

Highland Community College  
District #519

Freeport, Illinois

Annual Financial Report

June 30, 2016

# Highland Community College District #519

Year Ended June 30, 2016

---

## Table of Contents

<b>Independent Auditor's Report</b>	1 - 3
<b>Management Discussion and Analysis</b>	4 - 12
<b>Basic Financial Statements</b>	
Statement of Net Position/Net Assets	13
Statement of Revenues, Expenses, and Changes in Net Position/Net Assets	14
Statement of Cash Flows	15 - 16
Notes to Financial Statements	17 - 45
<b>Required Supplementary Information</b>	
Schedule of Share of Net Pension Liability	46
Schedule of Contributions	47
Notes to Required Supplementary Information	48
<b>Other Financial Information</b>	
Reconciliation of Change in All Fund Balances to the Changes in Net Position and Reconciliation of Combined Balance Sheet to the Statement of Net Position	49
Combined Statement Overview	
Combined Balance Sheet - All Fund Types and Account Groups	50
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	51
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	52 - 53
Combined Statement of Revenues, Expenses, and Changes in Net Position - Budget and Actual - All Proprietary Fund Types	54
Combined Statement of Cash Flows - Proprietary Fund Type	55
Combining Balance Sheet - Governmental Fund Types - General Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Types - General Funds	57
Combining Balance Sheet - Governmental Fund Types - Special Revenue Funds	58

# Highland Community College District #519

Year Ended June 30, 2016

---

## Table of Contents (Continued)

### Other Financial Information (Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Types - Special Revenue Funds	59
Combining Balance Sheet - Fiduciary Funds	60
Schedule of Revenues Compared to Budget - Educational Fund	61
Schedule of Expenditures Compared to Budget - Educational Fund	62 - 63
Schedule of Revenues and Expenditures Compared to Budget - General - Operations and Maintenance Fund - Unrestricted	64
Schedule of Revenues Compared to Budget - Special Revenue - Restricted Purpose Fund	65
Schedule of Expenditures Compared to Budget - Special Revenue - Restricted Purpose Fund	66 - 67
Schedule of Revenues and Expenditures Compared to Budget - Special Revenue - Audit Fund	68
Schedule of Revenues and Expenditures Compared to Budget - Special Revenue - Liability, Protection and Settlement Fund	69
Schedule of Revenues and Expenditures Compared to Budget - Special Revenue - Working Cash Fund	70
Schedule of Tort Expenditures	71
Schedule of Revenues and Expenditures Compared to Budget Capital Projects - Operations and Maintenance Fund - Restricted	72
Schedule of Yearly Activity by Individual Account - Fiduciary Funds - Agency Funds	73

### ICCB Supplementary Information

Schedule of Assessed Valuations, Rates, and Taxes Extended	74
Schedule of Assessed Valuations and Tax Extensions by County	75 - 76
Summary Schedule of Taxes Receivable and Tax Collections	77
Schedule of Legal Debt Margin	78
Uniform Financial Statements	79 - 87
Certification of Chargeback Reimbursement	88

# Highland Community College District #519

Year Ended June 30, 2016

---

## Table of Contents (Continued)

### **ICCB State Grant Financial Compliance Section**

<b>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</b>	89 - 90
Balance Sheet - Career and Technical Education	91
Statement of Revenues, Expenditures and Changes in Fund Balance - Career and Technical Education	92
Balance Sheet - State Adult Education and Family Literacy Restricted Funds	93
Statement of Revenues, Expenditures and Changes in Fund Balance - State Adult Education and Family Literacy Restricted Funds	94
Statement of ICCB Compliance - State Adult Education and Family Literacy Restricted Funds	95
Notes to ICCB State Grant Financial Statements	96
<b>Independent Accountant's Report on the Enrollment Data and Other Bases Upon Which Claims are Filed</b>	97
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	98
Reconciliation of Semester Credit Hours	99
Process for Verifying the Residency Status of Students	100
Background Information on State Grant Activity	101 - 102

# Highland Community College District #519

Year Ended June 30, 2016

---

## Table of Contents (Continued)

### **Annual Federal Financial Compliance Section**

<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters</b>	103 - 104
<b>Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance</b>	105 - 106
Schedule of Expenditure of Federal Awards	107 - 108
Notes to Schedule of Expenditure of Federal Awards	109
Schedule of Findings and Questioned Costs	110 - 111
Corrective Action Plan and Summary Schedule of Prior Audit Findings	112
Auditor's Information	113



## **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, 2016, 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; 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 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 respective 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States require that the Management Discussion and Analysis and the Schedules of Share of Net Pension Liability and Contributions, 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 financial statements as a whole. 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 schedule of expenditures of federal awards in the annual federal financial compliance section is presented for purposes of additional analysis as required by U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The ICCB Supplementary Information and the Schedule of Expenditures of Federal Awards are 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 and the Annual Federal Financial Compliance section 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 5, 2016 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 5, 2016



**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, 2016. 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, 2016 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/Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. 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, 2016 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>2016</u>	<u>2015</u>
<b>Assets:</b>		
Current Assets	\$26,368,999	\$25,490,406
Non-current Assets:		
Capital (Fixed) assets	<u>18,299,538</u>	<u>17,491,645</u>
Total assets	<u>\$44,668,537</u>	<u>\$42,982,051</u>
Total deferred outflows of resources	<u>\$ 181,843</u>	<u>\$ 213,655</u>
<b>Liabilities:</b>		
Current Liabilities	\$ 5,749,165	\$ 5,034,796
Non-current Liabilities	<u>8,667,729</u>	<u>8,111,682</u>
Total liabilities	<u>\$14,416,894</u>	<u>\$13,146,478</u>
Total deferred inflows of resources	<u>\$ 4,705,934</u>	<u>\$ 3,995,142</u>
<b>Net Position:</b>		
Net investment in capital assets	\$11,551,481	\$10,125,691
Restricted, expendable:		
Capital projects	2,282,550	3,988,898
Debt service	998,170	680,763
Working cash	10,338,285	7,851,128
Other	863,273	1,039,636
Unrestricted	<u>(306,207)</u>	<u>2,367,970</u>
Total net position	<u>\$25,727,552</u>	<u>\$26,054,086</u>

Current assets consist primarily of cash, investments, and property taxes receivable. Total current assets and deferred outflows cover current liabilities and deferred inflows 2.5 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 2016 include improvements to the Math Achievement Center, campus-wide classroom digital upgrades, and conference center audio-visual equipment upgrades. Other projects begun in fiscal year 2016, but not yet completed include restroom renovations in two buildings, renovation of the chemistry laboratory, replacement of a make-up air unit in the Student/Conference center, and technology infrastructure upgrades.

# 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>2016</u>	<u>2015</u>
Total operating revenues	\$ 6,992,995	\$ 6,617,016
Total operating expenses	<u>26,174,063</u>	<u>25,910,256</u>
Operating loss	(19,181,068)	(19,293,240)
Nonoperating revenues (expenses)	<u>18,854,534</u>	<u>19,650,888</u>
Change in net position	(326,534)	357,648
Net position, beginning of year	<u>26,054,086</u>	<u>25,696,438</u>
Net position, end of year	<u>\$25,727,552</u>	<u>\$26,054,086</u>

Sources of operating revenues for the District include: tuition and fees, \$3,726,143, auxiliary enterprises revenue, \$1,470,450, and other revenues, \$1,796,402. Nonoperating revenues and operating expenses include a State Universities Retirement System of Illinois (SURS) contribution provided by the State in the amount of \$4,533,972.

# 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 non-operating revenue include state appropriations, \$5,235,134, property and replacement taxes, \$9,098,147, and federal grants and contracts, \$4,614,962. The decrease in net position for fiscal year 2016 is \$326,534.

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>2016</u>	<u>2015</u>
Instruction	\$ 9,629,781	\$ 9,366,992
Academic support	1,047,691	1,012,884
Student services	4,348,506	5,016,421
Public services	920,075	786,725
Operations and maintenance of plant	2,365,044	2,447,737
General administration	2,152,301	1,869,440
Independent operations	-	-
Institutional support	2,600,471	2,563,820
Auxiliary enterprises	1,458,176	1,527,634
Scholarships, grants, waivers	403,417	269,705
Capital projects	-	-
Depreciation	<u>1,248,600</u>	<u>1,048,898</u>
Total operating expenses	<u>\$26,174,063</u>	<u>\$25,910,256</u>
Interest expense and other	<u>\$144,692</u>	<u>\$272,846</u>

The main factors contributing to the increase in the District's operating revenues in fiscal year 2016 are the increase in student tuition and fees of \$354,488.

# Highland Community College District #519

## Management Discussion and Analysis

---

### **Condensed Financial Information (Continued)**

Changes in operating expenses from 2015 to 2016 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. Operating expenses, excluding depreciation, remained flat due to the State of Illinois budget impasse, which resulted in a reduction in funding of \$1,498,553 from 2015 to 2016.

### **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 decrease in the District's net position totaling \$326,534. 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 \$124,929. The variance in results of \$451,463 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, 2016, of key importance is the fund balance in the Operating Funds, which decreased by \$593,058 from June 30, 2015 to June 30, 2016. This decrease results in a fund balance amount of \$2,918,444, which is approximately 17% of the 2016 expenditures and is within the District's recommended guidelines. This decrease is due to the State budget impasse and subsequent reduction in funding for the community college system. Because of this, the District experienced a loss of \$1,099,081 in State of Illinois unrestricted funding in 2016. The District reduced Operating Funds expenses from budgeted levels by \$780,151 during the fiscal year as the budget impasse unfolded. 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, 2016, the District invested \$2,056,491 in capital assets. This includes \$642,762 for buildings and improvements, and \$1,413,729 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)**

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%. These bonds were paid off during fiscal year 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%, maturing 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. 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.

Working cash bonds of \$2,465,000 were issued in fiscal year 2016. 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 3.00%, maturing January 1, 2020.

Additional information on the District's capital assets and 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 2017.



# Highland Community College District #519

## Management Discussion and Analysis

---

### **Factors or Conditions Impacting Future Periods (Continued)**

Property tax revenue in the Operating Funds has increased by less than 1% for fiscal year 2016, the first increase experienced in 5 years. The District experienced a .5% increase in equalized assessed valuation (EAV) from tax year 2014 to 2015. For fiscal year 2017, the District has estimated a 1% 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 7% increase in tuition revenue in fiscal year 2017 based on estimated level credit hour enrollment for the 2016-2017 academic year, combined with a \$6 increase in tuition.

The final State of Illinois budget for fiscal year 2017 is not available at the time of this writing. A stop-gap budget for the period ending December 31, 2016 was passed that includes \$630,841 in unrestricted funding for the District. It is estimated that Operating grants for the District will decrease by 50% from pre-budget impasse levels. Overall, Operating funds revenue is expected to decrease by 3.9% from fiscal year 2016 budgeted levels to fiscal year 2017.

Anticipated Operating Funds revenues for fiscal year 2017 are about \$547,084 less than budgeted for fiscal year 2016. In order to bring expenses more in line with revenues, a variety of reductions have been made in areas such as reductions in force, employee benefits, utilities, materials and supplies, capital and travel/training costs. For fiscal year 2017, the Operating funds budget includes expenditures in excess of revenues in the amount of \$272,000. 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 2017 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 is near completion of a comprehensive strategic planning process that began in 2016. Goals have not yet been identified through that process, however areas of focus on marketing, competition, academic programs, curriculum and instruction, staff and faculty, student financial issues, and facilities, finance, and infrastructure have been identified.

# Highland Community College District #519

## Management Discussion and Analysis

---

### **Factors or Conditions Impacting Future Periods (Continued)**

Short and long-range strategies associated with the areas of focus and forthcoming goals 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, 2016

<b>Assets</b>	Primary Government	Component Unit Highland Community College Foundation
Current assets:		
Cash and cash equivalents	\$ 3,145,567	\$ 342,675
Investments	12,227,190	18,950,720
Receivables:		
Taxes	8,210,719	-
Other, net of \$1,415,519 allowance for doubtful accounts	2,314,742	898,333
Inventories	421,221	-
Prepaid expense	49,560	1,016
Total current assets	26,368,999	20,192,744
Non-current assets:		
Cash surrender value of life insurance	-	343,376
Land	110,000	-
Fixed assets	34,523,616	71,178
Less allowance for accumulated depreciation	(16,334,078)	(53,291)
Total non-current assets	18,299,538	361,263
Total assets	44,668,537	20,554,007
<b>Deferred Outflows of Resources</b>		
SURS pension contribution	31,213	-
Deferred charge on refunding	150,630	-
Total deferred outflows of resources	181,843	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	315,832	7,199
Accounts payable, related party	-	4,286
Accrued expenses	568,845	150,688
Agency deposits	413,319	-

See accompanying notes to financial statements.

Unearned tuition revenue	2,362,617	-
Accrued compensated absences	81,123	-
Capital lease payable	37,614	-
Debt certificates payable	370,000	-
Bonds payable, including unamortized premium	1,599,815	-
<b>Total current liabilities</b>	<b>5,749,165</b>	<b>162,173</b>
Non-current liabilities:		
Accrued compensated absences	26,690	-
Other postemployment benefits	135,411	-
Capital lease payable	102,053	-
Debt certificates payable	2,825,000	-
Bonds payable, including unamortized premium	5,578,575	-
<b>Total non-current liabilities</b>	<b>8,667,729</b>	<b>-</b>
<b>Total liabilities</b>	<b>14,416,894</b>	<b>162,173</b>
<b>Deferred Inflows of Resources</b>		
Property taxes	4,705,934	-
<b>Total deferred inflows of resources</b>	<b>4,705,934</b>	<b>-</b>
<b>Net Position/Net Assets</b>		
Net investment in capital assets	11,551,481	-
Restricted, expendable:		
Capital projects	2,282,550	-
Debt service	998,170	-
Working cash	10,338,285	-
Other	863,273	-
Temporarily restricted	-	5,643,303
Permanently restricted	-	4,382,687
Unrestricted - Board designated	-	7,384,598
Unrestricted	(306,207)	2,981,246
<b>Total net position/net assets</b>	<b>\$ 25,727,552</b>	<b>\$ 20,391,834</b>

# Highland Community College District #519

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

For the year ended June 30, 2016

	Primary Government	Component Unit Highland Community College Foundation
<b>Revenues</b>		
Operating Revenues:		
Student tuition and fees, net of scholarship allowances of \$1,911,281	\$ 3,726,143	\$ -
Auxiliary enterprises revenue	1,470,450	-
Other operating revenues	1,796,402	1,016,300
Total operating revenues	6,992,995	1,016,300
<b>Expenses</b>		
Operating Expenses:		
Instruction	9,629,781	-
Academic support	1,047,691	-
Student services	4,348,506	-
Public services	920,075	-
Operations and maintenance of plant	2,365,044	-
General administration	2,152,301	-
Institutional support	2,600,471	518,149
Auxiliary enterprises	1,458,176	-
Scholarships, student grants, and waivers	403,417	1,684,973
Depreciation	1,248,600	-
Total operating expenses	26,174,063	2,203,122
Operating income (loss)	(19,181,068)	(1,186,822)
<b>Non-operating revenues (expenses)</b>		
State sources	701,162	-
SURS contribution provided by state	4,533,972	-
Property and replacement taxes	9,098,147	-
Federal grants and contracts	4,614,962	-
Interest expense and other	(144,692)	-
Investment income earned	50,983	162,981
Total non-operating revenues	18,854,534	162,981
Change in net position/net assets	(326,534)	(1,023,841)
Net position/net assets, beginning of year	26,054,086	21,415,675
Net position/net assets, end of year	\$ 25,727,552	\$ 20,391,834

# Highland Community College District #519

## Statement of Cash Flows

For the year ended June 30, 2016

	Primary Government
<b>Cash Flows from Operating Activities</b>	
Tuition and fees	\$ 3,908,126
Payments to/for:	
Employees	(9,863,786)
Suppliers and students	(10,516,172)
Auxiliary enterprises	1,444,907
Other receipts	2,626,908
Net cash provided by (used in) operations	(12,400,017)
<b>Cash Flows from Noncapital Financing Activities</b>	
State sources	775,367
Property and replacement taxes	8,183,051
Federal grants and contracts	4,716,728
Net cash provided by (used for) noncapital financing activities	13,675,146
<b>Cash Flows from Capital Financing Activities</b>	
Purchases of capital assets and construction	(2,056,491)
Proceeds from long term debt	2,561,754
Principal paid on capital debt	(1,306,305)
Interest paid on capital debt	(144,692)
Net cash provided by (used for) capital financing activities	(945,734)
<b>Cash Flows from Investing Activities</b>	
Maturity of investments	1,305,000
Purchase of investments	(2,353,798)
Interest and earnings on investments	50,983
Net cash provided by (used for) investing activities	(997,815)
Net increase (decrease) in cash and cash equivalents	(668,420)
Beginning cash and cash equivalents	3,813,987
Ending cash and cash equivalents	\$ 3,145,567
<b>Noncash, Capital and Related Financing Activities:</b>	
SURS contribution paid by state	\$ 4,533,972

# Highland Community College District #519

## Statement of Cash Flows (Continued)

For the year ended June 30, 2016

---

Primary  
Government

---

### **Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (used) From Operating Activities**

Operating income (loss) \$ (19,181,068)

Adjustments to reconcile net income (loss) to net cash  
provided (used) by operating activities:

Depreciation expense	1,248,600
On-behalf payments for SURS	4,533,972
Changes in net assets:	
Receivables (net)	693,926
Inventories	(25,543)
Prepaid expenses	250,054
SURS pension contribution	11,729
Accounts payable	(134,353)
Accrued expenses	102,971
Accrued compensated absences	5,231
Other post employment benefits	13,088
Deposits held in custody for others	(27,951)
Unearned tuition and fees	109,327

---

**Net cash provided (used) by operating activities \$ (12,400,017)**

---

---



# 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, 2016.

#### **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 2014 and 2015 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 2015 rate is for tax levy payable in calendar year 2016, per \$100 of assessed valuation.

	Statutory Maximum Rate	2013 Rate	2014 Rate	2015 Rate
Education Fund*	\$.1750	\$.2800	\$.2800	\$.2800
Operations and Maintenance Fund	.0750	.0750	.0750	.0750
Average Additional	.2100	.0000	.0000	.0000
Liability Insurance	None	.0484	.0499	.0497
Audit Fund	.0050	.0026	.0027	.0027
Protection, Health, & Safety	.0500	.0091	.0061	.0482
Social Security/Medicare Fund**	None	.0090	.0076	.0076
Prior Year Adjustment	None	.0000	.0000	.0000
Bond and Interest Fund	None	<u>.0604</u>	<u>.0621</u>	<u>.1032</u>
Total		<u>\$ .4845</u>	<u>\$ .4834</u>	<u>\$ .5664</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, 2016, 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 2017.

# 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, 2016, has been computed using the guidelines provided in the 2016 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, 2016, the District recorded a vacation liability of \$81,123. 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, 2016, the District recorded a sick pay liability of \$26,690. 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 District for the year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>
Land (non-depreciable)	\$ 110,000	\$ -	\$ -	\$ 110,000
Construction in process	-	-	-	-
Land improvements	3,947,830	30,581	-	3,978,411
Buildings	24,382,583	612,181	-	24,994,764
Equipment	2,782,640	102,524	134,875	2,750,289
Technology	<u>1,836,601</u>	<u>1,311,205</u>	<u>347,654</u>	<u>2,800,152</u>
	<u>\$33,059,654</u>	<u>\$2,056,491</u>	<u>\$482,529</u>	<u>\$34,633,616</u>

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>
Land improvements	\$ 3,558,915	\$ 148,431	\$ -	\$ 3,707,346
Buildings	9,756,256	484,613	-	10,240,869
Equipment	1,495,055	271,539	134,873	1,631,721
Technology	<u>757,781</u>	<u>344,017</u>	<u>347,656</u>	<u>754,142</u>
	<u>\$15,568,007</u>	<u>\$1,248,600</u>	<u>\$482,529</u>	<u>\$16,334,078</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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Uniform Guidance Compliance Supplement.

### **Note 4 On-Behalf Payments for Fringe Benefits and Salaries**

The District 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 2016 and 2015, the state made contributions of \$4,533,972 and \$3,934,046, 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](http://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, 2015 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 2015 and 2016 respectively, was 11.71% and 12.69% 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, 2015, SURS reported a net pension liability (NPL) of \$23,756,361,087. The net pension liability was measured as of June 30, 2014.

*Employer Proportionate Share of Net Pension Liability* The amount of the proportionate share of the net pension liability to be recognized for the District is \$0. The proportionate share of the State’s net pension liability associated with the District is \$54,001,485 or 0.2273%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2015, and the total pension used to calculate the net pension liability was determined based on the June 30, 2014 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 2015.

*Pension Expense* At June 30, 2015 SURS reported a collective net pension expense of \$1,994,587,170.

*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 2015. As a result, the District recognized on-behalf revenue and pension expense of \$4,533,972 for the fiscal year ended June 30, 2016.

# 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	\$ 27,312,043	\$ -
Changes in assumption	609,393,909	-
Net difference between projected and actual earnings on pension plan investments	593,840,642	953,329,464
<b>Total</b>	<b>\$1,230,546,594</b>	<b>\$ 953,329,464</b>

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

Year Ending June 30	Net Deferred Outflows of Resources
2016	\$154,951,326
2017	118,957,720
2018	(145,152,075)
2019	148,460,159
2020	-
Thereafter	-
<b>Total</b>	<b>\$277,217,130</b>

#### Employer Deferral of Fiscal Year 2016 Pension Expense

The District paid \$31,213 in federal, trust or grant contributions for the fiscal year ended June 30, 2016. These contributions were made subsequent to the pension liability measurement date of June 30, 2015 and are recognized as Deferred Outflows of Resources as of June 30, 2016.

# Highland Community College District #519

## Notes to Financial Statements

---

### Note 5 Pension Plan (Continued)

#### Assumptions and Other Inputs

*Actuarial assumptions.* The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2015 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.

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, 2015, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.77%
Private Equity	6%	9.23%
Non-U.S. Equity	19%	6.69%
Global Equity	8%	6.51%
Fixed Income	19%	1.12%
Treasury-Inflation Protected Securities	4%	1.22%
Emerging Market Debt	3%	4.61%
Real Estate REITS	4%	5.85%
Direct Real Estate	6%	4.37%
Commodities	2%	4.06%
Hedged Strategies	5%	3.99%
Opportunity Fund	1%	6.80%
<b>Total</b>	<b>100%</b>	<b>5.02%</b>
<b>Inflation</b>		<b>3.00%</b>
<b>Expected Geometrical Normal Return</b>		<b>8.02%</b>

# Highland Community College District #519

## Notes to Financial Statements

---

### Note 5 Pension Plan (Continued)

Discount Rate. A single discount rate of 7.120% 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 3.80% (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 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

*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 7.12%, 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 6.12%	Current Single Discount Rate Assumption 7.12%	1% Increase 8.12%
\$28,929,333,917	\$23,756,361,087	\$19,470,982,362

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](http://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.

# Highland Community College District #519

## Notes to Financial Statements

---

### Note 6 Other Postemployment Benefits (Continued)

*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 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, 2016 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, 2011	<u>\$45,544</u>	<u>\$13,495</u>	29.6%	<u>\$32,049</u>
June 30, 2012	<u>\$45,544</u>	<u>\$13,495</u>	29.6%	<u>\$64,098</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>
June 30, 2016	<u>\$44,303</u>	<u>\$31,215</u>	71.0%	<u>\$135,411</u>

# Highland Community College District #519

## Notes to Financial Statements

---

### Note 6 Other Postemployment Benefits (Continued)

The net OPEB obligation as of June 30, 2016, was calculated as follows:

Annual required contribution	\$ 44,303
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>44,303</u>
Contribution made	<u>(31,215)</u>
Increase in net OPEB obligation	13,088
Net OPEB obligation, beginning of year	<u>122,323</u>
Net OPEB obligation, end of year	<u>\$135,411</u>

*Funded Status and Funding Progress.* The funded status of the plan on June 30, 2014 (the date of the last actuarial valuation) and June 30, 2011 (the date of the first actuarial valuation), was as follows:

	<u>6/30/14</u>	<u>6/30/11</u>
Actuarial accrued liability (AAL)	\$358,921	\$305,038
Actuarial value of plan assets	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$358,921</u>	<u>\$305,038</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active members)	N/A	N/A
UAAL as a percentage of covered payroll	N/A	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.

# Highland Community College District #519

## Notes to Financial Statements

---

### **Note 6 Other Postemployment Benefits (Continued)**

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.

*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.



# Highland Community College District #519

## Notes to Financial Statements

---

### Note 6 Other Postemployment Benefits (Continued)

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 advanced funded its obligation.

### Note 7 Deposits and Investments

Cash and investments as of June 30, 2016 consist of the following:

	<b><u>Carrying Amount</u></b>
Cash and cash equivalents	\$ 3,145,567
Deposits with financial institutions	11,902,025
External investment pool	<u>325,165</u>
<b>Total</b>	<b><u>\$15,372,757</u></b>

#### 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 \$15,868,640 and the bank balance was \$16,139,774.

Of the bank balance, \$16,139,774 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, 2016, the District's investments were as follows:

	<b><u>Carrying Amount</u></b>	<b><u>Market Value</u></b>
External investment pool	<u>\$325,165</u>	<u>\$325,165</u>

# Highland Community College District #519

## Notes to Financial Statements

---

### Note 7 Deposits and Investments (Continued)

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 2016.

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

#### **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:

<b><u>Investment Type</u></b>	<b><u>Remaining Maturity (in Months)</u></b>			<b><u>Total</u></b>
	<b><u>12 Months Or Less</u></b>	<b><u>13-24 Months</u></b>	<b><u>25-60 Months</u></b>	
External investment pool	<u>\$325,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$325,165</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:

<b><u>Investment Type</u></b>	<b><u>June 30, 2016</u></b>	<b><u>AAAm</u></b>	<b><u>Aa</u></b>	<b><u>Unrated</u></b>
External investment pool	<u>\$325,165</u>	<u>\$325,165</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.

# Highland Community College District #519

## Notes to Financial Statements

---

### **Note 7 Deposits and Investments (Continued)**

#### **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, 2016 there are no investments with custodial credit risk.

#### **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.

# Highland Community College District #519

## Notes to Financial Statements

### Note 8 Changes in General Long-term Debt

	<b>Balance July 1, 2015</b>	<b>Issuances</b>	<b>Retirements</b>	<b>Balance June 30, 2016</b>
2010 Gen. Oblig. Bonds	\$ 255,000	\$ -	\$ 255,000	\$ -
2012 G.O. Rfdg. Debt Cert.	3,565,000	-	370,000	3,195,000
2012 Gen. Oblig. WC Bonds	1,945,000	-	645,000	1,300,000
2014 G.O. Bonds	3,225,000	-	-	3,225,000
2016 Gen. Oblig. WC Bonds	-	2,465,000	-	2,465,000
2012 Copier Capital Lease	62,662	-	20,012	42,650
2014 Bus Capital Lease	<u>113,310</u>	<u>-</u>	<u>16,293</u>	<u>97,017</u>
<b>Total</b>	<b><u>\$9,165,972</u></b>	<b><u>\$2,465,000</u></b>	<b><u>\$1,306,305</u></b>	<b><u>\$10,324,667</u></b>
Premium on bonds	<u>\$144,982</u>	<u>\$ 91,523</u>	<u>\$ 48,115</u>	<u>\$ 188,390</u>

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, 2016, \$2,990,000 of bonds outstanding is considered defeased.

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 were paid off 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, 2016, \$150,630 remains as a deferred charge on the bond refunding.

# Highland Community College District #519

## Notes to Financial Statements

---

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

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.

Series 2016 General Obligation Bonds were issued in February, 2016. \$2,465,000 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 3.00%, commencing January 1, 2016 and maturing on January 1, 2020.

At June 30, 2016, the annual cash flow requirements of bond principal (including debt certificates) and interest are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,925,000	\$231,082	\$ 2,156,082
2018	1,930,000	175,733	2,105,733
2019	2,010,000	125,132	2,135,132
2020	2,085,000	77,932	2,162,932
2021	980,000	44,182	1,024,182
2022-2024	<u>1,255,000</u>	<u>61,052</u>	<u>1,316,052</u>
	<u>\$10,185,000</u>	<u>\$715,113</u>	<u>\$10,900,113</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:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 37,614	\$ 3,813	\$ 41,427
2018	38,975	2,456	41,431
2019	<u>63,078</u>	<u>1,044</u>	<u>64,122</u>
	<u>\$139,667</u>	<u>\$ 7,313</u>	<u>\$146,980</u>

# Highland Community College District #519

## Notes to Financial Statements

---

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

A computation of the legal debt margin of the District as of June 30, 2016, is as follows:

Assessed valuation – 2015 tax levy	\$1,660,234,440
Debt limit – 2.875% of assessed valuation	\$ 47,731,740
Less applicable debt	<u>(10,324,667)</u>
Legal debt margin	<u>\$ 37,407,073</u>

### 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 2016 totals \$211,967. As of June 30, 2016, the YMCA had paid \$211,967. 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, 2016, the following amounts were available for the District's share of these expenditures:

Road and lot	\$ 74,197
Building maintenance	65,735
Accumulated interest	<u>47,972</u>
Total	<u>\$187,904</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.

# Highland Community College District #519

## Notes to Financial Statements

---

### **Note 10 Short-Term Debt**

The District did not engage in any short-term debt activity during the year.

### **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, 2016, \$1,944,931 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 \$0 as of June 30, 2016.

### **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. Potentially, the District could be assessed additional premiums for its share of any losses of the insurance pool. Historically, the District has not been assessed any additional premiums.

### **Note 13 Commitments and Contingencies**

The District has received a number of Federal and State grants for specific purposes which are subject to review and audit by grantor agencies. Such audits may result in requests for reimbursement to granting agencies for expenditures disallowed under the terms of the grants. Based on prior experience, District management believes that such disallowances, if any, will not be significant.

Commitments for the purchases of property, plant, and equipment relating to restrooms, chemistry lab renovation, building and environmental controls, and make-up air units at June 30, 2016 totaled \$1,130,962.

### **Note 14 Pending Accounting Pronouncements**

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 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.

# Highland Community College District #519

## Notes to Financial Statements

---

### **Note 14 Pending Accounting Pronouncements (Continued)**

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements by requiring the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses issues regarding the presentation of payroll related measures in requirement supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 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 15 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, 2016, \$6,384,598 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.



# Highland Community College District #519

## Notes to Financial Statements

---

### Note 16 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:

### 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).

# Highland Community College District #519

## Notes to Financial Statements

---

### Note 16 Component Unit (Continued)

#### Summary of Significant Accounting Policies (Continued)

**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.

**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.

# Highland Community College District #519

## Notes to Financial Statements

---

### Note 16 Component Unit (Continued)

#### Summary of Significant Accounting Policies (Continued)

The endowment net asset composition by type of fund at June 30, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$5,643,303	\$4,382,687	\$ 10,025,990
Board-designated endowment funds	<u>6,384,598</u>	<u>-</u>	<u>-</u>	<u>6,384,598</u>
	<u>\$6,384,598</u>	<u>\$5,643,303</u>	<u>\$4,382,687</u>	<u>\$16,410,588</u>

Changes in endowment net assets as of June 30, 2016 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	\$6,887,526	\$5,721,444	\$4,450,107	\$17,059,077
Contributions	-	795,020	35,225	830,245
Interest and dividend income	134,653	263,933	-	398,586
Net unrealized gain(loss) on investments	(137,436)	41,778	(102,645)	(198,303)
Amounts appropriated for Expenditure	(500,145)	-	-	(500,145)
Amounts released from restriction	<u>-</u>	<u>(1,178,872)</u>	<u>-</u>	<u>(1,178,872)</u>
	<u>\$6,384,598</u>	<u>\$5,643,303</u>	<u>\$4,382,687</u>	<u>\$16,410,588</u>

### Investments

Investments consist of the following as of June 30, 2016:

Money market funds	\$ 431,006
Certificates of deposits	303,717
Corporate and other obligations	905,120
Common stock and equity funds	4,256,193
Mutual funds	11,513,353
ETF	297,739
REIT	558,592
Property and other	<u>685,000</u>
Total investments	<u>\$18,950,720</u>

# Highland Community College District #519

## Notes to Financial Statements

---

### Note 16 Component Unit (Continued)

#### 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, 2016 are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Inactive Markets for Identical Assets (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	\$ 431,006	\$ 431,006	\$ -	\$ -
Certificate of deposits	303,717	303,717	-	-
Corporate and other obligations	905,120	905,120	-	-
Common stock and equity funds	4,256,193	4,256,193	-	-
Mutual funds	11,513,353	5,133,640	6,379,713	-
ETF	297,739	297,739	-	-
REIT	558,592	558,592	-	-
Property and other	<u>685,000</u>	<u>-</u>	<u>-</u>	<u>685,000</u>
Total investments	<u>\$18,950,720</u>	<u>\$11,886,007</u>	<u>\$6,379,713</u>	<u>\$685,000</u>

#### Property and Equipment

A summary of equipment is as follows:

	<u>Cost</u> <u>6/30/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Cost</u> <u>6/30/2016</u>
Equipment	\$ 71,178	\$ -	\$ -	\$71,178
Less accumulated Depreciation	<u>(49,476)</u>	<u>(3,815)</u>	<u>-</u>	<u>(53,291)</u>
Total, net of accumulated Depreciation	<u>\$ 21,702</u>	<u>\$ (3,815)</u>	<u>\$ -</u>	<u>\$17,887</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, 2012 and prior.

# Highland Community College District #519

## Notes to Financial Statements

---

### **Note 16 Component Unit (Continued)**

#### **Cash Surrender Value of Life Insurance**

The Foundation will be the beneficiary of the cash surrender value of a life insurance policy upon the death of the donor. The policy has a cash surrender value of \$343,376 at June 30, 2016. The donor has restricted the policy to be used for nursing program purposes.

#### **Accounting Standards Update**

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ("Update"). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofits to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments in this Update is permitted. The Foundation has not elected to early implement the amendments.

## **Required Supplementary Information**

# Highland Community College District #519

## Schedule of Share of Net Pension Liability Last 10 Calendar Years

(Schedule to be Built Prospectively from 2014)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion percentage of the collective net pension liability	0%	0%								
Proportion amount of the collective net pension liability	\$0	\$0								
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the District	\$54,001,485	\$ 51,944,951								
College DB covered-employee payroll	\$ 8,428,877	\$ 8,752,996								
Proportion of collective net pension liability associated with the District as a percentage of covered-employee payroll	640.67%	593.45%								
SURS plan net position as a percentage of total pension liability	42.37%	44.39%								

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

# Highland Community College District #519

## Schedule of Contributions Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2014)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Federal, trust, grant and other contribution	\$ 31,213	\$ 42,942	\$ 50,030							
Contribution in relation to required contribution	31,213	42,942	50,030							
Contribution deficiency (excess)	\$0	\$0	\$0							
College covered-employee payroll	\$ 9,879,902	\$ 9,821,228	\$10,154,522							
Contribution as a percentage of covered-employee payroll	0.32%	0.44%	0.49%							
Additional information:										
On-behalf payments for community college health insurance program	\$ 44,796	\$ 43,715	\$ 44,931							

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



# Highland Community College District #519

## Notes to Required Supplementary Information

---

### **SURS Pension Information**

#### *Covered Payroll*

The definition of covered payroll has been redefined in GASB Statement Number 82, Pension Issues—An Amendment of GASB Statements Number 67, Number 68 and Number 73. Below are the definitions from the glossaries of each statement.

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

GASB 82 Covered Payroll. All elements included in compensation paid to active employees on which contributions to a pension plan are based.

**Changes of benefit terms.** There were no benefit changes recognized in the Total Pension Liability as of June 30, 2015.

**Changes of assumptions.** In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- Mortality rates. Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants. RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.
- Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption. Main the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

## **Other Financial Information**

# Highland Community College District #519

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

June 30, 2016

All Fund Types - Change in Fund Balances	\$	124,929
Reduction in student tuition and fees		(1,911,281)
Reduction in financial aid expense		1,911,281
Net effect		-
Prior year recognition of summer revenue deferred		(208,399)
Prior year recognition of summer salaries deferred		48,374
Recognition of summer revenue deferred		181,220
Recognition of summer salaries deferred		(48,400)
Net effect		(27,205)
Compensated absences decrease (increase)		(5,231)
SURS pension contribution decrease (increase)		(11,729)
Other post employment benefits decrease (increase)		(13,088)
Expended for capital assets		2,056,491
Depreciation		(1,248,600)
Net effect		807,891
Long-term debt issued (governmental funds)		(2,465,000)
Premium adjustment on bonds		(43,406)
Long-term debt retired (governmental funds)		1,306,305
Net effect		(1,202,101)
Change in net position	\$	(326,534)
Net position, beginning of year	\$	26,054,086
Net position, end of year		25,727,552
Change in net position	\$	(326,534)

## Reconciliation of Combined Balance Sheet to the Statement of Net Position

Fund Balances - All Fund Types and Account Groups	\$	52,653,878
Allowance for accumulated depreciation		(16,334,078)
Recognition of summer revenue deferred		181,220
Recognition of summer salaries deferred		(48,400)
Deferral of SURS pension contribution		31,213
Amount to be provided for compensated absences		(107,813)
Amount to be provided for other post employment benefits		(135,411)
Amount available in debt service fund		(998,170)
Amount to be provided for retirement of general long-term debt		(9,514,887)
Net Position of Statement of Net Position	\$	25,727,552

# Highland Community College District #519

Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2016

<b>Assets</b>	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and cash equivalents	\$ 173,588	\$ 2,354,343	\$ 204,317	\$ -
Investments	1,236,770	8,454,978	14,167	2,521,275
Receivables:				
Taxes	5,167,276	860,491	1,491,021	691,931
Other, net of \$1,415,519 allowance for doubtful accounts	1,872,037	353,753	-	1,028
Due from other funds	-	603,717	-	-
Inventories	-	-	-	-
Deferred expense	88,114	9,791	150,630	-
Fixed assets	-	-	-	-
Other debits:				
Amount to be provided for compensated absences	-	-	-	-
Amount available in the debt service fund	-	-	-	-
Amount to be provided for retire- ment of general long-term debt	-	-	-	-
<b>Total assets</b>	<b>\$ 8,537,785</b>	<b>\$ 12,637,073</b>	<b>\$ 1,860,135</b>	<b>\$ 3,214,234</b>
<b>Liability, Deferred Inflows and Fund Equity</b>				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Due to other funds	23,328	2,030	-	327,060
Accounts payable	69,807	19,522	-	204,591
Accrued expenses	561,841	4,429	552	-
Agency deposits	-	-	-	-
Unearned tuition revenue	2,017,449	402,407	-	-
Accrued compensated absences	-	-	-	-
Debt certificates payable	-	-	-	-
Capital lease payable	-	-	-	-
Premium on bonds	-	-	-	-
Bonds payable	-	-	-	-
<b>Total liabilities</b>	<b>2,672,425</b>	<b>428,388</b>	<b>552</b>	<b>531,651</b>
Deferred Inflows of Resources:				
Property taxes	2,946,916	497,572	861,413	400,033
Fund equity:				
Investments in general fixed assets	-	-	-	-
Unrestricted net position	-	-	-	-
Fund balances (deficit):				
Reserved for restricted purposes	-	863,273	-	-
Reserved for bond requirements	-	-	998,170	-
Reserved for working cash	-	10,338,285	-	-
Unreserved - designated	2,918,444	509,555	-	2,282,550
<b>Total fund equity</b>	<b>2,918,444</b>	<b>11,711,113</b>	<b>998,170</b>	<b>2,282,550</b>
<b>Total liabilities, deferred inflows and fund equity</b>	<b>\$ 8,537,785</b>	<b>\$ 12,637,073</b>	<b>\$ 1,860,135</b>	<b>\$ 3,214,234</b>

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	Long-Term Debt	
Enterprise	Agency			
\$ -	\$ 413,319	\$ -	\$ -	\$ 3,145,567
-	-	-	-	12,227,190
-	-	-	-	8,210,719
87,924	-	-	-	2,314,742
-	-	-	-	603,717
421,221	-	-	-	421,221
55	-	-	-	248,590
-	-	34,633,616	-	34,633,616
-	-	-	107,813	107,813
-	-	-	998,170	998,170
-	-	-	9,514,887	9,514,887
<u>\$ 509,200</u>	<u>\$ 413,319</u>	<u>\$ 34,633,616</u>	<u>\$ 10,620,870</u>	<u>\$ 72,426,232</u>
\$ -	\$ -	\$ -	\$ -	\$ -
251,299	-	-	-	603,717
21,912	-	-	-	315,832
2,023	-	-	-	568,845
-	413,319	-	-	413,319
123,981	-	-	-	2,543,837
-	-	-	107,813	107,813
-	-	-	3,195,000	3,195,000
-	-	-	139,667	139,667
-	-	-	188,390	188,390
-	-	-	6,990,000	6,990,000
<u>399,215</u>	<u>413,319</u>	<u>-</u>	<u>10,620,870</u>	<u>15,066,420</u>
-	-	-	-	4,705,934
-	-	34,633,616	-	34,633,616
109,985	-	-	-	109,985
-	-	-	-	863,273
-	-	-	-	998,170
-	-	-	-	10,338,285
-	-	-	-	5,710,549
<u>109,985</u>	<u>-</u>	<u>34,633,616</u>	<u>-</u>	<u>52,653,878</u>
<u>\$ 509,200</u>	<u>\$ 413,319</u>	<u>\$ 34,633,616</u>	<u>\$ 10,620,870</u>	<u>\$ 72,426,232</u>

# 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, 2016

<b>Revenues</b>	Governmental	
	General	Special Revenue
Local governmental sources	\$ 6,279,282	\$ 995,682
State governmental sources	378,839	322,323
Federal governmental sources	36,599	4,578,363
Student tuition and fees	5,171,964	492,639
Other sources	1,265,084	564,482
On behalf payments	4,033,647	500,325
<b>Total revenue</b>	<b>17,165,415</b>	<b>7,453,814</b>
<b>Expenditures</b>		
Instruction	6,870,209	327,780
Academic support	775,720	-
Student services	1,228,208	4,532,842
Public services	491,000	111,697
Operations and maintenance of plant	1,372,862	595,172
General administration	1,248,012	543,801
Independent operations	-	-
Institutional support	1,179,543	1,197,090
Scholarships, student grants, and waivers	403,417	-
Capital projects	-	-
Debt service	442,831	-
On behalf payments	4,033,647	500,325
<b>Total expenditures</b>	<b>18,045,449</b>	<b>7,808,707</b>
Excess (deficiency) of revenues over expenditures	(880,034)	(354,893)
<b>Other financing sources (uses)</b>		
Bond proceeds	-	2,465,000
Premiums on debt issued	-	91,523
Payment to escrow agent	-	-
Transfers from (to) other funds	286,976	(111,342)
<b>Total other financing sources (uses)</b>	<b>286,976</b>	<b>2,445,181</b>
Net change in fund balance	(593,058)	2,090,288
Fund balance, beginning of year	3,511,502	9,620,825
Fund balance, end of year	\$ 2,918,444	\$ 11,711,113

Fund Types		Total
Debt Service	Capital Projects	(Memorandum Only)
\$ 1,372,977	\$ 450,206	\$ 9,098,147
-	-	701,162
-	-	4,614,962
-	-	5,664,603
711	17,108	1,847,385
-	-	4,533,972
1,373,688	467,314	26,460,231
-	-	7,197,989
-	-	775,720
-	-	5,761,050
-	-	602,697
-	-	1,968,034
-	-	1,791,813
-	-	-
-	-	2,376,633
-	-	403,417
-	1,993,662	1,993,662
1,056,281	-	1,499,112
-	-	4,533,972
1,056,281	1,993,662	28,904,099
317,407	(1,526,348)	(2,443,868)
-	-	2,465,000
-	-	91,523
-	-	-
-	(180,000)	(4,366)
-	(180,000)	2,552,157
317,407	(1,706,348)	108,289
680,763	3,988,898	17,801,988
\$ 998,170	\$ 2,282,550	\$ 17,910,277

# 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, 2016

	General Fund Types		
	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Local governmental sources	\$ 6,304,178	\$ 6,279,282	\$ (24,896)
State governmental sources	1,477,920	378,839	(1,099,081)
Federal governmental sources	35,541	36,599	1,058
Student tuition and fees	5,085,000	5,171,964	86,964
Other sources	1,267,426	1,265,084	(2,342)
On behalf payments	-	4,033,647	4,033,647
<b>Total revenues</b>	<b>14,170,065</b>	<b>17,165,415</b>	<b>2,995,350</b>
<b>Expenditures</b>			
Instruction	7,096,810	6,870,209	(226,601)
Academic support	825,454	775,720	(49,734)
Student services	1,400,507	1,228,208	(172,299)
Public services	409,582	491,000	81,418
Operations and maintenance of plant	1,548,712	1,372,862	(175,850)
General administration	1,295,048	1,248,012	(47,036)
Independent operations	-	-	-
Institutional support	1,456,411	1,179,543	(276,868)
Scholarships, student grants, and waivers	315,000	403,417	88,417
Capital projects	-	-	-
Debt service	-	442,831	442,831
On behalf payments	-	4,033,647	4,033,647
<b>Total expenditures</b>	<b>14,347,524</b>	<b>18,045,449</b>	<b>3,697,925</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(177,459)</b>	<b>(880,034)</b>	<b>(702,575)</b>
<b>Other financing sources (uses)</b>			
Bond proceeds	-	-	-
Premiums on debt issued	-	-	-
Payment to escrow agent	-	-	-
Transfer from (to) other funds	293,532	286,976	(6,556)
<b>Total other financing sources (uses)</b>	<b>293,532</b>	<b>286,976</b>	<b>(6,556)</b>
<b>Net change in fund balance</b>	<b>\$ 116,073</b>	<b>(593,058)</b>	<b>\$ (709,131)</b>
<b>Fund balance, beginning of year</b>		<b>3,511,502</b>	
<b>Fund balance, end of year</b>		<b>\$ 2,918,444</b>	



Special Revenue Fund Types			Debt Service Fund Types		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
\$ 994,500	\$ 995,682	\$ 1,182	\$ 1,039,055	\$ 1,372,977	\$ 333,922
326,824	322,323	(4,501)	-	-	-
5,496,898	4,578,363	(918,535)	-	-	-
492,474	492,639	165	-	-	-
411,717	564,482	152,765	-	711	711
-	500,325	500,325	-	-	-
<u>7,722,413</u>	<u>7,453,814</u>	<u>(268,599)</u>	<u>1,039,055</u>	<u>1,373,688</u>	<u>334,633</u>
323,742	327,780	4,038	-	-	-
-	-	-	-	-	-
5,423,534	4,532,842	(890,692)	-	-	-
153,615	111,697	(41,918)	-	-	-
637,618	595,172	(42,446)	-	-	-
1,036,754	543,801	(492,953)	-	-	-
-	-	-	-	-	-
1,264,889	1,197,090	(67,799)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	945,913	1,056,281	110,368
-	500,325	500,325	-	-	-
<u>8,840,152</u>	<u>7,808,707</u>	<u>(1,031,445)</u>	<u>945,913</u>	<u>1,056,281</u>	<u>110,368</u>
<u>(1,117,739)</u>	<u>(354,893)</u>	<u>762,846</u>	<u>93,142</u>	<u>317,407</u>	<u>224,265</u>
-	2,465,000	2,465,000	-	-	-
-	91,523	91,523	-	-	-
-	-	-	-	-	-
-	(111,342)	(111,342)	-	-	-
-	2,445,181	2,445,181	-	-	-
<u>\$ (1,117,739)</u>	<u>2,090,288</u>	<u>\$ 3,208,027</u>	<u>\$ 93,142</u>	<u>317,407</u>	<u>\$ 224,265</u>
	9,620,825			680,763	
	<u>\$ 11,711,113</u>			<u>\$ 998,170</u>	

# 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, 2016

	Capital Project Fund Types		
	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Local governmental sources	\$ 450,000	\$ 450,206	\$ 206
State governmental sources	-	-	-
Federal governmental sources	-	-	-
Student tuition and fees	-	-	-
Other sources	-	17,108	17,108
On behalf payments	-	-	-
<b>Total revenues</b>	<b>450,000</b>	<b>467,314</b>	<b>17,314</b>
<b>Expenditures</b>			
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	3,798,577	1,993,662	(1,804,915)
Debt service	-	-	-
On behalf payments	-	-	-
<b>Total expenditures</b>	<b>3,798,577</b>	<b>1,993,662</b>	<b>(1,804,915)</b>
Excess (deficiency) of revenues over expenditures	<b>(3,348,577)</b>	<b>(1,526,348)</b>	<b>1,822,229</b>
<b>Other financing sources (uses)</b>			
Bond proceeds	-	-	-
Capital lease proceeds	-	-	-
Transfer from (to) other funds	(180,000)	(180,000)	-
<b>Total other financing sources (uses)</b>	<b>(180,000)</b>	<b>(180,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (3,528,577)</b>	<b>(1,706,348)</b>	<b>\$ 1,822,229</b>
Fund balance, beginning of year		3,988,898	
Fund balance, end of year		\$ 2,282,550	

# 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, 2016

	Proprietary Fund Type	
	Budget	Actual
<b>Operating revenues</b>		
Bookstore sales	\$ 1,018,000	\$ 960,318
Other fees	215,000	211,391
Athletics	43,790	31,580
Other sources	154,435	267,161
<b>Total operating revenues</b>	<b>1,431,225</b>	<b>1,470,450</b>
<b>Operating expenses</b>		
Salaries	324,633	281,252
Employee benefits	43,393	48,247
Contractual services	67,989	50,557
General materials and supplies	893,166	821,078
Conference and meeting expense	160,905	104,769
Utilities	600	533
Fixed charges	1,492	556
Capital outlay	19,770	1,388
Other	9,490	149,796
<b>Total operating expenses</b>	<b>1,521,438</b>	<b>1,458,176</b>
Operating income (loss)	(90,213)	12,274
<b>Nonoperating revenue (expenses)</b>		
Transfer from (to) other funds	-	4,366
<b>Total nonoperating revenue (expenses)</b>	<b>-</b>	<b>4,366</b>
<b>Net income (loss)</b>	<b>\$ (90,213)</b>	<b>16,640</b>
Unrestricted net position beginning of year		93,345
Unrestricted net position end of year		\$ 109,985

# Highland Community College District #519

## Combined Statement of Cash Flows Proprietary Fund Type

For the year ended June 30, 2016

	Proprietary Fund Type
	Enterprise Fund Type
<b>Cash Flows from Operating Activities</b>	
Operating income (loss)	\$ 12,274
Adjustments to reconcile net income to net cash from operating activities:	
(Increase) decrease in current assets:	
Inventory	(25,543)
Accounts receivable	(29,005)
Deferred expense	368
Due from other funds	-
Increase (decrease) in current liabilities:	
Unearned tuition revenue	(7,953)
Due to other funds	44,945
Accounts payable	191
Accrued expenses	357
Net cash provided by (used in) operations	(4,366)
<b>Cash Flows from Investing Activities</b>	
Purchase of investments	-
Maturity of investments	-
Net cash provided by (used for) investing activities	-
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfer from (to) other funds	4,366
Net cash provided by (used for) noncapital financing activities	4,366
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, 2016

	Educational Fund	Operations and Mainten- ance Fund	Total General Funds
<b>Assets</b>			
Cash	\$ -	\$ 173,588	\$ 173,588
Investments	1,236,770	-	1,236,770
Receivables:			
Taxes	4,045,891	1,121,385	5,167,276
Other, net of \$1,415,519 allow- ance for doubtful accounts	1,864,739	7,298	1,872,037
Deferred expense	88,114	-	88,114
<b>Total assets</b>	<b>\$ 7,235,514</b>	<b>\$ 1,302,271</b>	<b>\$ 8,537,785</b>
<b>Liabilities, Deferred Inflows and Fund Balance</b>			
Liabilities:			
Cash overdraft	\$ -	\$ -	\$ -
Due to other funds	23,328	-	23,328
Accounts payable	32,046	37,761	69,807
Accrued expenses	536,094	25,747	561,841
Unearned tuition revenue	2,017,449	-	2,017,449
<b>Total liabilities</b>	<b>2,608,917</b>	<b>63,508</b>	<b>2,672,425</b>
Deferred Outflows of Resources:			
Property tax revenue	2,324,328	622,588	2,946,916
Fund balance - unreserved - designated	2,302,269	616,175	2,918,444
<b>Total liabilities, deferred outflows, and fund balance</b>	<b>\$ 7,235,514</b>	<b>\$ 1,302,271</b>	<b>\$ 8,537,785</b>

# 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, 2016

	Educational Fund	Operations and Mainten- ance Fund	Total General Funds
<b>Revenues</b>			
Local governmental sources	\$ 4,787,685	\$ 1,491,597	\$ 6,279,282
State governmental sources	332,815	46,024	378,839
Federal governmental sources	36,599	-	36,599
Student tuition and fees	5,171,964	-	5,171,964
Other sources	1,188,321	76,763	1,265,084
On behalf payments	3,757,828	275,819	4,033,647
<b>Total revenues</b>	<b>15,275,212</b>	<b>1,890,203</b>	<b>17,165,415</b>
<b>Expenditures</b>			
Instruction	6,870,209	-	6,870,209
Academic support	775,720	-	775,720
Student services	1,228,208	-	1,228,208
Public services	491,000	-	491,000
Operations and maintenance of plant	-	1,372,862	1,372,862
General administration	1,248,012	-	1,248,012
Institutional support	1,179,543	-	1,179,543
Scholarships, student grants, and waivers	403,417	-	403,417
Debt service	442,831	-	442,831
On behalf payments	3,757,828	275,819	4,033,647
<b>Total expenditures</b>	<b>16,396,768</b>	<b>1,648,681</b>	<b>18,045,449</b>
Excess (deficiency) of revenue over expenditures	(1,121,556)	241,522	(880,034)
<b>Other financing sources (uses)</b>			
Capital lease proceeds	-	-	-
Transfer from (to) other funds	286,976	-	286,976
<b>Net change in fund balance</b>	<b>(834,580)</b>	<b>241,522</b>	<b>(593,058)</b>
Fund balance, beginning of year	3,136,849	374,653	3,511,502
<b>Fund balance, end of year</b>	<b>\$ 2,302,269</b>	<b>\$ 616,175</b>	<b>\$ 2,918,444</b>

# Highland Community College District #519

## Combining Balance Sheet Governmental Fund Types - Special Revenue Funds

June 30, 2016

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Funds	Working Cash Funds	Total Special Revenue Funds
<b>Assets</b>					
Cash	\$ 199,387	\$ -	\$ 149,463	\$ 2,005,493	\$ 2,354,343
Investments	736,057	-	-	7,718,921	8,454,978
Receivables:					-
Property tax	-	38,043	822,448	-	860,491
Other	343,599	-	-	10,154	353,753
Prepaid expense	9,791	-	-	-	9,791
Due from other funds	-	-	-	603,717	603,717
<b>Total assets</b>	<b>\$ 1,288,834</b>	<b>\$ 38,043</b>	<b>\$ 971,911</b>	<b>\$ 10,338,285</b>	<b>\$ 12,637,073</b>
<b>Liabilities, Deferred Inflows, and Fund Balance</b>					
Liabilities:					
Due to other funds	\$ -	\$ 2,030	\$ -	\$ -	\$ 2,030
Accounts payable	18,725	-	797	-	19,522
Unearned tuition revenue	402,407	-	-	-	402,407
Accrued expense	4,429	-	-	-	4,429
<b>Total liabilities</b>	<b>425,561</b>	<b>2,030</b>	<b>797</b>	<b>-</b>	<b>428,388</b>
Deferred outflows:					
Property taxes	-	21,998	475,574	-	497,572
Fund balance (deficit):					
Reserved for restricted purposes	863,273	-	-	10,338,285	11,201,558
Unreserved - designated	-	14,015	495,540	-	509,555
<b>Total fund balance</b>	<b>863,273</b>	<b>14,015</b>	<b>495,540</b>	<b>10,338,285</b>	<b>11,711,113</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 1,288,834</b>	<b>\$ 38,043</b>	<b>\$ 971,911</b>	<b>\$ 10,338,285</b>	<b>\$ 12,637,073</b>

# 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, 2016

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Working Cash Fund	Total Special Revenue Funds
<b>Revenues</b>					
Local government sources	\$ -	\$ 44,098	\$ 951,584	\$ -	\$ 995,682
State governmental sources	322,323	-	-	-	322,323
Federal governmental sources	4,578,363	-	-	-	4,578,363
Student tuition	492,639	-	-	-	492,639
Other sources	534,198	-	-	30,284	564,482
On behalf payments	500,325	-	-	-	500,325
<b>Total revenues</b>	<b>6,427,848</b>	<b>44,098</b>	<b>951,584</b>	<b>30,284</b>	<b>7,453,814</b>
<b>Expenditures</b>					
Instruction	327,780	-	-	-	327,780
Academic support	-	-	-	-	-
Student services	4,532,842	-	-	-	4,532,842
Public services	111,697	-	-	-	111,697
General administration	543,801	-	-	-	543,801
Operations and maintenance	-	-	595,172	-	595,172
Independent operations	-	-	-	-	-
Institutional support	498,666	45,000	576,016	77,408	1,197,090
Debt service	-	-	-	-	-
On behalf payments	500,325	-	-	-	500,325
<b>Total expenditures</b>	<b>6,515,111</b>	<b>45,000</b>	<b>1,171,188</b>	<b>77,408</b>	<b>7,808,707</b>
Excess (deficiency) of revenues over expenditures	(87,263)	(902)	(219,604)	(47,124)	(354,893)
<b>Other financing sources (uses) of funds</b>					
Bond proceeds	-	-	-	2,465,000	2,465,000
Premium on debt issued	-	-	-	91,523	91,523
Transfer from (to) other funds	(89,100)	-	-	(22,242)	(111,342)
<b>Total other financing sources</b>	<b>(89,100)</b>	<b>-</b>	<b>-</b>	<b>2,534,281</b>	<b>2,445,181</b>
<b>Net change in fund balance</b>	<b>(176,363)</b>	<b>(902)</b>	<b>(219,604)</b>	<b>2,487,157</b>	<b>2,090,288</b>
<b>Fund balance, beginning of year</b>	<b>1,039,636</b>	<b>14,917</b>	<b>715,144</b>	<b>7,851,128</b>	<b>9,620,825</b>
<b>Fund balance, end of year</b>	<b>\$ 863,273</b>	<b>\$ 14,015</b>	<b>\$ 495,540</b>	<b>\$ 10,338,285</b>	<b>\$ 11,711,113</b>



# Highland Community College District #519

## Combining Balance Sheet Fiduciary Funds

June 30, 2016

---

	Agency Funds
<b>Assets</b>	
Cash on hand and in bank	\$ 413,319
Investments	-
Receivables - other	-
Due from other funds	-
<hr/>	
Total assets	\$ 413,319
<hr/> <hr/>	
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts payable	\$ -
Agency deposits	413,319
<hr/>	
Total liabilities	413,319
<hr/>	
Fund balances:	
Undesignated	-
<hr/>	
Total fund balances	-
<hr/>	
Total liabilities and fund balances	\$ 413,319
<hr/> <hr/>	

# Highland Community College District #519

## Educational Fund Schedule of Revenues Compared to Budget

For the year ended June 30, 2016

	Budget	Actual	Over (Under) Budget
<b>Local Governmental Sources</b>			
Current taxes	\$ 2,324,331	\$ 2,324,329	\$ (2)
Corporate personal property replacement tax	157,189	145,788	(11,401)
Back taxes	2,312,767	2,317,568	4,801
Total local government sources	4,794,287	4,787,685	(6,602)
<b>State Governmental Sources</b>			
ICCB base operating grants	1,115,235	282,815	(832,420)
ICCB equalization grants	56,710	50,000	(6,710)
ICCB other	117,425	-	(117,425)
ICCB career and technical education	7,000	-	(7,000)
Total state government sources	1,296,370	332,815	(963,555)
<b>Federal Governmental Sources</b>			
Federal financial aid	5,944	5,944	-
Indirect costs	29,597	30,655	1,058
DCEO	-	-	-
Total federal governmental sources	35,541	36,599	1,058
<b>Student Tuition and Fees</b>			
Tuition	4,495,230	4,503,390	8,160
Fees	589,770	668,574	78,804
Total student tuition and fees	5,085,000	5,171,964	86,964
<b>Other Sources</b>			
Facilities rental	28,000	28,095	95
Interest on investments	5,000	4,380	(620)
Other revenue	1,170,994	1,155,846	(15,148)
Total other sources	1,203,994	1,188,321	(15,673)
Total revenues	\$ 12,415,192	\$ 11,517,384	\$ (897,808)

# Highland Community College District #519

## Educational Fund Schedule of Expenditures Compared to Budget

For the year ended June 30, 2016

	Budget	Actual	Over (Under) Budget
<b>Instruction</b>			
Salaries	\$ 5,651,834	\$ 5,493,107	\$ (158,727)
Employee benefits	1,029,699	1,008,903	(20,796)
Contractual services	106,424	90,450	(15,974)
General materials and supplies	221,684	199,048	(22,636)
Conference and meetings expense	63,359	36,564	(26,795)
Fixed charges	10,500	14,159	3,659
Utilities	8,185	1,356	(6,829)
Capital outlay	2,200	19,331	17,131
Other	2,925	7,291	4,366
<b>Total instruction</b>	<b>7,096,810</b>	<b>6,870,209</b>	<b>(226,601)</b>
<b>Academic Support</b>			
Salaries	541,695	526,785	(14,910)
Employee benefits	155,667	155,686	19
Contractual services	17,141	7,343	(9,798)
General materials and supplies	97,074	78,321	(18,753)
Conference and meetings expense	10,887	5,911	(4,976)
Capital outlay	2,990	1,674	(1,316)
Other	-	-	-
<b>Total academic support</b>	<b>825,454</b>	<b>775,720</b>	<b>(49,734)</b>
<b>Student Services</b>			
Salaries	935,580	845,940	(89,640)
Employee benefits	261,455	247,980	(13,475)
Contractual services	23,685	10,394	(13,291)
General materials and supplies	20,339	9,197	(11,142)
Conference and meetings expense	32,078	16,725	(15,353)
Fixed charges	8,350	10,675	2,325
Utilities	720	240	(480)
Capital outlay	300	269	(31)
Other	118,000	86,788	(31,212)
<b>Total student services</b>	<b>1,400,507</b>	<b>1,228,208</b>	<b>(172,299)</b>
<b>Public Services</b>			
Salaries	182,904	207,123	24,219
Employee benefits	13,704	16,473	2,769
Contractual services	148,486	210,674	62,188
General materials and supplies	18,968	17,349	(1,619)
Conference and meeting expense	41,820	36,549	(5,271)

# Highland Community College District #519

Educational Fund (Continued)

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2016

	Budget	Actual	Over (Under) Budget
<b>Public Services (Continued)</b>			
Fixed charges	2,600	2,832	232
Utilities	-	-	-
Capital outlay	1,100	-	(1,100)
Other	-	-	-
Total public services	409,582	491,000	81,418
<b>Operations and Maintenance of Plant</b>			
General materials and supplies	-	-	-
<b>General Administration</b>			
Salaries	719,612	729,286	9,674
Employee benefits	213,774	211,055	(2,719)
Contractual services	108,117	86,174	(21,943)
General materials and supplies	216,965	196,633	(20,332)
Conference and meeting expense	32,727	21,432	(11,295)
Fixed charges	-	-	-
Utilities	3,153	2,924	(229)
Capital outlay	700	318	(382)
Other	-	190	190
Total general administration	1,295,048	1,248,012	(47,036)
<b>Institutional Support</b>			
Salaries	445,492	429,816	(15,676)
Employee benefits	259,401	211,808	(47,593)
Contractual services	236,686	184,880	(51,806)
General materials and supplies	96,425	92,841	(3,584)
Conference and meeting expense	73,276	44,494	(28,782)
Fixed charges	132,352	68,959	(63,393)
Utilities	21,099	20,286	(813)
Capital outlay	18,080	18,496	416
Other	173,600	107,963	(65,637)
Total institutional support	1,456,411	1,179,543	(276,868)
<b>Debt Service</b>			
Principal and interest payments	446,622	442,831	(3,791)
<b>Other</b>			
Provision of contingency	-	-	-
<b>Scholarships, Student Grants, &amp; Waivers</b>			
Other	315,000	403,417	88,417
Total educational fund	\$ 13,245,434	\$ 12,638,940	\$ (606,494)
Other financing sources (uses) of funds:			
Capital lease proceeds	\$ -	\$ -	\$ -
Operating transfers in	293,532	291,342	(2,190)
Operating transfers out	-	(4,366)	(4,366)
Total other financing sources (uses) of funds	\$ 293,532	\$ 286,976	\$ (6,556)

# 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, 2016

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Local Governmental Sources</b>			
Current taxes	\$ 622,589	\$ 622,588	\$ (1)
Corporate personal property replacement tax	267,811	248,233	(19,578)
Back taxes	619,491	620,776	1,285
Total local government sources	1,509,891	1,491,597	(18,294)
<b>State Governmental Sources</b>			
State apportionment	181,550	46,024	(135,526)
Total state government sources	181,550	46,024	(135,526)
<b>Federal Governmental Sources</b>			
FEMA	-	-	-
Total federal sources	-	-	-
<b>Other Sources</b>			
Facilities rental	63,132	69,555	6,423
Other revenue	300	7,208	6,908
Total other sources	63,432	76,763	13,331
Total revenues	\$ 1,754,873	\$ 1,614,384	\$ (140,489)
<b>Expenditures</b>			
<b>Operation and Maintenance of Plant</b>			
Salaries	\$ 623,504	\$ 604,220	\$ (19,284)
Employee benefits	223,060	209,836	(13,224)
Contractual services	150,856	68,537	(82,319)
General materials and supplies	153,868	129,702	(24,166)
Conference and meeting expense	1,500	221	(1,279)
Utilities	648,001	553,168	(94,833)
Other	(253,675)	(204,628)	49,047
Contingency	-	-	-
Capital outlay	1,598	11,806	10,208
Total expenditures	\$ 1,548,712	\$ 1,372,862	\$ (175,850)
<b>Other financing sources (uses) of funds</b>			
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, 2016

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>State Governmental Sources</b>			
Workforce Preparation Grant	\$ -	\$ -	\$ -
Student Success Grant	-	-	-
SBE Adult Education	133,752	133,752	-
SBE Vocational Education	133,329	125,829	(7,500)
Other	59,743	62,742	2,999
<b>Total state government sources</b>	<b>326,824</b>	<b>322,323</b>	<b>(4,501)</b>
<b>Federal Governmental Sources</b>			
Student Support Services Grant	289,429	278,276	(11,153)
College Work Study	83,945	83,945	-
Direct Federal Loan Program	1,500,000	1,272,403	(227,597)
Upward Bound Grant	-	-	-
Pell	3,506,500	2,857,405	(649,095)
SEOG	40,812	40,812	-
National Science/Other	-	-	-
Department of Labor	-	-	-
RSVP	76,212	45,522	(30,690)
IGEN/TAA Grant	-	-	-
<b>Total federal government sources</b>	<b>5,496,898</b>	<b>4,578,363</b>	<b>(918,535)</b>
<b>Student Tuition and Fees</b>			
Tuition	-	-	-
Fees	492,474	492,639	165
<b>Total student tuition and fees</b>	<b>492,474</b>	<b>492,639</b>	<b>165</b>
<b>Other Sources</b>			
Highland Community College Foundation	87,000	199,964	112,964
Investment income	20,532	21,494	962
In Kind	-	-	-
Other	304,185	312,740	8,555
<b>Total other sources</b>	<b>411,717</b>	<b>534,198</b>	<b>122,481</b>
<b>Total revenue</b>	<b>\$ 6,727,913</b>	<b>\$ 5,927,523</b>	<b>\$ (800,390)</b>

# Highland Community College District #519

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

For the year ended June 30, 2016

	Budget	Actual	Over (Under) Budget
<b>Expenditures</b>			
<b>Instruction</b>			
Salaries	\$ 169,772	\$ 173,436	\$ 3,664
Employee benefits	51,353	51,352	(1)
Contractual services	7,868	7,889	21
General materials and supplies	48,836	47,577	(1,259)
Conference and meetings expense	14,049	12,175	(1,874)
Fixed charges	-	-	-
Utilities	-	-	-
Capital outlay	18,000	22,501	4,501
Other	13,864	12,850	(1,014)
<b>Total instruction</b>	<b>323,742</b>	<b>327,780</b>	<b>4,038</b>
<b>Academic Support</b>			
Salaries	-	-	-
Employee benefits	-	-	-
Contractual services	-	-	-
General materials and supplies	-	-	-
Capital outlay	-	-	-
Conference and meetings expense	-	-	-
Other	-	-	-
<b>Total academic support</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Student Services</b>			
Salaries	258,812	263,296	4,484
Employee benefits	68,515	60,551	(7,964)
Contractual services	816	3,738	2,922
General materials and supplies	150	6,081	5,931
Capital outlay	-	-	-
Conference meeting expense	1,300	6,184	4,884
Other	5,093,941	4,192,992	(900,949)
<b>Total student services</b>	<b>5,423,534</b>	<b>4,532,842</b>	<b>(890,692)</b>
<b>Public Services</b>			
Salaries	64,612	44,609	(20,003)
Employee benefits	12,250	6,435	(5,815)
Contractual services	17,690	15,009	(2,681)
General materials and supplies	18,667	9,622	(9,045)
Conference and meeting expense	7,494	4,120	(3,374)
Fixed charges	23,748	23,748	-
Utilities	4,152	4,152	-
Capital Outlay	-	-	-
Other	5,002	4,002	(1,000)
<b>Total public services</b>	<b>153,615</b>	<b>111,697</b>	<b>(41,918)</b>

# Highland Community College District #519

Special Revenue - Restricted Purpose Fund (Continued)

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2016

	Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>			
<b>Institutional Support</b>			
Salaries	74,229	74,235	6
General materials and supplies	1,630	3,755	2,125
Employee Benefits	15,304	15,308	4
Conference and meetings expense	805	292	(513)
Capital outlay	-	-	-
Contractual services	454,119	400,337	(53,782)
Utilities	-	-	-
Other	665	4,739	4,074
<b>Total institutional support</b>	<b>546,752</b>	<b>498,666</b>	<b>(48,086)</b>
<b>General Administration</b>			
Salaries	220,434	234,935	14,501
General materials and supplies	11,595	5,454	(6,141)
Employee benefits	32,223	18,323	(13,900)
Conference and meetings expense	20,085	17,969	(2,116)
Fixed charges	650	-	(650)
Capital outlay	41,917	72,202	30,285
Contractual services	3,800	3,140	(660)
Other	706,050	191,778	(514,272)
<b>Total general administration</b>	<b>1,036,754</b>	<b>543,801</b>	<b>(492,953)</b>
<b>Operations &amp; Maintenance</b>			
Salaries	-	-	-
General materials and supplies	-	-	-
Capital outlay	-	-	-
Conference and meetings expense	-	-	-
Debt principal retirement	-	-	-
Other	-	-	-
<b>Total operations &amp; maintenance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Independent Operations</b>			
Salaries	-	-	-
General materials and supplies	-	-	-
Capital outlay	-	-	-
Contractual services	-	-	-
Other	-	-	-
<b>Total independent operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 7,484,397</b>	<b>\$ 6,014,786</b>	<b>\$ (1,469,611)</b>
Other financing sources (uses) of funds:			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	-	(89,100)	(89,100)
<b>Total other financing sources (uses) of funds</b>	<b>\$ -</b>	<b>\$ (89,100)</b>	<b>\$ (89,100)</b>



# Highland Community College District #519

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

For the year ended June 30, 2016

---

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Local Governmental Sources</b>			
Current taxes	\$ 22,000	\$ 21,998	\$ (2)
Back taxes	22,000	22,100	100
<hr/>			
Total revenues	\$ 44,000	\$ 44,098	\$ 98
<hr/>			
<b>Expenditures</b>			
<b>Institutional Support</b>			
Audit costs	\$ 45,000	\$ 45,000	\$ -
<hr/>			

# 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, 2016

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Local Governmental Sources</b>			
Current taxes	\$ 475,500	\$ 475,574	\$ 74
Back taxes	475,000	476,010	1,010
Other revenue	-	-	-
<b>Total revenues</b>	<b>\$ 950,500</b>	<b>\$ 951,584</b>	<b>\$ 1,084</b>
<b>Expenditures</b>			
<b>Institutional Support</b>			
Salaries	\$ 20,730	\$ 20,423	\$ (307)
Employee benefits	279,917	219,491	(60,426)
Contractual services	132,900	89,472	(43,428)
General materials and supplies	9,390	10,781	1,391
Conferences and meetings	14,200	1,161	(13,039)
Fixed charges	216,000	234,688	18,688
Capital outlay	-	-	-
Provision for contingency	-	-	-
<b>Total institutional support</b>	<b>673,137</b>	<b>576,016</b>	<b>(97,121)</b>
<b>Operations and Maintenance</b>			
Salaries	301,661	285,098	(16,563)
Employee benefits	83,439	80,270	(3,169)
Contractual services	252,518	229,804	(22,714)
<b>Total operations and maintenance</b>	<b>637,618</b>	<b>595,172</b>	<b>(42,446)</b>
<b>Total expenditures</b>	<b>\$ 1,310,755</b>	<b>\$ 1,171,188</b>	<b>\$ (139,567)</b>

# Highland Community College District #519

Special Revenue

Working Cash Fund

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2016

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Other Sources</b>			
Interest on investments	\$ 15,000	\$ 30,284	\$ 15,284
Other revenue	-	-	-
<b>Total revenues</b>	<b>\$ 15,000</b>	<b>\$ 30,284</b>	<b>\$ 15,284</b>
<b>Expenditures</b>			
<b>Institutional Support</b>			
Salaries	\$ -	\$ -	\$ -
Employee benefits	-	-	-
Contractual services	-	-	-
General materials and supplies	-	-	-
Conferences and meetings	-	-	-
Fixed charges	-	-	-
Capital outlay	-	-	-
Other	8,000	77,408	69,408
<b>Total institutional support</b>	<b>8,000</b>	<b>77,408</b>	<b>69,408</b>
<b>Total expenditures</b>	<b>\$ 8,000</b>	<b>\$ 77,408</b>	<b>\$ 69,408</b>
Other financing sources of funds:			
Bond proceeds	\$ -	\$ 2,465,000	\$ 2,465,000
Premium on debt issued	-	91,523	91,523
Operating transfer out	(7,000)	(22,242)	(15,242)
<b>Total other financing sources of funds</b>	<b>\$ (7,000)</b>	<b>\$ 2,534,281</b>	<b>\$ 2,541,281</b>

# Highland Community College District #519

## Schedule of Tort Expenditures

For the year ended June 30, 2016

---

Risk management related salaries and benefits	\$	543,802
Insurance		296,368
Legal services		-
Security and safety related		331,018
<hr/>		
Total tort expenditures	\$	1,171,188
<hr/> <hr/>		

# 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, 2016

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Local Governmental Sources</b>			
Current taxes	\$ 400,000	\$ 400,048	\$ 48
Back taxes	50,000	50,158	158
Total local government sources	450,000	450,206	206
<b>State Governmental Sources</b>			
Deferred Maintenance Grant	-	-	-
ADA Grant	-	-	-
Total state government sources	-	-	-
<b>Other Sources</b>			
Other gifts/revenue	-	2,795	2,795
Interest on investments	-	14,313	14,313
Total other sources	-	17,108	17,108
Total revenues	\$ 450,000	\$ 467,314	\$ 17,314
<b>Expenditures</b>			
<b>Capital Projects</b>			
Contractual services	\$ 100,000	\$ 130,339	\$ 30,339
General materials & supplies	9,835	840	(8,995)
Capital outlay	3,588,742	1,862,483	(1,726,259)
Other	100,000	-	(100,000)
Total expenditures	\$ 3,798,577	\$ 1,993,662	\$ (1,804,915)
<b>Other financing sources (uses)</b>			
Bond proceeds	\$ -	\$ -	\$ -
Capital lease proceeds	-	-	-
Operating transfers out	(180,000)	(180,000)	-
Total other financing sources	\$ (180,000)	\$ (180,000)	\$ -

# Highland Community College District #519

Fiduciary Funds

Agency Funds

Schedule of Yearly Activity By Individual Account

For the year ended June 30, 2016

	Balance 6/30/2015	Receipts	Disburse- ments	Equity Transfers In/Out	Balance 6/30/2016
HCC road and parking	\$ 84,481	\$ -	\$ 10,284	\$ -	\$ 74,197
YMCA road and parking	79,064	5,000	10,284	-	73,780
YMCA building/maintenance	52,634	-	3,990	-	48,644
HCC building/maintenance	69,724	-	3,990	-	65,734
YMCA/HCC interest	95,610	333	-	-	95,943
SAVTES road and parking	56,909	5,000	10,288	-	51,621
Flex fund	2,848	3,400	2,848	-	3,400
	\$ 441,270	\$ 13,733	\$ 41,684	\$ -	\$ 413,319

## **ICCB Supplementary Information**

# Highland Community College District #519

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

LEVY YEARS 2015, 2014, AND 2013

	2015 Levy	2014 Levy	2013 Levy
<b>Assessed valuation</b>	\$ 1,660,234,440	\$ 1,651,976,422	\$ 1,653,203,593
<b>Tax Rates (per \$100 of assessed valuation)</b>			
Education Fund	0.2800	0.2800	0.2800
Operations, and Maintenance Fund	0.0750	0.0750	0.0750
Insurance	0.0497	0.0499	0.0484
Audit Fund	0.0027	0.0027	0.0026
Protection, Health & Safety	0.0482	0.0061	0.0091
Bond and Interest	0.1032	0.0621	0.0604
Social Security	0.0076	0.0076	0.0090
<b>Total</b>	<b>0.5664</b>	<b>0.4834</b>	<b>0.4845</b>
<b>Taxes Extended</b>			
Education Fund	\$ 4,648,656	\$ 4,625,534	\$ 4,628,971
Operations, and Maintenance Fund	1,245,176	1,238,983	1,239,903
Education and O&M additional	(3,100)	(611)	(725)
Insurance	825,124	825,021	800,364
Audit Fund	43,996	44,097	44,140
Protection, Health & Safety	800,067	100,110	150,147
Bond and Interest	1,720,851	1,028,178	1,002,326
Social Security	126,012	125,054	148,163
<b>Total</b>	<b>\$ 9,406,782</b>	<b>\$ 7,986,366</b>	<b>\$ 8,013,289</b>



# Highland Community College District #519

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

LEVY YEARS 2015, 2014, AND 2013

	<u>2015 Levy</u>	<u>2014 Levy</u>	<u>2013 Levy</u>
<b><i>Assessed valuations</i></b>			
Carroll	\$ 257,811,203	\$ 249,276,909	\$ 235,735,593
Jo Daviess	678,284,330	673,248,556	677,522,177
Ogle	119,674,189	117,583,543	118,772,027
Stephenson	604,464,718	611,867,414	621,173,796
Total	<u>\$ 1,660,234,440</u>	<u>\$ 1,651,976,422</u>	<u>\$ 1,653,203,593</u>
<b><i>Tax extensions</i></b>			
<b><u>Educational</u></b>			
Carroll	\$ 721,871	\$ 697,975	\$ 660,060
Jo Daviess	1,899,196	1,885,096	1,897,062
Ogle	335,088	329,234	332,562
Stephenson	1,692,501	1,713,229	1,739,287
	<u>4,648,656</u>	<u>4,625,534</u>	<u>4,628,971</u>
<b><u>Operation and Maintenance</u></b>			
Carroll	193,358	186,958	176,802
Jo Daviess	508,713	504,936	508,142
Ogle	89,756	88,188	89,079
Stephenson	453,349	458,901	465,880
	<u>1,245,176</u>	<u>1,238,983</u>	<u>1,239,903</u>
<b><u>Insurance</u></b>			
Carroll	128,132	124,489	114,096
Jo Daviess	337,107	336,220	327,921
Ogle	59,466	58,745	57,699
Stephenson	300,419	305,567	300,648
	<u>825,124</u>	<u>825,021</u>	<u>800,364</u>
<b><u>Audit</u></b>			
Carroll	6,832	6,656	6,294
Jo Daviess	17,975	17,976	18,090
Ogle	3,171	3,128	3,171
Stephenson	16,018	16,337	16,585
	<u>43,996</u>	<u>44,097</u>	<u>44,140</u>

# Highland Community College District #519

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

LEVY YEARS 2015, 2014, AND 2013

	2015 Levy	2014 Levy	2013 Levy
<b><i>Tax extensions (continued)</i></b>			
<b><u>Protection, Health, &amp; Safety</u></b>			
Carroll	124,239	15,106	21,405
Jo Daviess	326,865	40,799	61,519
Ogle	57,671	7,126	10,820
Stephenson	291,292	37,079	56,403
	800,067	100,110	150,147
<b><u>Bond and Interest</u></b>			
Carroll	266,190	154,851	142,314
Jo Daviess	703,856	418,222	411,120
Ogle	123,552	73,055	71,964
Stephenson	627,253	382,050	376,928
	1,720,851	1,028,178	1,002,326
<b><u>Social Security</u></b>			
Carroll	19,568	18,870	21,122
Jo Daviess	51,482	50,965	60,706
Ogle	9,083	8,901	10,678
Stephenson	45,879	46,318	55,657
	126,012	125,054	148,163
<b><u>Prior Year Adjustment</u></b>			
Carroll	-	-	-
Jo Daviess	-	-	-
Ogle	(3,100)	(611)	(725)
Stephenson	-	-	-
	(3,100)	(611)	(725)
<b>Total</b>	<b>\$ 9,406,782</b>	<b>\$ 7,986,366</b>	<b>\$ 8,013,289</b>

# Highland Community College District #519

## Summary Schedule of Taxes Receivable and Tax Collections Governmental Fund Types

For the year ended June 30, 2016

Year	Levy Valuation	Assessed Rate	Combined Taxes Extended	Total Collected to June 30, 2015
2014	\$ 1,651,976,422	0.4834	\$ 7,986,366	\$ 1,476,098
2015	1,660,234,440	0.5664	9,406,782	-
<b>Total</b>				<b>\$ 1,476,098</b>

### 2015 Property Taxes Extended

	Uncollected June 30, 2016
Education	\$ 4,019,642
Operations, and Maintenance	1,076,691
Insurance	713,487
Audit	38,043
Protection, Health & Safety	691,931
Bond and Interest	1,491,021
Social Security	108,961
Difference due to estimated equalized assessed value	(5,085)
<b>Total</b>	<b>\$ 8,134,691</b>

Collected During Year Ended June 30, 2016	Total Collected to June 30, 2016	Percent Collected June 30, 2016	Allowance for Uncollectible Taxes	Balance After Allowance
\$ 6,518,449	\$ 7,994,547	100.10%	\$ -	\$ -
1,272,091	1,272,091	13.52%	-	8,134,691
<u>\$ 7,790,540</u>	<u>\$ 9,266,638</u>	<u>53.28%</u>	<u>\$ -</u>	<u>\$ 8,134,691</u>

# Highland Community College District #519

## Schedule of Legal Debt Margin

For the year ended June 30, 2016

---

Assessed valuation - 2015 levy	\$ 1,660,234,440
Debt limit, 2.875% of assessed valuation	\$ 47,731,740
Total long-term debt	10,324,667
Legal debt margin	\$ 37,407,073

# Highland Community College District #519

## All Funds Summary

Uniform Financial Statement #1, Fiscal Year 2016

	Education Fund	Operations & Mainten- ance Fund	Operations & Mainten- ance Fund (Restricted)	Bond and Interest Fund
Fund balance, July 1, 2015	\$ 3,136,849	\$ 374,653	\$ 3,988,898	\$ 680,763
<b>Revenues</b>				
Local tax revenue	4,787,684	1,491,597	450,206	1,372,977
All other local revenue	-	-	-	-
ICCB grants	332,815	46,024	-	-
All other state revenue	-	-	-	-
Federal revenue	36,599	-	-	-
Student tuition and fees	5,117,825	-	-	-
All other revenue	1,242,461	76,763	17,108	711
<b>Total revenue</b>	<b>11,517,384</b>	<b>1,614,384</b>	<b>467,314</b>	<b>1,373,688</b>
<b>Expenditures</b>				
Instruction	6,870,209	-	-	-
Academic support	775,720	-	-	-
Student services	1,228,208	-	-	-
Public service	491,000	-	-	-
Organized research	-	-	-	-
Auxiliary services	-	-	-	-
Operations and maintenance	-	1,372,862	418,800	-
Institutional support	2,870,386	-	1,574,862	1,056,281
Scholarships, grants, waivers	403,417	-	-	-
<b>Total expenditures</b>	<b>12,638,940</b>	<b>1,372,862</b>	<b>1,993,662</b>	<b>1,056,281</b>
Other financing sources	-	-	-	-
Net transfers	286,976	-	(180,000)	-
Prior period adjustment	-	-	-	-
Fund balance, June 30, 2016	\$ 2,302,269	\$ 616,175	\$ 2,282,550	\$ 998,170

Restricted Purpose Fund	Auxiliary Enterprises Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund
\$ 1,039,636	\$ 93,345	\$ 7,851,128	\$ 14,917	\$ 715,144
-	-	-	44,098	951,584
-	-	-	-	-
259,581	-	-	-	-
62,742	-	-	-	-
4,578,364	-	-	-	-
458,528	211,451	-	-	-
568,308	1,258,999	2,586,807	-	-
5,927,523	1,470,450	2,586,807	44,098	951,584
327,780	-	-	-	-
-	-	-	-	-
369,659	-	-	-	-
111,697	-	-	-	-
-	-	-	-	-
-	1,458,176	-	-	-
-	-	-	-	595,172
1,042,467	-	77,408	45,000	576,016
4,163,183	-	-	-	-
6,014,786	1,458,176	77,408	45,000	1,171,188
-	-	-	-	-
(89,100)	4,366	(22,242)	-	-
-	-	-	-	-
\$ 863,273	\$ 109,985	\$ 10,338,285	\$ 14,015	\$ 495,540

# Highland Community College District #519

## All Funds Summary (Continued)

Uniform Financial Statement #1, Fiscal Year 2016

---

	Total
Fund balance, July 1, 2015	\$ 17,895,333
<b>Revenues</b>	
Local tax revenue	9,098,146
All other local revenue	-
ICCB grants	638,420
All other state revenue	62,742
Federal revenue	4,614,963
Student tuition and fees	5,787,804
All other revenue	5,751,157
Total revenue	25,953,232
<b>Expenditures</b>	
Instruction	7,197,989
Academic support	775,720
Student services	1,597,867
Public service	602,697
Organized research	-
Auxiliary services	1,458,176
Operations and maintenance	2,386,834
Institutional support	7,242,420
Scholarships, grants, waivers	4,566,600
Total expenditures	25,828,303
Other financing sources, bond proceeds	-
Net transfers	-
Fund balance, June 30, 2016	\$ 18,020,262



# Highland Community College District #519

## Summary of Fixed Assets and Debt Uniform Financial Statement #2

Fiscal Year ended June 30, 2016

	Fixed Asset/Debt Account Groups June 30, 2015	Additions	Deletions	Fixed Asset/Debt Account Groups June 30, 2016
<b>Fixed Assets</b>				
Sites and improvements	\$ 4,057,830	\$ 30,581	\$ -	\$ 4,088,411
Construction in process	-	-	-	-
Buildings, additions and improvements	24,382,583	612,181	-	24,994,764
Equipment	2,782,640	102,524	134,875	2,750,289
Technology	1,836,601	1,311,205	347,654	2,800,152
<b>Total fixed assets</b>	<b>33,059,654</b>	<b>2,056,491</b>	<b>482,529</b>	<b>34,633,616</b>
<b>Accumulated depreciation</b>	<b>15,568,007</b>	<b>1,248,600</b>	<b>482,529</b>	<b>16,334,078</b>
<b>Net fixed assets</b>	<b>\$ 17,491,645</b>	<b>\$ 807,891</b>	<b>\$ -</b>	<b>\$ 18,299,538</b>
<b>Debts</b>				
Bonds Payable	\$ 5,425,000	\$ 2,465,000	\$ 900,000	\$ 6,990,000
Debt certificates	3,565,000	-	370,000	3,195,000
Accrued compensated absences	102,582	5,231	-	107,813
Capital lease payable	175,972	-	36,305	139,667
Unamortized premium on bonds	144,982	91,523	48,115	188,390
<b>Total fixed liabilities</b>	<b>\$ 9,364,166</b>	<b>\$ 2,561,754</b>	<b>\$ 1,354,420</b>	<b>\$ 10,620,870</b>

# Highland Community College District #519

## Operating Funds Revenues and Expenditures Uniform Financial Statement #3

Fiscal Year ended June 30, 2016

### **Operating Revenues by Source**

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<b>Local Government Revenue</b>			
Local taxes	\$ 4,641,897	\$ 1,243,365	\$ 5,885,262
CPPRT	145,787	248,232	394,019
Total local government	4,787,684	1,491,597	6,279,281
<b>State Government</b>			
ICCB base operating grant	282,815	46,024	328,839
ICCB equalization grants	50,000	-	50,000
ICCB - Career and Technical Education	-	-	-
Other	-	-	-
Total state government	332,815	46,024	378,839
<b>Federal Government</b>			
Dept. of Education	36,599	-	36,599
Dept. of Labor	-	-	-
Other	-	-	-
Total federal government	36,599	-	36,599
<b>Student Tuition &amp; Fees</b>			
Tuition	4,503,390	-	4,503,390
Fees	614,435	-	614,435
Total tuition & fees	5,117,825	-	5,117,825
<b>Other Sources</b>			
Sales and service fees	54,139	113	54,252
Facilities revenue	28,095	69,555	97,650
Investment revenue	4,380	-	4,380
Non-governmental grants	1,114,545	2,808	1,117,353
Other	41,302	4,287	45,589
Total other revenue	1,242,461	76,763	1,319,224
Total revenue	\$ 11,517,384	\$ 1,614,384	\$ 13,131,768

# Highland Community College District #519

## Operating Funds Revenues and Expenditures Uniform Financial Statement #3

Fiscal Year ended June 30, 2016

<b>Operating Expenditures</b>	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<b>By Program</b>			
Instruction	\$ 6,870,209	\$ -	\$ 6,870,209
Academic support	775,720	-	775,720
Student services	1,228,208	-	1,228,208
Public service	491,000	-	491,000
Operations and Maintenance	-	1,372,862	1,372,862
Institutional support	2,870,386	-	2,870,386
Scholarships, grants, waivers	403,417	-	403,417
Transfers and other	-	-	-
Total expenditures	12,638,940	1,372,862	14,011,802
Less non-operating items*:			
Tuition chargeback	4,361	-	4,361
Transfers to Non-operating funds	286,976	-	286,976
Adjusted expenditures	\$ 12,930,277	\$ 1,372,862	\$ 14,303,139
<b>By Object</b>			
Salaries	\$ 8,232,057	\$ 604,220	\$ 8,836,277
Employee benefits	1,851,905	209,836	2,061,741
Contractual services	589,915	68,537	658,452
General materials and supplies	593,384	129,702	723,086
Library materials **	61,632	-	61,632
Conference and meeting expenses	161,676	221	161,897
Fixed charges	539,456	-	539,456
Utilities	24,807	553,168	577,975
Capital outlay	40,088	11,806	51,894
Student grants and scholarships**	403,417	-	403,417
Transfers and other	-	-	-
Other	605,652	(204,628)	401,024
Total expenditures	12,638,940	1,372,862	14,011,802
Less non-operating items*:			
Tuition chargeback	4,361	-	4,361
Transfers to non-operating funds	286,976	-	286,976
Adjusted expenditures	\$ 12,930,277	\$ 1,372,862	\$ 14,303,139

\* 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, 2016

---

### **Revenues by Source**

	Restricted Purposes Fund
<b>State Government</b>	
ICCB - Program Improvement Grant	\$ 125,829
ICCB - Adult Education	133,752
ICCB - Other **	-
Dept. of Corrections	-
Other ***	62,742
<hr/>	
Total state government	322,323
<hr/>	
<b>Federal Government</b>	
Dept. of Education	4,532,841
Department of Labor	-
Other	45,523
<hr/>	
Total federal government	4,578,364
<hr/>	
<b>Other Sources</b>	
Tuition and fees	458,528
Other	568,308
<hr/>	
Total other sources	1,026,836
<hr/>	
Total restricted purposes fund revenues	\$ 5,927,523

### **Expenditures by Program**

Instruction	\$ 327,780
Academic support	-
Student services	369,659
Public service/continuing education	111,697
Organized research	-
Auxiliary services	-
Operations and maintenance	-
Institutional support	1,042,467
Scholarships, grants and waivers	4,163,183
<hr/>	
Total restricted purposes fund expenditures	\$ 6,014,786

# Highland Community College District #519

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

Fiscal Year ended June 30, 2016

### **Expenditures by Object**

	Restricted Purposes Fund
Salaries	\$ 790,511
Employee benefits	151,965
Contractual services	430,112
Student financial aid	4,163,183
General materials and supplies	72,489
Library materials*	-
Conference and meeting expenses	40,741
Fixed charges	23,748
Utilities	4,152
Capital outlay	94,703
Other	243,182
Student grants and scholarships*	-
<b>Total restricted purposes fund expenditures</b>	<b>\$ 6,014,786</b>

\* Non-add line

### **State Government Detail**

** ICCB other	Bridging the Gap	\$	-
	ICCB Student Success Grant		-
<b>Total state sources other</b>		<b>\$</b>	<b>-</b>

*** State sources other	Literacy Sec of State	\$	47,000
	RSVP Department of Aging		5,242
	Gateways Professional Development System		10,500
<b>Total state sources other</b>		<b>\$</b>	<b>62,742</b>

# Highland Community College District #519

## Current Funds - Expenditures by Activity Uniform Financial Statement #5

Fiscal Year ended June 30, 2016

---

### **Instruction**

Instructional programs \$ 7,197,989

---

### **Academic Support**

Library Center 278,837  
Instructional Materials Center 52,692  
Educational Media Services 363,471  
Academic Computing Support 80,720  
Other -

---

Total academic support 775,720

---

### **Student Services Support**

Admissions and records 263,697  
Counseling and career services 583,823  
Financial aid administration 509,011  
Other 241,336

---

Total student services support 1,597,867

---

### **Public Service/Continuing Education**

Community education 111,090  
Customized training (instructional) 319  
Community services 491,288

---

Total public service/continuing education 602,697

---

### **Auxiliary Services**

1,458,176

---

### **Operations and Maintenance of Plant**

Maintenance 25,342  
Custodial services 506,137  
Grounds 119,543  
Campus security 595,171  
Transportation 32,066  
Utilities 552,933  
Administration 136,840  
Other -

---

Total operations and maintenance of plant 1,968,032

---

# Highland Community College District #519

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

For the year ended June 30, 2016

---

### **Institutional Support**

Executive management	283,076
Fiscal operations	698,315
Community relations	302,135
Administrative support services	501,390
Board of trustees	72,662
General institutions	1,596,765
Institutional research	146,089
Administrative data processing	933,439
Other	-

---

Total institutional support	4,533,871
-----------------------------	-----------

---

<b>Scholarships, Student Grants &amp; Waivers</b>	<b>4,566,600</b>
---	------------------

---

Total current funds expenditures	\$ 22,700,952
----------------------------------	---------------

---

---

\* 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 2017

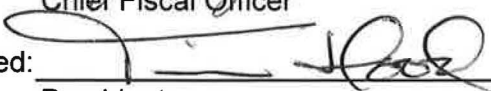
For the year ended June 30, 2016

### All Fiscal Year 2016 Noncapital Audited Operating Expenditures from the Following Funds:

1. Education Fund	\$ 12,598,980
2. Operations and Maintenance Fund	1,361,056
3. Public Building Commission Operation and Maintenance Fund	-
4. Bond and Interest Fund	1,056,281
5. Public Building Commission Rental Fund	-
6. Restricted Purposes Fund	4,647,680
7. Audit Fund	45,000
8. Liability, Protection, and Settlement Fund	1,171,188
9. Auxiliary Enterprises Fund (subsidy only)	-
10. Total non-capital audited expenditures	20,880,185
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	1,195,613
12. TOTAL COSTS INCLUDED	\$ 22,075,798
13. Total certified semester credit hours for FY 2016	38,161.00
14. PER CAPITA COST	\$ 578.49
15. All FY 2016 state and federal operating grants for noncapital expenditures, except ICCB grants	N/A
16. FY 2016 state and federal grants per semester credit hour	N/A
17. District's average ICCB grant rate (excluding equalization grants) for FY 2017	N/A
18. District's student tuition and fee rate per semester credit hour for FY 2017	129.00
19. Chargeback reimbursement per semester credit hour	N/A

Approved:   
Chief Fiscal Officer

9/26/16  
Date

Approved:   
President

9/26/16  
Date



**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, 2016, 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, 2016, 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 5, 2016

# Highland Community College District #519

## Career and Technical Education-Program Improvement Balance Sheet

For the year ended June 30, 2016

---

### **Assets**

Cash	\$	-
------	----	---

---

---

### **Liabilities and Fund Balance**

Accounts payable	\$	-
Cash overdraft		-

---

Fund balance - unreserved		-
---------------------------	--	---

---

Total liabilities and fund balance	\$	-
------------------------------------	----	---

---

---

# 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, 2016

---

	Actual
<hr/>	
<b>Revenue</b>	
State sources	\$ 7,500
<hr/>	
<b>Expenditures</b>	
Current year's grant	
Contractual services	-
Materials and supplies	6,000
Conference and meeting expenses	1,500
Other expenditures	-
<hr/>	
Total expenditures	7,500
<hr/>	
Excess (shortage) of revenue over (under) expenditures	-
Transfer in (out) from (to) other funds	-
Fund balance, July 1, 2015	-
<hr/>	
Fund balance, June 30, 2016	\$ -
<hr/> <hr/>	

# Highland Community College District #519

## State Adult Education and Family Literacy Restricted Funds Balance Sheet

June 30, 2016

	State Basic	Public Assistance	Performance	Total (Memorandum Only)
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Accounts receivable	124,741	-	40,596	165,337
<b>Total assets</b>	<b>\$ 124,741</b>	<b>\$ -</b>	<b>\$ 40,596</b>	<b>\$ 165,337</b>
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Cash overdraft	-	-	9,102	9,102
Accrued expenses	-	-	151	151
Deferred revenue	124,741	-	31,343	156,084
<b>Total liabilities</b>	<b>124,741</b>	<b>-</b>	<b>40,596</b>	<b>165,337</b>
Fund balance	-	-	-	-
<b>Total liabilities and fund balance</b>	<b>\$ 124,741</b>	<b>\$ -</b>	<b>\$ 40,596</b>	<b>\$ 165,337</b>

# 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, 2016

	Actual			
	State Basic	Public Assistance	Performance	Total
<b>Revenue</b>				
State sources	\$ -	\$ -	\$ 9,252	\$ 9,252
<b>Expenditures</b>				
Instruction	-	-	-	-
Social work services	-	-	1,530	1,530
Student transportation services	-	-	-	-
Literacy Services	-	-	-	-
Guidance services	-	-	1,530	1,530
Assessment & Testing	-	-	1,662	1,662
Child Care Services	-	-	-	-
Improvement of instructional services	-	-	-	-
General administration	-	-	2,385	2,385
Operation & maintenance of plant services	-	-	-	-
Workforce coordination	-	-	916	916
Data & information services	-	-	1,229	1,229
<b>Total expenditures</b>	-	-	9,252	9,252
Excess of revenue over (under) expenditures	-	-	-	-
Transfers from (to) other funds	-	-	-	-
Excess of revenue over (under) expenditures and transfers	-	-	-	-
Fund balance, July 1, 2015	-	-	-	-
Fund balance, June 30, 2016	\$ -	\$ -	\$ -	\$ -

# 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, 2016

---

<b>State Basic</b>	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	-	0.00%
General Administration (15% Maximum Allowed)	-	0.00%

<b>State Public Assistance</b>	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	-	0.00%
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 91 - 96) 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, 2016. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2016 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, 2016. 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, 2016, 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, 2016, and our report thereon dated October 5, 2016, expressed as an unmodified opinion on those financial statements.

*Wipfli LLP*

Freeport, Illinois  
October 5, 2016



# Highland Community College District #519

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

For the year ended June 30, 2016

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

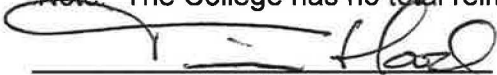
Categories	Summer		Fall		Spring		Total
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	
Baccalaureate	1,929.0	-	10,611.0	8.0	10,849.5	8.0	23,405.5
Business Occupational	105.0	-	802.0	-	1,144.0	-	2,051.0
Technical Occupational	381.0	-	1,739.5	-	2,771.0	18.0	4,909.5
Health Occupational	354.0	-	1,346.0	-	2,121.0	-	3,821.0
Remedial Developmental	276.0	26.0	1,723.0	48.0	1,168.0	54.0	3,295.0
Adult Basic Education/Adult Secondary Education	-	-	73.0	-	-	606.0	679.0
<b>Total credit hours certified</b>	<b>3,045.0</b>	<b>26.0</b>	<b>16,294.5</b>	<b>56.0</b>	<b>18,053.5</b>	<b>686.0</b>	<b>38,161.0</b>

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester Credit Hours	<u>32,573.5</u>	<u>464.0</u>	<u>33,037.5</u>

Reimbursable Semester Credit Hours (All Terms)	Dual Credit	Dual Enrollment
	<u>5,070.0</u>	<u>780.0</u>

District 2015 Equalized Assessed Valuation \$ 1,660,234,440

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, 2016

<u>Categories</u>	<u>Total Unrestricted Credit Hours</u>	<u>Total Unrestricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>	<u>Total Restricted Credit Hours</u>	<u>Total Restricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	23,389.5	23,389.5	-	16.0	16.0	-
Business Occupational	2,051.0	2,051.0	-	-	-	-
Technical Occupational	4,891.5	4,891.5	-	18.0	18.0	-
Health Occupational	3,821.0	3,821.0	-	-	-	-
Remedial Developmental	3,167.0	3,167.0	-	128.0	128.0	-
Adult Basic Education/Adult Secondary Education	<u>73.0</u>	<u>73.0</u>	<u>-</u>	<u>606.0</u>	<u>606.0</u>	<u>-</u>
<b>Total</b>	<u><u>37,393.00</u></u>	<u><u>37,393.00</u></u>	<u><u>-</u></u>	<u><u>768.00</u></u>	<u><u>768.00</u></u>	<u><u>-</u></u>

### Reconciliation of In-District/Chargeback Agreement Credit Hours

	<u>Total Attending</u>	<u>Total Attending Certified to ICCB</u>	<u>Difference</u>
In-District Residents	32,573.5	32,573.5	-
Out-of-District on Chargeback	464.0	464.0	-
	<u>Total Attending</u>	<u>Total Attending Certified to ICCB</u>	<u>Difference</u>
Dual Credit	5,070.0	5,070.0	-
Dual Enrollment	780.0	780.0	-

# 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 Aquin, Dakota, East Dubuque, Eastland, Forreston, Freeport, Galena, Lena-Winslow, Orangeville, Oregon, Pearl City, River Ridge, Scales Mound, Stockton, Warren, and West Carroll. In addition, former Career Tech students from the Durand and Pecatonica School Districts will be considered In-District.

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 discretely presented component unit of Highland Community College, Illinois Community College District #519 (the District) as of and for the year ended June 30, 2016 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 5, 2016. 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in the accompanying schedule of findings and questioned costs as item 2016-001.

### **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*.

### **Response to Findings**

Highland Community College, Illinois Community College District #519's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 5, 2016



## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

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) 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 or state 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, 2016.

## 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Wipfli LLP*

Freeport, Illinois  
October 5, 2016

# Highland Community College District #519

## Schedule of Expenditure of Federal Awards

	<u>CFDA*</u> <u>Number</u>	<u>Federal</u> <u>Grant</u> <u>Number</u>	<u>Revenue</u>	<u>Expenditures</u>
<u>Federal Grantor/Pass-Through</u>				
<u>Grantor/Program Title:</u>				
<u>U.S. Department of Education:</u>				
Direct Programs				
Supplemental Education Opportunity Grant FY 16 **	84.007	P007A131164	\$ 40,812	\$ 40,812
Federal Work Study Program FY 16 **	84.033	P033A131164	83,945	83,945
Pell Grant Program FY 16 **	84.063	P063P131346	2,852,830	2,852,830
Pell Grant Program Administrative Allowance FY 16 **	84.063	P063P131346	4,575	4,575
Federal Direct Student Loans**	84.268	P268K141346	<u>1,272,403</u>	<u>1,272,403</u>
Total Student Financial Aid cluster			<u>4,254,565</u>	<u>4,254,565</u>
Title IV Grant 2016, Student Support Services	84.042A	P042A100463-15	233,093	233,093
Title IV Grant 2015, Student Support Services	84.042A	P042A100463-15	<u>45,183</u>	<u>45,183</u>
Total Trio Grant cluster			<u>278,276</u>	<u>278,276</u>
Passed through the Illinois Community College Board:				
CTE Perkins Postsecondary	84.048A	CTE51914	125,829	125,829
Federal Basic	84.002A	51-901	96,501	96,501
EI/Civics	84.002A	51-901	<u>27,999</u>	<u>27,999</u>
Total passed through ICCB			<u>250,329</u>	<u>250,329</u>
Total U.S. Department of Education			<u>4,783,170</u>	<u>4,783,170</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	-	-
<u>U.S. Department of Health &amp; Human Services:</u>				
Direct Program - Retired Senior Volunteer Program (RSVP)	94.002	13SRNIL008	<u>45,523</u>	<u>45,523</u>
Total Activity of Federal Awards			<u>\$4,828,693</u>	<u>\$4,828,693</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, 2016. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, 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 the Uniform Guidance, 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, 2016, the District had no sub-recipients of federal funds.

### **Note 4 Nonmonetary Assistance**

For the year ended June 30, 2016, 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, 2016.

# 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  No
- \* Significant deficiency identified that is not considered to be a material weakness  Yes  None

Noncompliance material to financial statements noted?  Yes  No

#### Federal Awards

Internal control over major programs:

- Material weakness identified?  Yes  No
- Significant deficiency identified that is not considered to be a material weakness  Yes  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 the Uniform Guidance?  Yes  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

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low risk auditee?  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

##### 2016-001

Condition and Criteria – There is inadequate control over the functions of processing and recording of accounts payable due to inadequate segregation of duties. Internal controls should be in place that provide reasonable assurance that not one individual handles a transaction from its inception to its completion.

Cause – Staffing reductions in the purchasing departments have made it difficult for the College to implement adequate segregation of duties.

Effects or Potential Effects – Without adequate segregation of duties, the likelihood that unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

Auditor's Recommendation – There should be controls over the accounts payable process so no individual can take a transaction from its inception to completion.

View of responsible officials – The College will review existing accounts payable policies and procedures and strengthen controls over purchasing and accounts payable. Further, the College will develop an ongoing plan to maintain adequate segregation of duties over the accounts payable process.

#### 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

---

<u>Current Number</u>	<u>Comment</u>	<u>Corrective Action Plan</u>	<u>Completion</u>	<u>Person</u>
-----------------------	----------------	-------------------------------	-------------------	---------------

### **2016-001**

Condition - There is inadequate control over the functions of recording and processing of accounts payable due to the inadequate segregation of duties. Internal controls should be in place that provide reasonable assurance that not one individual handles a transaction from its inception to its completion.

Plan - The College will review existing purchasing and accounts payable policies and procedures by implementing additional controls. Further, the College will develop an ongoing plan to maintain adequate segregation of duties over the accounts payable process.

Anticipated Date of Completion – June 30, 2017

Contact Person – Jill Janssen, V.P. of Administrative Services

### Summary Schedule of Prior Year Audit Findings

June 30, 2015

#### **Section II Financial Statement Finding**

None

#### **Section III Findings and Questioned Costs for Federal Awards**

None

June 30, 2014

#### **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 May 23, 2016 and October 5, 2016 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	May 23, 2016 - October 5, 2016

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.