,255	4,770
Total local government sources	4,753,014	4,791,265	38,251
State Governmental Sources			
ICCB base operating grants	1,141,232	1,115,439	(25,793)
ICCB equalization grants	264,574	258,622	(5,952)
ICCB other	7,000	-	(7,000)
ICCB career and technical education	117,425	122,994	5,569
Total state government sources	1,530,231	1,497,055	(33,176)
Federal Governmental Sources			
Federal financial aid	5,944	-	(5,944)
Indirect costs	29,597	33,585	3,988
DCEO	-	-	-
Total federal governmental sources	35,541	33,585	(1,956)
Student Tuition and Fees			
Tuition	4,787,800	4,447,793	(340,007)
Fees	135,500	500,970	365,470
Total student tuition and fees	4,923,300	4,948,763	25,463
Other Sources			
Facilities rental	23,700	34,392	10,692
Interest on investments	5,000	4,548	(452)
Other revenue	767,807	1,063,938	296,131
Total other sources	796,507	1,102,878	306,371
Total revenues	\$ 12,038,593	\$ 12,373,546	\$ 334,953

Highland Community College District #519

Educational Fund

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Instruction			
Salaries	\$ 5,432,724	\$ 5,336,886	\$ (95,838)
Employee benefits	1,027,750	1,038,417	10,667
Contractual services	119,449	91,581	(27,868)
General materials and supplies	202,275	211,409	9,134
Conference and meetings expense	59,719	45,868	(13,851)
Fixed charges	8,000	13,625	5,625
Utilities	1,560	1,149	(411)
Capital outlay	1,844	12,422	10,578
Other	4,806	6,180	1,374
Total instruction	6,858,127	6,757,537	(100,590)
Academic Support			
Salaries	514,739	505,138	(9,601)
Employee benefits	167,377	165,017	(2,360)
Contractual services	28,295	901	(27,394)
General materials and supplies	97,431	92,956	(4,475)
Conference and meetings expense	12,604	7,835	(4,769)
Capital outlay	3,777	4,988	1,211
Other	550	6	(544)
Total academic support	824,773	776,841	(47,932)
Student Services			
Salaries	953,373	903,184	(50,189)
Employee benefits	250,608	258,793	8,185
Contractual services	24,790	16,666	(8,124)
General materials and supplies	23,930	18,051	(5,879)
Conference and meetings expense	25,738	24,386	(1,352)
Fixed charges	4,400	9,075	4,675
Utilities	720	250	(470)
Capital outlay	250	208	(42)
Other	125,155	117,124	(8,031)
Total student services	1,408,964	1,347,737	(61,227)
Public Services			
Salaries	182,642	199,853	17,211
Employee benefits	14,470	14,260	(210)
Contractual services	61,875	108,876	47,001
General materials and supplies	22,525	10,531	(11,994)
Conference and meeting expense	32,149	40,448	8,299

Highland Community College District #519

Educational Fund (Continued)

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Public Services (Continued)			
Fixed charges	2,800	2,673	(127)
Utilities	1,080	1,137	57
Capital outlay	1,048	1,083	35
Other	1,176	6,636	5,460
Total public services	319,765	385,497	65,732
Operations and Maintenance of Plant			
General materials and supplies	-	-	-
General Administration			
Salaries	724,840	758,066	33,226
Employee benefits	249,553	249,585	32
Contractual services	131,942	99,804	(32,138)
General materials and supplies	184,532	212,943	28,411
Conference and meeting expense	19,309	19,399	90
Fixed charges	-	-	-
Utilities	3,153	3,615	462
Capital outlay	-	691	691
Other	455	203	(252)
Total general administration	1,313,784	1,344,306	30,522
Institutional Support			
Salaries	431,015	426,367	(4,648)
Employee benefits	277,686	229,471	(48,215)
Contractual services	232,825	203,124	(29,701)
General materials and supplies	108,143	78,253	(29,890)
Conference and meeting expense	57,997	54,011	(3,986)
Fixed charges	565,783	559,377	(6,406)
Utilities	21,020	22,340	1,320
Capital outlay	21,972	35,096	13,124
Other	157,210	162,914	5,704
Total institutional support	1,873,651	1,770,953	(102,698)
Debt Service			
Principal and interest payments	-	-	-
Other			
Provision of contingency	-	-	-
Scholarships, Student Grants, & Waivers			
Other	300,000	269,705	(30,295)
Total educational fund	\$ 12,899,064	\$ 12,652,576	\$ (246,488)
Other financing sources (uses) of funds:			
Capital lease proceeds	\$ -	\$ -	\$ -
Operating transfers in	239,087	249,043	9,956
Operating transfers out	-	(158,180)	(158,180)
Total other financing sources (uses) of funds	\$ 239,087	\$ 90,863	\$ (148,224)

Highland Community College District #519

General - Operations and Maintenance Fund - Unrestricted Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Revenues			
Local Governmental Sources			
Current taxes	\$ 613,752	\$ 619,491	\$ 5,739
Corporate personal property replacement tax	252,811	271,149	18,338
Back taxes	619,951	621,190	1,239
Total local government sources	1,486,514	1,511,830	25,316
State Governmental Sources			
State apportionment	192,856	188,657	(4,199)
Total state government sources	192,856	188,657	(4,199)
Federal Governmental Sources			
FEMA	-	-	-
Total federal sources	-	-	-
Other Sources			
Facilities rental	51,993	56,273	4,280
Other revenue	300	8,431	8,131
Total other sources	52,293	64,704	12,411
Total revenues	\$ 1,731,663	\$ 1,765,191	\$ 33,528
Expenditures			
Operation and Maintenance of Plant			
Salaries	\$ 616,445	\$ 592,437	\$ (24,008)
Employee benefits	253,274	244,853	(8,421)
Contractual services	163,139	144,337	(18,802)
General materials and supplies	148,216	133,290	(14,926)
Conference and meeting expense	605	1,322	717
Utilities	681,500	594,212	(87,288)
Other	(245,706)	(245,892)	(186)
Contingency	-	-	-
Capital outlay	906	28,959	28,053
Total expenditures	\$ 1,618,379	\$ 1,493,518	\$ (124,861)
Other financing sources (uses) of funds			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	-	-	-
Total financing sources (uses)	\$ -	\$ -	\$ -

Highland Community College District #519

Special Revenue - Restricted Purpose Fund Schedule of Revenues Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Revenues			
State Governmental Sources			
Workforce Preparation Grant	\$ -	\$ -	\$ -
Student Success Grant	-	-	-
SBE Adult Education	262,342	262,342	-
SBE Vocational Education	147,082	147,082	-
Other	104,579	104,579	-
Total state government sources	514,003	514,003	-
Federal Governmental Sources			
Student Support Services Grant	289,429	321,217	31,788
College Work Study	83,945	83,945	-
Direct Federal Loan Program	2,000,000	1,463,913	(536,087)
Upward Bound Grant	-	-	-
Pell	3,806,500	3,318,287	(488,213)
SEOG	40,860	40,951	91
National Science/Other	-	-	-
Department of Labor	33,330	17,980	(15,350)
RSVP	35,496	45,006	9,510
IGEN/TAA Grant	-	-	-
Total federal government sources	6,289,560	5,291,299	(998,261)
Student Tuition and Fees			
Tuition	-	-	-
Fees	451,500	414,722	(36,778)
Total student tuition and fees	451,500	414,722	(36,778)
Other Sources			
Highland Community College Foundation	21,425	204,045	182,620
Investment income	19,159	20,573	1,414
In Kind	32,478	29,408	(3,070)
Other	281,368	279,909	(1,459)
Total other sources	354,430	533,935	179,505
Total revenue	\$ 7,609,493	\$ 6,753,959	\$ (855,534)

Highland Community College District #519

Special Revenue - Restricted Purpose Fund Schedule of Expenditures Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Expenditures			
Instruction			
Salaries	\$ 294,437	\$ 295,800	\$ 1,363
Employee benefits	61,726	57,746	(3,980)
Contractual services	22,833	8,727	(14,106)
General materials and supplies	107,855	108,006	151
Conference and meetings expense	17,556	17,288	(268)
Fixed charges	-	-	-
Utilities	-	-	-
Capital outlay	18,000	18,000	-
Other	6,791	6,407	(384)
Total instruction	529,198	511,974	(17,224)
Academic Support			
Salaries	-	-	-
Employee benefits	-	-	-
Contractual services	-	-	-
General materials and supplies	-	-	-
Capital outlay	-	-	-
Conference and meetings expense	-	-	-
Other	-	-	-
Total academic support	-	-	-
Student Services			
Salaries	262,812	257,910	(4,902)
Employee benefits	68,515	64,317	(4,198)
Contractual services	816	6,942	6,126
General materials and supplies	150	13,948	13,798
Capital outlay	-	9,284	9,284
Conference meeting expense	1,300	3,599	2,299
Other	5,893,989	4,874,807	(1,019,182)
Total student services	6,227,582	5,230,807	(996,775)
Public Services			
Salaries	36,782	47,486	10,704
Employee benefits	6,854	6,159	(695)
Contractual services	9,075	7,406	(1,669)
General materials and supplies	13,750	11,268	(2,482)
Conference and meeting expense	18,820	18,024	(796)
Fixed charges	23,440	23,436	(4)
Utilities	5,082	5,082	-
Capital Outlay	4,215	5,063	848
Other	1,000	1,921	921
Total public services	119,018	125,845	6,827

Highland Community College District #519

Special Revenue - Restricted Purpose Fund (Continued)

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Expenditures (Continued)			
Institutional Support			
Salaries	72,946	74,936	1,990
General materials and supplies	2,580	2,827	247
Employee Benefits	17,309	17,308	(1)
Conference and meetings expense	1,610	893	(717)
Capital outlay	-	-	-
Contractual services	479,583	344,195	(135,388)
Utilities	-	-	-
Other	1,325	6,810	5,485
Total institutional support	575,353	446,969	(128,384)
General Administration			
Salaries	220,434	231,011	10,577
General materials and supplies	1,837	2,250	413
Employee benefits	33,073	20,933	(12,140)
Conference and meetings expense	24,000	7,061	(16,939)
Fixed charges	650	200	(450)
Capital outlay	-	114,850	114,850
Contractual services	270	10,669	10,399
Other	111,350	(176,564)	(287,914)
Total general administration	391,614	210,410	(181,204)
Operations & Maintenance			
Salaries	-	-	-
General materials and supplies	-	-	-
Capital outlay	-	-	-
Conference and meetings expense	-	-	-
Debt principal retirement	-	-	-
Other	-	-	-
Total operations & maintenance	-	-	-
Independent Operations			
Salaries	-	-	-
General materials and supplies	-	-	-
Capital outlay	-	-	-
Contractual services	-	-	-
Other	-	-	-
Total independent operations	-	-	-
Total expenditures	\$ 7,842,765	\$ 6,526,005	\$ (1,316,760)
Other financing sources (uses) of funds:			
Operating transfers in	\$ -	\$ 151,373	\$ 151,373
Operating transfers out	-	(25,280)	(25,280)
Total other financing sources (uses) of funds	\$ -	\$ 126,093	\$ 126,093

Highland Community College District #519

Special Revenue - Audit Fund Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Revenues			
Local Governmental Sources			
Current taxes	\$ 22,000	\$ 22,054	\$ 54
Back taxes	22,000	22,114	114
Total revenues	\$ 44,000	\$ 44,168	\$ 168
Expenditures			
Institutional Support			
Audit costs	\$ 48,700	\$ 45,500	\$ (3,200)

Highland Community College District #519

Special Revenue

Liability, Protection, and Settlement Fund

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Revenues			
Local Governmental Sources			
Current taxes	\$ 475,000	\$ 475,027	\$ 27
Back taxes	474,075	475,085	1,010
Other revenue	-	-	-
Total revenues	\$ 949,075	\$ 950,112	\$ 1,037
Expenditures			
Institutional Support			
Salaries	\$ 20,375	\$ 22,622	\$ 2,247
Employee benefits	280,806	201,317	(79,489)
Contractual services	119,400	84,889	(34,511)
General materials and supplies	9,390	3,451	(5,939)
Conferences and meetings	14,505	1,429	(13,076)
Fixed charges	216,000	213,794	(2,206)
Capital outlay	-	-	-
Provision for contingency	-	-	-
Total institutional support	660,476	527,502	(132,974)
Operations and Maintenance			
Salaries	284,950	283,607	(1,343)
Employee benefits	92,439	89,728	(2,711)
Contractual services	247,000	235,692	(11,308)
Total operations and maintenance	624,389	609,027	(15,362)
Total expenditures	\$ 1,284,865	\$ 1,136,529	\$ (148,336)

Highland Community College District #519

Special Revenue

Working Cash Fund

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Revenues			
Other Sources			
Interest on investments	\$ 15,000	\$ 23,419	\$ 8,419
Other revenue	-	-	-
Total revenues	\$ 15,000	\$ 23,419	\$ 8,419
Expenditures			
Institutional Support			
Salaries	\$ -	\$ -	\$ -
Employee benefits	-	-	-
Contractual services	-	-	-
General materials and supplies	-	-	-
Conferences and meetings	-	-	-
Fixed charges	8,000	6,463	(1,537)
Capital outlay	-	-	-
Other	-	-	-
Total institutional support	8,000	6,463	(1,537)
Total expenditures	\$ 8,000	\$ 6,463	\$ (1,537)
Other financing sources of funds:			
Bond proceeds	\$ -	\$ -	\$ -
Premium on debt issued	-	-	-
Operating transfer out	(7,000)	(16,956)	(9,956)
Total other financing sources of funds	\$ (7,000)	\$ (16,956)	\$ (9,956)

Highland Community College District #519

Schedule of Tort Expenditures

For the year ended June 30, 2015

Risk management related salaries and benefits	\$ 546,395
Insurance	264,472
Legal services	390
Security and safety related	325,072
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Total tort expenditures	\$ 1,136,329
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Highland Community College District #519

Capital Projects

Operations and Maintenance Fund - Restricted

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
Revenues			
Local Governmental Sources			
Current taxes	\$ 50,000	\$ 50,055	\$ 55
Back taxes	75,000	75,206	206
Total local government sources	125,000	125,261	261
State Governmental Sources			
Deferred Maintenance Grant	-	-	-
ADA Grant	-	-	-
Total state government sources	-	-	-
Other Sources			
Other gifts/revenue	-	3,480	3,480
Interest on investments	-	73,526	73,526
Total other sources	-	77,006	77,006
Total revenues	\$ 125,000	\$ 202,267	\$ 77,267
Expenditures			
Capital Projects			
Contractual services	\$ 100,000	\$ 91,489	\$ (8,511)
General materials & supplies	15,585	11,435	(4,150)
Capital outlay	3,532,487	394,353	(3,138,134)
Other	100,000	50,812	(49,188)
Total expenditures	\$ 3,748,072	\$ 548,089	\$ (3,199,983)
Other financing sources (uses)			
Bond proceeds	\$ 3,300,000	\$ 3,225,000	\$ (75,000)
Capital lease proceeds	-	-	-
Operating transfers out	(200,000)	(200,000)	-
Total other financing sources	\$ 3,100,000	\$ 3,025,000	\$ (75,000)

Highland Community College District #519

Fiduciary Funds

Agency Funds

Schedule of Yearly Activity By Individual Account

For the year ended June 30, 2015

	Balance 6/30/2014	Receipts	Disburse- ments	Equity Transfers In/Out	Balance 6/30/2015
HCC road and parking	\$ 79,481	\$ 5,000	\$ -	\$ -	\$ 84,481
YMCA road and parking	74,064	5,000	-	-	79,064
YMCA building/maintenance	51,256	10,000	8,622	-	52,634
HCC building/maintenance	64,367	10,000	4,643	-	69,724
YMCA/HCC interest	95,252	358	-	-	95,610
SAVTES road and parking	51,909	5,000	-	-	56,909
Flex fund	6,683	3,041	6,876	-	2,848
	\$ 423,012	\$ 38,399	\$ 20,141	\$ -	\$ 441,270

ICCB Supplementary Information

Highland Community College District #519

Schedule of Assessed Valuations, Rates, and Taxes Extended Governmental Fund Types

LEVY YEARS 2014, 2013, AND 2012

	2014 Levy	2013 Levy	2012 Levy
Assessed valuation	\$ 1,651,976,422	\$ 1,653,203,593	\$ 1,723,242,610
Tax Rates (per \$100 of assessed valuation)			
Education Fund	0.2800	0.2800	0.2800
Operations, and Maintenance Fund	0.0750	0.0750	0.0750
Prior year adjustment	-	-	-
Insurance	0.0499	0.0484	0.0517
Audit Fund	0.0027	0.0026	0.0027
Protection, Health & Safety	0.0061	0.0091	0.0029
Bond and Interest	0.0621	0.0604	0.0570
Social Security	0.0076	0.0090	0.0086
Total	0.4834	0.4845	0.4779
Taxes Extended			
Education Fund	\$ 4,625,534	\$ 4,628,971	\$ 4,825,079
Operations, and Maintenance Fund	1,238,983	1,239,903	1,292,432
Education and O&M additional	(611)	(725)	-
Insurance	825,021	800,364	891,117
Audit Fund	44,097	44,140	46,135
Protection, Health & Safety	100,110	150,147	50,183
Bond and Interest	1,028,178	1,002,326	986,221
Social Security	125,054	148,163	148,235
Total	\$ 7,986,366	\$ 8,013,289	\$ 8,239,402

Highland Community College District #519

Schedule of Assessed Valuations and Tax Extensions by County Governmental Fund Types

LEVY YEARS 2014, 2013, AND 2012

	2014 Levy	2013 Levy	2012 Levy
<i>Assessed valuations</i>			
Carroll	\$ 249,276,909	\$ 235,735,593	\$ 238,197,000
Jo Daviess	673,248,556	677,522,177	724,725,712
Ogle	117,583,543	118,772,027	124,888,669
Stephenson	611,867,414	621,173,796	635,431,229
Total	<u>\$ 1,651,976,422</u>	<u>\$ 1,653,203,593</u>	<u>\$ 1,723,242,610</u>
<i>Tax extensions</i>			
<u>Educational</u>			
Carroll	\$ 697,975	\$ 660,060	\$ 666,952
Jo Daviess	1,885,096	1,897,062	2,029,232
Ogle	329,234	332,562	349,688
Stephenson	1,713,229	1,739,287	1,779,207
	<u>4,625,534</u>	<u>4,628,971</u>	<u>4,825,079</u>
<u>Operation and Maintenance</u>			
Carroll	186,958	176,802	178,648
Jo Daviess	504,936	508,142	543,544
Ogle	88,188	89,079	93,667
Stephenson	458,901	465,880	476,573
	<u>1,238,983</u>	<u>1,239,903</u>	<u>1,292,432</u>
<u>Insurance</u>			
Carroll	124,489	114,096	123,600
Jo Daviess	336,220	327,921	374,321
Ogle	58,745	57,699	64,805
Stephenson	305,567	300,648	328,391
	<u>825,021</u>	<u>800,364</u>	<u>891,117</u>
<u>Audit</u>			
Carroll	6,656	6,294	6,408
Jo Daviess	17,976	18,090	19,350
Ogle	3,128	3,171	3,347
Stephenson	16,337	16,585	17,030
	<u>44,097</u>	<u>44,140</u>	<u>46,135</u>

Highland Community College District #519

Schedule of Assessed Valuations and Tax Extensions by County (Continued) Governmental Fund Types

LEVY YEARS 2014, 2013, AND 2012

	2014 Levy	2013 Levy	2012 Levy
<u>Tax extensions (continued)</u>			
<u>Protection, Health, & Safety</u>			
Carroll	15,106	21,405	6,955
Jo Daviess	40,799	61,519	21,090
Ogle	7,126	10,820	3,647
Stephenson	37,079	56,403	18,491
	100,110	150,147	50,183
<u>Bond and Interest</u>			
Carroll	154,851	142,314	136,249
Jo Daviess	418,222	411,120	414,688
Ogle	73,055	71,964	71,436
Stephenson	382,050	376,928	363,848
	1,028,178	1,002,326	986,221
<u>Social Security</u>			
Carroll	18,870	21,122	20,556
Jo Daviess	50,965	60,706	62,254
Ogle	8,901	10,678	10,778
Stephenson	46,318	55,657	54,647
	125,054	148,163	148,235
<u>Prior Year Adjustment</u>			
Carroll	-	-	-
Jo Daviess	-	-	-
Ogle	(611)	(725)	-
Stephenson	-	-	-
	(611)	(725)	-
Total	\$ 7,986,366	\$ 8,013,289	\$ 8,239,402

Highland Community College District #519

Summary Schedule of Taxes Receivable and Tax Collections Governmental Fund Types

For the year ended June 30, 2015

Year	Levy Valuation	Assessed Rate	Combined Taxes Extended	Total Collected to June 30, 2014
2013	\$ 1,653,203,593	0.4845	\$ 8,013,289	\$ 2,299,782
2014	1,651,976,422	0.4834	7,986,366	-
Total				\$ 2,299,782

2014 Property Taxes Extended

	Uncollected June 30, 2015
Education	\$ 3,769,851
Operations, and Maintenance	1,009,945
Insurance	672,489
Audit	35,954
Protection, Health & Safety	81,604
Bond and Interest	841,790
Social Security	101,938
Difference due to estimated equalized assessed value	(3,303)
Total	\$ 6,510,268

Collected During Year Ended June 30, 2015	Total Collected to June 30, 2015	Percent Collected June 30, 2015	Allowance for Uncollectible Taxes	Balance After Allowance
\$ 5,718,506	\$ 8,018,288	100.06%	\$ -	\$ -
1,476,098	1,476,098	18.48%	-	6,510,268
\$ 7,194,604	\$ 9,494,386	59.34%	\$ -	\$ 6,510,268

Highland Community College District #519

Schedule of Legal Debt Margin

For the year ended June 30, 2015

Assessed valuation - 2014 levy	\$ 1,651,976,422
Debt limit, 2.875% of assessed valuation	\$ 47,494,322
Total long-term debt	9,165,972
Legal debt margin	\$ 38,328,350

Highland Community College District #519

All Funds Summary

Uniform Financial Statement #1, Fiscal Year 2015

	Education Fund	Operations & Mainten- ance Fund	Operations & Mainten- ance Fund (Restricted)	Bond and Interest Fund
Fund balance, July 1, 2014	\$ 3,325,016	\$ 102,980	\$ 1,309,720	\$ 722,843
Revenues				
Local tax revenue	4,791,265	1,511,830	125,261	1,015,810
All other local revenue	-	-	-	-
ICCB grants	1,497,055	188,657	-	-
All other state revenue	-	-	-	-
Federal revenue	33,585	-	-	-
Student tuition and fees	4,948,763	-	-	-
All other revenue	1,102,878	64,704	77,006	1,021
Total revenue	12,373,546	1,765,191	202,267	1,016,831
Expenditures				
Instruction	6,757,537	-	-	-
Academic support	776,841	-	-	-
Student services	1,347,737	-	-	-
Public service	385,497	-	-	-
Organized research	-	-	-	-
Auxiliary services	-	-	-	-
Operations and maintenance	-	1,493,518	211,643	-
Institutional support	3,115,259	-	336,446	1,058,911
Scholarships, grants, waivers	269,705	-	-	-
Total expenditures	12,652,576	1,493,518	548,089	1,058,911
Other financing sources	-	-	3,225,000	-
Net transfers	90,863	-	(200,000)	-
Prior period adjustment	-	-	-	-
Fund balance, June 30, 2015	\$ 3,136,849	\$ 374,653	\$ 3,988,898	\$ 680,763

Restricted Purpose Fund	Auxiliary Enterprises Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund
\$ 685,589	\$ 151,938	\$ 7,851,128	\$ 16,249	\$ 901,561
-	-	-	44,168	950,112
-	-	-	-	-
409,424	-	-	-	-
104,579	-	-	-	-
5,291,299	-	-	-	-
401,612	182,787	-	-	-
547,045	1,286,254	23,419	-	-
6,753,959	1,469,041	23,419	44,168	950,112
511,974	-	-	-	-
-	-	-	-	-
413,200	-	-	-	-
125,845	-	-	-	-
-	-	-	-	-
-	1,527,634	-	-	-
-	-	-	-	609,027
657,378	-	6,463	45,500	527,502
4,817,608	-	-	-	-
6,526,005	1,527,634	6,463	45,500	1,136,529
-	-	-	-	-
126,093	-	(16,956)	-	-
-	-	-	-	-
\$ 1,039,636	\$ 93,345	\$ 7,851,128	\$ 14,917	\$ 715,144

Highland Community College District #519

All Funds Summary (Continued)

Uniform Financial Statement #1, Fiscal Year 2015

	Total
Fund balance, July 1, 2014	\$ 15,067,024
Revenues	
Local tax revenue	8,438,446
All other local revenue	-
ICCB grants	2,095,136
All other state revenue	104,579
Federal revenue	5,324,884
Student tuition and fees	5,533,162
All other revenue	3,102,327
Total revenue	24,598,534
Expenditures	
Instruction	7,269,511
Academic support	776,841
Student services	1,760,937
Public service	511,342
Organized research	-
Auxiliary services	1,527,634
Operations and maintenance	2,314,188
Institutional support	5,747,459
Scholarships, grants, waivers	5,087,313
Total expenditures	24,995,225
Other financing sources, bond proceeds	3,225,000
Net transfers	-
Fund balance, June 30, 2015	\$ 17,895,333

Highland Community College District #519

Summary of Fixed Assets and Debt Uniform Financial Statement #2

Fiscal Year ended June 30, 2015

	Fixed Asset/Debt Account Groups June 30, 2014	Additions	Deletions	Fixed Asset/Debt Account Groups June 30, 2015
Fixed Assets				
Sites and improvements	\$ 3,926,269	\$ 131,561	\$ -	\$ 4,057,830
Construction in process	-	-	-	-
Buildings, additions and improvements	24,358,497	24,086	-	24,382,583
Equipment	2,541,463	314,378	73,201	2,782,640
Technology	2,525,054	86,936	775,389	1,836,601
Total fixed assets	33,351,283	556,961	848,590	33,059,654
Accumulated depreciation	15,367,701	1,048,898	848,590	15,568,009
Net fixed assets	\$ 17,983,582	\$ (491,937)	\$ -	\$ 17,491,645
Debts				
Bonds Payable	\$ 3,120,000	\$ 3,225,000	\$ 920,000	\$ 5,425,000
Debt certificates	3,915,000	3,215,000	3,565,000	3,565,000
Accrued compensated absences	117,677	-	15,095	102,582
Capital lease payable	211,017	-	35,045	175,972
Unamortized premium on bonds	95,612	-	-	95,612
Total fixed liabilities	\$ 7,459,306	\$ 6,440,000	\$ 4,535,140	\$ 9,364,166

Note: The beginning equipment balance was restated (increased) \$249,275 due to a prior period adjustment. The beginning accumulated depreciation was restated (decreased) \$26,495 due to a prior period adjustment.

Highland Community College District #519

Operating Funds Revenues and Expenditures Uniform Financial Statement #3

Fiscal Year ended June 30, 2015

Operating Revenues by Source

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Local Government Revenue			
Local taxes	\$ 4,632,019	\$ 1,240,681	\$ 5,872,700
CPPRT	159,246	271,149	430,395
Total local government	4,791,265	1,511,830	6,303,095
State Government			
ICCB base operating grant	1,115,439	188,657	1,304,096
ICCB equalization grants	258,622	-	258,622
ICCB - Career and Technical Education	122,994	-	122,994
Other	-	-	-
Total state government	1,497,055	188,657	1,685,712
Federal Government			
Dept. of Education	33,585	-	33,585
Dept. of Labor	-	-	-
Other	-	-	-
Total federal government	33,585	-	33,585
Student Tuition & Fees			
Tuition	4,447,793	-	4,447,793
Fees	500,970	-	500,970
Total tuition & fees	4,948,763	-	4,948,763
Other Sources			
Sales and service fees	50,058	972	51,030
Facilities revenue	34,392	56,273	90,665
Investment revenue	4,548	-	4,548
Non-governmental grants	980,158	-	980,158
Other	33,722	7,459	41,181
Total other revenue	1,102,878	64,704	1,167,582
Total revenue	\$ 12,373,546	\$ 1,765,191	\$ 14,138,737

Highland Community College District #519

Operating Funds Revenues and Expenditures Uniform Financial Statement #3

Fiscal Year ended June 30, 2015

Operating Expenditures

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
By Program			
Instruction	\$ 6,757,536	\$ -	\$ 6,757,536
Academic support	776,840	-	776,840
Student services	1,347,738	-	1,347,738
Public service	385,498	-	385,498
Operations and Maintenance	-	1,493,518	1,493,518
Institutional support	3,115,259	-	3,115,259
Scholarships, grants, waivers	269,705	-	269,705
Transfers and other	-	-	-
Total expenditures	12,652,576	1,493,518	14,146,094
Less non-operating items*:			
Tuition chargeback	12,523	-	12,523
Transfers to Non-operating funds	(242,236)	-	(242,236)
Adjusted expenditures	\$ 12,422,863	\$ 1,493,518	\$ 13,916,381
By Object			
Salaries	\$ 8,129,494	\$ 592,437	\$ 8,721,931
Employee benefits	1,955,544	244,853	2,200,397
Contractual services	520,952	144,337	665,289
General materials and supplies	624,143	133,290	757,433
Library materials **	73,432	-	73,432
Conference and meeting expenses	191,946	1,322	193,268
Fixed charges	584,750	-	584,750
Utilities	28,490	594,212	622,702
Capital outlay	54,488	28,959	83,447
Student grants and scholarships**	269,705	-	269,705
Transfers and other	-	-	-
Other	562,769	(245,892)	316,877
Total expenditures	12,652,576	1,493,518	14,146,094
Less non-operating items*:			
Tuition chargeback	12,523	-	12,523
Transfers to non-operating funds	(242,236)	-	(242,236)
Adjusted expenditures	\$ 12,422,863	\$ 1,493,518	\$ 13,916,381

* Inter-college revenues that do not generate related local college credit hours are subtracted to allow for statewide comparisons.

** Non-add line

Highland Community College District #519

Restricted Purposes Fund - Revenues and Expenditures Uniform Financial Statement #4

Fiscal Year ended June 30, 2015

Revenues by Source

	Restricted Purposes Fund
State Government	
ICCB - Program Improvement Grant	\$ 147,082
ICCB - Adult Education	262,342
ICCB - Other **	-
Dept. of Corrections	-
Other ***	104,579
Total state government	514,003
Federal Government	
Dept. of Education	5,228,313
Department of Labor	17,980
Other	45,006
Total federal government	5,291,299
Other Sources	
Tuition and fees	401,612
Other	547,045
Total other sources	948,657
Total restricted purposes fund revenues	\$ 6,753,959

Expenditures by Program

Instruction	\$ 511,974
Academic support	-
Student services	413,200
Public service/continuing education	125,845
Organized research	-
Auxiliary services	-
Operations and maintenance	-
Institutional support	657,378
Scholarships, grants and waivers	4,817,608
Total restricted purposes fund expenditures	\$ 6,526,005

Highland Community College District #519

Restricted Purposes Fund - Revenues and Expenditures (Continued) Uniform Financial Statement #4

Fiscal Year ended June 30, 2015

Expenditures by Object

	Restricted Purposes Fund
Salaries	\$ 907,144
Employee benefits	166,463
Contractual services	370,589
Student financial aid	4,819,108
General materials and supplies	138,299
Library materials*	-
Conference and meeting expenses	46,866
Fixed charges	23,636
Utilities	5,082
Capital outlay	154,548
Other	(105,730)
Student grants and scholarships*	-

Total restricted purposes fund expenditures	\$ 6,526,005
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* Non-add line

State Government Detail

** ICCB other	Bridging the Gap	\$ -
	ICCB Student Success Grant	-

Total state sources other	\$ -
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*** State sources other	Literacy Sec of State	\$ 48,260
	RSVP Department of Aging	25,019
	Secretary of State Family Literacy	31,300

Total state sources other	\$ 104,579
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Highland Community College District #519

Current Funds - Expenditures by Activity Uniform Financial Statement #5

Fiscal Year ended June 30, 2015

Instruction

Instructional programs	\$ 7,269,510
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Academic Support

Library Center	284,316
Instructional Materials Center	60,181
Educational Media Services	348,874
Academic Computing Support	83,469
Other	-

Total academic support	776,840
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Student Services Support

Admissions and records	323,502
Counseling and career services	606,571
Financial aid administration	569,477
Other	261,388

Total student services support	1,760,938
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Public Service/Continuing Education

Community education	109,728
Customized training (instructional)	521
Community services	401,094

Total public service/continuing education	511,343
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Auxiliary Services

1,527,727

Operations and Maintenance of Plant

Maintenance	98,770
Custodial services	503,093
Grounds	123,728
Campus security	609,027
Transportation	32,377
Utilities	594,010
Administration	141,540
Other	-

Total operations and maintenance of plant	2,102,545
---	-----------

Highland Community College District #519

Current Funds - Expenditures by Activity (Continued) Uniform Financial Statement #5

For the year ended June 30, 2015

Institutional Support

Executive management	332,174
Fiscal operations	627,173
Community relations	310,732
Administrative support services	535,908
Board of trustees	112,934
General institutions	1,338,930
Institutional research	162,878
Administrative data processing	924,817
Other	-

Total institutional support	4,345,546
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Scholarships, Student Grants & Waivers	5,087,313
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Total current funds expenditures	\$ 23,381,762
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* Current funds include the Education; Operations and Maintenance;
Auxiliary Enterprises; Restricted Purposes; Audit; Liability, Protection, and Settlement;
and PBC Operations and Maintenance funds.

Highland Community College District #519

Certification of Chargeback Reimbursement for Fiscal Year 2016

For the year ended June 30, 2015

The Fiscal Year 2016 Certificate of Chargeback Reimbursement Form was unable to be completed by the October 15, 2015 audit due date because line 17 of the form (the FY 2016 average grant rate based on FY 2016 ICCB grants) was unavailable since the State of Illinois budget had not yet been approved by the General Assembly and the Governor of the State of Illinois. This page will be issued at a later date as an addendum/replacement page once all information is available to complete the FY 2016 Chargeback Form.

ICCB State Grant Financial Compliance Section

Independent Auditor's Report on Compliance with State Requirements for Career and Technical Education Program Improvement Grants and State Adult Education and Family Literacy Grants

Board of Directors
Highland Community College District #519
Freeport, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Career and Technical Education-Program Improvement and State Adult Education and Family Literacy Grants of Highland Community College District #519 as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Career and Technical Education-Program Improvement and State Adult Education and Family Literacy Grants of Highland Community College, Illinois Community College District #519 as of June 30, 2015, and the changes in financial position thereof and for the year ended in accordance with accounting principles generally accepted in the United States of America.

Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Highland Community College, Illinois Community College #519 failed to materially comply with the provisions of laws, regulations, contracts and grants between Highland Community College and the State of Illinois and the Illinois Community College Board. However, our audit was not directed primarily toward obtaining knowledge of all such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced laws, regulations, contracts and grants. We also believe that the District is materially in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

Emphasis of Matter

As described more fully in Note (1), these financial statements present only the Career and Technical Education-Program Improvement and State Adult Education and Family Literacy Grants and are not intended to present fairly the financial position and results of operations of Highland Community College District #519 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Wipfli LLP

Freeport, Illinois
October 2, 2015

Highland Community College District #519

Career and Technical Education-Program Improvement Balance Sheet

For the year ended June 30, 2015

Assets

Cash	\$	-
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Liabilities and Fund Balance

Accounts payable	\$	-
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Cash overdraft		-
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Fund balance - unreserved		-
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Total liabilities and fund balance	\$	-
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Highland Community College District #519

Career and Technical Education Grant Program Statement of Revenues, Expenditures, and Changes in Fund Balance

For the year ended June 30, 2015

	Actual
Revenue	
State sources	\$ 21,147
Expenditures	
Current year's grant	-
Contractual services	-
Materials and supplies	19,191
Conference and meeting expenses	1,956
Other expenditures	-
Total expenditures	21,147
Excess (shortage) of revenue over (under) expenditures	-
Transfer in (out) from (to) other funds	-
Fund balance, July 1, 2014	-
Fund balance, June 30, 2015	\$ -

Highland Community College District #519

State Adult Education and Family Literacy Restricted Funds Balance Sheet

June 30, 2015

	State Basic	Public Assistance	Performance	Total (Memorandum Only)
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Accounts receivable	6,136	5,229	3,641	15,006
Total assets	\$ 6,136	\$ 5,229	\$ 3,641	\$ 15,006
Liabilities and Fund Balance				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Cash overdraft	6,136	5,229	3,490	14,855
Accrued expenses	-	-	151	151
Total liabilities	6,136	5,229	3,641	15,006
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 6,136	\$ 5,229	\$ 3,641	\$ 15,006

Highland Community College District #519

State Adult Education and Family Literacy Restricted Funds Statement of Revenues, Expenditures, and Changes in Fund Balance

For the year ended June 30, 2015

	Actual			
	State Basic	Public Assistance	Performance	Total
Revenue				
State sources	\$ 73,619	\$ 62,760	\$ 43,681	\$ 180,060
Expenditures				
Instruction	37,057	35,161	-	72,218
Social work services	12,166	8,569	8,556	29,291
Student transportation services	-	-	-	-
Literacy Services	1,655	1,295	-	2,950
Guidance services	10,316	8,073	6,801	25,190
Assessment & Testing	8,129	6,362	14,318	28,809
Child Care Services	-	-	-	-
Improvement of instructional services	1,074	777	-	1,851
General administration	-	-	2,507	2,507
Operation & maintenance of plant services	-	-	-	-
Workforce coordination	-	-	5,122	5,122
Data & information services	3,222	2,523	6,377	12,122
Total expenditures	73,619	62,760	43,681	180,060
Excess of revenue over (under) expenditures	-	-	-	-
Transfers from (to) other funds	-	-	-	-
Excess of revenue over (under) expenditures and transfers	-	-	-	-
Fund balance, July 1, 2014	-	-	-	-
Fund balance, June 30, 2015	\$ -	\$ -	\$ -	\$ -

Highland Community College District #519

ICCB Compliance Statement for the State Adult Education and Family Literacy Restricted Funds Expenditure Amounts and Percentages for ICCB Grant Funds Only

For the year ended June 30, 2015

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	37,057	50.34%
General Administration (15% Maximum Allowed)	-	0.00%

State Public Assistance	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	35,161	56.02%
General Administration (15% Maximum Allowed)	-	0.00%

Highland Community College District #519

Notes to ICCB State Grant Financial Statements

Note 1 Summary of Significant Accounting Policies

a. General

The preceding statements (pages 90 - 94) include only those transactions resulting from the Illinois Community College Board (ICCB) Career and Technical Education-Program Improvement and Adult Education and Family Literacy Grants. These transactions have been accounted for in the Restricted Purposes Fund.

b. Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2015. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2015 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

c. Fixed Assets

Fixed asset purchases are recorded as a capital outlay and are not capitalized.

Note 2 Payments of Prior Year's Encumbrances

Payments of prior year's encumbrances for goods received prior to August 31 are reflected as expenditures during the current fiscal year.

Independent Accountant's Report on the Enrollment Data and Other Bases Upon Which Claims are Filed

Board of Trustees
Highland Community College District #519
Freeport, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Highland Community College District #519 for the year ended June 30, 2015. The Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the District's management. 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 and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, and accordingly, including examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with statutory requirements.

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed and the reconciliation of semester credit hours of Highland Community College District #519 for the year ended June 30, 2015, in conformity with the Illinois Community College Board's *Fiscal Management Manual*.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Highland Community College, Illinois Community College District #519 as of and for the year ended June 30, 2015, and our report thereon dated October 2, 2015, expressed as an unmodified opinion on those financial statements.

Wipfli LLP

Freeport, Illinois
October 2, 2015

Highland Community College District #519

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed

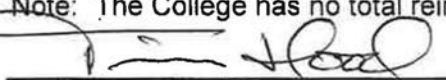
For the year ended June 30, 2015

Total Semester Credit Hours by Term (In-District and Out of District Reimbursable)

Categories	Summer		Fall		Spring		Total
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	
Baccalaureate	2,068.5	-	10,414.0	12.0	10,549.0	8.0	23,051.5
Business Occupational	158.0	-	748.0	-	1,215.0	-	2,121.0
Technical Occupational	191.0	30.0	1,632.0	-	2,803.0	-	4,656.0
Health Occupational	399.0	-	1,586.5	-	2,441.0	-	4,426.5
Remedial Developmental	299.0	-	1,948.0	88.0	1,372.0	52.0	3,759.0
Adult Basic Education/Adult Secondary Education	-	-	-	896.0	-	1,032.0	1,928.0
Total credit hours certified	<u>3,115.5</u>	<u>30.0</u>	<u>16,328.5</u>	<u>996.0</u>	<u>18,380.0</u>	<u>1,092.0</u>	<u>39,942.0</u>

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester Credit Hours	<u>35,102.5</u>	<u>555.0</u>	<u>35,657.5</u>
Reimbursable Semester Credit Hours (All Terms)		<u>Dual Credit</u> <u>3,995.0</u>	<u>Dual Enrollment</u> <u>609.5</u>
District 2014 Equalized Assessed Valuation			<u>\$ 1,651,976,422</u>

Note: The College has no total reimbursable correctional Semester credit hours.


President


Chief Financial Officer

Highland Community College District #519

Reconciliation of Total Semester Credit Hours

For the year ended June 30, 2015

Categories	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	23,031.5	23,031.5	-	20.0	20.0	-
Business Occupational	2,121.0	2,121.0	-	-	-	-
Technical Occupational	4,626.0	4,626.0	-	30.0	30.0	-
Health Occupational	4,426.5	4,426.5	-	-	-	-
Remedial Developmental	3,619.0	3,619.0	-	140.0	140.0	-
Adult Basic Education/Adult Secondary Education	-	-	-	1,928.0	1,928.0	-
Total	37,824.00	37,824.00	-	2,118.00	2,118.00	-

Reconciliation of In-District/Chargeback Agreement Credit Hours

	Total Attending	Total Attending Certified to ICCB	Difference
In-District Residents	35,102.5	35,102.5	-
Out-of-District on Chargeback	555.0	555.0	-
	Total Attending	Total Attending Certified to ICCB	Difference
Dual Credit	3,995.0	3,995.0	-
Dual Enrollment	609.5	609.5	-

Highland Community College District #519

Process for Verifying the Residency Status of Students

In-District tuition is paid by individuals who meet the residency requirements and live in the high school districts of Dakota, East Dubuque, Eastland, Forrestville Valley, Freeport, Galena, Lena-Winslow, Mt. Carroll, Orangeville, Oregon, Pearl City, River Ridge, Savanna, Scales Mound, Stockton, and Warren.

Any student who has occupied a dwelling within the District for at least 30 days immediately prior to the scheduled beginning of classes is considered In-District. Proof of residency is verified by the District by obtaining any two of the five criteria:

- 1) Living with parents whose legal residence is within Highland's District.
- 2) Current driver's license.
- 3) Tax, utility, or rent receipt.
- 4) Voter's registration.
- 5) Other verification of residency.

Students may not attain In-District status simply by attending classes at Highland for 30 days or more.

Students who move into the District for reasons other than attending Highland shall be exempt for the 30-day requirement if they demonstrate a verifiable interest in establishing permanent residency. Verification will consist of employment documentation, home purchase documents, and/or other legal documents.

Highland Community College District #519

Background Information on State Grant Activity

Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment.

Small College Grants

Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. Intended to help small colleges pay for some of the "fixed costs" of operating a smaller institution.

Equalization Grants

Grants provided to institutions with less than the statewide average local tax dollars available per full-time equivalent student.

Restricted Grants/Special Initiatives

Career and Technical Education-Program Improvement Grants

Grant funding recognizes that keeping career and technical education programs current and reflective of the highest quality practices in the workplace is necessary to prepare students to be successful in their chosen careers and to provide employers with the well-trained workforce they require. The grant funds are dedicated to enhancing instruction and academic support activities to strengthen and improve career and technical programs and services.

Statewide Initiatives

Special Incentive Grants - A new request to provide flexible funding for unique initiatives needed in the community college system. The grants will be awarded on a Request for Proposal basis and will focus on higher education priorities such as accessibility, affordability, productivity, partnerships, quality, and responsiveness. In addition, a significant proportion of the dollars available will focus on improving the availability of qualified information technology employees in the State of Illinois.

Other Grants - These other grants are additional contractual grants provided for special or specific system related initiatives. These grants are supported by signed contracts between the college and the State of Illinois. A brief description of each grant should be included in this section. A description of the grants supported by grant agreements may be found in the appendix of the grant agreement governing these grants.

Highland Community College District #519

Background Information on State Grant Activity (Continued)

Restricted 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 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 child care facilities or provision.

Public Assistance

Grant awarded to Adult Education and Family Literacy providers to pay for instruction, fees, books, and materials incurred in the program for students who are identified as recipients of public assistance.

Performance

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

Annual Federal Financial Compliance Section

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

To the Board of Trustees
Highland Community College
District #519
Freeport, Illinois

We have audited in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate discretely presented component unit of Highland Community College, Illinois Community College District #519 (the District) as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2015. The financial statements of Highland Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 entity'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 the 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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 entity's internal control or on compliance. This report is in integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Freeport, Illinois
October 2, 2015

**Independent Auditor's Report on Compliance For Each
Major Federal Program and on Internal Control Over
Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by OMB Circular A-133**

To the Board of Trustees
Highland Community College
District #519
Freeport, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Highland Community College, Illinois Community College District #519's (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion

In our opinion, Highland Community College District #519 complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Highland Community College District #519 as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise Highland Community College #519's basic financial statements. We issued our report thereon dated October 2, 2015, 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 OMB Circular A-133 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Freeport, Illinois
October 2, 2015

Highland Community College District #519

Schedule of Expenditure of Federal Awards

	<u>CFDA* Number</u>	<u>Federal Grant Number</u>	<u>Revenue</u>	<u>Expenditures</u>
<u>Federal Grantor/Pass-Through Grantor/Program Title:</u>				
<u>U.S. Department of Education:</u>				
Direct Programs				
Supplemental Education Opportunity Grant FY 15 **	84.007	P007A131164	\$ 40,951	\$ 40,951
Federal Work Study Program FY 15 **	84.033	P033A131164	83,945	83,945
Pell Grant Program FY 15 **	84.063	P063P131346	3,313,002	3,313,002
Pell Grant Program Administrative Allowance FY 15 **	84.063	P063P131346	5,285	5,285
Federal Direct Student Loans**	84.268	P268K141346	<u>1,463,913</u>	<u>1,463,913</u>
Total Student Financial Aid cluster			<u>4,907,096</u>	<u>4,907,096</u>
Title IV Grant 2015, Student Support Services**	84.042A	P042A100463-14	269,400	269,400
Title IV Grant 2014, Student Support Services**	84.042A	P042A100463-14	<u>51,817</u>	<u>51,817</u>
Total Trio Grant cluster			<u>321,217</u>	<u>321,217</u>
Passed through the Illinois Community College Board:				
CTE Perkins Postsecondary	84.048A	CTE51914	125,935	125,935
Federal Basic	84.002A	51-901	65,478	65,478
EI/Civics	84.002A	51-901	<u>16,804</u>	<u>16,804</u>
Total passed through ICCB			<u>208,217</u>	<u>208,217</u>
Total U.S. Department of Education			<u>5,436,530</u>	<u>5,436,530</u>

Highland Community College District #519

Schedule of Expenditure of Federal Awards (Continued)

	<u>CFDA*</u> <u>Number</u>	<u>Federal</u> <u>Grant</u> <u>Number</u>	<u>Revenue</u>	<u>Expenditures</u>
<u>U.S. Department of Labor:</u>				
Passed through the Illinois Department of Commerce and Economic Opportunity:				
• IGEN-TAA	17.282	TC-225171160A17	17,980	17,980
 <u>U.S. Department of Health & Human Services:</u>				
Direct Program - Retired Senior Volunteer Program (RSVP)				
	94.002	13SRNIL008	<u>45,006</u>	<u>45,006</u>
Total Activity of Federal Awards			<u>\$5,499,516</u>	<u>\$5,499,516</u>

* Catalog of Federal Domestic Assistance Number.

** Denotes a major program

Highland Community College District #519

Notes to Schedule of Expenditure of Federal Awards

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Highland Community College District #519 (the District) under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Government, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, Cost Principles for Education Institutions, 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. Pass-through entity identifying numbers are presented where available.

Note 3 Sub-Recipients

For the year ended June 30, 2015, the District had no sub-recipients of federal funds.

Note 4 Nonmonetary Assistance

For the year ended June 30, 2015, the District received no federal funds in the form of nonmonetary assistance.

Note 5 Other Federal Award Information

The District has no loans or loan guarantees at fiscal year end June 30, 2015.

Highland Community College District #519

Schedule of Findings and Questioned Costs

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- * Material weakness identified? Yes X No
- * Significant deficiency identified that is not considered to be a material weakness Yes X None

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiency identified that is not considered to be a material weakness Yes X None

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 Section 510(a) of Circular A-133? Yes X No

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
Student Financial Aid Cluster:	
84.007	Federal Supplemental Educational Opportunity Grant
84.268	Federal Direct Student Loans
84.033	Federal Work-Study Program
84.063	Federal PELL Grant Program
84.042	Trio-Student Support Services

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low risk auditee? X Yes No

Highland Community College District #519

Schedule of Findings and Questioned Costs (Continued)

II. Findings Relating to the Basic Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiencies in Internal Control

None

B. Compliance Findings

None

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Administering Federal Awards

None

B. Compliance Findings

None

Highland Community College District #519

Corrective Action Plan

Current Number	Comment	Corrective Action Plan	Completion	Person
None				

Summary Schedule of Prior Year Audit Findings

June 30, 2014

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None

June 30, 2013

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None

Highland Community College District #519

Auditor's Information

Freeport, Illinois

Lead Auditor: Matthew J. Schueler
Wipfli LLP

Tel. No.: (815) 233-1512

The audit was performed between March 17, 2015 and October 2, 2015 at the institution's facilities as follows:

<u>Location</u>	<u>Description of Facility (Admin. of SFA offices, main campuses, etc.)</u>	<u>Dates Visited</u>
Freeport, Illinois	Main Campus	March 17, 2015 - October 2, 2015

Institution's Accrediting Organization: North Central Association of Colleges
and Secondary Schools

The institution does not utilize an SFA Consultant/Service.

Records for the accounting and administration of the SFA programs are located at Highland Community College, Pearl City Road, Freeport, Illinois.