

# Highland Community College District #519

Freeport, Illinois

Financial Report

Year Ended June 30, 2020



# Highland Community College District #519

Year Ended June 30, 2020

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# Highland Community College District #519

Year Ended June 30, 2020

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Highland Community College, Illinois Community College District #519 (the District) as of and for the year ended June 30, 2020, 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, 2020, 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, Schedules of Share of Net Pension Liability, Schedule of Pension Contributions, Schedules of Share of Net OPEB Liability, and Schedule of OPEB 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. 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 were 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 are 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 November 23, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Wipfli LLP*

Rockford, Illinois  
November 23, 2020



## **Management Discussion and Analysis**

# Highland Community College District #519

## Management Discussion and Analysis

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### Introduction

This section of Highland Community College District 519's (the District) financial report presents management discussion and analysis of the financial position and results of activities of the District as of June 30, 2020. 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, 2020 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, 2020 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

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### **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. A significant amount of 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

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### Condensed Financial Information

Net position is summarized in the table below.

#### Condensed Statement of Net Position June 30,

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Current Assets	\$32,376,691	\$27,454,302
Non-current Assets:		
Capital (Fixed) assets	<u>18,215,222</u>	<u>17,164,782</u>
Total assets	<u>\$50,591,913</u>	<u>\$44,619,084</u>
Total deferred outflows of resources	<u>\$ 696,415</u>	<u>\$ 850,047</u>
<b>Liabilities:</b>		
Current Liabilities,	\$ 5,643,085	\$ 5,558,471
Non-current Liabilities	<u>15,871,523</u>	<u>12,408,302</u>
Total liabilities	<u>\$21,514,608</u>	<u>\$17,966,773</u>
Total deferred inflows of resources	<u>\$ 7,570,944</u>	<u>\$ 6,203,135</u>
<b>Net Position:</b>		
Net investment in capital assets	\$14,795,425	\$13,376,301
Restricted, expendable:		
Capital projects	6,119,075	1,582,933
Debt service	794,110	999,649
Working cash	10,338,286	10,338,287
Other	1,157,896	1,426,009
Unrestricted	<u>(11,002,016)</u>	<u>(6,423,956)</u>
Total net position	<u>\$22,202,776</u>	<u>\$21,299,223</u>

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

The District's largest asset group is its capital assets. This includes land and land improvements, buildings, equipment, and technology. Capital projects completed in fiscal year 2020 include the sports center, liberal arts center, interior lighting, and greenhouse. The majority of projects begun in fiscal year 2020 were completed prior to the fiscal year end.

# Highland Community College District #519

## Management Discussion and Analysis

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### Condensed Financial Information (Continued)

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

Non-current liabilities include bonds payable issued by the District. They also include the other postemployment benefits payable.

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>2020</u>	<u>2019</u>
Total operating revenues	\$ 6,284,805	\$ 7,283,774
Total operating expenses	<u>29,664,575</u>	<u>29,564,775</u>
Operating loss	(23,359,770)	(22,281,001)
Nonoperating revenues (expenses)	<u>24,263,323</u>	<u>23,949,148</u>
Change in net position	903,553	1,668,147
Net position, beginning of year	<u>21,299,223</u>	<u>19,631,076</u>
Net position, end of year	<u>\$22,202,776</u>	<u>\$21,299,223</u>

Sources of operating revenues for the District include: tuition and fees, \$3,861,201, auxiliary enterprises revenue, \$1,100,802, and other revenues, \$1,322,802. Nonoperating revenues and operating expenses include a State Universities Retirement System of Illinois (SURS) contribution provided by the State in the amount of \$7,068,218 and CIP of \$428,832.

# Highland Community College District #519

## Management Discussion and Analysis

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### 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, \$9,355,304, property and replacement taxes, \$10,534,003, and federal grants and contracts, \$4,644,151. The increase in net position for fiscal year 2020 is \$903,553.

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>2020</u>	<u>2019</u>
Instruction	\$ 12,581,642	\$ 12,294,956
Academic support	1,194,994	1,179,517
Student services	4,275,325	4,448,792
Public services	873,472	895,600
Operations and maintenance of plant	2,172,721	2,581,788
General administration	2,130,208	1,615,886
Independent operations	-	-
Institutional support	4,036,705	3,806,112
Auxiliary enterprises	1,074,317	1,204,864
Scholarships, grants, waivers	311,317	353,601
Capital projects	-	-
Depreciation	<u>993,874</u>	<u>1,183,658</u>
Total operating expenses	<u>\$29,644,575</u>	<u>\$29,564,775</u>
Interest expense and other	<u>\$546,550</u>	<u>\$190,298</u>

The main factors contributing to the change in the District's operating revenues in fiscal year 2020 is the reduction in unrestricted Foundation funding.

# Highland Community College District #519

## Management Discussion and Analysis

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

Changes in operating expenses from 2019 to 2020 in all categories include changes in salaries and employee benefits due to changes in rates and in personnel. In addition, many categories varied due to the impact of COVID-19, beginning around March, 2020. Student Services and Public Services changes reflect changes in grant funding. General Administration includes the expenditure of Coronavirus Aid, Relief, and Economic Security (CARES) institutional and student grant funds. Operating expenses, excluding depreciation, varied less than 1% from 2019 to 2020.

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

Using GASB Statement No. 35, the Statement of Revenues, Expenses, and Changes in Net Position reflects an overall increase in the District's net position totaling \$903,553. 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 \$4,144,448. The variance in results of \$3,240,895 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, 2020, of key importance is the fund balance in the Operating Funds, which decreased by \$11,056 from June 30, 2019 to June 30, 2020. This decrease results in a fund balance amount of \$4,181,206, which is approximately 30% of the 2020 expenditures and is within the District's recommended guidelines. 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, 2020, the District invested \$2,075,979 in capital assets. This includes \$1,684,236 for buildings and improvements, and \$391,743 expended for equipment, technology, and vehicles. 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

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### **Capital Assets/Long Term Debt (Continued)**

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. These bonds were paid off during the year ending June 30, 2020.

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.

Series 2019 General Obligation Bonds were issued in November, 2019. \$1,930,000 bonds were issued for the purpose of paying presently outstanding and unpaid claims against 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 4% - 5%, commencing July 1, 2020 and maturing on January 1, 2025.

Series 2020 General Obligation Bonds were issued in February, 2020. \$4,950,000 bonds were issued for the purpose of paying presently outstanding and unpaid claims against 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 5%, commencing January 1, 2021 and maturing on January 1, 2025.

Additional information on the District's capital assets (Note 2) and debt activity (Note 8) 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 and local economy, actual and projected enrollment, 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 2021.



# Highland Community College District #519

## Management Discussion and Analysis

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

Property tax revenue in the Operating Funds increased by 2.7% for fiscal year 2020, which was the fourth increase experienced in 6 years. The District experienced a 3% increase in equalized assessed valuation (EAV) from tax year 2018 to 2019. For fiscal year 2021, the District has estimated a 2.5% increase in EAV due to the economic conditions of the District and the Coronavirus pandemic. Each percentage point in EAV is the equivalent of about \$35,000 in property tax revenue in the Operating funds.

Management anticipates flat tuition revenue in fiscal year 2021 based on estimated enrollment for the 2020-2021 academic year, combined with flat per credit hour tuition rates and the continued national enrollment decline related to the Coronavirus pandemic.

The State of Illinois adopted a budget for fiscal year 2021 prior to the start of the fiscal year, which improved the College's budgeting efforts as compared to the lack of budget information available in fiscal years 2017 and 2018 resulting from the budget impasses. State appropriations for the District for fiscal year 2021 are about the same as the fiscal year 2020 State funding. State funding in fiscal year 2021 is based on the graduated income tax and additional federal relief funds. Overall, Operating funds revenue is expected to increase by \$239,096, 1.7%, from fiscal year 2020 actual levels to fiscal year 2021.

For fiscal year 2021, the Operating funds budget is balanced. 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 2021 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's strategic plans and goals were identified through a comprehensive, inclusive process that resulted in the 2017-2022 Strategic Plan. Areas of focus identified in the plan include marketing, academic programs, curriculum and instruction, staff and faculty training, student affordability and accessibility, as well as facilities, finance, and infrastructure goals. The fiscal year 2021 budget directly supports and is linked to the Strategic Plan.

# Highland Community College District #519

## Management Discussion and Analysis

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

Short and long-range strategies associated with the areas of focus and goals will 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, 2020

	Primary Government	Component Unit Highland Community College Foundation
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,403,547	\$ 553,755
Investments	16,984,601	21,983,817
Beneficial interest in perpetual trust	-	418,049
Receivables:		
Taxes	9,012,684	-
Related party	100,000	-
Other, net of \$1,628,526 allowance for doubtful accounts	2,548,990	684,292
Inventories	295,422	-
Prepaid expense	31,447	2,395
Total current assets	32,376,691	23,642,308
Non-current assets:		
Land	110,000	-
Fixed assets	38,306,000	78,826
Less allowance for accumulated depreciation	(20,200,778)	(68,260)
Total non-current assets	18,215,222	10,566
Total assets	50,591,913	23,652,874
<b>Deferred Outflows of Resources</b>		
SURS pension contribution	45,153	-
Other postemployment benefits - CIP	651,262	-
Total deferred outflows of resources	696,415	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	578,998	1,697
Accounts payable, related party	-	100,054
Accrued expenses	877,315	152,921
Agency deposits	458,191	-
Unearned tuition revenue	1,926,466	-
Accrued compensated absences	159,550	-
Capital lease payable	41,785	-
Bonds payable, including unamortized premium	1,600,780	-
Total current liabilities	5,643,085	254,672

See accompanying notes to financial statements.

# Highland Community College District #519

## Statement of Net Position/Net Assets

June 30, 2020

	Primary Government	Component Unit Highland Community College Foundation
Non-current liabilities:		
Accrued compensated absences	35,860	-
Capital lease payable	195,204	-
Bonds payable, including unamortized premium	6,509,328	-
Other postemployment benefits - CIP	9,131,131	-
Total non-current liabilities	15,871,523	-
Total liabilities	21,514,608	254,672
<b>Deferred Inflows of Resources</b>		
Property taxes	5,192,010	-
Other postemployment benefits - CIP	2,378,934	-
Total deferred inflows of resources	7,570,944	-
<b>Net Position/Net Assets</b>		
Net investment in capital assets	14,795,425	-
Restricted, expendable:		
Capital projects	6,119,075	-
Debt service	794,110	-
Working cash	10,338,286	-
Other	1,157,896	-
Without donor restrictions net assets	-	2,800,035
With donor restrictions net assets	-	12,158,700
Without donor restrictions - Board designated	-	8,439,467
Unrestricted	(11,002,016)	-
Total net position/net assets	\$ 22,202,776	\$ 23,398,202

See accompanying notes to financial statements.

# Highland Community College District #519

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

For the year ended June 30, 2020

	Primary Government	Component Unit Highland Community College Foundation
<b>Revenues</b>		
Operating Revenues:		
Student tuition and fees, net of scholarship allowances of \$1,659,668	\$ 3,861,201	\$ -
Auxiliary enterprises revenue	1,100,802	-
Other operating revenues	1,322,802	682,456
Total operating revenues	6,284,805	682,456
<b>Expenses</b>		
Operating Expenses:		
Instruction	12,581,642	-
Academic support	1,194,994	-
Student services	4,275,325	-
Public services	873,472	-
Operations and maintenance of plant	2,172,721	-
General administration	2,130,208	-
Institutional support	4,036,705	540,696
Auxiliary enterprises	1,074,317	-
Scholarships, student grants, and waivers	311,317	969,707
Depreciation	993,874	-
Total operating expenses	29,644,575	1,510,403
Operating income (loss)	(23,359,770)	(827,947)
<b>Non-operating revenues (expenses)</b>		
State sources	1,858,254	-
SURS and CIP contribution provided by state	7,497,050	-
Property and replacement taxes	10,534,003	-
Federal grants and contracts	4,644,151	-
Interest expense and other	(546,550)	-
Loss on disposal of assets	(31,665)	-
Investment income earned	308,080	(32,338)
Total non-operating revenues	24,263,323	(32,338)
Change in net position/net assets	903,553	(860,285)
Net position/net assets, beginning of year	21,299,223	24,258,487
Net position/net assets, end of year	\$ 22,202,776	\$ 23,398,202

# Highland Community College District #519

## Statement of Cash Flows

For the year ended June 30, 2020

Primary  
Government

### Cash Flows from Operating Activities

Tuition and fees	\$ 3,594,250
Payments to/for:	
Employees	(10,361,546)
Suppliers and students	(9,632,974)
Auxiliary enterprises	1,120,456
Other receipts	871,864
Net cash provided by (used in) operations	(14,407,950)

### Cash Flows from Noncapital Financing Activities

State sources	1,939,030
Property and replacement taxes	10,199,160
Federal grants and contracts	4,621,092
Net cash provided by (used for) noncapital financing activities	16,759,282

### Cash Flows from Capital Financing Activities

Purchases of capital assets and construction	(2,075,979)
Proceeds from long term debt	7,848,615
Principal paid on capital debt	(3,782,924)
Interest and other paid on capital debt	(546,550)
Net cash provided by (used for) capital financing activities	1,443,162

### Cash Flows from Investing Activities

Maturity of investments	1,205,000
Purchase of investments	(5,514,450)
Interest and earnings on investments	308,080
Net cash provided by (used for) investing activities	(4,001,370)

Net increase (decrease) in cash and cash equivalents	(206,876)
Beginning cash and cash equivalents	3,610,423
Ending cash and cash equivalents	\$ 3,403,547

### Noncash, Capital and Related Financing Activities:

SURS and CIP contribution paid by state	\$ 7,497,050
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# Highland Community College District #519

## Statement of Cash Flows (Continued)

For the year ended June 30, 2020

	Primary Government
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (used) From Operating Activities</b>	
Operating income (loss)	\$ (23,359,770)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	993,874
On-behalf payments for SURS and CIP	7,497,050
Changes in net assets:	
Receivables (net)	(477,072)
Inventories	19,654
Prepaid expenses	40,325
SURS pension contribution	(646)
Accounts payable	406,906
Accrued expenses	352,966
Accrued compensated absences	52,338
Other post employment benefits	306,534
Deposits held in custody for others	708
Unearned tuition and fees	(240,817)
Net cash provided (used) by operating activities	\$ (14,407,950)



# Highland Community College District #519

## Notes to Financial Statements

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### **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

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### **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

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### **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

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### **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, 2020.

#### **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 2018 and 2019 were allocated fifty percent for each of the two years after the levy year.

# Highland Community College District #519

## Notes to Financial Statements

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### 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 2019 rate is for tax levy payable in calendar year 2020, per \$100 of assessed valuation.

	Statutory Maximum Rate	2017 Rate	2018 Rate	2019 Rate
Education Fund*	\$.1750	\$.2800	\$.2800	\$.2800
Operations and Maintenance Fund	.0750	.0750	.0750	.0750
Average Additional	.2100	.0000	.0000	.0000
Liability Insurance	None	.0521	.0509	.0579
Audit Fund	.0050	.0026	.0025	.0024
Protection, Health, & Safety	.0500	.0395	.0410	.0500
Social Security/Medicare Fund**	None	.0078	.0076	.0074
Prior Year Adjustment	None	.0000	.0000	.0000
Bond and Interest Fund	None	<u>.0995</u>	<u>.0984</u>	<u>.0973</u>
Total		<u>\$ .5565</u>	<u>\$ .5554</u>	<u>\$ .5700</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, 2020, 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 the next fiscal year.

# Highland Community College District #519

## Notes to Financial Statements

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### **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 other postemployment benefits relating to the CIP. 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 two items that qualify for reporting in this category. One is unavailable revenue, which comes from property taxes recorded on the modified accrual basis of accounting. The other is the other postemployment benefits relating to the CIP. 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

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### **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, 2020, 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, 2020, the District recorded a vacation liability of \$159,550. 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, 2020, the District recorded a sick pay liability of \$35,860. 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.

#### **Other Post-Employment ("OPEB") Obligations**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and to OPEB expense, information about the plan net position of the College Insurance Plan ("CIP") and additions to/deductions from CIP's plan net position has been determined on the same basis as they are reported by CIP. For this purpose, OPEB payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value.

# Highland Community College District #519

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Other Post-Employment ("OPEB") Obligations (Continued)

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 an OPEB plan that is used to provide OPEB 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 OPEB or (2) the non-employer is the only entity with a legal obligation to make contributions directly to an OPEB plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

### 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, 2020:

	<b><u>Balance</u></b> <b><u>July 1, 2019</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Adjustments</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2020</u></b>
Land					
(non-depreciable)	\$ 110,000	\$ -	\$ -	\$ -	\$ 110,000
Land improvements	3,814,826	22,379	-	-	3,837,205
Buildings	27,628,426	1,661,857	-	-	29,290,283
Vehicles	419,278	232,849	52,346	-	599,781
Equipment & Technology	<u>4,423,389</u>	<u>158,894</u>	<u>3,552</u>	<u>-</u>	<u>4,578,731</u>
	<u>\$36,395,919</u>	<u>\$2,075,979</u>	<u>\$ 55,898</u>	<u>\$ -</u>	<u>\$38,416,000</u>

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

	<b><u>Balance</u></b> <b><u>July 1, 2019</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Adjustments</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2020</u></b>
Land improvements	\$ 3,129,124	\$ 105,194	\$ -	\$ -	\$ 3,234,318
Buildings	12,196,239	573,972	-	-	12,770,211
Vehicles	379,136	39,450	22,901	-	395,685
Equipment & Technology	<u>3,526,638</u>	<u>275,258</u>	<u>1,332</u>	<u>-</u>	<u>3,800,564</u>
	<u>\$19,231,137</u>	<u>\$ 993,874</u>	<u>\$ 24,233</u>	<u>\$ -</u>	<u>\$ 20,200,778</u>



# Highland Community College District #519

## Notes to Financial Statements

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### Note 2 Capital assets (Continued)

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 their acquisition 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

### 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 2020 and 2019, the state made contributions of \$7,068,218 and \$6,635,432, respectively (see Note 5) relating to the pension plan. In fiscal year 2020 and 2019, the state made contributions of \$47,412 and \$43,402, respectively (see Note 6) relating to the OPEB plan.

### Note 5 Pension Plan

#### General Information about the Pension Plan

*Plan Description.* The District 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

# Highland Community College District #519

## Notes to Financial Statements

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### **Note 5 Pension Plan (Continued)**

#### **General Information about the Pension Plan (Continued)**

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 whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2019 can be found in the SURS 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 "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 2019 and 2020, respectively, was 12.29% and 13.02% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

# Highland Community College District #519

## Notes to Financial Statements

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### **Note 5 Pension Plan (Continued)**

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

*Net Pension Liability* The net pension liability (NPL) was measured as of June 30, 2019. At June 30, 2019, SURS reported a net pension liability (NPL) of \$28,720,071,173.

*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 \$65,596,643 or 0.2284%. This amount is not recognized in the financial statements. The net pension liability and total pension liability as of June 30, 2019 was determined based on the June 30, 2018 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2019.

*Pension Expense* At June 30, 2019 SURS reported a collective net pension expense of \$3,094,666,252.

*Employer Proportionate Share of Pension Expense* The employer proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2019. As a result, the District recognized on-behalf revenue and pension expense of \$7,068,218 for the fiscal year ended June 30, 2020.

# Highland Community College District #519

## Notes to Financial Statements

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### 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	\$ 160,132,483	\$ 80,170,745
Changes in assumption	773,321,300	-
Net difference between projected and actual earnings on pension plan investments	-	55,456,660
<b>Total</b>	<b>\$ 933,453,783</b>	<b>\$ 135,627,405</b>

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

<u>Year Ending June 30</u>	<u>Net Deferred Outflows of Resources</u>
2021	\$786,021,133
2022	(11,534,848)
2023	(6,661,326)
2024	30,001,419
2025	-
Thereafter	-
<b>Total</b>	<b>\$797,826,378</b>

#### Employer Deferral of Fiscal Year 2019 Pension Expense

The District paid \$45,153 in federal, trust or grant contributions for the fiscal year ended June 30, 2020. These contributions were made subsequent to the pension liability measurement date of June 30, 2019 and are recognized as Deferred Outflows of Resources as of June 30, 2020.

# Highland Community College District #519

## Notes to Financial Statements

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### Note 5 Pension Plan (Continued)

#### Assumptions and Other Inputs

*Actuarial assumptions.* The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2014 – 2017. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.25 to 12.25 percent, including inflation
Investment rate of return	6.75 percent beginning with the actuarial valuation as of June 30, 2018

Mortality rates were based on the RP2014 Combined Mortality Table, with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equity	23%	5.25%
Private Equity	6%	8.65%
Non-U.S. Equity	19%	6.75%
Global Equity	8%	6.25%
Fixed Income	19%	1.85%
Treasury-Inflation Protected Securities	4%	1.20%
Emerging Market Debt	3%	4.00%
Real Estate REITS	4%	5.70%
Direct Real Estate	6%	4.85%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	1%	7.00%
<b>Total</b>	<b>100%</b>	<b>4.80%</b>
<b>Inflation</b>		<b>2.75%</b>
<b>Expected Arithmetic Return</b>		<b>7.55%</b>

# Highland Community College District #519

## Notes to Financial Statements

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### Note 5 Pension Plan (Continued)

**Discount Rate.** A single discount rate of 6.59% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.13% (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 SURS 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 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

**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 6.59%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.59%	Current Single Discount Rate Assumption 6.59%	1% Increase 7.59%
\$34,786,851,779	\$28,720,071,173	\$23,712,555,197

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

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

# Highland Community College District #519

## Notes to Financial Statements

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

*Plan membership.* All members receiving benefits from the State Universities Retirement System (SURS) who have been full-time employees of a community college district or an association of a community college who have paid the required active member CIP contributions prior to retirement are eligible to participate in CIP. Survivors of an annuitant or benefit recipient eligible for CIP coverage are also eligible for coverage under CIP.

*Benefit Provisions.* A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department may be obtained by writing to the Department of Central Management Services, 401 South Spring Street, Springfield, Illinois, 62706-4100.

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

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

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

#### *Net OPEB Liability*

The net OPEB liability was measured as of June 30, 2019. At June 30, 2019, CIP reported a net OPEB liability of \$1,888,540,494.

# Highland Community College District #519

## Notes to Financial Statements

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### **Note 6     Other Post-Employment Benefits (Continued)**

*Employer Proportionate Share of Net OPEB Liability.* The amount of the proportionate share of the net OPEB liability to be recognized for the College in fiscal year 2020 is \$9,131,131 or 0.4835%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was a decrease of 9.4%. The proportionate share of the State's net OPEB liability associated with the College at June 30, 2019 was \$9,131,131 or 0.4835%. The total proportionate share of the net OPEB liability associated with the College at June 30, 2019 was \$18,262,262. The net OPEB liability and total OPEB liability as of June 30, 2019 was determined based on the June 30, 2018 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net OPEB liability is the actual reported OPEB contributions made to CIP during fiscal year 2019.

*OPEB Expense.* At June 30, 2019, CIP reported a collective net OPEB expense of \$84,924,196.

#### *Employer Proportionate Share of OPEB Expense*

The employer proportionate share of collective OPEB 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 OPEB expense is the actual reported OPEB contributions made to CIP during fiscal year 2019. As a result, the College recognized on-behalf revenue of \$47,412 for the fiscal year ended June 30, 2020. Additionally, the College recognized OPEB expense of \$381,420 for the fiscal year ended June 30, 2020.

#### *Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs*

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.



# Highland Community College District #519

## Notes to Financial Statements

### Note 6 Other Post-Employment Benefits (Continued)

The College's Deferred Outflows and Deferred Inflows of Resources by Sources:

<b>Fiscal Year Ended June 30, 2020</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$107,016	\$193,103
Changes in assumption	0	1,272,179
Net difference between projected and actual earnings on OPEB plan investments	0	403
Changes in proportion and differences between employer contributions and share of contributions	497,249	913,249
Total deferred amounts to be recognized in pension expense in future periods	604,265	2,378,934
OPEB contributions made subsequent to the measurement date	46,997	0
Total	\$651,262	\$2,378,934

The College reported \$46,997 as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting years ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

<b>Year ended June 30:</b>	<b>Net Deferred Inflows of Resources</b>
2021	\$122,553
2022	122,553
2023	122,553
2024	122,553
2025	122,553
Thereafter	91,913
Total	\$704,678

### Assumptions and Other Inputs

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation 2.25%

# Highland Community College District #519

## Notes to Financial Statements

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### Note 6 Other Post-Employment Benefits (Continued)

Salary increases	Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2019 based on premium increases. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.5%. Additional trend rate of 0.40% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
Asset Valuation Method	Market value

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2010 to June 30, 2014.

**Discount Rate.** Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's "20-year Municipal GO AA Index" has been selected. The discount rate were 3.19% as of June 30, 2019 and 3.62% as of June 30, 2018. The decrease in the single discount rate from 3.62% to 3.13% caused the total OPEB liability to increase by approximately \$121.1 million as of June 30, 2019.

# Highland Community College District #519

## Notes to Financial Statements

### Note 6 Other Post-Employment Benefits (Continued)

#### Sensitivity of Net OPEB Liability to Changes in the Single Discount Rate

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.13% at June 30, 2019, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher or lower than the current rate:

<b>Sensitivity of Net OPEB Liability as of June 30, 2019 to the Single Discount Rate Assumption</b>			
	<b>1% Decrease (2.13%)</b>	<b>Current Single Discount Rate Assumption (3.13%)</b>	<b>1% Increase (4.13%)</b>
Net OPEB liability	\$10,480,127	\$9,131,131	\$7,986,166

#### Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.90% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.5% in 2029 for Medicare coverage.

<b>Sensitivity of Net OPEB Liability as of June 30, 2019 to the Healthcare Cost Trend Rate Assumption</b>			
	<b>1% Decrease (a)</b>	<b>Healthcare Cost Trend Rates Assumption</b>	<b>1% Increase (b)</b>
Net OPEB liability	\$7,578,283	\$9,131,131	\$11,183,130

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.90% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2029 for Medicare coverage.
- (b) One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.90% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2029 for Medicare coverage.

# Highland Community College District #519

## Notes to Financial Statements

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### Note 7 Deposits and Investments

Cash and investments as of June 30, 2020 consist of the following:

	<b><u>Carrying Amount</u></b>
Cash and cash equivalents	\$ 3,403,547
Marketable certificates of deposit and money market	1,503,696
ISDLAF External investment pool	12,364,417
Illinois Funds External investment pool	<u>3,116,488</u>
<b>Total</b>	<b><u>\$20,388,148</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 \$3,402,047 and the bank balance was \$3,558,402.

Of the bank balance, \$3,558,402 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, 2020, the District's investments were as follows:

	<b><u>Carrying Amount</u></b>	<b><u>Fair Market Value</u></b>
Marketable certificates of deposit and money market	\$1,503,696	\$1,503,696
External investment pool	<u>15,480,905</u>	<u>15,480,905</u>
<b>Total investments</b>	<b><u>\$16,984,601</u></b>	<b><u>\$16,984,601</u></b>

# Highland Community College District #519

## Notes to Financial Statements

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### 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 2020.

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>	
Marketable certificates of deposit and money market	\$ 1,228,696	\$275,000	\$ -	\$ 1,503,696
External investment pool	<u>15,480,905</u>	-	-	<u>15,480,905</u>
Total	<u>\$ 16,709,601</u>	<u>\$275,000</u>	<u>\$ -</u>	<u>\$16,984,601</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, 2020</u></b>	<b><u>AAAm</u></b>	<b><u>Aa</u></b>	<b><u>Unrated</u></b>
External investment pool	<u>\$15,480,905</u>	<u>\$15,480,905</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

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### 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, 2020 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.

### Note 8 Changes in Long-term Debt

	<b>Balance</b>			<b>Balance</b>
	<b><u>July 1, 2019</u></b>	<b><u>Issuances</u></b>	<b><u>Retirements</u></b>	<b><u>June 30, 2020</u></b>
2012 G.O. Rfdg. Debt Cert.	\$2,055,000	\$ -	\$2,055,000	\$ -
2014 G.O. Bonds	1,625,000	-	1,050,000	575,000
2016 Gen. Oblig. WC Bonds	640,000	-	640,000	-
2019 G.O. Bonds	-	1,930,000	-	1,930,000
2020 G.O. Bonds	-	4,950,000	-	4,950,000
2019 Copier Capital Lease	70,093	-	13,587	56,506
2019 Bus Capital Lease	-	204,820	24,337	180,483
Total	<u>\$4,390,093</u>	<u>\$ 7,084,820</u>	<u>\$3,782,924</u>	<u>\$7,691,989</u>
Premium on bonds	<u>\$ 38,388</u>	<u>\$ 711,457</u>	<u>\$ 94,737</u>	<u>\$ 655,108</u>

# Highland Community College District #519

## Notes to Financial Statements

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

	<u>Due Within One Year</u>
2014 G.O. Bonds	\$ 575,000
2019 Gen. Oblig. Bonds	245,000
2020 Gen. Oblig. Bonds	625,000
2019 Copier Capital Lease	15,675
2019 Bus Capital Lease	26,110
Premium on bonds	<u>155,780</u>
Total due in one year	<u>\$ 1,642,565</u>

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. There are no funds remaining in escrow at year end relating to the refunding. 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, 2020, the 2012 Bonds were paid off with the issuance of the 2019 Bonds and nothing remains as a deferred charge on the bond refunding.

Debt Certificates, Series 2014 were issued in August 2014 and were paid off by the Series 2014 General Obligation Bonds 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.

Series 2019 General Obligation Bonds were issued in November, 2019. \$1,930,000 bonds were issued for the purpose of paying presently outstanding and unpaid claims against 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 4% - 5%, commencing July 1, 2020 and maturing on January 1, 2025.

Series 2020 General Obligation Bonds were issued in February, 2020. \$4,950,000 bonds were issued for the purpose of paying presently outstanding and unpaid claims against 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 5%, commencing January 1, 2021 and maturing on January 1, 2025.

# Highland Community College District #519

## Notes to Financial Statements

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

At June 30, 2020, the annual cash flow requirements of bond principal and interest are as follows:

<b>Year Ending</b> <b><u>June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2021	\$1,445,000	\$403,950	\$1,848,950
2022	1,500,000	253,550	1,753,550
2023	1,600,000	176,050	1,776,050
2024	1,710,000	93,300	1,803,300
2025	<u>1,200,000</u>	<u>25,275</u>	<u>1,225,275</u>
	<u>\$7,455,000</u>	<u>\$952,125</u>	<u>\$8,407,125</u>

The District entered into a capital lease in July, 2018 at an interest rate of 14.39%, to acquire copiers. Monthly payments of interest and principal began in August, 2018. Total payments for the copiers are \$114,000 (principal of \$80,950 and interest of \$33,050).

The District entered into a capital lease in July, 2019 at an interest rate of 4.30%, to acquire buses. Monthly payments of interest and principal began in August, 2019. Total payments are \$233,237 (principal of \$204,820 and interest of \$28,417).

The following is an amortization schedule for these leases:

<b>Year Ending</b> <b><u>June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2021	\$ 41,785	\$ 14,374	\$ 56,159
2022	45,340	10,820	56,160
2023	49,317	6,843	56,160
2024	31,577	3,682	35,259
2025	<u>68,970</u>	<u>247</u>	<u>69,217</u>
	<u>\$ 236,989</u>	<u>\$ 35,966</u>	<u>\$ 272,955</u>

A computation of the legal debt margin of the District as of June 30, 2020, is as follows:

Assessed valuation – 2019 tax levy	\$1,823,037,288
Debt limit – 2.875% of assessed valuation	52,412,322
Less applicable debt	<u>(8,347,097)</u>
Legal debt margin	<u>\$ 44,065,225</u>



# Highland Community College District #519

## Notes to Financial Statements

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### **Note 9 Leases**

#### **HCC-YMCA Building**

In an agreement made effective July 21, 1977, the Board of Trustees of the District 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 the District 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 2020 totals \$247,041. As of June 30, 2020, the YMCA had paid \$244,120. The YMCA has a balance due of \$2,921 included in accounts receivable at year end.

As part of the lease with the District, 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, 2020, the following amounts were available for the District's share of these expenditures:

Road and lot	\$ 99,197
Building maintenance	58,972
Accumulated interest	<u>49,498</u>
Total	<u><u>\$207,667</u></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 is through June 30, 2021 with lease payments between \$875 - \$890 per month.

### **Note 10 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, 2020, \$1,310,670 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 \$100,000 as of June 30, 2020.

# Highland Community College District #519

## Notes to Financial Statements

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### **Note 11 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 12 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.

As of June 30, 2020 the District was not involved in any significant construction commitments.

### **Note 13 Pending Accounting Pronouncements**

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, provides more relevant information about capital assets and the cost of borrowing for a reporting period. This Statement's objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 90, *Majority Equity Interests*-an amendment of GASB Statements No. 14 and No. 61 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

# Highland Community College District #519

## Notes to Financial Statements

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### **Note 13 Pending Accounting Pronouncements (Continued)**

GASB Statement No. 92, *Omnibus 2020*, improves the consistency of several practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, amends certain hedge accounting from GASB Statement No. 53 and variable lease payments in accordance with GASB Statement No. 87. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides more guidance for accounting and financial reporting for availability payments arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, provides more guidance for determining whether a primary government is financially accountable for a potential component unit, when the financial burden criterion in paragraph 7 of Statement No. 84 applies, and this statement clarifies that Statement 84 should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged if Statement 84 has been implemented.

The District has not determined the effect of these Statements.

### **Note 14 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, 2020, \$7,439,467 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

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### Note 15 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/Net Assets and the Statement of Revenues, Expenses, and Changes in Net Position/Net Assets. 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.

Following is condensed financial information of Highland Community College Foundation (the Foundation), a discretely presented component unit of the District.

**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.

### Summary of Significant Accounting Policies

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Net assets without donor restrictions:* net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions:* net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Cash and Cash Equivalents:** For purposes of reporting the statement of cash flows, the Foundation defines cash accounts which are not subject to withdrawal restrictions or penalties as cash and cash equivalents.

**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

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### **Note 15 Component Unit (Continued)**

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

**Investments:** As of June 30, 2020, investments of the Foundation's various funds are maintained in a Fifth Third Trust Services, Inc. Portfolio Investment Account, State Bank Trust and Investment Account, Union Savings Bank, Citizens State Bank and the Common Fund, an investment management fund for educational institutions. Separate management accounts have been established for the various funds. Investment earnings of each fund has been segregated and recorded in the appropriate fund.

**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 15 Component Unit (Continued)

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

The endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$12,158,700	\$12,158,700
Board-designated endowment funds	<u>7,439,467</u>	<u>-</u>	<u>7,439,467</u>
	<u>\$7,439,467</u>	<u>\$12,158,700</u>	<u>\$19,598,167</u>

Changes in endowment net assets as of June 30, 2020 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Endowment Assets</u>
Endowment net assets, beginning of year, restated	\$7,555,496	\$12,426,369	\$19,981,865
Donations	-	528,042	528,042
Interest and dividend income	29,522	242,018	271,540
Net unrealized gain(loss) on investments	72,330	(374,725)	(302,395)
Change in value of beneficial interest and charitable remainder annuity trusts	-	(28,784)	(28,784)
Amounts appropriated for expenditure	(217,881)	-	(217,881)
Amounts released from restriction	<u>-</u>	<u>(634,220)</u>	<u>(634,220)</u>
	<u>\$7,439,467</u>	<u>\$12,158,700</u>	<u>\$19,598,167</u>

#### Liquidity and Availability of Financial Assets

The Foundation's primary sources of support are contributions, fundraising and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. The following table reflects the Foundation's financial assets as of June 30, 2020, reduced by amounts not available for general expenditures:

Total financial assets	\$23,639,913
Less those unavailable for general expenditure within one year due to:	
Board designations	8,439,467
Purpose restrictions	12,158,700
Perpetual trust	<u>418,049</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,623,697</u>

# Highland Community College District #519

## Notes to Financial Statements

### Note 15 Component Unit (Continued)

#### Statement of Functional Expenses

	Program Services	Management & General	Fundraising	Totals 2020
Salaries	\$ -	\$ 163,525	\$ 124,281	\$ 287,806
Employee benefits	-	36,746	-	36,746
Administrative fees	-	226	-	226
Alumni	-	7,782	-	7,782
Annual events	-	4,093	2,014	6,107
Auto expense	-	1,116	483	1,599
Board/staff travel/training	-	0	3,904	3,904
Depreciation	-	2,392	-	2,392
Dues/subscription	-	125	-	125
Equipment	-	17,304	-	17,304
Insurance	-	6,940	-	6,940
Lunches/dinners	-	299	1,254	1,553
Marketing	-	4,614	5,589	10,203
Miscellaneous	-	41,377	6,874	48,251
Office supplies	-	1,987	-	1,987
Other contractual services	-	-	4,750	4,750
Professional fees	-	54,807	-	54,807
Real estate taxes	-	-	-	-
Rent	-	6,775	-	6,775
Scholarships	264,363	-	-	264,363
College grant	705,344	-	-	705,344
Fundraising	-	-	41,439	41,439
Total functional expenses	\$ 969,707	\$ 350,108	\$ 190,588	\$ 1,510,403

#### Functional Allocation of Expenses

Included are expenses by function with natural classification detail. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various methods.

# Highland Community College District #519

## Notes to Financial Statements

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### Note 15 Component Unit (Continued)

#### Investments

Investments are presented in the financial statements in the aggregate at fair market value. Gains and losses on the sale of or redemption at maturity of investments are shown net for each fund.

	<u>Cost</u>	<u>Market Value</u>
Without donor restrictions	\$ 5,874,696	\$ 10,582,422
With donor restrictions	<u>10,534,191</u>	<u>11,401,395</u>
	<u>\$16,408,887</u>	<u>\$21,983,817</u>

Investments are composed of the following:

	<u>Cost</u>	<u>Market Value</u>
Money market and cash equivalent	\$ 449,456	\$ 449,466
Certificate of deposits	365,000	377,036
Corporate bonds	75,893	75,099
Equities	4,531,960	5,021,507
Mutual funds	6,891,108	7,327,060
ETF	248,334	393,041
REIT	195,530	231,141
Alternative investments	3,580,147	7,439,467
Property	<u>71,459</u>	<u>670,000</u>
	<u>\$16,408,887</u>	<u>\$21,983,817</u>

The following tabulation summarizes the relationship between carrying value and market value of investment assets.

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over Cost</u>
Balance at end of year	<u>\$16,408,887</u>	<u>\$21,983,817</u>	\$5,574,930
Balance at beginning of year	<u>\$15,962,127</u>	<u>\$22,028,755</u>	6,066,628
Decrease in unrealized appreciation			(491,698)
Realized net gain for the year			<u>214,333</u>
Total net loss for the year			<u>(\$277,365)</u>



# Highland Community College District #519

## Notes to Financial Statements

### Note 15 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, 2020 are as follows:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Quoted Prices in Inactive Markets for Identical Assets (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money market	\$ 449,466	\$ 449,466	\$ -	\$ -
Certificate of deposits	377,036	377,036	-	-
Corporate bonds	75,099	75,099	-	-
Equities	5,021,507	5,021,507	-	-
Mutual funds	7,327,060	7,327,060	-	-
ETF	393,041	393,041	-	-
REIT	231,141	231,141	-	-
Alternative Investments	7,439,467	-	-	7,439,467
Property and other	<u>670,000</u>	<u>-</u>	<u>-</u>	<u>670,000</u>
Subtotal	21,983,817	13,874,350	-	8,109,467
Beneficial interest in CFNIL	<u>418,049</u>	-	-	<u>418,049</u>
Total investments	<u>\$22,401,866</u>	<u>\$13,874,350</u>	<u>\$ -</u>	<u>\$8,527,516</u>

The fair value of the Foundation's Level 3 investments shown above for the year ended June 30, 2020 is for 70 acres of farm property valued at \$670,000 at the end of the year. The valuation techniques used to measure the fair value of this investment is based on the last obtained appraisal completed September 11, 2018.

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompany statement of financial position using significant unobservable (Level 3) inputs:

	<b>Beneficial Interest in Assets Held by Community Foundation (CFNIL)</b>
Balance, at June 30, 2019	\$423,780
Investment income	12,745
Distributions	<u>(18,476)</u>
Balance, at June 30, 2020	<u>\$418,049</u>

# Highland Community College District #519

## Notes to Financial Statements

### Note 15 Component Unit (Continued)

The table below sets forth a summary of changes in the value of the Foundation's investments measured using NAV:

	<b>Multi-Strategy Multi-Strategy Equity Fund</b>	<b>Multi-Strategy Multi-Strategy Bond Fund</b>	<b>Total</b>
Fair value as of June 30, 2019	\$6,255,818	\$1,299,677	\$7,555,495
Purchases	14,337	15,177	29,514
Fees	(23,785)	(3,922)	(27,707)
Distributions to College	0	(190,173)	(190,173)
Unrealized and realized gains	<u>8,647</u>	<u>63,691</u>	<u>72,338</u>
Fair value as of June 30, 2020	<u>\$6,255,017</u>	<u>\$1,184,450</u>	<u>\$7,439,467</u>

### Beneficial Interest in Community Foundation

The Foundation established the Highland Community College Foundation/Rubin Matching Scholarship Fund with Community Foundation of Northern Illinois in 2016. The fund agreement is irrevocable and allows the use of the fund's principal and income in accordance with the Community Foundation of Northern Illinois's spending policy for permanent funds for supporting of Highland Community College Foundation. The investments are held at Community Foundation of Northern Illinois, which were contributed by the Foundation and are reported at fair value as beneficial interest in assets in the amount of \$418,049 as of June 30, 2020.

### Contributions Receivable

Unconditional pledges/promises and beneficial interests in split interest agreements are included in the financial statements as donation receivables and revenue of the appropriate net asset category.

The present value of donation receivable as of June 30, 2020 is as follows:

	<b>Unconditional Pledges Receivable</b>	<b>Beneficial Interests Receivable</b>	<b>Total Donation Receivable</b>
Due in one year or less	\$ 509,500	\$ -	\$ 509,500
Due in one to five years	6,000	-	6,000
More than five years	<u>-</u>	<u>194,486</u>	<u>194,486</u>
	515,500	194,486	709,986
Less allowance for uncollectible pledges	2,900	-	2,900
Less discount to present value at rates ranging from 1% to 5%	<u>-</u>	<u>23,533</u>	<u>23,533</u>
	<u>\$512,600</u>	<u>\$170,953</u>	<u>\$683,553</u>

# Highland Community College District #519

## Notes to Financial Statements

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### Note 15 Component Unit (Continued)

#### Property and Equipment

A summary of equipment is as follows:

	<b><u>Cost</u></b> <b><u>6/30/2019</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Cost</u></b> <b><u>6/30/2020</u></b>
Capital assets	\$81,348	\$ 1,643	\$ 4,165	\$78,826
Less accumulated Depreciation	<u>(67,605)</u>	<u>(4,820)</u>	<u>4,165</u>	<u>(68,260)</u>
Total, net of accumulated Depreciation	<u>\$13,743</u>	<u>\$(3,177)</u>	<u>\$ -</u>	<u>\$10,566</u>

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

#### Charitable Remainder Annuity Trusts

The Foundation has three charitable remainder annuity trusts. Pursuant to the trust agreement, the Foundation will make monthly, quarterly, or annual payments to the contributors based on a percentage of the initial fair value of the trust assets. As of June 30, 2020, the present value of the expected future payments is \$141,921, included in charitable remainder annuity trusts payable under liabilities.

#### 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, 2013 and prior.

## **Required Supplementary Information**

# Highland Community College District #519

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

(Schedule to be Built Prospectively from 2014)

	2019	2018	2017	2016	2015	2014
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%
Proportion amount of the collective net pension liability	\$0	\$0	\$0	\$0	\$0	\$0
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the District	\$ 65,596,643	\$ 67,939,049	\$ 59,600,307	\$ 60,412,403	\$ 54,001,485	\$ 51,944,951
Employer covered payroll	\$ 8,284,112	\$ 8,858,182	\$ 8,284,598	\$ 8,430,045	\$ 8,341,423	\$ 8,679,146
Proportion of collective net pension liability associated with the District as a percentage of covered payroll	791.84%	766.96%	719.41%	716.63%	647.39%	598.50%
SURS plan net position as a percentage of total pension liability	40.71%	41.27%	42.04%	39.57%	42.37%	44.39%

Note: The District 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 Pension Contributions (SURS)

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2014)

	2020	2019	2018	2017	2016	2015	2014
Federal, trust, grant and other contribution	\$ 45,153	\$ 44,507	\$ 40,836	\$ 34,468	\$ 31,213	\$ 42,942	\$ 50,030
Contribution in relation to required contribution	45,153	44,507	40,836	34,468	31,213	42,942	50,030
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employer covered payroll	\$ 8,909,682	\$ 8,284,112	\$ 8,858,182	\$ 8,284,598	\$ 8,430,045	\$ 8,341,423	\$ 8,679,146
Contribution as a percentage of covered-payroll	0.51%	0.54%	0.46%	0.42%	0.37%	0.51%	0.58%

Note: The District 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 Share of Net OPEB Liability Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2016)

	2019	2018	2017	2016	2015	2014
Proportion percentage of the collective net OPEB liability	0.48%	0.53%	0.50%	0.49%		
Proportion amount of the collective net OPEB liability	\$9,131,131	\$10,074,013	\$9,204,296	\$8,995,434		
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with the College	\$9,131,131	\$10,074,013	\$9,083,069	\$9,372,476		
Total collective net OPEB liability associated with the College	\$18,262,262	\$20,148,026	\$18,287,365	\$18,367,910		
Employer covered payroll	\$ 8,284,112	\$ 8,858,182	\$ 8,757,600	\$ 8,959,200		
Proportion of collective net OPEB liability associated with the College as a percentage of covered payroll	220.45%	227.45%	208.82%	205.02%		
College insurance plan net position as a percentage of total pension liability	-3.96%	-3.54%	-2.87%	-2.15%		

# Highland Community College District #519

## Schedule of OPEB Contributions Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2017)

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$46,997	\$41,801	\$46,664	\$43,788		
Contribution in relation to the required statutorily	(46,997)	(41,801)	(46,664)	(43,788)		
Contribution deficiency (excess)	\$0	\$0	\$0	\$0		
Employer covered payroll	\$8,909,682	\$8,284,112	\$8,858,182	\$8,284,598		
Contribution as a percentage of covered-payroll	0.53%	0.50%	0.53%	0.53%		

Note: The District implemented GASB No. 75 in fiscal year 2018. 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

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### **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 Pension benefit terms.*** There were no benefit changes recognized in the Total Pension Liability as of June 30, 2019.

***Changes of Pension 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, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- Salary increase. Change assumption to service-based rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- 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.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect the certain members who receive disability benefits do not receive the benefits on a long-term basis.

# Highland Community College District #519

## Notes to Required Supplementary Information

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**Changes of OPEB benefit terms.** There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2019.

**Changes of OPEB 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 CIP. An experience review for the years June 30, 2014 to June 30, 2017, resulting in the adoption of new assumptions as of June 30, 2018. The following OPEB-related assumption changes were made since the last valuation as of June 30, 2017:

- The price inflation was decreased from 2.75 percent to 2.25 percent.
- The salary scale assumption was decreased.
- The rates of retirement were decreased.
- The rates of termination were decreased.
- The rates of disability were decreased.
- The mortality table was updated to reflect recent experience and mortality improvement scales.
- The discount rate was changed from 3.62 percent at June 30, 2018, to 3.13 percent at June 30, 2018.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2018, projected plan cost for plan year end June 30, 2019, premium changes through plan year end 2019, and expectation of future trend increases after June 30, 2019;
- The Excise Tax trend adjustment was updated based on available premium and enrollment information as of June 30, 2019;
- Per capita claim costs for plan year end June 30, 2019, were updated based on projected claims and enrollment experience through June 30, 2019, and updated premium rates through plan year end 2020; and
- Healthcare plan participation rates by plan were updated based on observed experience.

## **Other Financial Information**

# Highland Community College District #519

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

June 30, 2020

All Fund Types - Change in Fund Balances	\$	4,144,448
Reduction in student tuition and fees		(1,659,668)
Reduction in financial aid expense		1,659,668
Net effect		-
Prior year recognition of summer revenue deferred		(206,138)
Prior year recognition of summer salaries deferred		36,210
Recognition of summer revenue deferred		193,727
Recognition of summer salaries deferred		(38,292)
Net effect		(14,493)
Compensated absences decrease (increase)		(52,338)
SURS pension contribution (decrease) increase		646
Other post employment benefits CIP decrease (increase)		(306,534)
Expended for capital assets		2,075,979
Loss on disposal of assets		(31,665)
Depreciation		(993,874)
Net effect		1,050,440
Long-term debt issued (governmental funds)		(7,796,277)
Premium adjustment on bonds		94,737
Long-term debt retired (governmental funds)		3,782,924
Net effect		(3,918,616)
Change in net position	\$	903,553
Net position, beginning of year	\$	21,299,223
Net position, end of year		22,202,776
Change in net position	\$	903,553

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

Fund Balances - All Fund Types and Account Groups	\$	61,604,276
Allowance for accumulated depreciation		(20,200,778)
Recognition of summer revenue deferred		193,727
Recognition of summer salaries deferred		(38,292)
Deferral of SURS pension contribution		45,153
Amount to be provided for compensated absences		(195,410)
Amount to be provided for other post employment benefits		(10,858,803)
Amount available in debt service fund		(794,110)
Amount to be provided for retirement of general long-term debt		(7,552,987)
Net Position of Statement of Net Position	\$	22,202,776

# Highland Community College District #519

## Combined Balance Sheet

### All Fund Types and Account Groups

June 30, 2020

<b>Assets</b>	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and cash equivalents	\$ 1,270,356	\$ 249,205	\$ 239,103	\$ 1,056,730
Investments	3,652,857	8,234,579	8,875	5,088,290
Receivables:				
Taxes	5,640,260	1,064,529	1,522,148	785,747
Other, net of \$1,628,526 allowance for doubtful accounts	1,906,512	651,966	-	33,234
Due from other funds	-	2,685,377	-	-
Inventories	-	-	-	-
Deferred expense	69,739	-	-	-
Fixed assets	-	-	-	-
Other debits:				
Amount to be provided for compensated absences	-	-	-	-
Amount available in the debt service fund	-	-	-	-
Amount to be provided for opeb	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
<b>Total assets</b>	<b>\$ 12,539,724</b>	<b>\$ 12,885,656</b>	<b>\$ 1,770,126</b>	<b>\$ 6,964,001</b>
<b>Liability, Deferred Inflows and Fund Equity</b>				
Liabilities:				
Due to other funds	\$ 2,554,722	\$ 130,655	\$ -	\$ -
Accounts payable	117,615	71,256	-	389,167
Accrued expenses	761,502	20,127	93,119	-
Agency deposits	-	-	-	-
Unearned tuition revenue	1,688,788	236,570	-	-
Accrued compensated absences	-	-	-	-
Debt certificates payable	-	-	-	-
Capital lease payable	-	-	-	-
Premium on bonds	-	-	-	-
Bonds payable	-	-	-	-
Net opeb liability	-	-	-	-
<b>Total liabilities</b>	<b>5,122,627</b>	<b>458,608</b>	<b>93,119</b>	<b>389,167</b>
Deferred Inflows of Resources:				
Property taxes	3,235,891	617,463	882,897	455,759
Fund equity:				
Investments in general fixed assets	-	-	-	-
Unrestricted net position	-	-	-	-
Fund balances (deficit):				
Reserved for restricted purposes	-	1,157,896	-	-
Reserved for bond requirements	-	-	794,110	-
Reserved for working cash	-	10,338,286	-	-
Unreserved - designated	4,181,206	313,403	-	6,119,075
<b>Total fund equity</b>	<b>4,181,206</b>	<b>11,809,585</b>	<b>794,110</b>	<b>6,119,075</b>
<b>Total liabilities, deferred inflows and fund equity</b>	<b>\$ 12,539,724</b>	<b>\$ 12,885,656</b>	<b>\$ 1,770,126</b>	<b>\$ 6,964,001</b>

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	Long-Term Debt	
Enterprise	Agency			
\$ 129,962	\$ 458,191	\$ -	\$ -	\$ 3,403,547
-	-	-	-	16,984,601
-	-	-	-	9,012,684
57,278	-	-	-	2,648,990
-	-	-	-	2,685,377
295,422	-	-	-	295,422
-	-	-	-	69,739
-	-	38,416,000	-	38,416,000
-	-	-	195,410	195,410
-	-	-	794,110	794,110
-	-	-	10,858,803	10,858,803
-	-	-	7,552,987	7,552,987
<b>\$ 482,662</b>	<b>\$ 458,191</b>	<b>\$ 38,416,000</b>	<b>\$ 19,401,310</b>	<b>\$ 92,917,670</b>
\$ -	\$ -	\$ -	\$ -	\$ 2,685,377
960	-	-	-	578,998
2,567	-	-	-	877,315
-	458,191	-	-	458,191
194,835	-	-	-	2,120,193
-	-	-	195,410	195,410
-	-	-	-	-
-	-	-	236,989	236,989
-	-	-	655,108	655,108
-	-	-	7,455,000	7,455,000
-	-	-	10,858,803	10,858,803
198,362	458,191	-	19,401,310	26,121,384
-	-	-	-	5,192,010
-	-	38,416,000	-	38,416,000
284,300	-	-	-	284,300
-	-	-	-	1,157,896
-	-	-	-	794,110
-	-	-	-	10,338,286
-	-	-	-	10,613,684
284,300	-	38,416,000	-	61,604,276
<b>\$ 482,662</b>	<b>\$ 458,191</b>	<b>\$ 38,416,000</b>	<b>\$ 19,401,310</b>	<b>\$ 92,917,670</b>

# 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, 2020

	Governmental	
	General	Special Revenue
<b>Revenues</b>		
Local governmental sources	\$ 6,797,797	\$ 1,162,674
State governmental sources	1,445,583	412,671
Federal governmental sources	69,948	4,574,203
Student tuition and fees	4,961,344	571,936
Other sources	577,044	885,644
On behalf payments	-	7,497,050
Total revenue	13,851,716	15,104,178
<b>Expenditures</b>		
Instruction	7,401,519	4,957,168
Academic support	795,515	383,910
Student services	1,150,125	4,756,906
Public services	475,641	387,767
Operations and maintenance of plant	1,289,450	584,557
General administration	1,307,454	1,180,177
Independent operations	-	-
Institutional support	1,359,911	2,636,577
Scholarships, student grants, and waivers	311,317	-
Capital projects	-	-
Debt service	-	360,360
Total expenditures	14,090,932	15,247,422
Excess (deficiency) of revenues over expenditures	(239,216)	(143,244)
<b>Other financing sources (uses)</b>		
Bond proceeds/capital lease proceeds	204,820	-
Transfers from (to) other funds	23,340	(122,665)
Total other financing sources (uses)	228,160	(122,665)
Net change in fund balance	(11,056)	(265,909)
Fund balance, beginning of year	4,192,262	12,075,494
Fund balance, end of year	\$ 4,181,206	\$ 11,809,585

Fund Types		Total
Debt Service	Capital Projects	(Memorandum Only)
\$ 1,755,212	\$ 818,320	\$ 10,534,003
-	-	1,858,254
-	-	4,644,151
-	-	5,533,280
-	168,194	1,630,882
-	-	7,497,050
1,755,212	986,514	31,697,620
-	-	12,358,687
-	-	1,179,425
-	-	5,907,031
-	-	863,408
-	-	1,874,007
-	-	2,487,631
-	-	-
-	-	3,996,488
-	-	311,317
-	1,973,729	1,973,729
1,960,751	2,103,100	4,424,211
1,960,751	4,076,829	35,375,934
(205,539)	(3,090,315)	(3,678,314)
-	7,591,457	7,796,277
-	35,000	(64,325)
-	7,626,457	7,731,952
(205,539)	4,536,142	4,053,638
999,649	1,582,933	18,850,338
\$ 794,110	\$ 6,119,075	\$ 22,903,976



# 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, 2020

	General Fund Types		
	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Local governmental sources	\$ 6,812,012	\$ 6,797,797	\$ (14,215)
State governmental sources	1,442,918	1,445,583	2,665
Federal governmental sources	45,000	69,948	24,948
Student tuition and fees	5,050,500	4,961,344	(89,156)
Other sources	782,464	577,044	(205,420)
On behalf payments	-	-	-
Total revenues	14,132,894	13,851,716	(281,178)
<b>Expenditures</b>			
Instruction	7,340,663	7,401,519	60,856
Academic support	961,976	795,515	(166,461)
Student services	1,170,064	1,150,125	(19,939)
Public services	542,447	475,641	(66,806)
Operations and maintenance of plant	1,513,915	1,289,450	(224,465)
General administration	1,352,487	1,307,454	(45,033)
Independent operations	-	-	-
Institutional support	1,414,189	1,359,911	(54,278)
Scholarships, student grants, and waivers	305,000	311,317	6,317
Capital projects	-	-	-
Debt service	-	-	-
Total expenditures	14,600,741	14,090,932	(509,809)
Excess (deficiency) of revenues over expenditures	(467,847)	(239,216)	228,631
<b>Other financing sources (uses)</b>			
Bond proceeds/capital lease proceeds	-	204,820	204,820
Transfer from (to) other funds	443,186	23,340	(419,846)
Total other financing sources (uses)	443,186	228,160	(215,026)
Net change in fund balance	\$ (24,661)	(11,056)	\$ 13,605
Fund balance, beginning of year		4,192,262	
Fund balance, end of year		\$ 4,181,206	

Special Revenue Fund Types			Debt Service Fund Types		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
\$ 1,154,000	\$ 1,162,674	\$ 8,674	\$ 1,754,180	\$ 1,755,212	\$ 1,032
487,231	412,671	(74,560)	-	-	-
4,525,500	4,574,203	48,703	-	-	-
616,000	571,936	(44,064)	-	-	-
572,936	885,644	312,708	-	-	-
-	7,497,050	7,497,050	-	-	-
7,355,667	15,104,178	7,748,511	1,754,180	1,755,212	1,032
693,866	4,957,168	4,263,302	-	-	-
-	383,910	383,910	-	-	-
4,482,938	4,756,906	273,968	-	-	-
155,243	387,767	232,524	-	-	-
618,347	584,557	(33,790)	-	-	-
761,579	1,180,177	418,598	-	-	-
-	-	-	-	-	-
1,266,508	2,636,577	1,370,069	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	360,360	360,360	2,312,155	1,960,751	(351,404)
7,978,481	15,247,422	7,268,941	2,312,155	1,960,751	(351,404)
(622,814)	(143,244)	479,570	(557,975)	(205,539)	352,436
-	-	-	-	-	-
(54,346)	(122,665)	(68,319)	-	-	-
(54,346)	(122,665)	(68,319)	-	-	-
\$ (677,160)	(265,909)	\$ 411,251	\$ (557,975)	(205,539)	\$ 352,436
	12,075,494			999,649	
	\$ 11,809,585			\$ 794,110	

# 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, 2020

	Capital Project Fund Types		
	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Local governmental sources	\$ 816,500	\$ 818,320	\$ 1,820
State governmental sources	-	-	-
Federal governmental sources	-	-	-
Student tuition and fees	-	-	-
Other sources	-	168,194	168,194
On behalf payments	-	-	-
Total revenues	816,500	986,514	170,014
<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	7,280,083	1,973,729	(5,306,354)
Debt service	-	-	-
On behalf payments	-	-	-
Total expenditures	7,280,083	1,973,729	(5,306,354)
Excess (deficiency) of revenues over expenditures	(6,463,583)	(987,215)	5,476,368
<b>Other financing sources (uses)</b>			
Bond proceeds	-	7,591,457	7,591,457
Transfer from (to) other funds	5,275,239	35,000	(5,240,239)
Total other financing sources (uses)	5,275,239	7,626,457	2,351,218
Net change in fund balance	\$ (1,188,344)	6,639,242	\$ 7,827,586
Fund balance, beginning of year		1,582,933	
Fund balance, end of year		\$ 8,222,175	

# Highland Community College District #519

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

For the year ended June 30, 2020

	Proprietary Fund Type	
	Enterprise	
	Budget	Actual
<b>Operating revenues</b>		
Bookstore sales	\$ 600,000	\$ 498,743
Other fees	397,000	380,023
Athletics	50,140	14,542
Other sources	173,775	207,494
Total operating revenues	1,220,915	1,100,802
<b>Operating expenses</b>		
Salaries	311,444	250,764
Employee benefits	31,074	34,515
Contractual services	92,745	50,510
General materials and supplies	644,859	531,675
Conference and meeting expense	240,088	95,388
Utilities	600	535
Fixed charges	5,790	6,319
Capital outlay	5,127	1,112
Other	22,667	103,499
Total operating expenses	1,354,394	1,074,317
Operating income (loss)	(133,479)	26,485
<b>Nonoperating revenue (expenses)</b>		
Transfer from (to) other funds	65,000	64,325
Total nonoperating revenue (expenses)	65,000	64,325
Net income (loss)	\$ (68,479)	90,810
Unrestricted net position beginning of year		193,490
Unrestricted net position end of year		\$ 284,300

# Highland Community College District #519

## Combined Statement of Cash Flows Proprietary Fund Type

For the year ended June 30, 2020

	Proprietary Fund Type
	Enterprise Fund Type
<b>Cash Flows from Operating Activities</b>	
Operating income (loss)	\$ 26,485
Adjustments to reconcile net income to net cash from operating activities:	
(Increase) decrease in current assets:	
Inventory	19,654
Accounts receivable	11,775
Deferred expense	-
Due from other funds	-
Increase (decrease) in current liabilities:	
Unearned tuition revenue	15,429
Due to other funds	-
Accounts payable	(26,474)
Accrued expenses	(1,107)
Net cash provided by (used in) operations	45,762
<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	64,325
Net cash provided by (used for) noncapital financing activities	64,325
Net increase (decrease) in cash and cash equivalents	110,087
Beginning cash and cash equivalents	19,875
Ending cash and cash equivalents	\$ 129,962

# Highland Community College District #519

## Combining Balance Sheet Governmental Fund Types - General Funds

June 30, 2020

	Educational Fund	Operations and Maintenance Fund	Total General Funds
<b>Assets</b>			
Cash	\$ -	\$ 1,270,356	\$ 1,270,356
Investments	3,652,857	-	3,652,857
Receivables:			
Taxes	4,461,641	1,178,619	5,640,260
Other, net of \$1,622,072 allow- ance for doubtful accounts	1,889,330	17,182	1,906,512
Deferred expense	69,739	-	69,739
<b>Total assets</b>	<b>\$ 10,073,567</b>	<b>\$ 2,466,157</b>	<b>\$ 12,539,724</b>
<b>Liabilities, Deferred Inflows and Fund Balance</b>			
Liabilities:			
Cash overdraft	\$ -	\$ -	\$ -
Due to other funds	2,554,722	-	2,554,722
Accounts payable	70,185	47,430	117,615
Accrued expenses	722,884	38,618	761,502
Unearned tuition revenue	1,688,788	-	1,688,788
<b>Total liabilities</b>	<b>5,036,579</b>	<b>86,048</b>	<b>5,122,627</b>
Deferred Inflows of Resources:			
Property tax revenue	2,552,252	683,639	3,235,891
Fund balance - unreserved - designated	2,484,736	1,696,470	4,181,206
<b>Total liabilities, deferred inflows,     and fund balance</b>	<b>\$ 10,073,567</b>	<b>\$ 2,466,157</b>	<b>\$ 12,539,724</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, 2020

	Educational Fund	Operations and Mainten- ance Fund	Total General Funds
<b>Revenues</b>			
Local governmental sources	\$ 5,452,713	\$ 1,345,084	\$ 6,797,797
State governmental sources	1,258,085	187,498	1,445,583
Federal governmental sources	69,948	-	69,948
Student tuition and fees	4,961,344	-	4,961,344
Other sources	503,879	73,165	577,044
On behalf payments	-	-	-
Total revenues	12,245,969	1,605,747	13,851,716
<b>Expenditures</b>			
Instruction	7,401,519	-	7,401,519
Academic support	795,515	-	795,515
Student services	1,150,125	-	1,150,125
Public services	475,641	-	475,641
Operations and maintenance of plant	-	1,289,450	1,289,450
General administration	1,307,454	-	1,307,454
Institutional support	1,359,911	-	1,359,911
Scholarships, student grants, and waivers	311,317	-	311,317
Debt service	-	-	-
On behalf payments	-	-	-
Total expenditures	12,801,482	1,289,450	14,090,932
Excess (deficiency) of revenue over expenditures	(555,513)	316,297	(239,216)
<b>Other financing sources (uses)</b>			
Capital lease proceeds	204,820	-	204,820
Transfer from (to) other funds	58,340	(35,000)	23,340
Net change in fund balance	(292,353)	281,297	(11,056)
Fund balance, beginning of year	2,777,089	1,415,173	4,192,262
Fund balance, end of year	\$ 2,484,736	\$ 1,696,470	\$ 4,181,206

# Highland Community College District #519

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

June 30, 2020

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Funds	Working Cash Funds	Total Special Revenue Funds
<b>Assets</b>					
Cash	\$ 204,392	\$ -	\$ -	\$ 44,813	\$ 249,205
Investments	672,030	-	-	7,562,549	8,234,579
Receivables:					
Property tax	-	38,187	1,026,342	-	1,064,529
Other	606,419	-	-	45,547	651,966
Prepaid expense	-	-	-	-	-
Due from other funds	-	-	-	2,685,377	2,685,377
<b>Total assets</b>	<b>\$ 1,482,841</b>	<b>\$ 38,187</b>	<b>\$ 1,026,342</b>	<b>\$ 10,338,286</b>	<b>\$ 12,885,656</b>
<b>Liabilities, Deferred Inflows, and Fund Balance</b>					
Liabilities:					
Due to other funds	\$ -	\$ 11,199	\$ 119,456	\$ -	\$ 130,655
Accounts payable	70,738	-	518	-	71,256
Unearned tuition revenue	236,570	-	-	-	236,570
Accrued expense	17,637	-	2,490	-	20,127
<b>Total liabilities</b>	<b>324,945</b>	<b>11,199</b>	<b>122,464</b>	<b>-</b>	<b>458,608</b>
Deferred outflows:					
Property taxes	-	22,150	595,313	-	617,463
Fund balance (deficit):					
Reserved for restricted purposes	1,157,896	-	-	10,338,286	11,496,182
Unreserved - designated	-	4,838	308,565	-	313,403
<b>Total fund balance</b>	<b>1,157,896</b>	<b>4,838</b>	<b>308,565</b>	<b>10,338,286</b>	<b>11,809,585</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 1,482,841</b>	<b>\$ 38,187</b>	<b>\$ 1,026,342</b>	<b>\$ 10,338,286</b>	<b>\$ 12,885,656</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, 2020

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Working Cash Fund	Total Special Revenue Funds
<b>Revenues</b>					
Local government sources	\$ -	\$ 44,110	\$ 1,118,564	\$ -	\$ 1,162,674
State governmental sources	412,671	-	-	-	412,671
Federal governmental sources	4,574,203	-	-	-	4,574,203
Student tuition	571,936	-	-	-	571,936
Other sources	738,080	-	-	147,564	885,644
On behalf payments	7,497,050	-	-	-	7,497,050
Total revenues	13,793,940	44,110	1,118,564	147,564	15,104,178
<b>Expenditures</b>					
Instruction	4,957,168	-	-	-	4,957,168
Academic support	383,910	-	-	-	383,910
Student services	4,756,906	-	-	-	4,756,906
Public services	387,767	-	-	-	387,767
General administration	1,180,177	-	-	-	1,180,177
Operations and maintenance	-	-	584,557	-	584,557
Independent operations	-	-	-	-	-
Institutional support	2,054,090	48,000	527,912	6,575	2,636,577
Debt service	360,360	-	-	-	360,360
On behalf payments	-	-	-	-	-
Total expenditures	14,080,378	48,000	1,112,469	6,575	15,247,422
Excess (deficiency) of revenues over expenditures	(286,438)	(3,890)	6,095	140,989	(143,244)
<b>Other financing sources (uses) of funds</b>					
Bond proceeds	-	-	-	-	-
Transfer from (to) other funds	18,325	-	-	(140,990)	(122,665)
Total other financing sources	18,325	-	-	(140,990)	(122,665)
Net change in fund balance	(268,113)	(3,890)	6,095	(1)	(265,909)
Fund balance, beginning of year	1,426,009	8,728	302,470	10,338,287	12,075,494
Fund balance, end of year	\$ 1,157,896	\$ 4,838	\$ 308,565	\$ 10,338,286	\$ 11,809,585

# Highland Community College District #519

## Combining Balance Sheet Fiduciary Funds

June 30, 2020

	Agency Funds
<b>Assets</b>	
Cash on hand and in bank	\$ 458,191
Investments	-
Receivables - other	-
Due from other funds	-
Total assets	\$ 458,191
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts payable	\$ -
Agency deposits	458,191
Total liabilities	458,191
Fund balances:	
Undesignated	-
Total fund balances	-
Total liabilities and fund balances	\$ 458,191

# Highland Community College District #519

## Educational Fund Schedule of Revenues Compared to Budget

For the year ended June 30, 2020

	Budget	Actual	Over (Under) Budget
<b>Local Governmental Sources</b>			
Current taxes	\$ 2,539,937	\$ 2,552,254	\$ 12,317
Corporate personal property replacement tax	450,000	431,059	(18,941)
Back taxes	2,477,988	2,469,400	(8,588)
Total local government sources	5,467,925	5,452,713	(15,212)
<b>State Governmental Sources</b>			
ICCB base operating grants	1,062,490	1,062,490	-
ICCB equalization grants	50,000	50,000	-
ICCB other	15,000	17,665	2,665
ICCB career and technical education	127,930	127,930	-
Total state government sources	1,255,420	1,258,085	2,665
<b>Federal Governmental Sources</b>			
Federal financial aid	-	-	-
Indirect costs	45,000	69,948	24,948
DCEO	-	-	-
Total federal governmental sources	45,000	69,948	24,948
<b>Student Tuition and Fees</b>			
Tuition	4,434,960	4,390,966	(43,994)
Fees	615,540	570,378	(45,162)
Total student tuition and fees	5,050,500	4,961,344	(89,156)
<b>Other Sources</b>			
Facilities rental	28,000	14,698	(13,302)
Interest on investments	97,000	72,641	(24,359)
Other revenue	572,450	416,540	(155,910)
Total other sources	697,450	503,879	(193,571)
Total revenues	\$ 12,516,295	\$ 12,245,969	\$ (270,326)

# Highland Community College District #519

## Educational Fund

### Schedule of Expenditures Compared to Budget

For the year ended June 30, 2020

	Budget	Actual	Over (Under) Budget
<b><i>Instruction</i></b>			
Salaries	\$ 5,803,113	\$ 5,977,454	\$ 174,341
Employee benefits	1,118,671	1,098,635	(20,036)
Contractual services	124,195	86,357	(37,838)
General materials and supplies	253,710	160,370	(93,340)
Conference and meetings expense	17,046	38,393	21,347
Fixed charges	11,000	6,545	(4,455)
Utilities	700	738	38
Capital outlay	9,733	30,546	20,813
Other	2,495	2,481	(14)
Total instruction	7,340,663	7,401,519	60,856
<b><i>Academic Support</i></b>			
Salaries	589,805	568,788	(21,017)
Employee benefits	138,966	135,848	(3,118)
Contractual services	29,461	11,013	(18,448)
General materials and supplies	98,554	73,944	(24,610)
Conference and meetings expense	102,656	5,837	(96,819)
Capital outlay	2,534	60	(2,474)
Other	-	25	25
Total academic support	961,976	795,515	(166,461)
<b><i>Student Services</i></b>			
Salaries	861,440	843,417	(18,023)
Employee benefits	255,490	245,938	(9,552)
Contractual services	23,396	24,436	1,040
General materials and supplies	22,053	19,975	(2,078)
Conference and meetings expense	-	15,790	15,790
Fixed charges	7,100	559	(6,541)
Utilities	-	-	-
Capital outlay	360	-	(360)
Other	225	10	(215)
Total student services	1,170,064	1,150,125	(19,939)
<b><i>Public Services</i></b>			
Salaries	214,246	227,878	13,632
Employee benefits	41,395	12,842	(28,553)
Contractual services	173,278	163,390	(9,888)
General materials and supplies	42,453	26,965	(15,488)
Conference and meeting expense	59,450	29,551	(29,899)

# Highland Community College District #519

Educational Fund (Continued)

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2020

	Budget	Actual	Over (Under) Budget
<b>Public Services (Continued)</b>			
Fixed charges	5,275	8,601	3,326
Utilities	-	-	-
Capital outlay	-	380	380
Other	6,350	6,034	(316)
Total public services	542,447	475,641	(66,806)
<b>Operations and Maintenance of Plant</b>			
General materials and supplies	-	-	-
<b>General Administration</b>			
Salaries	799,106	808,202	9,096
Employee benefits	209,633	211,866	2,233
Contractual services	108,700	85,541	(23,159)
General materials and supplies	214,364	185,485	(28,879)
Conference and meeting expense	16,425	12,765	(3,660)
Fixed charges	-	460	460
Utilities	-	-	-
Capital outlay	859	73	(786)
Other	3,400	3,062	(338)
Total general administration	1,352,487	1,307,454	(45,033)
<b>Institutional Support</b>			
Salaries	530,631	380,412	(150,219)
Employee benefits	259,625	226,488	(33,137)
Contractual services	247,240	249,523	2,283
General materials and supplies	110,861	89,597	(21,264)
Conference and meeting expense	100,362	42,762	(57,600)
Fixed charges	40,920	36,885	(4,035)
Utilities	17,400	17,307	(93)
Capital outlay	5,000	218,126	213,126
Other	102,150	98,811	(3,339)
Total institutional support	1,414,189	1,359,911	(54,278)
<b>Debt Service</b>			
Principal and interest payments	-	-	-
<b>Other</b>			
Provision of contingency	-	-	-
<b>Scholarships, Student Grants, &amp; Waivers</b>			
Other	305,000	311,317	6,317
Total educational fund	\$ 13,086,826	\$ 12,801,482	\$ (285,344)
Other financing sources (uses) of funds:			
Capital lease proceeds	\$ -	\$ 204,820	\$ 204,820
Operating transfers in	443,186	141,665	(301,521)
Operating transfers out	-	(83,325)	(83,325)
Total other financing sources (uses) of funds	\$ 443,186	\$ 263,160	\$ (180,026)

# 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, 2020

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Local Governmental Sources</b>			
Current taxes	\$ 680,340	\$ 683,639	\$ 3,299
Corporate personal property replacement tax	-	-	-
Back taxes	663,747	661,445	(2,302)
Total local government sources	1,344,087	1,345,084	997
<b>State Governmental Sources</b>			
State apportionment	187,498	187,498	-
Total state government sources	187,498	187,498	-
<b>Federal Governmental Sources</b>			
FEMA	-	-	-
Total federal sources	-	-	-
<b>Other Sources</b>			
Facilities rental	84,714	72,709	(12,005)
Other revenue	300	456	156
Total other sources	85,014	73,165	(11,849)
Total revenues	\$ 1,616,599	\$ 1,605,747	\$ (10,852)
<b>Expenditures</b>			
<b>Operation and Maintenance of Plant</b>			
Salaries	\$ 595,817	\$ 526,904	\$ (68,913)
Employee benefits	215,067	192,046	(23,021)
Contractual services	129,076	71,912	(57,164)
General materials and supplies	185,794	125,883	(59,911)
Conference and meeting expense	-	35	35
Utilities	651,251	594,566	(56,685)
Other	(263,090)	(227,041)	36,049
Contingency	-	-	-
Capital outlay	-	5,145	5,145
Total expenditures	\$ 1,513,915	\$ 1,289,450	\$ (224,465)
<b>Other financing sources (uses) of funds</b>			
Operating transfers in	\$ 24,761	\$ -	\$ (24,761)
Operating transfers out	-	(35,000)	(35,000)
Total financing sources (uses)	\$ 24,761	\$ (35,000)	\$ (59,761)

# Highland Community College District #519

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

For the year ended June 30, 2020

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>State Governmental Sources</b>			
Workforce Preparation Grant	\$ -	\$ -	\$ -
Student Success Grant	-	9,715	9,715
SBE Adult Education	251,325	204,907	(46,418)
SBE Vocational Education	131,998	125,252	(6,746)
Other	103,908	72,797	(31,111)
Total state government sources	487,231	412,671	(74,560)
<b>Federal Governmental Sources</b>			
Student Support Services Grant	332,887	402,806	69,919
College Work Study	83,945	83,945	-
Direct Federal Loan Program	1,050,000	780,645	(269,355)
Upward Bound Grant	287,537	361,172	73,635
Pell	2,680,000	2,385,234	(294,766)
SEOG	44,175	44,175	-
Adult Ed	-	-	-
Federal Career Tech	-	-	-
RSVP	46,956	55,973	9,017
CARES Act	-	457,201	457,201
Other	-	3,052	3,052
Total federal government sources	4,525,500	4,574,203	48,703
<b>Student Tuition and Fees</b>			
Tuition	588,000	554,374	(33,626)
Fees	28,000	17,562	(10,438)
Total student tuition and fees	616,000	571,936	(44,064)
<b>Other Sources</b>			
Highland Community College Foundation	257,364	322,394	65,030
Investment income	19,346	33,952	14,606
In Kind	31,294	28,166	(3,128)
Other	264,932	353,568	88,636
Total other sources	572,936	738,080	165,144
Total revenue	\$ 6,201,667	\$ 6,296,890	\$ 95,223

# Highland Community College District #519

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

For the year ended June 30, 2020

	Budget	Actual	Over (Under) Budget
<b>Expenditures</b>			
<b>Instruction</b>			
Salaries	\$ 324,879	\$ 271,566	\$ (53,313)
Employee benefits	96,762	4,432,287	4,335,525
Contractual services	25,000	1,941	(23,059)
General materials and supplies	78,049	45,977	(32,072)
Conference and meetings expense	43,185	20,985	(22,200)
Fixed charges	-	-	-
Utilities	-	-	-
Capital outlay	82,710	156,079	73,369
Other	43,281	28,333	(14,948)
Total instruction	693,866	4,957,168	4,263,302
<b>Academic Support</b>			
Salaries	-	-	-
Employee benefits	-	380,858	380,858
Contractual services	-	2,643	2,643
General materials and supplies	-	409	409
Capital outlay	-	-	-
Conference and meetings expense	-	-	-
Other	-	-	-
Total academic support	-	383,910	383,910
<b>Student Services</b>			
Salaries	420,912	407,519	(13,393)
Employee benefits	118,496	795,792	677,296
Contractual services	3,816	4,250	434
General materials and supplies	47,873	111,052	63,179
Capital outlay	200	10,441	10,241
Conference meeting expense	46,295	142,206	95,911
Other	3,845,346	3,285,646	(559,700)
Total student services	4,482,938	4,756,906	273,968
<b>Public Services</b>			
Salaries	60,939	55,296	(5,643)
Employee benefits	5,772	258,564	252,792
Contractual services	12,000	14,684	2,684
General materials and supplies	25,895	12,513	(13,382)
Conference and meeting expense	11,819	3,894	(7,925)
Fixed charges	28,671	29,450	779
Utilities	4,152	4,152	-
Capital Outlay	3,610	3,610	-
Other	2,385	5,604	3,219
Total public services	155,243	387,767	232,524



# Highland Community College District #519

## Special Revenue - Restricted Purpose Fund (Continued)

### Schedule of Expenditures Compared to Budget

For the year ended June 30, 2020

	Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>			
<b>Institutional Support</b>			
Salaries	76,922	78,540	1,618
General materials and supplies	1,950	19	(1,931)
Employee Benefits	15,701	1,501,033	1,485,332
Conference and meetings expense	250	-	(250)
Capital outlay	-	-	-
Contractual services	521,836	474,775	(47,061)
Utilities	-	-	-
Other	-	(277)	(277)
Total institutional support	616,659	2,054,090	1,437,431
<b>General Administration</b>			
Salaries	240,434	287,784	47,350
General materials and supplies	33,137	15,141	(17,996)
Employee benefits	31,723	45,969	14,246
Conference and meetings expense	31,361	7,608	(23,753)
Fixed charges	650	-	(650)
Capital outlay	322,574	404,645	82,071
Contractual services	100,000	115,144	15,144
Other	1,700	303,886	302,186
Total general administration	761,579	1,180,177	418,598
<b>Operations &amp; Maintenance</b>			
Salaries	-	-	-
Employee benefits	-	360,360	360,360
General materials and supplies	-	-	-
Capital outlay	-	-	-
Conference and meetings expense	-	-	-
Debt principal retirement	-	-	-
Other	-	-	-
Total operations & maintenance	-	360,360	360,360
<b>Independent Operations</b>			
Salaries	-	-	-
General materials and supplies	-	-	-
Capital outlay	-	-	-
Contractual services	-	-	-
Other	-	-	-
Total independent operations	-	-	-
Total expenditures	\$ 6,710,285	\$ 14,080,378	\$ 7,370,093
Other financing sources (uses) of funds:			
Operating transfers in	\$ -	\$ 18,325	\$ 18,325
Operating transfers out	(54,346)	-	54,346
Total other financing sources (uses) of funds	\$ (54,346)	\$ 18,325	\$ 72,671

# Highland Community College District #519

## Special Revenue - Audit Fund

### Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2020

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	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Local Governmental Sources</b>			
Current taxes	\$ 22,000	\$ 22,150	\$ 150
Back taxes	22,000	21,960	(40)
Total revenues	\$ 44,000	\$ 44,110	\$ 110
<b>Expenditures</b>			
<b>Institutional Support</b>			
Audit costs	\$ 47,000	\$ 48,000	\$ 1,000

# 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, 2020

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Local Governmental Sources</b>			
Current taxes	\$ 592,500	\$ 595,313	\$ 2,813
Back taxes	517,500	517,427	(73)
Other revenue	-	5,824	5,824
Total revenues	\$ 1,110,000	\$ 1,118,564	\$ 8,564
<b>Expenditures</b>			
<b>Institutional Support</b>			
Salaries	\$ -	\$ 2,359	\$ 2,359
Employee benefits	250,274	206,985	(43,289)
Contractual services	135,425	120,554	(14,871)
General materials and supplies	8,888	7,805	(1,083)
Conferences and meetings	20,503	4,542	(15,961)
Fixed charges	182,856	183,046	190
Utilities	4,903	2,621	(2,282)
Capital outlay	-	-	-
Provision for contingency	-	-	-
Total institutional support	602,849	527,912	(74,937)
<b>Operations and Maintenance</b>			
Salaries	288,304	275,012	(13,292)
Employee benefits	90,292	74,210	(16,082)
Contractual services	239,751	235,335	(4,416)
Total operations and maintenance	618,347	584,557	(33,790)
Total expenditures	\$ 1,221,196	\$ 1,112,469	\$ (108,727)

# Highland Community College District #519

Special Revenue

Working Cash Fund

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2020

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Other Sources</b>			
Interest on investments	\$ 145,000	\$ 147,564	\$ 2,564
Other revenue	-	-	-
Total revenues	\$ 145,000	\$ 147,564	\$ 2,564
<b>Expenditures</b>			
<b>Institutional Support</b>			
Salaries	\$ -	\$ -	\$ -
Employee benefits	-	-	-
Contractual services	-	-	-
General materials and supplies	-	-	-
Conferences and meetings	-	-	-
Fixed charges	7,500	6,575	(925)
Capital outlay	-	-	-
Other	-	-	-
Total institutional support	7,500	6,575	(925)
Total expenditures	\$ 7,500	\$ 6,575	\$ (925)
Other financing sources of funds:			
Bond proceeds	\$ -	\$ -	\$ -
Premium on debt issued	-	-	-
Operating transfer out	(137,500)	(140,990)	(3,490)
Total other financing sources of funds	\$ (137,500)	\$ (140,990)	\$ (3,490)

# Highland Community College District #519

## Schedule of Tort Expenditures

For the year ended June 30, 2020

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Risk management related salaries and benefits	\$ 507,440
Insurance	234,172
Legal services	-
Security and safety related	370,857
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Total tort expenditures	\$ 1,112,469

# 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, 2020

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
<b>Local Governmental Sources</b>			
Current taxes	\$ 454,000	\$ 455,759	\$ 1,759
Back taxes	362,500	362,561	61
Total local government sources	816,500	818,320	1,820
<b>State Governmental Sources</b>			
ADA Grant	-	-	-
Total state government sources	-	-	-
<b>Other Sources</b>			
Other gifts/revenue	-	114,271	114,271
Interest on investments	-	53,923	53,923
Total other sources	-	168,194	168,194
Total revenues	\$ 816,500	\$ 986,514	\$ 170,014
<b>Expenditures</b>			
<b>Capital Projects</b>			
Contractual services	\$ 27,699	\$ 140,603	\$ 112,904
General materials & supplies	-	-	-
Capital outlay	7,124,384	1,725,178	(5,399,206)
Other	128,000	107,948	(20,052)
Total expenditures	\$ 7,280,083	\$ 1,973,729	\$ (5,306,354)
<b>Debt Service</b>			
Principal and interest payments	\$ -	\$ 2,103,100	\$ -
<b>Other financing sources (uses)</b>			
Bond proceeds	\$ 5,300,000	\$ 7,591,457	\$ 2,291,457
Capital lease proceeds	-	-	-
Operating transfers in	-	35,000	35,000
Operating transfers out	(24,761)	-	24,761
Total other financing sources	\$ 5,275,239	\$ 7,626,457	\$ 2,351,218

# Highland Community College District #519

Fiduciary Funds

Agency Funds

Schedule of Yearly Activity By Individual Account

For the year ended June 30, 2020

	Balance 6/30/2019	Receipts	Disburse- ments	Equity Transfers In/Out	Balance 6/30/2020
HCC road and parking	\$ 94,197	\$ 5,000	\$ -	\$ -	\$ 99,197
YMCA road and parking	88,780	5,000	-	-	93,780
YMCA building/maintenance	37,132	-	15,250	-	21,882
HCC building/maintenance	64,222	10,000	15,250	-	58,972
YMCA/HCC interest	97,404	1,592	-	-	98,996
SAVTES road and parking	56,621	5,000	-	-	61,621
Flex fund	19,127	91,295	86,679	-	23,743
	\$ 457,483	\$ 117,887	\$ 117,179	\$ -	\$ 458,191

# Highland Community College District #519

## Schedule of Assessed Valuations, Rates, and Taxes Extended

LEVY YEARS 2019, 2018, AND 2017

	2019 Levy	2018 Levy	2017 Levy
<b>Assessed valuation</b>	\$ 1,823,037,288	\$ 1,769,991,166	\$ 1,721,936,668
<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	0.0579	0.0509	0.0523
Audit Fund	0.0024	0.0025	0.0026
Protection, Health & Safety	0.0500	0.0410	0.0397
Bond and Interest	0.0973	0.0984	0.0993
Social Security	0.0074	0.0076	0.0078
<b>Total</b>	<b>0.5700</b>	<b>0.5554</b>	<b>0.5567</b>
<b>Taxes Extended</b>			
Education Fund	\$ 5,104,505	\$ 4,955,976	\$ 4,821,423
Operations, and Maintenance Fund	1,367,279	1,327,494	1,291,453
Education and O&M additional	-	(3,672)	(1,833)
Insurance	1,053,963	900,041	897,561
Audit Fund	44,244	44,073	43,936
Protection, Health & Safety	910,828	725,152	681,181
Bond and Interest	1,768,493	1,748,681	1,712,229
Social Security	135,507	135,050	134,695
<b>Total</b>	<b>\$ 10,384,819</b>	<b>\$ 9,832,795</b>	<b>\$ 9,580,645</b>



# Highland Community College District #519

## Schedule of Assessed Valuations and Tax Extensions by County

LEVY YEARS 2019, 2018, AND 2017

	2019 Levy	2018 Levy	2017 Levy
<b><i>Assessed valuations</i></b>			
Carroll	\$ 283,619,951	\$ 268,845,001	\$ 261,745,572
Jo Daviess	739,048,860	729,849,444	710,933,314
Ogle	139,172,852	131,837,942	128,143,431
Stephenson	661,195,625	639,458,779	621,114,351
Total	<u>\$ 1,823,037,288</u>	<u>\$ 1,769,991,166</u>	<u>\$ 1,721,936,668</u>
<b><i>Tax extensions</i></b>			
<b><u>Educational</u></b>			
Carroll	\$ 794,136	\$ 752,766	\$ 732,888
Jo Daviess	2,069,337	2,043,578	1,990,613
Ogle	389,684	369,146	358,802
Stephenson	<u>1,851,348</u>	<u>1,790,485</u>	<u>1,739,120</u>
	<u>5,104,505</u>	<u>4,955,975</u>	<u>4,821,423</u>
<b><u>Operation and Maintenance</u></b>			
Carroll	212,715	201,634	196,309
Jo Daviess	554,287	547,387	533,200
Ogle	104,380	98,878	96,108
Stephenson	<u>495,897</u>	<u>479,594</u>	<u>465,836</u>
	<u>1,367,279</u>	<u>1,327,493</u>	<u>1,291,453</u>
<b><u>Insurance</u></b>			
Carroll	163,450	136,708	136,814
Jo Daviess	427,688	371,128	370,396
Ogle	80,191	67,040	66,750
Stephenson	<u>382,634</u>	<u>325,165</u>	<u>323,601</u>
	<u>1,053,963</u>	<u>900,041</u>	<u>897,561</u>
<b><u>Audit</u></b>			
Carroll	6,864	6,694	6,701
Jo Daviess	17,959	18,173	18,129
Ogle	3,354	3,283	3,268
Stephenson	<u>16,067</u>	<u>15,923</u>	<u>15,838</u>
	<u>44,244</u>	<u>44,073</u>	<u>43,936</u>

# Highland Community College District #519

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

LEVY YEARS 2019, 2018, AND 2017

	2019 Levy	2018 Levy	2017 Levy
<b><i>Tax extensions (continued)</i></b>			
<b><u>Protection, Health, &amp; Safety</u></b>			
Carroll	141,356	110,146	103,834
Jo Daviess	369,524	299,019	281,103
Ogle	69,350	54,001	50,655
Stephenson	330,598	261,986	245,589
	910,828	725,152	681,181
<b><u>Bond and Interest</u></b>			
Carroll	274,714	264,570	259,992
Jo Daviess	718,873	721,894	707,379
Ogle	134,803	129,729	126,849
Stephenson	640,103	632,489	618,009
	1,768,493	1,748,682	1,712,229
<b><u>Social Security</u></b>			
Carroll	21,016	20,513	20,521
Jo Daviess	54,985	55,688	55,595
Ogle	10,313	10,059	10,008
Stephenson	49,193	48,791	48,571
	135,507	135,051	134,695
<b><u>Prior Year Adjustment</u></b>			
Carroll	-	-	-
Jo Daviess	-	(73)	-
Ogle	-	(3,599)	(1,833)
Stephenson	-	-	-
	-	(3,672)	(1,833)
Total	\$ 10,384,819	\$ 9,832,795	\$ 9,580,645

# Highland Community College District #519

## Summary Schedule of Taxes Receivable and Tax Collections

For the year ended June 30, 2020

Year	Levy Valuation	Assessed Rate	Combined Taxes Extended	Total Collected to June 30, 2019
2018	\$ 1,769,991,166	0.5554	\$ 9,832,795	\$ 1,497,284
2019	1,823,037,288	0.5700	10,384,819	-
Total				\$ 1,497,284

### 2019 Property Taxes Extended

	Uncollected June 30, 2020
Education	\$ 4,400,177
Operations, and Maintenance	1,178,619
Insurance	909,423
Audit	38,187
Protection, Health & Safety	785,747
Bond and Interest	1,522,148
Social Security	116,919
Difference due to estimated equalized assessed value	798
Total	\$ 8,952,018

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Collected During Year Ended June 30, 2020	Total Collected to June 30, 2020	Percent Collected June 30, 2020	Allowance for Uncollectible Taxes	Balance After Allowance
\$ 8,327,157	\$ 9,824,441	99.92%	\$ -	\$ -
1,432,801	1,432,801	13.80%	-	8,952,018
<u>\$ 9,759,958</u>	<u>\$ 11,257,242</u>	<u>55.68%</u>	<u>\$ -</u>	<u>\$ 8,952,018</u>

# Highland Community College District #519

## Schedule of Legal Debt Margin

For the year ended June 30, 2020

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Assessed valuation - 2019 levy	\$ 1,823,037,288
Debt limit, 2.875% of assessed valuation	\$ 52,412,322
Total long-term debt	8,347,097
Legal debt margin	\$ 44,065,225

# Highland Community College District #519

## All Funds Summary

Uniform Financial Statement #1 Fiscal Year ended June 30, 2020

	Education Fund	Operations & Mainten- ance Fund	Operations & Mainten- ance Fund (Restricted)	Bond and Interest Fund
Fund balance, July 1, 2019	\$ 2,777,089	\$ 1,415,173	\$ 1,582,933	\$ 999,649
<b>Revenues</b>				
Local tax revenue	5,452,714	1,345,084	818,320	1,755,212
All other local revenue	-	-	-	-
ICCB grants	1,258,085	187,498	-	-
All other state revenue	-	-	-	-
Federal revenue	69,948	-	-	-
Student tuition and fees	4,936,689	-	-	-
On-behalf CIP	-	-	-	-
On-behalf SURS	-	-	-	-
All other revenue	528,533	73,165	168,194	-
Total revenue	12,245,969	1,605,747	986,514	1,755,212
<b>Expenditures</b>				
Instruction	7,401,519	-	-	-
Academic support	795,515	-	-	-
Student services	1,150,125	-	-	-
Public service	475,641	-	-	-
Organized research	-	-	-	-
Auxiliary services	-	-	-	-
Operations and maintenance	-	1,289,450	3,573,237	-
Institutional support	2,667,365	-	503,592	1,960,751
Scholarships, grants, waivers	311,317	-	-	-
Total expenditures	12,801,482	1,289,450	4,076,829	1,960,751
Other financing sources	204,820	-	7,591,457	-
Net transfers	58,340	(35,000)	35,000	-
Fund balance, June 30, 2020	\$ 2,484,736	\$ 1,696,470	\$ 6,119,075	\$ 794,110

Restricted Purpose Fund	Auxiliary Enterprises Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
\$ 1,426,009	\$ 193,490	\$ 10,338,287	\$ 8,728	\$ 302,470	\$ 19,043,828
-	-	-	44,110	1,112,740	10,528,180
-	-	-	-	-	-
339,874	-	-	-	-	1,785,457
72,797	-	-	-	-	72,797
4,574,203	-	-	-	-	4,644,151
554,374	380,023	-	-	-	5,871,086
428,832	-	-	-	-	428,832
7,068,218	-	-	-	-	7,068,218
755,642	720,779	147,565	-	5,824	2,399,702
13,793,940	1,100,802	147,565	44,110	1,118,564	32,798,423
4,957,168	-	-	-	-	12,358,687
383,910	-	-	-	-	1,179,425
1,550,938	-	-	-	-	2,701,063
387,766	-	-	-	-	863,407
-	-	-	-	-	-
-	1,074,317	-	-	-	1,074,317
360,360	-	-	-	584,557	5,807,604
3,234,267	-	6,575	48,000	527,913	8,948,463
3,205,969	-	-	-	-	3,517,286
14,080,378	1,074,317	6,575	48,000	1,112,470	36,450,252
-	-	-	-	-	7,796,277
18,325	64,325	(140,990)	-	-	-
\$ 1,157,896	\$ 284,300	\$ 10,338,287	\$ 4,838	\$ 308,564	\$ 23,188,276

# Highland Community College District #519

## All Funds Summary (Continued)

Uniform Financial Statement #1

Fiscal Year ended June 30, 2020

	Total
Fund balance, July 1, 2019	\$ 19,043,828
<b>Revenues</b>	
Local tax revenue	10,528,180
All other local revenue	-
ICCB grants	1,785,457
All other state revenue	72,797
Federal revenue	4,644,151
Student tuition and fees	5,871,086
On behalf - CIP	428,832
On behalf - SURS	7,068,218
All other revenue	2,399,702
Total revenue	32,798,423
<b>Expenditures</b>	
Instruction	12,358,687
Academic support	1,179,425
Student services	2,701,063
Public service	863,407
Organized research	-
Auxiliary services	1,074,317
Operations and maintenance	5,807,604
Institutional support	8,948,463
Scholarships, grants, waivers	3,517,286
Total expenditures	36,450,252
Other financing sources, bond proceeds	7,796,277
Net transfers	-
Fund balance, June 30, 2020	\$ 23,188,276



# Highland Community College District #519

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

Fiscal Year ended June 30, 2020

	Fixed Asset/Debt Account Groups June 30, 2019	Additions	Deletions	Adjustments	Fixed Asset/Debt Account Groups June 30, 2020
<b>Fixed Assets</b>					
Sites and improvements	\$ 3,924,826	\$ 22,379	\$ -	\$ -	\$ 3,947,205
Construction in process	-	-	-	-	-
Buildings, additions and improvements	27,628,426	1,661,857	-	-	29,290,283
Vehicles	419,278	232,849	52,346	-	599,781
Equipment and Technology	4,423,389	158,894	3,552	-	4,578,731
Total fixed assets	36,395,919	2,075,979	55,898	-	38,416,000
Accumulated depreciation	19,231,137	993,874	24,233	-	20,200,778
Net fixed assets	\$ 17,164,782	\$ 1,082,105	\$ 31,665	\$ -	\$ 18,215,222

### Debts

Bonds Payable	\$ 2,265,000	\$ 6,880,000	\$ 1,690,000	\$ -	\$ 7,455,000
Debt certificates	2,055,000	-	2,055,000	-	-
Accrued compensated absences	143,072	52,338	-	-	195,410
Capital lease payable	70,093	204,820	37,924	-	236,989
Unamortized premium on bonds	38,388	711,457	94,737	-	655,108
OPEB CIP liability	10,074,013	-	942,882	-	9,131,131
Total fixed liabilities	\$ 14,645,566	\$ 7,848,615	\$ 4,820,543	\$ -	\$ 17,673,638

Note: Adjustments were made to reclassify fixed assets between categories

# Highland Community College District #519

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

Fiscal Year ended June 30, 2020

### **Operating Revenues by Source**

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<b>Local Government Revenue</b>			
Local taxes	\$ 5,021,654	\$ 1,345,084	\$ 6,366,738
CPPRT	431,060	-	431,060
Total local government	5,452,714	1,345,084	6,797,798
<b>State Government</b>			
ICCB base operating grant	1,062,490	187,498	1,249,988
ICCB equalization grants	50,000	-	50,000
ICCB - Career and Technical Education	127,930	-	127,930
Other ICCB grants not listed above	17,665	-	17,665
Other State not listed above	-	-	-
Total state government	1,258,085	187,498	1,445,583
<b>Federal Government</b>			
Dept. of Education	69,948	-	69,948
Dept. of Labor	-	-	-
Other	-	-	-
Total federal government	69,948	-	69,948
<b>Student Tuition &amp; Fees</b>			
Tuition	4,390,966	-	4,390,966
Fees	545,723	-	545,723
Total tuition & fees	4,936,689	-	4,936,689
<b>Other Sources</b>			
Sales and service fees	24,654	72,709	97,363
Facilities revenue	14,698	-	14,698
Investment revenue	72,641	-	72,641
Non-governmental grants	343,259	-	343,259
Other	73,281	456	73,737
Total other revenue	528,533	73,165	601,698
Total revenue	\$ 12,245,969	\$ 1,605,747	\$ 13,851,716

# Highland Community College District #519

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

Fiscal Year ended June 30, 2020

<b>Operating Expenditures</b>		Education Fund	Operations and Maintenance Fund	Total Operating Funds
<b>By Program</b>				
Instruction	\$	7,401,519	\$ -	\$ 7,401,519
Academic support		795,515	-	795,515
Student services		1,150,125	-	1,150,125
Public service		475,641	-	475,641
Operations and Maintenance		-	1,289,450	1,289,450
Institutional support		2,667,365	-	2,667,365
Scholarships, grants, waivers		311,317	-	311,317
Transfers and other		-	-	-
Total expenditures		12,801,482	1,289,450	14,090,932
Less non-operating items*:				
Tuition chargeback		-	-	-
Transfers to Non-operating funds		(58,340)	35,000	(23,340)
Adjusted expenditures	\$	12,743,142	\$ 1,324,450	\$ 14,067,592
<b>By Object</b>				
Salaries	\$	8,806,151	\$ 526,904	\$ 9,333,055
Employee benefits		1,931,617	192,046	2,123,663
Contractual services		620,260	71,912	692,172
General materials and supplies		556,335	125,883	682,218
Library materials **		56,458	-	56,458
Conference and meeting expenses		145,097	35	145,132
Fixed charges		53,050	-	53,050
Utilities		18,045	594,565	612,610
Capital outlay		249,185	5,146	254,331
Student grants and scholarships**		314,317	-	314,317
Transfers and other		-	-	-
Other		421,742	(227,041)	194,701
Total expenditures		12,801,482	1,289,450	14,090,932
Less non-operating items*:				
Tuition chargeback		-	-	-
Transfers to non-operating funds		(58,340)	35,000	(23,340)
Adjusted expenditures	\$	12,743,142	\$ 1,324,450	\$ 14,067,592

\* 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, 2020

### **Revenues by Source**

	Restricted Purposes Fund
<b>State Government</b>	
ICCB - Adult Education	\$ 204,907
ICCB - Other **	134,967
Dept. of Corrections	-
On-Behalf CIP	428,832
On-Behalf SURS	7,068,218
Other ***	72,797
Total state government	7,909,721
<b>Federal Government</b>	
Dept. of Education	4,518,229
Department of Labor	-
Other	55,974
Total federal government	4,574,203
<b>Other Sources</b>	
Tuition and fees	554,374
Other	755,642
Total other sources	1,310,016
Total restricted purposes fund revenues	\$ 13,793,940

### **Expenditures by Program**

Instruction	\$ 4,957,168
Academic support	383,910
Student services	1,550,938
Public service/continuing education	387,766
Organized research	-
Auxiliary services	-
Operations and maintenance	360,360
Institutional support	3,234,267
Scholarships, grants and waivers	3,205,969
Total restricted purposes fund expenditures	\$ 14,080,378

# Highland Community College District #519

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

Fiscal Year ended June 30, 2020

### ***Expenditures by Object***

	Restricted Purposes Fund
Salaries	\$ 1,100,703
Employee benefits (Including SURS and CIP On-Behalf)	7,774,828
Contractual services	613,437
Student financial aid	3,505,969
General materials and supplies	185,110
Library materials*	-
Conference and meeting expenses	174,693
Fixed charges	29,450
Utilities	4,152
Capital outlay	574,776
Other	117,260
Student grants and scholarships*	41,758
<b>Total restricted purposes fund expenditures</b>	<b>\$ 14,080,378</b>

\* Non-add line

### **State Government Detail**

** ICCB other	Perkins	\$ 125,252
	Student Success Grant	9,715
	Program Improvement	-
<b>Total state sources other</b>		<b>\$ 134,967</b>
*** State sources other	Secretary of State	\$ 65,085
	RSVP Department of Aging	7,712
<b>Total state sources other</b>		<b>\$ 72,797</b>

# Highland Community College District #519

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

Fiscal Year ended June 30, 2020

<b>Instruction</b>	
Instructional programs	\$ 7,401,518
Other	4,957,169
Total instruction	12,358,687
<b>Academic Support</b>	
Library Center	313,564
Instructional Materials Center	66,225
Educational Media Services	330,844
Academic Computing Support	82,428
Academic administration and planning	316,019
Other	70,345
Total academic support	1,179,425
<b>Student Services Support</b>	
Admissions and records	287,814
Counseling and career services	651,063
Financial aid administration	395,405
Other	1,366,781
Total student services support	2,701,063
<b>Public Service/Continuing Education</b>	
Community education	131,211
Customized training (instructional)	174,469
Community services	365,342
Other	192,385
Total public service/continuing education	863,407
<b>Auxiliary Services</b>	1,074,317
<b>Operations and Maintenance of Plant</b>	
Maintenance	4,168
Custodial services	475,652
Grounds	100,511
Campus security	584,557
Transportation	25,957
Utilities	594,449
Administration	88,715
Other	360,359
Total operations and maintenance of plant	2,234,368

# Highland Community College District #519

## Current Funds - Expenditures by Activity (Continued)

### Uniform Financial Statement #5

For the year ended June 30, 2020

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#### **Institutional Support**

Executive management	313,912
Fiscal operations	1,087,567
Community relations	344,287
Administrative support services	479,576
Board of trustees	129,530
General institutions	1,146,718
Institutional research	173,880
Administrative data processing	1,035,442
Other	1,766,632

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Total institutional support	6,477,544
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<b>Scholarships, Student Grants &amp; Waivers</b>	3,517,286
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Total current funds expenditures	\$ 30,406,097
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\* Current funds include the Education; Operations and Maintenance;  
Auxiliary Enterprises; Restricted Purposes; Audit; Liability, Protection, and Settlement;  
and PBC Operations and Maintenance funds.

# Highland Community College District #519

## Certification of Chargeback Reimbursement for Fiscal Year 2021

For the year ended June 30, 2020

### All Fiscal Year 2020 Noncapital Audited Operating Expenditures from the Following Funds:

1. Education Fund	\$ 12,549,308
2. Operations and Maintenance Fund	1,284,305
3. Public Building Commission Operation and Maintenance Fund	-
4. Bond and Interest Fund	270,751
5. Public Building Commission Rental Fund	-
6. Restricted Purposes Fund	5,227,908
7. Audit Fund	48,000
8. Liability, Protection, and Settlement Fund	1,112,469
9. Auxiliary Enterprises Fund (subsidy only)	-
10. Total non-capital audited expenditures	20,492,741
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	1,362,481
12. TOTAL COSTS INCLUDED	\$ 21,855,222
13. Total certified semester credit hours for FY 2020	31,529.00
14. PER CAPITA COST	\$ 693.18
15. All FY 2020 state and federal operating grants for noncapital expenditures, except ICCB grants	\$ 4,673,746
16. FY 2020 state and federal grants per semester credit hour	\$ 148.24
17. District's average ICCB grant rate (excluding equalization grants) for FY 2021	38.93
18. District's student tuition and fee rate per semester credit hour for FY 2021	146.00
19. Chargeback reimbursement per semester credit hour	\$ 360.01

Approved:   
Chief Fiscal Officer

11/20/20  
Date

Approved:   
President

11/20/20  
Date



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

## **Independent Auditor's Report on Compliance with State Requirements for the 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 State Adult Education and Family Literacy Grants of Highland Community College District #519, which comprise the balance sheet at June 30, 2020, and the statement of revenues, expenditures, and changes in fund balance for the year ended June 30, 2020, and the related notes to the financial statements.

### **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.

Our audit also included a review of compliance with provisions of laws, regulations, contracts, and grants between the District and the State of Illinois and Illinois Community College Board (ICCB).

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 State Adult Education and Family Literacy Grants of Highland Community College, Illinois Community College District #519 as of June 30, 2020, 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.

### **Emphasis of Matter**

As described more fully in Note (1), these financial statements present only the State Adult Education and Family Literacy Grants and do not purport to, and do not 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.

### **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.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Rockford, Illinois  
November 23, 2020

# Highland Community College District #519

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

June 30, 2020

	State Basic	Public Assistance	Performance	Total
<b>Assets</b>				
Cash	\$ -	\$ -	\$ 8,733	\$ 8,733
Accounts receivable	-	-	3,318	3,318
Total assets	\$ -	\$ -	\$ 12,051	\$ 12,051
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Cash overdraft	-	-	-	-
Accrued expenses	-	-	-	-
Deferred revenue	-	-	12,051	12,051
Total liabilities	-	-	12,051	12,051
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ -	\$ -	\$ 12,051	\$ 12,051

# 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, 2020

	Actual			
	State Basic	Public Assistance	Performance	Total
<b>Revenue</b>				
State sources	\$ 116,693	\$ -	\$ 21,124	\$ 137,817
<b>Expenditures</b>				
Instruction	51,524	-	-	51,524
Social work services	13,727	-	-	13,727
Student transportation services	-	-	-	-
Literacy Services	13,359	-	-	13,359
Guidance services	12,294	-	1,000	13,294
Assessment & Testing	7,614	-	1,796	9,410
Child Care Services	-	-	-	-
Improvement of instructional services	15,327	-	-	15,327
General administration	2,848	-	-	2,848
Operation & maintenance of plant services	-	-	-	-
Workforce coordination	-	-	-	-
Data & information services	-	-	18,328	18,328
Total expenditures	116,693	-	21,124	137,817
Excess of revenue over (under) expenditures	-	-	-	-
Transfers from (to) other funds	-	-	-	-
Excess of revenue over (under) expenditures and transfers	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

# 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, 2020

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<b>State Basic</b>	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	98,518	84.42%
General Administration (15% Maximum Allowed)	2,848	2.44%

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

Note: Due to Covid-19, the ICCB suspended the percentage requirements.

# Highland Community College District #519

## Notes to ICCB State Grant Financial Statements

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### **Note 1    Summary of Significant Accounting Policies**

a.    General

The preceding statements include only those transactions resulting from the Illinois Community College Board (ICCB) 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, 2020. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2020 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.

# Highland Community College District #519

## Background Information on State Grant Activity

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### **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.

### **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)

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### **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.

**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 management of Highland Community College District #519 assertion that the District complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Highland Community College District #519 during the period July 1, 2019 through June 30, 2020. The District's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the District's compliance with the specified requirement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, management's assertion that the District complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Highland Community College District No. 519 is fairly stated, in all material respects.



Rockford, Illinois  
November 23, 2020

# Highland Community College District #519

Schedule of Enrollment Data and Other Bases  
Upon Which Claims are Filed  
For the year ended June 30, 2020

Categories	Total Semester Credit Hours by Term (In-District and Out of District Reimbursable)*						Total
	Summer		Fall		Spring		
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	
Baccalaureate	1,618.5	22.0	8,884.5	-	8,715.0	8.0	19,248.0
Business Occupational	120.0	-	578.0	-	563.0	-	1,261.0
Technical Occupational	245.0	-	1,517.0	-	2,554.0	-	4,316.0
Health Occupational	439.0	-	1,345.0	-	1,949.0	-	3,733.0
Remedial Developmental	136.0	28.0	1,363.0	48.0	731.0	48.0	2,354.0
Adult Basic Education/Adult Secondary Education	-	-	-	314.5	-	302.5	617.0
Total credit hours certified	2 558.5	50.0	13 687.5	362.5	14 512.0	358.5	31 529.0

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester Credit Hours	25,392.5	354.5	25,747.0
Reimbursable Semester Credit Hours (All Terms)		Dual Credit 4,475.0 Dual Enrollment 646.0	
District 2019 Equalized Assessed Valuation			\$ 1,823,037,288

Categories	Correctional Semester Credit Hour by Term			
	Summer	Fall	Spring	Total
Baccalaureate	16.0	40.0	-	56.0
Business Occupational	-	24.0	-	24.0
Technical Occupational	16.0	-	-	16.0
Health Occupational	-	-	-	-
Remedial Developmental	-	-	-	-
Adult Basic Education/Adult Secondary Education	-	-	-	-
Total credit hours	32.0	64.0	-	96.0

\* Unrestricted credit hours are supported with 50 percent or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements. Restricted credit hours are supported with more than 50 percent of restricted sources of funding. Total of unrestricted and restricted should equal the SU and SR record totals.

  
President

  
Chief Financial Officer

# Highland Community College District #519

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

For the year ended June 30, 2020

<b>Categories</b>	<b>Total Reimbursable Semester Credit Hours</b>					
	Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference	Total Reported in Audit Restricted Hours	Total Certified to ICCB Restricted Hours	Difference
Baccalaureate	19,218.0	19,218.0	-	30.0	30.0	-
Business Occupational	1,261.0	1,261.0	-	-	-	-
Technical Occupational	4,316.0	4,316.0	-	-	-	-
Health Occupational	3,733.0	3,733.0	-	-	-	-
Remedial Developmental	2,230.0	2,230.0	-	124.0	124.0	-
Adult Basic Education/Adult Secondary Education	-	-	-	617.0	617.0	-
<b>Total</b>	<b>30,758.00</b>	<b>30,758.00</b>	<b>-</b>	<b>771.00</b>	<b>771.00</b>	<b>-</b>

<b>Reconciliation of In-District/Chargeback Agreement Credit Hours</b>						
	Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference	Total Reported in Audit Restricted Hours	Total Certified to ICCB Restricted Hours	Difference
In-District Credit Hours:	30,758.0	30,758.0	-	771.0	771.0	-
Dual Credit Hours:	4,475.0	4,475.0	-	-	-	-
Dual Enrollment Hours:	646.0	646.0	-	-	-	-

<b>Categories</b>	<b>Total Correction Semester Credit Hours</b>					
	Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference	Total Reported in Audit Restricted Hours	Total Certified to ICCB Restricted Hours	Difference
Baccalaureate	56.0	56.0	-	-	-	-
Business Occupational	24.0	24.0	-	-	-	-
Technical Occupational	16.0	16.0	-	-	-	-
Health Occupational	-	-	-	-	-	-
Remedial Developmental	-	-	-	-	-	-
Adult Basic Education/Adult Secondary Education	-	-	-	-	-	-
<b>Total credit hours</b>	<b>96.00</b>	<b>96.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See Notes to Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed.

# Highland Community College District #519

## Notes to Schedule of Government Data and Other Basis Upon Which Claims are Filed

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### **Note 1 Procedures 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.

## **Annual Federal Financial Compliance Section**

**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
In Accordance with Government Auditing Standards**

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, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2020. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

### **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Rockford, Illinois  
November 23, 2020



## **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 *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, 2020. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 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 on Each Major Federal Program

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, 2020.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of 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 in internal control over compliance is a deficiency, or a combination of deficiencies, 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, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2020-01.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questions costs. Management's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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*

Rockford, Illinois  
November 23, 2020

# Highland Community College District #519

## Schedule of Expenditure of Federal Awards

	<u>CFDA*</u> <u>Number</u>	<u>Pass-Through</u> <u>Grantor's</u> <u>Number</u>	<u>Expenditures</u>	<u>Passed</u> <u>Through to</u> <u>Subrecipients</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 **	84.007	P007A191164	\$ 44,175	\$ -
Federal Work Study Program **	84.033	P033A191164	83,945	-
Pell Grant Program **	84.063	P063P191346	2,381,824	-
Pell Grant Program				
Administrative Allowance **	84.063	P063Q191346	3,410	-
Federal Direct Student Loans **	84.268	P268K201346	<u>780,645</u>	<u>-</u>
Total Student Financial Aid cluster			<u>3,293,999</u>	<u>-</u>
Title IV Grant 2020, Student				
Support Services**	84.042A	P042A151100	281,270	-
Title IV Grant 2019, Student				
Support Services**	84.042A	P042A151100	121,536	-
Title IV Grant 2020, Upward				
Bound**	84.047	P047A171375	221,200	-
Title IV Grant 2019, Upward				
Bound**	84.047	P047A171375	<u>139,972</u>	<u>-</u>
Total Trio Grant cluster			<u>763,978</u>	<u>-</u>
Education Stabilization Fund:				
COVID-19-CARES Act – Student	84.425E	P425E202685	300,000	
COVID-19-CARES Act – Institutional	84.425F	P425F200196	<u>157,201</u>	<u>-</u>
Total Education Stabilization Fund			<u>457,201</u>	<u>-</u>
C Campis Program	84.335A	P335A190336	<u>3,052</u>	<u>-</u>

See the Notes to the Schedule of Expenditures of Federal Awards

# 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>Expenditures</u>	<u>Passed</u> <u>Through to</u> <u>Subrecipients</u>
Passed through the Illinois Community College Board:				
CTE Perkins Postsecondary	84.048A	CTE51916	125,252	-
Federal Basic	84.002A	51-901	67,090	-
El/Civics	84.002A	51-901	<u>-</u>	<u>-</u>
Total passed through ICCB			<u>192,342</u>	<u>-</u>
Total U.S. Department of Education			<u>4,710,572</u>	<u>-</u>
<u>U.S. Department of Health &amp; Human Services:</u>				
Direct Program - Retired Senior Volunteer Program (RSVP)	94.002	19SRNIL009	<u>55,973</u>	<u>-</u>
Total Activity of Federal Awards			<u>\$4,766,545</u>	<u>\$ -</u>

\* Catalog of Federal Domestic Assistance Number.

\*\* Denotes a major program

See the Notes to the Schedule of Expenditures of Federal Awards

# Highland Community College District #519

## Notes to Schedule of Expenditure of Federal Awards

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### **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, 2020. 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. The District has not elected to use the 10% de minimus indirect cost rate during the year ending June 30, 2020.

### **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    Loan Program**

The District's participation in the U.S. Department of Education's Student Financial Aid Program includes the Federal Direct Student Loan Program. The College does not make the loan as this is done directly with the students by the lenders. The College includes the value of the loans made during the year as federal awards expended in the Schedule of Expenditures of Federal Awards. The balance of the loans from previous years is not included because the lender accounts for the prior balances.

### **Note 4    Nonmonetary Assistance**

For the year ended June 30, 2020, 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, 2020.

# Highland Community College District #519

## Schedule of Findings and Questioned Costs

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### I. Summary of Independent Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

       Yes   X   No

#### Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?        Yes   X   No

#### Identification of Major Programs

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

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

Auditee qualified as low risk auditee?   X   Yes        No

# Highland Community College District #519

## Schedule of Findings and Questioned Costs (Continued)

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

#### A. Significant Deficiencies in Internal Control

None

#### B. Compliance Findings

None

### III. Findings and Questioned Costs for Federal Awards

#### A. Significant Deficiencies in Administering Federal Awards

2020-01

Condition and Criteria – There is inadequate control over the function of processing eligibility forms for the Trio grants. Internal controls should be in place that provide reasonable assurance that processes were followed and documented.

Cause – 5 out of 60 eligibility forms sampled for the Trio grants were not signed by the program director.

Effects or Potential Effects – Without adequate processes and documentation, 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 eligibility processing in order to determine who performed the verification of eligibility for participants in the Trio grants. The District should reinforce policies regarding approval of participant eligibility.

View of responsible officials – The District will review existing policies and procedures for preparing the eligibility forms for Trio grant participants. The District will develop an ongoing plan to monitor compliance with internal controls.

#### B. Compliance Findings

None



## HIGHLAND COMMUNITY COLLEGE

### Corrective Action Plan

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<u>Current Number</u>	<u>Comment</u>	<u>Corrective Action Plan</u>	<u>Completion</u>	<u>Person</u>
2020-01				

Condition - There is inadequate control over the function of processing eligibility forms for the Trio grants. Internal controls should be in place that provide reasonable assurance that processes were followed and documented.

Plan - The District will review existing policies and procedures for preparing the eligibility forms for Trio grant participants. The District will develop an ongoing plan to monitor compliance with internal controls.

Anticipated Date of Completion – December 31, 2020

Contact Person – Jill Janssen, Vice President of Administrative Services



# Highland Community College District #519

## Summary Schedule of Prior Year Audit Findings

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June 30, 2019

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

None

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

None

June 30, 2018

### **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

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Lead Auditor: Matthew J. Schueler  
Wipfli LLP

Tel. No.: (815) 399-7700

The audit was performed between June 29, 2020 and November 23, 2020 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	June 29, 2020 - November 23, 2020

Institution's Accrediting Organization: Higher Learning Commission

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.