

Highland Community College District #519

Freeport, Illinois

Financial Report

Year Ended June 30, 2021



Highland Community College District #519

Year Ended June 30, 2021

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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, 2021, 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, 2021, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance GASB Statement No. 84, Fiduciary Activities, which established standards for reporting fiduciary funds. Our opinions are not modified with respect to this matter.

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 College's basic financial statements. The other financial information and supplemental financial 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 Budget 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 supplemental financial information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplemental financial information and the annual federal financial compliance section are fairly presented in all material respects in relation to the 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 March 1, 2022 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

Sterling, Illinois
March 1, 2022

Management Discussion and Analysis

Highland Community College District #519

Management Discussion and Analysis

Introduction

This section of Highland Community College District 519's (the District) financial report presents management discussion and analysis of the financial position and results of activities of the District as of June 30, 2021. 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, 2021 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, 2021 reflects the District's adoption of certain GASB statement's relating to component units. Under these statements, if a private foundation provides financial support to a public college or university at a level that meets specified criteria, the foundation is considered a "component unit" of the college for purposes of financial reporting and the college is required to include the foundation's financial activities in the college's financial statements.

Highland Community College District #519

Management Discussion and Analysis

Using the Financial Statements (Continued)

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

Condensed Financial Information

Net position is summarized in the table below.

Condensed Statement of Net Position June 30,

	<u>2021</u>	<u>2020*</u>
Assets:		
Current Assets	\$33,371,914	\$32,376,691
Non-current Assets:		
Capital (Fixed) assets	<u>19,404,038</u>	<u>18,215,222</u>
Total assets	<u>\$52,775,952</u>	<u>\$50,591,913</u>
Total deferred outflows of resources	<u>\$ 1,150,460</u>	<u>\$ 696,415</u>
Liabilities:		
Current Liabilities,	\$ 4,557,609	\$ 5,643,085
Non-current Liabilities	<u>14,300,219</u>	<u>15,871,523</u>
Total liabilities	<u>\$18,857,828</u>	<u>\$21,514,608</u>
Total deferred inflows of resources	<u>\$ 8,724,596</u>	<u>\$ 7,570,944</u>
Net Position:		
Net investment in capital assets	\$13,198,835	\$14,795,425
Restricted, expendable:		
Capital projects	4,725,093	6,119,075
Debt service	816,153	794,110
Working cash	10,338,287	10,338,286
Other	1,392,748	1,157,896
Unrestricted	<u>(4,127,128)</u>	<u>(11,002,016)</u>
Total net position	<u>\$26,343,988</u>	<u>\$22,202,776</u>

*Fiscal year 2020 balances were not restated due to implementation of GASB Statement No. 84.

Highland Community College District #519

Management Discussion and Analysis

Condensed Financial Information (Continued)

Current assets consist primarily of cash, investments, and property taxes receivable. Total current assets and deferred outflows cover current liabilities and deferred inflows 2.6 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 2021 include the sports center gymnasium flooring, bleachers and air conditioning, interior lighting, and greenhouse. The majority of projects begun in fiscal year 2021 were completed prior to the fiscal year end.

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>2021</u>	<u>2020*</u>
Total operating revenues	\$ 5,898,791	\$ 6,284,805
Total operating expenses	<u>30,588,244</u>	<u>29,664,575</u>
Operating loss	(24,689,453)	(23,359,770)
Nonoperating revenues (expenses)	<u>28,372,474</u>	<u>24,263,323</u>
Change in net position	3,683,021	903,553
Net position, beginning of year, as restated	<u>22,660,967</u>	<u>21,299,223</u>
Net position, end of year	<u>\$26,343,988</u>	<u>\$22,202,776</u>

* Fiscal year 2020 balances were not restated due to implementation of GASB Statement No. 84.

Highland Community College District #519

Management Discussion and Analysis

Condensed Financial Information (Continued)

Sources of operating revenues for the District include: tuition and fees, \$4,355,008, auxiliary enterprises revenue, \$520,778, and other revenues, \$1,023,005. Nonoperating revenues and operating expenses include a State Universities Retirement System of Illinois (SURS) contribution provided by the State in the amount of \$8,059,670 and CIP of \$216,669.

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, \$1,708,977, property and replacement taxes, \$11,114,131, and federal grants and contracts, \$6,384,176. The increase in net position for fiscal year 2021 is \$3,683,021.

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>2021</u>	<u>2020</u>
Instruction	\$ 12,584,661	\$ 12,581,642
Academic support	1,156,962	1,194,994
Student services	2,518,983	4,275,325
Public services	737,370	873,472
Auxiliary enterprises	1,359,486	1,074,317
Operations and maintenance of plant	2,655,963	2,172,721
Institutional support	6,113,267	6,166,913
Scholarships, grants, waivers	2,223,695	311,317
Depreciation	<u>1,237,857</u>	<u>993,874</u>
Total operating expenses	<u>\$30,588,244</u>	<u>\$29,644,575</u>
Interest expense and other	<u>\$57,600</u>	<u>\$190,298</u>

The main factors contributing to the change in the District's operating revenues in fiscal year 2021 is the reduction in unrestricted Foundation funding.

Changes in operating expenses from 2020 to 2021 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. Operating expenses, excluding depreciation, varied about 2.4% from 2020 to 2021.

Highland Community College District #519

Management Discussion and Analysis

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 \$3,683,021. 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 \$853,679. The variance in results of \$2,829,342 is due primarily to the way in which debt and capital assets are accounted for under each method. The prior method used self-balancing funds to account for debt and capital assets, resulting in a zero effect on the increase in net position of the District. The GASB 35 method accounts for debt and capital assets more like a corporation. Capital 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, 2021, of key importance is the fund balance in the Operating Funds, which increased by \$1,553,131 from June 30, 2020 to June 30, 2021. This increase results in a fund balance amount of \$5,734,337, which is approximately 42% of the 2021 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, 2021, the District invested \$2,426,683 in capital assets. This includes \$1,131,756 for buildings and improvements, and \$1,294,927 expended for equipment, technology, and vehicles. Capital projects were funded by a combination of restricted real estate tax revenue, operating funds, and bond proceeds.

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. These bonds were paid off during the year ending 2021.

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.

Highland Community College District #519

Management Discussion and Analysis

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 2022.

Property tax revenue in the Operating Funds increased by 2.9% for fiscal year 2021. The District experienced a 3.6% increase in equalized assessed valuation (EAV) from tax year 2019 to 2020. For fiscal year 2022, the District has estimated a 2% increase in EAV due to the economic conditions of the District. Each percentage point in EAV is the equivalent of about \$35,000 in property tax revenue in the Operating funds.

Management anticipates a decrease in tuition revenue in fiscal year 2023 based on estimated enrollment for the 2021-2022 academic year, combined with flat per credit hour tuition rates and the continued national enrollment decline related to the Coronavirus pandemic.

State of Illinois appropriations for the District for fiscal year 2022 are about the same as the fiscal year 2021 State funding. Overall, Operating funds revenue is expected to decrease by \$276,241, 2%, from fiscal year 2021 actual levels to fiscal year 2022.

For fiscal year 2022, 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 2022 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 2022 budget directly supports and is linked to the Strategic Plan.

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, 2021

ASSETS	Primary Government	Component Unit
		Highland Community College Foundation
Current assets:		
Cash and cash equivalents	\$4,993,771	\$517,773
Investments	15,576,290	27,485,375
Beneficial interest in perpetual trust	0	513,270
Receivables:		
Taxes	9,134,730	0
Related party	0	0
Other, net of \$1,628,526 allowance for doubtful accounts	3,355,262	1,627,776
Inventories	291,837	0
Prepaid expense	20,024	11,085
Total current assets	33,371,914	30,155,279
Non-current assets:		
Land	110,000	0
Capital assets	40,732,683	79,143
Less allowance for accumulated depreciation	(21,438,645)	(72,398)
Total non-current assets	19,404,038	6,745
Total assets	52,775,952	30,162,024
DEFERRED OUTFLOWS OF RESOURCES		
SURS pension contribution	71,756	0
Other postemployment benefits - CIP	1,078,704	0
Total deferred outflows of resources	1,150,460	0

See Accompanying Notes to Financial Statements.

Highland Community College District #519

Statement of Net Position/Net Assets (Continued)

June 30, 2021

LIABILITIES	Primary Government	Component Unit Highland Community College Foundation
Current liabilities:		
Accounts payable	\$237,578	\$0
Accounts payable, related party	0	2,424
Accrued salaries	7,561	0
Accrued expenses	573,368	132,135
Unearned tuition revenue	1,897,587	0
Accrued compensated absences	114,098	0
Capital lease payable	45,340	0
Bonds payable, including unamortized premium	1,682,077	0
Total current liabilities	4,557,609	134,559
Non-current liabilities:		
Accrued compensated absences	38,033	0
Capital lease payable	149,863	0
Bonds payable, including unamortized premium	4,715,382	0
Other postemployment benefits - CIP	9,396,941	0
Total non-current liabilities	14,300,219	0
Total liabilities	18,857,828	134,559
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	5,320,601	0
Deferred grant revenue	648,623	0
Other postemployment benefits - CIP	2,755,372	0
Total deferred inflows of resources	8,724,596	0
NET POSITION/NET ASSETS		
Net investment in capital assets	13,198,835	0
Restricted, expendable:		
Capital projects	4,725,093	0
Debt service	816,153	0
Working cash	10,338,287	0
Other	1,392,748	0
Without donor restrictions net assets	0	3,262,246
With donor restrictions net assets	0	16,233,646
Without donor restrictions - Board designated	0	10,531,573
Unrestricted	(4,127,128)	0
Total net position/net assets	\$26,343,988	\$30,027,465

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, 2021

	Primary Government	Component Unit Highland Community College Foundation
Revenues:		
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$1,374,399	\$4,355,008	\$0
Auxiliary enterprises revenue	520,778	0
Other operating revenues	1,023,005	2,225,791
Total operating revenues	5,898,791	2,225,791
Expenses:		
Operating expenses:		
Instruction	12,584,661	0
Academic support	1,156,962	0
Student services	2,518,983	0
Public services	737,370	0
Auxiliary enterprises	1,359,486	0
Operations and maintenance of plant	2,655,963	0
Institutional support	6,113,267	539,715
Scholarships, student grants, and waivers	2,223,695	1,128,262
Depreciation	1,237,857	0
Total operating expenses	30,588,244	1,667,977
Operating income (loss)	(24,689,453)	557,814
Non-operating revenues (expenses):		
State sources	1,708,977	0
SURS and CIP contribution provided by state	8,276,339	0
Property and replacement taxes	11,114,131	0
Federal grants and contracts	6,384,176	0
Other revenue	849,754	0
Loss on disposal of assets	0	0
Investment income earned	96,697	6,071,449
Interest expense and other	(57,600)	0
Total non-operating revenues	28,372,474	6,071,449
Change in net position/net assets	3,683,021	6,629,263
Net position/net assets, beginning of year, as restated	22,660,967	23,398,202
Net position/net assets, end of year	\$26,343,988	\$30,027,465

See Accompanying Notes to Financial Statements.

Highland Community College District #519

Statement of Cash Flows

For the year ended June 30, 2021

	Primary Government
Cash Flows from Operating Activities	
Tuition and fees	\$5,911,688
Payments to/for:	
Employees	(10,949,652)
Suppliers	(8,376,716)
Students for scholarships	(3,598,094)
Auxiliary enterprises	541,942
Other operating revenue	1,023,005
<hr/>	
Net cash provided by (used in) operations	(15,447,827)
<hr/>	
Cash Flows from Noncapital Financing Activities	
Proceeds from property taxes	10,570,981
Proceeds from grants	9,200,786
<hr/>	
Net cash provided by (used in) noncapital financing activities	19,771,767
<hr/>	
Cash Flows from Capital Financing Activities	
Purchases of capital assets and construction	(2,426,683)
Principal paid on capital debt	(1,486,786)
Interest and other paid on capital debt	(325,249)
<hr/>	
Net cash provided by (used for) capital financing activities	(4,238,718)
<hr/>	
Cash Flows from Investing Activities	
Maturity of investments	5,656,764
Purchase of investments	(4,248,459)
Interest and earnings on investments	96,697
<hr/>	
Net cash provided by (used for) investing activities	1,505,002
<hr/>	
Net increase (decrease) in cash and cash equivalents	1,590,224
<hr/>	
Beginning cash and cash equivalents	3,403,547
<hr/>	
Ending cash and cash equivalents	\$4,993,771
<hr/>	
Noncash, Capital and Related Financing Activities:	
SURS and CIP contribution paid by state	\$8,276,339
<hr/>	

See Accompanying Notes to Financial Statements.

Highland Community College District #519

Statement of Cash Flows (Continued)

For the year ended June 30, 2021

**Primary
Government**

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

Operating income (loss)	(\$24,689,453)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,237,857
On-behalf payments for SURS and CIP	8,276,339
Changes in net assets:	
Inventories (incr)decr	3,585
Prepaid expenses (incr)decr	11,433
Receivables (incr)decr	232,324
Deferred outflows of resources (incr)decr	(454,045)
Accounts payable incr(decr)	(341,480)
Accrued liabilities incr(decr)	(294,477)
Accrued compensated absences incr(decr)	(43,279)
OPEB liability	265,810
Deferred inflows of resources	376,438
Unearned tuition and fees incr(decr)	(28,879)
<hr/>	
Net cash provided (used) by operating activities	(\$15,447,827)

See Accompanying Notes to Financial Statements.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

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

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

The Foundation is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District in support of its programs. The board members of the Foundation are self-perpetuating and consist of graduates and friends of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District.

The Foundation is a not-for-profit organization that reports their financial results under Financial Accounting Standard Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Standards relating to accounting for contributions received and contributions made and financial reporting for not-for-profit-organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

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

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Budgets

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

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

New Accounting Pronouncement

Management adopted new accounting guidance GASB Statement No. 84, Fiduciary Activities. GASB No. 84 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. See Note 15 for the restatement of beginning net position.

Investments

Investments consist of certificates of deposit and money market mutual funds. Investments are stated at cost or amortized cost, which approximates fair value. 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.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Investments (continued)

- 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.
- 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 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, 2021.

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.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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 November 2019 and 2020 were allocated fifty percent for each of the two years after the levy year.

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 2020 rate is for tax levy payable in calendar year 2021, per \$100 of assessed valuation.

	Statutory Maximum Rate	2018 Rate	2019 Rate	2020 Rate
Education Fund*	\$.1750	\$.2800	\$.2800	\$.2800
Operations and Maintenance Fund	.0750	.0750	.0750	.0750
Average Additional	.2100	.0000	.0000	.0000
Liability Insurance	None	.0509	.0579	.0555
Audit Fund	.0050	.0025	.0024	.0024
Protection, Health, & Safety	.0500	.0410	.0500	.0483
Social Security/Medicare Fund	None	.0076	.0074	.0074
Prior Year Adjustment	None	.0000	.0000	.0000
Bond and Interest Fund	None	.0984	.0973	.0949
Total		\$.5554	\$.5700	\$.5635

* 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, 2021, have been recognized as unearned revenues.

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Prepaid Expense

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

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

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, 2021, 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, 2021, the District recorded a vacation liability of \$116,486. 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, 2021, the District recorded a sick pay liability of \$35,645. 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. Investments are reported at fair value.

Highland Community College District #519

Notes to Financial Statements

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, 2021:

	Balance July 1, 2020	Additions	Retirements	Adjustments	Balance June 30, 2021
Land (non-depreciable)	\$110,000	\$0	\$0	\$0	\$110,000
Land improvements	3,837,205	2,952	0	0	3,840,157
Buildings	29,290,283	1,128,804	0	0	30,419,087
Vehicles	599,781	0	0	0	599,781
Equipment & Technology	4,578,731	1,294,927	0	0	5,873,658
	\$38,416,000	\$2,426,683	\$0	\$0	\$40,842,683

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

	Balance July 1, 2020	Additions	Retirements	Adjustments	Balance June 30, 2021
Land improvements	\$3,234,318	\$104,117	\$0	\$0	\$3,338,435
Buildings	12,770,211	601,242	0	0	13,371,453
Vehicles	395,685	30,906	0	0	426,591
Equipment & technology	3,800,564	501,602	0	0	4,302,166
Total	\$20,200,778	\$1,237,867	\$0	\$0	\$21,438,645

Highland Community College District #519

Notes to Financial Statements

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 2021, the state made contributions of \$8,059,670 (see Note 5) relating to the pension plan. In fiscal year 2021, the state made contributions of \$216,669 (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 (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's Comprehensive Annual Financial Report as a pension trust fund.

Highland Community College District #519

Notes to Financial Statements

Note 5 Pension Plan (Continued)

General Information about the Pension Plan (Continued)

SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible 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, 2020, can be found in the SURS Comprehensive Annual Financial Report-Notes to the Financial Statements.

Contributions. The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability 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 2020 and 2021, respectively, was 13.02% and 12.70% of employee payroll. The normal cost is equal to the value of current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State’s General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) 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

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, 2020. At June 30, 2020, SURS reported a NPL of \$30,619,504,321.

Employer Proportionate Share of Net Pension Liability The amount of the proportionate share of the NPL to be recognized for the District is \$0. The proportionate share of the State's NPL associated with the District is \$73,351,054 or 0.2396%. The District's proportionate share changed by 0.0112% from 0.2284% since the last measurement date on June 30, 2019. This amount is not recognized in the District's financial statements. The NPL and total pension liability as of June 30, 2020 was determined based on the June 30, 2019 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2020.

Pension Expense At June 30, 2020, SURS reported a collective net pension expense of \$3,364,411,021.

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 2020. As a result, the District recognized on-behalf revenue and pension expense of \$8,059,670 from this special funding situation during the year ended June 30, 2021.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS 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	\$170,987,483	\$0
Changes in assumption	473,019,629	0
Net difference between projected and actual earnings on pension plan investments	474,659,178	0
	\$1,118,666,290	\$0

Highland Community College District #519

Notes to Financial Statements

Note 5 Pension Plan (Continued)

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

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

Year Ending June 30	Net Deferred Outflows of Resources
2021	\$435,271,667
2022	346,428,171
2023	183,483,935
2024	153,482,517
2025	0
Thereafter	0
Total	\$1,118,666,290

District's Deferral of Fiscal Year 2021 Contributions

The District paid \$71,756 in federal, trust or grant contributions for the fiscal year ended June 30, 2021. These contributions were made subsequent to the pension liability measurement date of June 30, 2020 and are recognized as deferred outflows of resources as of June 30, 2021.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from June 30, 2014 through June 30, 2017. The total pension liability in the June 30, 2020 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 RP-2014 White Collar, gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

Highland Community College District #519

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Assumptions and Other Inputs (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2020, these best estimates are summarized in the following table:

Asset Class	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	44.0%	6.67%
Stabilized Growth		
Credit Fixed Income	14.0%	2.39%
Core Real Assets	5.0%	4.14%
Options Strategies	6.0%	4.44%
Non-Traditional Growth		
Private Equity	8.0%	9.66%
Non-Core Real Assets	3.0%	8.70%
Inflation Sensitive		
U.S. TIPS	6.0%	0.13%
Principal Protection		
Core Fixed Income	8.0%	(0.45)%
Crisis Risk Offset		
Systematic Trend Following	2.1%	2.16%
Alternative Risk Premia	1.8%	1.60%
Long Duration	2.1%	0.86%
Total	100.0%	4.84%
Inflation		2.25%
Expected Arithmetic Return		7.09%

Discount Rate. A single discount rate of 6.49% 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 2.45% (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 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.

Highland Community College District #519

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.49%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.49%	Current Single Discount Rate Assumption 6.49%	1% Increase 7.49%
\$36,893,469,884	\$30,619,504,321	\$25,441,837,592

Additional information regarding the SURS basic financial statements, including the plan's net position, can be found in the SURS Comprehensive Annual Financial Report by accessing the website at www.SURS.org.

Note 6 Other Postemployment Benefits

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. The CIP was established under the State Employees Group Insurance Act of 1971, as amended, 5 ILCS 375/6.9 (f), which became effective July 1, 1999. The purpose of the CCHISF is to receive and record all revenues from the administration of health benefit programs under Article 15 of the Illinois Pension Code. 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 with a special funding situation 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.

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.

Highland Community College District #519

Notes to Financial Statements

Note 6 Other Postemployment Benefits (Continued)

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 1071 (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, 2020. At June 30, 2020, CIP reported a net OPEB liability of \$1,822,763,538.

Employer Proportionate Share of Net OPEB Liability. The amount of the proportionate share of the net OPEB liability to be recognized for the District in fiscal year 2021 is \$9,396,941 or 0.5155%. This amount is recognized in the financial statement. The change in the District's proportionate net OPEB liability was an increase of 0.032%. The proportionate share of the State's net OPEB liability associated with the District at June 30, 2020 was \$9,396,922. The total proportionate share of the net OPEB liability associated with the District at June 30, 2020 was \$18,793,863. The net OPEB liability and total OPEB liability as of June 30, 2020 was determined based on the June 30, 2019 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 2020.

OPEB Expense. At June 30, 2020, CIP reported a collective net OPEB expense of \$38,455,955.

Highland Community College District #519

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

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 2020. As a result, the District recognized on-behalf revenue and OPEB expense (and revenue) of \$216,669 for the fiscal year ended June 30, 2021. Additionally, the District recognized OPEB expense of \$214,806 for the fiscal year ended June 30, 2021.

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.

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

Fiscal Year Ended June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$85,363	\$525,928
Changes in assumption	0	1,502,226
Net difference between projected and actual earnings on OPEB plan investments	0	398
Changes in proportion and differences between employer contributions and share of contributions	943,799	726,820
Total deferred amounts to be recognized in pension expense in future periods	1,029,162	2,755,372
OPEB contributions made subsequent to the measurement date	49,542	0
Total	\$1,078,704	\$2,755,372

Highland Community College District #519

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

The District reported \$49,542 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:

<u>Year ended June 30:</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	(\$287,702)
2023	(287,702)
2024	(287,702)
2025	(287,702)
2026	(287,702)
Thereafter	(287,700)
<u>Total</u>	<u>(\$1,726,210)</u>

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2020 based on premium increases. For fiscal years on and after 2021, trend starts at 8.25% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate due to the repeal of the Excise Tax.

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.

Highland Community College District #519

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

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 to June 30, 2018.

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 rates are 2.45% as of June 30, 2020, and 3.13% as of June 30, 2019.

The decrease in the single discount rate from 3.13% to 2.45% caused the total OPEB liability to increase by approximately \$152.7 million from 2019 to 2020.

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

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 2.45% at June 30, 2020, 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:

Sensitivity of Net OPEB Liability as of June 30, 2020 to the Single Discount Rate Assumption			
	1% Decrease (1.45%)	Current Single Discount Rate Assumption (2.45%)	1% Increase (3.45%)
Net OPEB liability	\$10,707,127	\$9,396,941	\$8,267,123

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 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 current claims trend rates are 8.25% in 2021 decreasing to an ultimate trend rate 4.25% in 2037.

**Sensitivity of Net OPEB Liability as of June 30, 2020
to the Healthcare Cost Trend Rate Assumption**

	Healthcare Cost Trend Rates Assumption		
	1% Decrease (a)	Rates Assumption	1% Increase (b)
Net OPEB liability	\$7,786,312	\$9,396,941	\$11,533,380

- (a) One percentage point decrease in healthcare trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037.
- (b) One percentage point increase in healthcare trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037.

Highland Community College District #519

Notes to Financial Statements

Note 7 Deposits and Investments

Cash and investments as of June 30, 2021 consist of the following:

	Carrying Amount
Cash and cash equivalents	\$4,993,771
Marketable savings and money market	6,453,974
Marketable certificates of deposits	5,271,648
Local government investment pool	3,850,668
Total	\$20,570,061

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 \$4,993,771 and the bank balance was \$5,070,848. Of the bank balance, \$5,070,848 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, 2021, the District's investments were as follows:

	Carrying Amount	Fair Value
Marketable savings and money market	\$6,453,974	\$6,453,974
Marketable certificates of deposits	5,271,648	5,271,648
Local government investment pool	3,850,668	3,850,668
Total investments	\$15,576,290	\$15,576,290

Highland Community College District #519

Notes to Financial Statements

Note 7 Deposits and Investments (Continued)

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. There was no increase in the fair value of investments during 2021.

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:

Investment Type	Remaining Maturity (in Months)			Total
	1 Year or Less	1-5 Years	6-10 Years	
Marketable savings and money market	\$6,453,974	\$0	\$0	\$6,453,974
Marketable certificates of deposit	5,271,648	0	0	5,271,648
Local government investment pool	3,850,668	0	0	3,850,668
Total	\$15,576,290	\$0	\$0	\$15,576,290

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:

Investment Type	June 30, 2021	AAAm	Aa	Unrated
Marketable savings and money market	\$6,453,974	\$6,453,974	\$0	\$0
Marketable certificates of deposit	5,271,648	0	0	5,271,648
Local government investment pool	3,850,668	3,850,668	0	0
Total	\$15,576,290	\$10,304,642	\$0	\$5,271,648

Highland Community College District #519

Notes to Financial Statements

Note 7 Deposits and Investments (Continued)

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2021 there are no investments with custodial credit risk.

Foreign Currency Risk

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

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

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

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

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

Highland Community College District #519

Notes to Financial Statements

Note 8 Changes in Long-term Debt

	Balance July 1, 2020	Issuances	Retirements	Balance June 30, 2021
2014 G.O. Bonds	\$575,000	\$0	\$575,000	\$0
2019 G.O. Bonds	1,930,000	0	245,000	1,685,000
2020 G.O. Bonds	4,950,000	0	625,000	4,325,000
2019 Copier Capital Lease	56,506	0	15,676	40,830
2019 Bus Capital Lease	180,483	0	26,110	154,373
Subtotal	7,691,989	0	1,486,786	6,205,203
Premium on bonds	655,108	0	267,649	387,459
Compensated absences	195,410	178,035	221,314	152,131
Total	\$8,542,507	\$178,035	1,975,749	\$6,744,793

	Due Within One Year
2019 Gen. Oblig. Bonds	\$245,000
2020 Gen. Oblig. Bonds	1,255,000
2019 Copier Capital Lease	18,085
2019 Bus Capital Lease	27,255
Premium on bonds	182,077
Compensated absences	114,098
Total due in one year	\$1,841,515

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 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

Note 8 Changes in Long-term Debt (Continued)

At June 30, 2021, the annual cash flow requirements of bond principal and interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$1,500,000	\$253,550	\$1,753,550
2023	1,600,000	176,050	1,776,050
2024	1,710,000	118,450	1,828,450
2025	1,200,000	25,275	1,225,275
	<u>\$6,010,000</u>	<u>\$573,325</u>	<u>\$6,583,325</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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$45,340	\$10,820	\$56,160
2023	49,320	6,843	56,163
2024	31,573	3,687	35,260
2025	68,970	247	69,217
	<u>Total</u>	<u>\$21,597</u>	<u>\$216,800</u>

A computation of the legal debt margin of the District as of June 30, 2021, is as follows:

Assessed valuation – 2020 tax levy	\$1,888,378,143
Debt limit – 2.875% of assessed valuation	54,290,872
Less applicable debt	<u>(6,010,000)</u>
Legal debt margin	<u>\$48,280,872</u>

Highland Community College District #519

Notes to Financial Statements

Note 9 Leases

HCC-YMCA Building

In an agreement made effective July 21, 1977, the Board of Trustees of 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 2021 totals \$215,865. As of June 30, 2021, the YMCA had paid \$239,120. The District has an accounts payable balance due of \$23,255 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 custodial 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, 2021, the following amounts were available for the District's share of these expenditures:

Road and lot	\$ 100,382
Building maintenance	68,972
Accumulated interest	50,127
<hr/>	
Total	\$ 219,481

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 each 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 was through June 30, 2021 with lease payments between \$875 - \$890 per month. The lease was renewed July 1, 2021 and it goes through June 30, 2024 with lease payments between \$908 - \$945 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, 2021, \$1,495,941 was received from the Foundation which consists of grants, tuition, Foundation employee salary reimbursements, and miscellaneous expenses.

Highland Community College District #519

Notes to Financial Statements

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, 2021 the District was not involved in any significant construction commitments.

Note 13 Pending Accounting Pronouncements

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*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Highland Community College District #519

Notes to Financial Statements

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, 2021.

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. 96, Subscription-Based Information Technology Arrangements (SBITA), defines a SBITA, establishes a right-to-use subscription asset and liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. 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.

Highland Community College District #519

Notes to Financial Statements

Note 14 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, 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 with an original maturity of three months or less as cash and cash equivalents.

Highland Community College District #519

Notes to Financial Statements

Note 14 Component Unit (Continued)

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

Investments: As of June 30, 2021, investments of the Foundation's various funds are maintained in a State Bank Trust and Investment Account, Union Savings Bank, Citizens State Bank and the Commonfund, an investment management fund for educational institutions. Investments in securities with readily determinable fair values are measured at the fair value in the statement of financial position. Alternative investments are measured at the net asset value per share as a practical expedient in the statement of financial position. 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.

Change in Accounting Policy: In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework*. The objective of these disclosure requirements is to provide financial statement users with information about assets and liabilities measured at fair value in the statement of financial position or disclosed in the notes to the financial statements regarding (1) the valuation techniques and inputs used to develop fair value measurements, including the related judgments and assumptions made, (2) the uncertainty in the fair value measurements as of the reporting date, and (3) how changes in the measurements impact the performance and cash flows of the entity. Organizations should consider the level of detail, the amount of emphasis, the degree of aggregation or disaggregation, and whether other information may be required for financial statement users to evaluate the quantitative information disclosed in complying with the disclosure requirements. There was no change in opening balances of net assets and no prior period results were restated.

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

Note 14 Component Unit (Continued)

Statement of Functional Expenses

	Program Services	Management & General	Fundraising	Total
Salaries	\$45,875	\$127,499	\$145,678	\$319,052
Employee benefits	5,967	35,885	0	41,852
Administrative fees	0	237	0	237
Alumni	0	4,847	0	4,847
Annual events	0	1,366	0	1,366
Auto expense	0	1,106	935	2,041
Board/staff travel/training	0	0	3,126	3,126
Depreciation	0	4,898	0	4,898
Dues/subscriptions	0	150	0	150
Equipment	0	18,576	0	18,576
Insurance	0	6,747	0	6,747
Lunches/dinners	0	360	927	1,287
Marketing	0	5,598	7,839	13,437
Miscellaneous	0	62,703	1,115	63,818
Office supplies	0	2,402	0	2,402
Other contractual services	0	0	7,500	7,500
Professional fees	0	24,715	0	24,715
Real estate taxes	0	4,389	0	4,389
Rent	0	6,775	0	6,775
Scholarships	274,673	0	0	274,673
College grant	853,589	0	0	853,589
Fundraising	0	0	12,500	12,500
Total functional expenses	\$1,180,104	\$308,253	\$179,620	\$1,667,977

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, 2021, reduced by amounts not available for general expenditures:

Total financial assets	\$30,144,194
Less those unavailable for general expenditure within one year due to:	
Board designations	10,531,573
Purpose restrictions	16,233,646
Beneficial interest in assets held by community foundation (CFNIL)	513,270
Financial assets available to meet cash needs for general expenditures within one year	\$2,865,705

Highland Community College District #519

Notes to Financial Statements

Note 14 Component Unit (Continued)

Investments

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

	Cost	Fair Value
Without donor restrictions	\$5,748,555	\$13,226,284
With donor restrictions	11,374,686	14,259,091
	<u>\$17,123,241</u>	<u>\$27,485,375</u>

Investments are composed of the following:

	Cost	Fair Value
Money market and cash equivalent	\$659,424	\$659,424
Certificate of deposits	631,645	688,471
Corporate bonds	0	0
Equities	3,158,878	4,593,618
Mutual funds	7,623,975	9,011,465
ETF	1,658,709	2,307,204
REIT	19,157	23,620
Alternative investments	3,299,994	9,531,573
Property	71,459	670,000
	<u>\$17,123,241</u>	<u>\$27,485,375</u>

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

	Cost	Fair Value	Excess of Fair Value Over Cost
Balance at end of year	\$17,123,241	\$27,485,375	\$10,362,134
Balance at beginning of year	\$16,408,833	\$21,983,817	<u>5,574,984</u>
Increase in unrealized appreciation			4,787,150
Realized net gain (loss) for the year			<u>929,358</u>
Total net gain (loss) for the year			<u>\$5,716,508</u>

The investment portfolio is subject to the volatility of the securities marketplace, and, accordingly, its fair value may increase or decrease on a basis unrelated to management's investment decisions

Highland Community College District #519

Notes to Financial Statements

Note 14 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, 2021 are as follows:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis				
Money market and cash equivalent	\$659,424	\$659,424	\$0	\$0
Certificate of deposits	688,471	688,471	0	0
Corporate bonds	0	0	0	0
Equities	4,593,618	4,593,618	0	0
Mutual funds	9,011,465	9,011,465	0	0
ETF	2,307,204	2,307,204	0	0
REIT	23,620	23,620	0	0
Alternative investments	9,531,573	0	0	9,531,573
Property	670,000	0	0	670,000
Subtotal	27,485,375	17,283,802	0	10,201,573
Beneficial interest in CFNIL	513,270	0	0	513,270
	\$27,998,645	\$17,283,802	\$0	\$10,714,843

The fair value of the Foundation's Level 3 investments shown above for the year ended June 30, 2021 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.

Fair value for the beneficial interest in assets held by community foundation is measured using the fair value of the assets as reported by the Community Foundation of Northern Illinois (CFNIL) as of June 30, 2021. The Foundation considers the measurement of its beneficial interest to be a Level 3 measurement within the fair value measurement hierarchy because that measurement is based on the fair value of assets reported by the community foundation.

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:

	Beneficial Interest in Assets Held by Community Foundation (CFNIL)
Balance, at June 30, 2020	\$418,049
Investment income	114,244
Distributions	(19,023)
Balance, at June 30, 2021	\$513,270

Highland Community College District #519

Notes to Financial Statements

Note 14 Component Unit (Continued)

At June 30, 2021, the Foundation's investments valued at net asset value were as follows:

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Multi-strategy equity fund	\$8,611,658	Monthly	5 business days
Multi-strategy bond fund	919,915	Monthly	5 business days
Total	\$9,531,573		

The Foundation does not have any unfunded commitments related to the above investments as of June 30, 2021.

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

	Multi-Strategy Equity Fund	Multi-Strategy Bond Fund	Total
Fair value as of June 30, 2020	\$6,255,017	\$1,184,450	\$7,439,467
Purchases	0	0	0
Fees	(27,576)	(3,264)	(30,840)
Distributions to College	0	(301,109)	(301,109)
Unrealized and realized gains	2,384,217	39,838	2,424,055
Fair value as of June 30, 2021	\$8,611,658	\$919,915	\$9,531,573

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following tables represent the Foundation's Level 3 assets, the valuation techniques used to measure the fair value of the assets, the significant unobservable inputs, and the ranges of values for those inputs.

As of June 30, 2021				
Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Property	\$670,000	Appraisal	Fair value of land	N/A
Beneficial interest in perpetual trusts	\$513,270	Market approach	Fair value of assets contributed to trust	N/A

Highland Community College District #519

Notes to Financial Statements

Note 14 Component Unit (Continued)

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 \$513,270 as of June 30, 2021.

Endowment Funds

The Foundation's endowment consists of many funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of absence of donor-imposed restrictions. The Board of Directors of the Foundation has interpreted state law as requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the purposes of the Foundation and the donor-restricted endowment fund.

The endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$16,233,646	\$16,233,646
Board-designated endowment funds	9,531,573	0	9,531,573
	\$9,531,573	\$16,233,646	\$25,765,219

Highland Community College District #519

Notes to Financial Statements

Note 14 Component Unit (Continued)

Endowment Funds (continued)

Changes in endowment net assets as of June 30, 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Endowment net assets, beginning of year	\$7,439,467	\$12,158,700	\$19,598,167
Donations	0	2,082,275	2,082,275
Interest and dividend income	0	203,222	203,222
Net unrealized gain(loss) on investments	2,424,056	2,877,732	5,301,788
Change in value of beneficial interest and charitable remainder annuity trusts	0	134,228	134,228
Amounts appropriated for expenditure	(331,950)	0	(331,950)
Amounts released from restriction	0	(1,222,511)	(1,222,511)
Endowment net assets, end of year	\$9,531,573	\$16,233,646	\$25,765,219

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, 2021 is as follows:

	Unconditional Pledges Receivable	Beneficial Interests Receivable	Total Donation Receivable
Due in one year or less	\$495,000	\$0	\$495,000
Due in one to five years	1,008,250	0	1,008,250
More than five years	0	231,357	231,357
	1,503,250	231,357	1,734,607
Less allowance for uncollectible pledges	2,900	0	2,900
Less discount to present value at rates ranging from 1% to 5%	77,787	26,144	103,931
	\$1,422,563	\$205,213	\$1,627,776

The net amount of receivables is based on the estimate of future cash flows. Due to unknown factors that may affect individual donor's future cash flows, it is reasonably possible that the estimated future cash flows of contributions receivable could change by a significant amount in the near term.

Highland Community College District #519

Notes to Financial Statements

Note 14 Component Unit (Continued)

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable group not organized for profit. Accordingly, no provision for income taxes is included in the financial statements.

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, 2017 and prior.

Capital Assets

A summary of capital assets is as follows:

	Cost 6/30/2020	Additions	Retirements	Cost 6/30/2021
Building improvements	\$24,276	\$0	\$0	\$24,276
Equipment	54,550	1,077	(760)	54,867
Total capital assets	78,826	1,077	(760)	79,143
Less accumulated depreciation	(68,260)	(4,898)	(760)	(72,398)
Total, net of accumulated depreciation	\$10,566	(\$3,821)	\$0	\$6,745

Depreciation is calculated using the straight-line method over 5, 7, and 10 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, 2021, the present value of the expected future payments is \$123,635, included in charitable remainder annuity trusts payable under liabilities.

Highland Community College District #519

Notes to Financial Statements

Note 14 Component Unit (Continued)

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2021:

Subject to expenditure for specified purpose:	
College Grants and Student Scholarships	\$7,541,467
Buildings and landscaping	353,429
Time restricted contributions	3,192,412
Annuity trust agreements	120,598
Endowment subject to spending policy and appropriation	5,025,740
	<hr/>
	\$16,233,646

The Foundation reports gifts or cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.

Net Assets Without Donor Restrictions, Board Designated

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, 2021, \$9,531,573 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.

Also included in the without donor restrictions net assets, board designated balance of \$10,531,573 is \$1,000,000 in the General fund to preserve a balance in the unrestricted funds.

Highland Community College District #519

Notes to Financial Statements

Note 15 Current Year Restatement

As a result of the implementation of GASB Statement No. 84 for student club balances net position at July 1, 2020 was restated. Fiscal year 2020 balances were not restated as the information was not practical for restatement purposes. Current year restatements are as follows:

	Restricted Purposes Fund
Balance at July 1, 2020	\$1,157,896
add: Prior year club balances	458,191
<hr/>	
Balance at July 1, 2020, as restated	\$1,616,087
<hr/>	
	Net Position
Balance at July 1, 2020	\$22,202,776
add: Prior year club balances	458,191
<hr/>	
Balance at July 1, 2020, as restated	\$22,660,967
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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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%	0%		
Proportion amount of the collective net pension liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the District	\$73,351,054	\$65,596,643	\$67,939,049	\$59,600,307	\$60,412,403	\$54,001,485	\$51,944,951		
Employer covered payroll	\$8,909,682	\$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	823.27%	791.84%	766.96%	719.41%	716.63%	647.39%	598.50%		
SURS plan net position as a percentage of total pension liability	39.05%	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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Federal, trust, grant and other contribution	\$71,756	\$45,153	\$44,507	\$40,836	\$34,468	\$31,213	\$42,942	\$50,030		
Contribution in relation to required contribution	71,756	45,153	44,507	40,836	34,468	31,213	42,942	50,030		
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Employer covered payroll	\$9,114,150	\$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	0.79%	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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net OPEB liability	0.52%	0.48%	0.53%	0.50%	0.49%				
Proportion amount of the collective net OPEB liability	\$9,396,941	\$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	\$9,396,922	\$9,131,131	\$10,074,013	\$9,083,069	\$9,372,476				
Total collective net OPEB liability associated with the College	\$18,793,863	\$18,262,262	\$20,148,026	\$18,287,365	\$18,367,910				
Employer covered payroll	\$8,909,682	\$8,284,112	\$8,858,182	\$8,284,598	\$8,430,045				
Proportion of collective net OPEB liability associated with the College as a percentage of covered payroll	210.94%	220.45%	227.45%	220.74%	217.89%				
College insurance plan net position as a percentage of total pension liability	-5.07%	-3.96%	-3.54%	-2.87%	-2.15%				

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.

See Accompanying Notes to Required Supplementary Information.

Highland Community College District #519

Schedule of OPEB Contributions

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2017)

	2021	2020	2019	2018	2017	2015	2014	2013	2012
Statutorily required contribution	\$49,542	\$46,997	\$41,801	\$46,664	\$43,788				
Contribution in relation to the required statutorily	(49,542)	(46,997)	(41,801)	(46,664)	(43,788)				
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0				
Employer covered payroll	\$9,114,150	\$8,909,682	\$8,284,112	\$8,858,182	\$8,284,598				
Contribution as a percentage of covered-payroll	0.54%	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

Note 1 Changes of Pension Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2020.

Note 2 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. Decrease in the overall assumed salary increase 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 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 the rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates. Change rates 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 MP2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

Note 3 Changes of OPEB Benefit Terms

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2020.

Note 4 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, and updated actuarial assumption which were adopted by SURS for the actuarial valuation as of June 30, 2018. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2018:

Highland Community College District #519

Notes to Required Supplementary Information

Note 4 Changes of OPEB Assumptions (continued)

- The discount rate was changed from 3.13 percent at June 30, 2019, to 2.45 percent at June 30, 2020.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2019, projected plan cost for plan year end June 30, 2020, premium changes through plan year end 2020, and expectation of future trend increases after June 30, 2020.
- Since the Excise Tax was repealed, the Excise Tax trend adjustment was removed.
- Per capita claim costs for plan year end June 30, 2020, were updated based on projected claims and enrollment experience through June 30, 2020 and updated premium rates through plan year end 2021.
- 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, 2021

All Fund Types - Change in Fund Balances	\$853,679
Reduction in student tuition and fees	(1,374,399)
Reduction in financial aid expense	1,374,399
Net effect	0
Prior year recognition of summer revenue deferred	(193,727)
Prior year recognition of summer salaries deferred	38,282
Recognition of summer revenue deferred	204,404
Recognition of summer salaries deferred	(17,954)
Net effect	31,005
Compensated absences decrease (increase)	43,279
SURS pension contribution (decrease) increase	26,603
Other post employment benefits CIP decrease (increase)	(214,806)
Expended for capital assets	2,426,683
Loss on disposal of assets	0
Depreciation	(1,237,857)
Net effect	1,188,826
Long-term debt issued (governmental funds)	0
Premium adjustment on bonds	267,649
Long-term debt retired (governmental funds)	1,486,786
Net effect	1,754,435
Change in net position	\$3,683,021
Net position, beginning of year, as restated	\$22,660,967
Net position, end of year	26,343,988
Reconciliation of Combined Balance Sheet to the Statement of Net Position	
Fund balances - all fund types and account groups	\$43,904,184
Recognition of summer revenue deferred	204,404
Recognition of summer salaries deferred	(17,954)
Deferral of SURS pension contribution	71,756
Amount to be provided for compensated absences	(152,131)
Amount to be provided for other post employment benefits	(11,073,609)
Amount available in debt service fund	(816,153)
Amount to be provided for retirement of general long-term debt	(5,776,509)
Net position of statement of net position	\$26,343,988

Highland Community College District #519

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2021

ASSETS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and cash equivalents	\$1,581,329	\$1,666,696	\$183,989	\$555,896
Investments	4,557,762	7,091,473	9,126	3,917,929
Receivables:				
Taxes	5,796,272	1,045,680	1,518,645	774,133
Other, net of \$1,628,526 allowance for doubtful accounts	1,675,961	1,631,903	0	11,284
Due from other funds	0	2,271,357	0	0
Inventories	0	0	0	0
Deferred expense	33,478	4,500	0	0
Fixed assets	0	0	0	0
Other debits:				
Amount to be provided for compensated absences	0	0	0	0
Amount available in the debt service fund	0	0	0	0
Amount to be provided for opeb	0	0	0	0
Amount to be provided for retirement of general long-term debt	0	0	0	0
Total assets	\$13,644,802	\$13,711,609	\$1,711,760	\$5,259,242
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY				
Liabilities:				
Accounts payable	\$119,519	\$39,396	\$44	\$77,633
Accrued salaries	0	7,561	0	0
Accrued expenses	570,712	0	0	0
Other accrued expenses	0	0	0	0
Due to other funds	2,201,904	69,453	0	0
Unearned tuition revenue	1,666,459	234,894	0	0
Accrued compensated absences	0	0	0	0
Capital lease payable	0	0	0	0
Premium on bonds	0	0	0	0
Bonds payable	0	0	0	0
Net OPEB liability	0	0	0	0
Total liabilities	4,558,594	351,304	44	77,633
Deferred inflows of resources -				
Property taxes	3,351,871	616,651	895,563	456,516
Grant revenue	0	648,623	0	0
Total deferred inflows of resources	3,351,871	1,265,274	895,563	456,516
Fund equity:				
Investments in general fixed assets	0	0	0	0
Unrestricted net position	0	0	0	0
Fund balances (deficit):				
Reserved for restricted purposes	0	1,392,748	0	0
Reserved for bond requirements	0	0	816,153	0
Reserved for working cash	0	10,338,287	0	0
Unreserved - designated	5,734,337	363,996	0	4,725,093
Total fund equity	5,734,337	12,095,031	816,153	4,725,093
Total liabilities, deferred inflows and fund equity	\$13,644,802	\$13,711,609	\$1,711,760	\$5,259,242

Highland Community College District #519

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2021

ASSETS	Proprietary Fund Types		Account Groups		Total (Memorandum Only)
	Enterprise	General Fixed Assets	Long-Term Debt		
Cash and cash equivalents	\$1,005,861	\$0	\$0		\$4,993,771
Investments	0	0	0		15,576,290
Receivables:					
Taxes	0	0	0		9,134,730
Other, net of \$1,628,526 allowance for doubtful accounts	36,114	0	0		3,355,262
Due from other funds	0	0	0		2,271,357
Inventories	291,837	0	0		291,837
Deferred expense	0	0	0		37,978
Fixed assets	0	19,404,038	0		19,404,038
Other debits:					
Amount to be provided for compensated absences	0	0	152,131		152,131
Amount available in the debt service fund	0	0	816,153		816,153
Amount to be provided for opeb	0	0	11,073,609		11,073,609
Amount to be provided for retirement of general long-term debt	0	0	5,776,509		5,776,509
Total assets	\$1,333,812	\$19,404,038	\$17,818,402		\$72,883,665
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY					
Liabilities:					
Accounts payable	\$986	\$0	\$0		\$237,578
Accrued salaries		0	0		7,561
Accrued expenses	2,656	0	0		573,368
Other accrued expenses		0	0		0
Due to other funds	0	0	0		2,271,357
Unearned tuition revenue	200,638	0	0		2,101,991
Accrued compensated absences	0	0	152,131		152,131
Capital lease payable	0	0	195,203		195,203
Premium on bonds	0	0	387,459		387,459
Bonds payable	0	0	6,010,000		6,010,000
Net OPEB liability	0	0	11,073,609		11,073,609
Total liabilities	204,280	0	17,818,402		23,010,257
Deferred inflows of resources:					
Property taxes	0	0	0		5,320,601
Grant revenue	0	0	0		648,623
Total deferred inflows of resources	0	0	0		5,969,224
Fund equity:					
Investments in general fixed assets	0	19,404,038	0		19,404,038
Unrestricted net position	1,129,532	0	0		1,129,532
Fund balances (deficit):					
Reserved for restricted purposes	0	0	0		1,392,748
Reserved for bond requirements	0	0	0		816,153
Reserved for working cash	0	0	0		10,338,287
Unreserved - designated	0	0	0		10,823,426
Total fund equity	1,129,532	19,404,038	0		43,904,184
Total liabilities, deferred inflows and fund equity	\$1,333,812	\$19,404,038	\$17,818,402		\$72,883,665

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, 2021

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Local governmental sources	\$7,188,934	\$1,242,360	\$1,778,618	\$912,356	\$11,122,268
State governmental sources	1,432,851	533,118	0	0	1,965,969
Federal governmental sources	1,411,733	4,021,517	0	0	5,433,250
Student tuition and fees	4,681,612	591,433	0	0	5,273,045
Other sources	682,464	1,034,408	250	125,351	1,842,473
On behalf payments	0	8,276,339	0	0	8,276,339
Total revenues	15,397,594	15,699,175	1,778,868	1,037,707	33,913,344
Expenditures:					
Instruction	7,297,321	5,308,854	0	0	12,606,175
Academic support	750,271	398,712	0	0	1,148,983
Student services	1,066,437	1,435,292	0	0	2,501,729
Public services	476,657	250,144	0	0	726,801
Auxiliary services	694	379,510	0	0	380,204
Operations and maintenance of plant	1,342,685	1,239,632	0	529	2,582,846
Institutional support	2,489,698	3,539,943	950	62,185	6,092,776
Scholarships, student grants, and waivers	284,002	3,295,371	0	0	3,579,373
Capital projects	0	0	0	2,408,975	2,408,975
Debt service	56,160	0	1,755,875	0	1,812,035
Total expenditures	13,763,925	15,847,458	1,756,825	2,471,689	33,839,897
Excess (deficiency) of revenues over expenditures	1,633,669	(148,283)	22,043	(1,433,982)	73,447
Other financing sources (uses):					
Payment to escrow agent	0	0	0	0	0
Transfers from (to) other funds	(80,538)	(24,462)	0	40,000	(65,000)
Total other financing sources (uses)	(80,538)	(24,462)	0	40,000	(65,000)
Net change in fund balance	1,553,131	(172,745)	22,043	(1,393,982)	8,447
Fund balance, beginning of year as restated	4,181,206	12,267,776	794,110	6,119,075	23,362,167
Fund balance, end of year	\$5,734,337	\$12,095,031	\$816,153	\$4,725,093	\$23,370,614

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, 2021

	General Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources	\$6,920,321	\$7,188,934	\$268,613
State governmental sources	1,447,851	1,432,851	(15,000)
Federal governmental sources	55,000	1,411,733	1,356,733
Student tuition and fees	4,947,800	4,681,612	(266,188)
Other sources	729,219	682,464	(46,755)
On behalf payments	0	0	0
Total revenues	14,100,191	15,397,594	1,297,403
Expenditures:			
Instruction	7,630,599	7,297,321	(333,278)
Academic support	943,060	750,271	(192,789)
Student services	1,126,590	1,066,437	(60,153)
Public services	486,695	476,657	(10,038)
Auxiliary services	0	694	694
Operations and maintenance of plant	1,474,264	1,342,685	(131,579)
Institutional support	2,663,685	2,489,698	(173,987)
Scholarships, student grants, and waivers	371,250	284,002	(87,248)
Capital projects	0	0	0
Debt service	0	56,160	56,160
Total expenditures	14,696,143	13,763,925	(932,218)
Excess (deficiency) of revenues over expenditures	(595,952)	1,633,669	2,229,621
Other financing sources (uses):			
Payment to escrow agent	0	0	0
Transfer from (to) other funds	595,952	(80,538)	(676,490)
Total other financing sources (uses)	595,952	(80,538)	(676,490)
Net change in fund balance	\$0	1,553,131	\$1,553,131
Fund balance, beginning of year, as restated		4,181,206	
Fund balance, end of year		\$5,734,337	

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, 2021

	Special Revenue Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources	\$1,232,500	\$1,242,360	\$9,860
State governmental sources	522,776	533,118	10,342
Federal governmental sources	5,250,918	4,021,517	(1,229,401)
Student tuition and fees	605,000	591,433	(13,567)
Other sources	715,875	1,034,408	318,533
On behalf payments	0	8,276,339	8,276,339
Total revenues	8,327,069	15,699,175	7,372,106
Expenditures:			
Instruction	\$705,260	5,308,854	4,603,594
Academic support	56,612	398,712	342,100
Student services	704,136	1,435,292	731,156
Public services	123,675	250,144	126,469
Auxiliary services	0	379,510	379,510
Operations and maintenance of plant	631,694	1,239,632	607,938
Institutional support	2,286,980	3,539,943	1,252,963
Scholarships, student grants, and waivers	3,997,581	3,295,371	(702,210)
Capital projects	0	0	0
Debt service	0	0	0
Total expenditures	8,505,938	15,847,458	7,341,520
Excess (deficiency) of revenues over expenditures	(178,869)	(148,283)	30,586
Other financing sources (uses):			
Payment to escrow agent	0	0	0
Transfer from (to) other funds	(586,192)	(24,462)	561,730
Total other financing sources (uses)	(586,192)	(24,462)	561,730
Net change in fund balance	(\$765,061)	(172,745)	\$592,316
Fund balance, beginning of year, as restated		12,267,776	
Fund balance, end of year		\$12,095,031	

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, 2021

	Debt Service Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources	\$1,777,961	\$1,778,618	\$657
State governmental sources	0	0	0
Federal governmental sources	0	0	0
Student tuition and fees	0	0	0
Other sources	0	250	250
On behalf payments	0	0	0
Total revenues	1,777,961	1,778,868	907
Expenditures:			
Instruction	0	0	0
Academic support	0	0	0
Student services	0	0	0
Public services	0	0	0
Auxiliary services	0	0	0
Operations and maintenance of plant	0	0	0
Institutional support	0	950	950
Scholarships, student grants, and waivers	0	0	0
Capital projects	0	0	0
Debt service	1,848,950	1,755,875	(93,075)
Total expenditures	1,848,950	1,756,825	(92,125)
Excess (deficiency) of revenues over expenditures	(70,989)	22,043	93,032
Other financing sources (uses):			
Payment to escrow agent	0	0	0
Transfer from (to) other funds	0	0	0
Total other financing sources (uses)	0	0	0
Net change in fund balance	(\$70,989)	22,043	\$93,032
Fund balance, beginning of year, as restated	794,110		
Fund balance, end of year	\$816,153		

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, 2021

	Capital Project Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources	\$911,500	\$912,356	\$856
State governmental sources	0	0	0
Federal governmental sources	0	0	0
Student tuition and fees	0	0	0
Other sources	0	125,351	125,351
On behalf payments	0	0	0
Total revenues	911,500	1,037,707	126,207
Expenditures:			
Instruction	0	0	0
Academic support	0	0	0
Student services	0	0	0
Public services	0	0	0
Auxiliary services	0	0	0
Operations and maintenance of plant	0	529	529
Institutional support	233,000	62,185	(170,815)
Scholarships, student grants, and waivers	0	0	0
Capital projects	5,782,734	2,408,975	(3,373,759)
Debt service	0	0	0
Total expenditures	6,015,734	2,471,689	(3,544,045)
Excess (deficiency) of revenues over expenditures	(5,104,234)	(1,433,982)	3,670,252
Other financing sources (uses):			
Payment to escrow agent	0	0	0
Transfer from (to) other funds	(74,761)	40,000	114,761
Total other financing sources (uses)	(74,761)	40,000	114,761
Net change in fund balance	(\$5,178,995)	(1,393,982)	\$3,785,013
Fund balance, beginning of year, as restated		6,119,075	
Fund balance, end of year		\$4,725,093	

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, 2021

	Enterprise	
	Budget	Actual
Operating revenues:		
Bookstore sales	\$455,200	\$450,070
Other fees	495,000	477,546
Athletics	41,040	9,515
Other sources	62,003	61,193
Total operating revenues	1,053,243	998,324
Operating expenses:		
Public services:		
Salaries	1,000	0
Contractual services	10,925	1,925
General materials and supplies	9,711	4,120
Conference and meeting expense	4,350	0
Utilities	600	616
Capital outlay	1,844	770
Other	950	0
Total public services	29,380	7,431
Auxiliary Services:		
Salaries	349,958	244,256
Employee benefits	64,049	43,581
Contractual services	57,961	50,872
General materials and supplies	556,075	553,302
Conference and meeting expense	245,251	75,731
Fixed charges	13,959	5,635
Capital outlay	5,204	7,334
Other	9,896	2,825
Total auxiliary services	1,302,353	983,536
Institutional support:		
Salaries	0	0
Scholarships, student grants, and waivers		
Other	13,145	18,721
Total operating expenses	1,344,878	1,009,688
Operating income (loss)	(291,635)	(11,364)

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, 2021

	Enterprise	
	Budget	Actual
Nonoperating revenue (expenses):		
Federal revenue	0	693,934
Other revenue	70,000	97,662
Transfer from (to) other funds	65,000	65,000
Total nonoperating revenue (expense)	135,000	856,596
Net income (loss)	(\$156,635)	845,232
Unrestricted net position beginning of year		284,300
Unrestricted net position end of year		\$1,129,532

Highland Community College District #519
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the year ended June 30, 2021

	Enterprise Fund Type
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	(\$11,364)
Adjustments to reconcile net income to net cash from operating activities:	
(Increase) decrease in current assets:	
Inventory	3,585
Accounts receivable	21,164
Deferred expense	0
Due from other funds	0
Increase (decrease) in current liabilities:	
Accounts payable	25
Accrued expenses	90
Unearned tuition revenue	5,803
Due to other funds	0
Net cash provided by (used in) operations	19,303
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from grants	791,596
Net cash provided by (used in) noncapital financing activities	791,596
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	0
Maturity of investments	0
Net cash provided by (used for) investing activities	0
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from (to) other funds	65,000
Net cash provided by (used for) noncapital financing activities	65,000
Net increase (decrease) in cash and cash equivalents	875,899
Beginning cash and cash equivalents	129,962
Ending cash and cash equivalents	\$1,005,861

Highland Community College District #519

Combining Balance Sheet

Governmental Fund Types - General Funds

June 30, 2021

ASSETS	Educational Fund	Operations and Maintenance Fund	Total General Funds
Cash	\$0	\$1,581,329	\$1,581,329
Investments	4,557,762	0	4,557,762
Receivables:			
Taxes	4,595,446	1,200,826	5,796,272
Other, net of \$1,622,072 allowance for doubtful accounts	1,674,261	1,700	1,675,961
Deferred expense	33,478	0	33,478
Total assets	10,860,947	2,783,855	13,644,802
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	72,259	47,260	119,519
Accrued expenses	545,044	25,668	570,712
Due to other funds	2,201,904	0	2,201,904
Unearned tuition revenue	1,666,459	0	1,666,459
Total liabilities	4,485,666	72,928	4,558,594
Deferred inflows of resources:			
Property tax revenue	2,643,729	708,142	3,351,871
Grant revenue	0	0	0
Total deferred inflows	2,643,729	708,142	3,351,871
Fund balance - unreserved - designated	3,731,552	2,002,785	5,734,337
Total liabilities, deferred inflows, and fund balance	\$10,860,947	\$2,783,855	\$13,644,802

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, 2021

	Educational Fund	Operations and Maintenance Fund	Total General Funds
Revenues:			
Local governmental sources	\$5,797,030	\$1,391,904	\$7,188,934
State governmental sources	1,245,074	187,777	1,432,851
Federal governmental sources	1,411,733	0	1,411,733
Student tuition and fees	4,681,612	0	4,681,612
Other sources	573,145	109,319	682,464
On behalf payments	0	0	0
Total revenues	13,708,594	1,689,000	15,397,594
Expenditures:			
Instruction	7,297,321	0	7,297,321
Academic support	750,271	0	750,271
Student services	1,066,437	0	1,066,437
Public services	476,657	0	476,657
Auxiliary services	694	0	694
Operations and maintenance of plant	0	1,342,685	1,342,685
Institutional support	2,489,698	0	2,489,698
Scholarships, student grants, and waivers	284,002	0	284,002
Debt service	56,160	0	56,160
On behalf payments	0	0	0
Total expenditures	12,421,240	1,342,685	13,763,925
Excess (deficiency) of revenue over expenditures	1,287,354	346,315	1,633,669
Other financing sources (uses):			
Transfer from (to) other funds	(40,538)	(40,000)	(80,538)
Net change in fund balance	1,246,816	306,315	1,553,131
Fund balance, beginning of year	2,484,736	1,696,470	4,181,206
Fund balance, end of year	\$3,731,552	\$2,002,785	\$5,734,337

Highland Community College District #519

Combining Balance Sheet

Governmental Fund Types - Special Revenue Funds

June 30, 2021

ASSETS	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Funds	Working Cash Funds	Total Special Revenue Funds
Cash	\$19,177	\$0	\$0	\$1,647,519	\$1,666,696
Investments	672,301	0	0	6,419,172	7,091,473
Receivables:					
Property tax	0	38,907	1,006,773	0	1,045,680
Other	1,631,664	0	0	239	1,631,903
Due from other funds	0	0	0	2,271,357	2,271,357
Other deferred expenses	0	4,500	0	0	4,500
Total assets	\$2,323,142	\$43,407	\$1,006,773	\$10,338,287	\$13,711,609
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$39,316	\$0	\$80	\$0	\$39,396
Accrued salaries	7,561	0	0	0	7,561
Accrued expense	0	0	0	0	0
Other accrued expenses	0	0	0	0	0
Due to other funds	0	19,602	49,851	0	69,453
Unearned tuition revenue	234,894	0	0	0	234,894
Total liabilities	281,771	19,602	49,931	0	351,304
Deferred inflows:					
Property taxes	0	22,944	593,707	0	616,651
Grant revenue	648,623	0	0	0	648,623
Total deferred inflows	648,623	22,944	593,707	0	1,265,274
Fund balance (deficit):					
Reserved for restricted purposes	1,392,748	0	0	10,338,287	11,731,035
Unreserved - designated	0	861	363,135	0	363,996
Total fund balance	1,392,748	861	363,135	10,338,287	12,095,031
Total liabilities, deferred inflows, and fund balance	\$2,323,142	\$43,407	\$1,006,773	\$10,338,287	\$13,711,609

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, 2021

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Working Cash Fund	Total Special Revenue Funds
Revenues:					
Local government sources	\$0	\$45,098	\$1,197,262	\$0	\$1,242,360
State governmental sources	533,118	0	0	0	533,118
Federal governmental sources	4,021,517	0	0	0	4,021,517
Student tuition	591,433	0	0	0	591,433
Other sources	991,354	0	0	43,054	1,034,408
On behalf payments	8,276,339	0	0	0	8,276,339
Total revenues	14,413,761	45,098	1,197,262	43,054	15,699,175
Expenditures:					
Instruction	5,308,854	0	0	0	5,308,854
Academic support	398,712	0	0	0	398,712
Student services	1,435,292	0	0	0	1,435,292
Public services	250,144	0	0	0	250,144
Auxiliary services	379,510	0	0	0	379,510
Operations and maintenance	636,505	0	603,127	0	1,239,632
Institutional support	2,946,136	49,075	539,564	5,168	3,539,943
Scholarships, student grants, and waivers	3,295,371	0	0	0	3,295,371
Total expenditures	14,650,524	49,075	1,142,691	5,168	15,847,458
Excess of (deficiency) of revenues over expenditures	(236,763)	(3,977)	54,571	37,886	(148,283)
Other financing sources (uses):					
Transfer from (to) other funds	13,424	0	0	(37,886)	(24,462)
Total other financing sources	13,424	0	0	(37,886)	(24,462)
Net change in fund balance	(223,339)	(3,977)	54,571	0	(172,745)
Fund balance, beginning of year, as previously reported	1,157,896	4,838	308,564	10,338,287	11,809,585
Restatement	458,191	0	0	0	458,191
Fund balance, beginning of year, as restated	1,616,087	4,838	308,564	10,338,287	12,267,776
Fund balance, end of year	\$1,392,748	\$861	\$363,135	\$10,338,287	\$12,095,031

Highland Community College District #519

Educational Fund

Schedule of Revenues Compared to Budget

For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Local governmental sources:			
Current taxes	\$2,590,536	\$2,643,730	\$53,194
Back taxes	2,552,252	2,552,707	455
Corporate personal property replacement tax	400,000	600,593	200,593
Total local government sources	5,542,788	5,797,030	254,242
State governmental sources:			
ICCB base operating grants	1,064,071	1,064,071	0
ICCB equalization grants	50,000	50,000	0
ICCB career and technical education	131,003	131,003	0
ICCB other	15,000	0	(15,000)
Total state government sources	1,260,074	1,245,074	(15,000)
Federal governmental sources:			
HEERF	0	1,359,389	1,359,389
Other	55,000	52,344	(2,656)
Total federal governmental sources	55,000	1,411,733	1,356,733
Student tuition and fees:			
Tuition	4,307,575	4,059,855	(247,720)
Fees	640,225	621,757	(18,468)
Total student tuition and fees	4,947,800	4,681,612	(266,188)
Other sources:			
Facilities rental	16,000	6,385	(9,615)
Interest on investments	97,000	3,732	(93,268)
Other revenue	511,205	563,028	51,823
Total other sources	624,205	573,145	(51,060)
Total revenues	\$12,429,867	\$13,708,594	\$1,278,727

Highland Community College District #519

Educational Fund

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Instruction:			
Salaries	\$6,081,762	\$5,921,341	(\$160,421)
Employee benefits	1,162,020	1,116,290	(45,730)
Contractual services	91,560	65,752	(25,808)
General materials and supplies	229,529	154,494	(75,035)
Conference and meetings expense	16,678	3,641	(13,037)
Fixed charges	11,000	4,100	(6,900)
Utilities	774	773	(1)
Capital outlay	34,292	30,657	(3,635)
Other	2,984	273	(2,711)
Total instruction	7,630,599	7,297,321	(333,278)
Academic support:			
Salaries	594,172	516,330	(77,842)
Employee benefits	163,229	140,244	(22,985)
Contractual services	28,961	9,206	(19,755)
General materials and supplies	97,870	83,114	(14,756)
Conference and meetings expense	57,681	1,224	(56,457)
Capital outlay	1,147	115	(1,032)
Other	0	38	38
Total academic support	943,060	750,271	(192,789)
Student services:			
Salaries	783,731	740,310	(43,421)
Employee benefits	282,549	284,549	2,000
Contractual services	29,359	18,385	(10,974)
General materials and supplies	23,166	19,445	(3,721)
Conference and meetings expense	0	3,743	3,743
Fixed charges	7,100	0	(7,100)
Utilities	0	0	0
Capital outlay	360	0	(360)
Other	325	5	(320)
Total student services	1,126,590	1,066,437	(60,153)
Public services:			
Salaries	206,764	148,579	(58,185)
Employee benefits	25,567	10,633	(14,934)
Contractual services	169,793	282,505	112,712
General materials and supplies	29,611	6,930	(22,681)
Conference and meeting expense	34,990	14,276	(20,714)

Highland Community College District #519

Educational Fund (Continued)

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Public services (continued):			
Fixed charges	14,870	11,559	(3,311)
Utilities	0	0	0
Capital outlay	0	867	867
Other	5,100	1,308	(3,792)
Total public services	486,695	476,657	(10,038)
Auxiliary services:			
Salaries	0	694	694
Institutional support:			
Salaries	1,232,927	1,251,813	18,886
Employee benefits	498,428	500,311	1,883
Contractual services	394,669	320,674	(73,995)
General materials and supplies	323,291	288,964	(34,327)
Conference and meeting expense	82,394	31,382	(51,012)
Fixed charges	33,880	0	(33,880)
Utilities	17,400	17,563	163
Capital outlay	6,135	8,695	2,560
Other	74,561	70,296	(4,265)
Total institutional support	2,663,685	2,489,698	(173,987)
Scholarships, student grants, and waivers			
Other	371,250	284,002	(87,248)
Debt service -			
Principal and interest payments	0	56,160	56,160
Other -			
Provision of contingency	0	0	0
Total educational fund	\$13,221,879	\$12,421,240	(\$800,639)
Other financing sources (uses):			
Capital lease proceeds	\$0	\$0	\$0
Operating transfers in	586,191	62,886	(523,305)
Operating transfers out	(65,000)	(103,424)	(38,424)
Total other financing sources (uses)	\$521,191	(\$40,538)	(\$561,729)

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, 2021

	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources:			
Current taxes	\$693,894	\$708,142	\$14,248
Back taxes	683,639	683,762	123
Corporate personal property replacement tax	0	0	0
Total local government sources	1,377,533	1,391,904	14,371
State governmental sources:			
State apportionment	187,777	187,777	0
Total state government sources	187,777	187,777	0
Federal governmental sources:			
FEMA	0	0	0
Total federal sources	0	0	0
Other sources:			
Facilities rental	84,714	89,859	5,145
Other revenue	20,300	19,460	(840)
Total other sources	105,014	109,319	4,305
Total revenues	\$1,670,324	\$1,689,000	\$18,676
Expenditures:			
Operation and maintenance of plant:			
Salaries	\$603,958	\$550,379	(\$53,579)
Employee benefits	204,343	178,093	(26,250)
Contractual services	128,372	75,992	(52,380)
General materials and supplies	179,839	133,608	(46,231)
Conference and meeting expense	0	384	384
Utilities	637,751	603,126	(34,625)
Capital outlay	1,970	1,968	(2)
Other	(281,969)	(200,865)	81,104
Contingency	0	0	0
Total expenditures	\$1,474,264	\$1,342,685	(\$131,579)
Other financing sources (uses):			
Operating transfers in	\$74,761	\$0	(\$74,761)
Operating transfers out	0	(40,000)	(40,000)
Total financing sources (uses)	\$74,761	(\$40,000)	(\$114,761)

Highland Community College District #519

Special Revenue - Restricted Purpose Fund
 Schedule of Revenues Compared to Budget
 For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Revenues:			
State governmental sources:			
Student success grant	\$5,285	\$5,285	\$0
SBE adult education	229,950	224,040	(5,910)
SBE vocational education	156,421	149,846	(6,575)
SURS On-Behalf	0	8,059,670	8,059,670
CIP On-Behalf	0	216,669	216,669
Other	131,120	153,947	22,827
Total state government sources	522,776	8,809,457	8,286,681
Federal Governmental Sources:			
Student support services grant	344,538	317,447	(27,091)
College work study	83,945	79,231	(4,714)
Direct federal loan program	1,050,000	533,207	(516,793)
Upward bound grant	297,601	214,704	(82,897)
Pell	2,680,000	2,043,603	(636,397)
SEOG	44,268	48,983	4,715
RSVP	54,456	55,340	884
HEERF CARES Act	466,698	458,125	(8,573)
GEER	172,800	151,624	(21,176)
HEERF CRRSA	0	537,855	537,855
HEERF American Rescue Act	0	(427,201)	(427,201)
Other	56,612	8,599	(48,013)
Total federal government sources	5,250,918	4,021,517	(1,229,401)
Student tuition and fees:			
Tuition	605,000	591,177	(13,823)
Fees	0	256	256
Total student tuition and fees	605,000	591,433	(13,567)
Other sources:			
Highland Community College Foundation	256,303	263,638	7,335
Investment income	19,346	20,715	1,369
In Kind	31,294	27,813	(3,481)
Other	263,932	679,188	415,256
Total other sources	570,875	991,354	420,479
Total revenue	\$6,949,569	\$14,413,761	\$7,464,192

Highland Community College District #519

Special Revenue - Restricted Purpose Fund
 Schedule of Expenditures Compared to Budget
 For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Expenditures:			
Instruction:			
Salaries	\$326,026	\$316,685	(\$9,341)
Employee benefits	92,297	4,798,198	4,705,901
Contractual services	41,465	9,341	(32,124)
General materials and supplies	79,723	96,136	16,413
Conference and meetings expense	45,882	7,619	(38,263)
Fixed charges	0	0	0
Utilities	0	0	0
Capital outlay	91,310	66,053	(25,257)
Other	28,557	14,822	(13,735)
Total instruction	705,260	5,308,854	4,603,594
Academic support:			
Salaries	0	0	0
Employee benefits	0	390,113	390,113
Contractual services	47,892	7,370	(40,522)
General materials and supplies	6,220	1,229	(4,991)
Conference and meetings expense	2,500	0	(2,500)
Capital outlay	0	0	0
Other	0	0	0
Total academic support	56,612	398,712	342,100
Student services:			
Salaries	415,479	362,335	(53,144)
Employee benefits	104,816	944,921	840,105
Contractual services	6,816	495	(6,321)
General materials and supplies	86,116	25,117	(60,999)
Conference meeting expense	34,054	20,730	(13,324)
Capital outlay	2,500	0	(2,500)
Other	54,355	81,694	27,339
Total student services	704,136	1,435,292	731,156
Public services:			
Salaries	52,439	51,838	(601)
Employee benefits	5,772	158,923	153,151
Contractual services	3,500	0	(3,500)
General materials and supplies	12,386	6,937	(5,449)
Conference and meeting expense	12,430	4,190	(8,240)
Fixed charges	23,546	23,546	0
Utilities	4,152	4,152	0
Capital outlay	3,610	0	(3,610)
Other	5,840	558	(5,282)
Total public services	123,675	250,144	126,469

Highland Community College District #519
Special Revenue - Restricted Purpose Fund (Continued)
Schedule of Expenditures Compared to Budget
For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Expenditures (continued):			
Auxiliary Services:			
Employee Benefits	0	367,046	367,046
Contractual services	0	0	0
Capital outlay	0	11,445	11,445
Other	0	1,019	1,019
Total auxiliary services	0	379,510	379,510
Institutional Support:			
Salaries	421,358	552,954	131,596
Employee Benefits	82,314	1,464,878	1,382,564
Contractual services	668,394	743,410	75,016
General materials and supplies	43,623	43,957	334
Conference and meetings expense	39,397	14,462	(24,935)
Fixed charges	650	0	(650)
Utilities	0	0	0
Capital outlay	372,442	126,705	(245,737)
Other	700	(230)	(930)
Total institutional support	1,628,878	2,946,136	1,317,258
Scholarships, student grants, and waivers:			
Salaries	0	0	0
Employee benefits	0	0	0
Contractual services	0	0	0
General materials and supplies	0	0	0
Other	3,997,581	3,295,371	(702,210)
Total scholarships, student grants, and waivers	3,997,581	3,295,371	(702,210)
Operations and Maintenance:			
Salaries	0	0	0
Employee benefits	0	636,505	636,505
General materials and supplies	0	0	0
Capital outlay	0	0	0
Conference and meetings expense	0	0	0
Debt principal retirement	0	0	0
Other	0	0	0
Total operations and maintenance	0	636,505	636,505
Total expenditures	\$7,216,142	\$14,650,524	\$7,434,382
Other financing sources (uses):			
Operating transfers in	\$0	\$38,424	\$38,424
Operating transfers out	(448,692)	(25,000)	423,692
Total other financing sources (uses)	(\$448,692)	\$13,424	\$462,116

Highland Community College District #519

Special Revenue - Audit Fund

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources:			
Current taxes	\$23,000	\$22,944	(\$56)
Back taxes	22,000	22,154	154
<hr/>			
Total revenues	\$45,000	\$45,098	\$98
<hr/>			
Expenditures:			
Institutional support:			
Salaries	\$0	\$0	\$0
Employee benefits	0	0	0
Contractual services	47,900	49,075	1,175
General materials and supplies	0	0	0
Conferences and meetings	0	0	0
Fixed charges	0	0	0
Capital outlay	0	0	0
Other	0	0	0
<hr/>			
Total expenditures	\$47,900	\$49,075	\$1,175
<hr/>			

Highland Community College District #519

Special Revenue

Liability, Protection, and Settlement Fund

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Revenues:			
Local Governmental Sources			
Current taxes	\$595,000	\$593,706	(\$1,294)
Back taxes	592,500	595,419	2,919
Other revenue	0	8,137	8,137
Total revenues	\$1,187,500	\$1,197,262	\$9,762
Expenditures:			
Institutional support:			
Salaries	\$0	\$5,174	\$5,174
Employee benefits	242,960	203,973	(38,987)
Contractual services	145,425	131,662	(13,763)
General materials and supplies	9,100	6,216	(2,884)
Conferences and meetings	15,555	844	(14,711)
Fixed charges	186,917	187,697	780
Utilities	2,745	3,998	1,253
Capital outlay	0	0	0
Other	0	0	0
Total institutional support	602,702	539,564	(63,138)
Operations and Maintenance			
Salaries	\$307,024	\$292,060	(14,964)
Employee benefits	83,470	76,150	(7,320)
Contractual services	241,200	234,917	(6,283)
Total operations and maintenance	631,694	603,127	(28,567)
Total expenditures	\$1,234,396	\$1,142,691	(\$91,705)

Highland Community College District #519

Special Revenue

Working Cash Fund

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Revenues:			
Other sources:			
Interest on investments	\$145,000	\$43,054	(\$101,946)
Other revenue	0	0	0
Total revenues	\$145,000	\$43,054	(\$101,946)
Expenditures:			
Institutional support:			
Salaries	\$0	\$0	\$0
Employee benefits	0	0	0
Contractual services	0	0	0
General materials and supplies	0	0	0
Conferences and meetings	0	0	0
Fixed charges	0	0	0
Capital outlay	0	0	0
Other	7,500	5,168	(2,332)
Total expenditures	\$7,500	\$5,168	(\$2,332)
Other financing sources (uses):			
Bond proceeds	\$0	\$0	\$0
Premium on debt issued	0	0	0
Operating transfer out	(137,500)	(37,886)	99,614
Total other financing sources (uses)	(\$137,500)	(\$37,886)	\$99,614

Highland Community College District #519

Schedule of Tort Expenditures

For the year ended June 30, 2021

Risk management related salaries and benefits	\$540,038
Insurance	225,016
Legal services	0
Security and safety related	377,637
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Total tort expenditures	\$1,142,691
<hr/>	

Highland Community College District #519

Capital Projects

Operations and Maintenance Fund - Restricted

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2021

	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources:			
Current taxes	\$457,500	\$456,515	(\$985)
Back taxes	454,000	455,841	1,841
Total local government sources	911,500	912,356	856
State governmental sources:			
ADA Grant	0	0	0
Total state government sources	0	0	0
Other sources:			
Other gifts/revenue	0	96,155	96,155
Interest on investments	0	29,196	29,196
Total other sources	0	125,351	125,351
Total revenues	\$911,500	\$1,037,707	\$126,207
Expenditures:			
Operations and Maintenance:			
Contractual services	0	0	0
General materials and supplies	0	529	529
Capital outlay	1,375,651	693,933	(681,718)
Other	0	0	0
Total operations and maintenance	1,375,651	694,462	(681,189)
Institutional Support:			
Contractual services	233,000	62,185	(\$170,815)
Capital outlay	4,407,083	1,715,042	(2,692,041)
Other	0	0	0
Total institutional support	\$4,640,083	\$1,777,227	(\$2,862,856)
Total expenditures	\$6,015,734	\$2,471,689	(\$3,544,045)

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, 2021

	Budget	Actual	Over (Under) Budget
Debt service -			
Principal and interest payments	\$0	\$0	\$0
Other financing sources (uses):			
Operating transfers in	0	40,000	40,000
Operating transfers out	(74,761)	0	74,761
Total other financing sources (uses)	(\$74,761)	\$40,000	\$114,761

Highland Community College District #519

Schedule of Assessed Valuations, Rates, and Taxes Extended

Levy Years 2020, 2019, and 2018

	2020 Levy	2019 Levy	2018 Levy
Assessed valuation	\$1,888,378,143	\$1,823,037,288	\$1,769,991,166
Tax Rates (per \$100 of assessed valuation)			
Education Fund	0.2800	0.2800	0.2800
Operations, and Maintenance Fund	0.0750	0.0750	0.0750
Insurance	0.0555	0.0579	0.0509
Audit Fund	0.0024	0.0024	0.0025
Protection, Health & Safety	0.0484	0.0500	0.0410
Bond and Interest	0.0949	0.0973	0.0984
Social Security	0.0074	0.0074	0.0076
Total	0.5636	0.5700	0.5554
Taxes Extended			
Education Fund	\$5,287,459	\$5,104,505	\$4,955,976
Operations, and Maintenance Fund	1,416,283	1,367,279	1,327,494
Education and O&M additional	(7,172)	0	(3,672)
Insurance	1,048,651	1,053,963	900,041
Audit Fund	45,932	44,244	44,073
Protection, Health & Safety	913,876	910,828	725,152
Bond and Interest	1,797,083	1,768,493	1,748,681
Social Security	139,859	135,507	135,050
Total	\$10,641,971	\$10,384,819	\$9,832,795

Highland Community College District #519

Schedule of Assessed Valuations and Tax Extensions by County

Levy Years 2020, 2019, and 2018

	2020 Levy	2019 Levy	2018 Levy
Assessed valuations			
Carroll	\$297,034,632	\$283,619,951	\$268,845,001
Jo Daviess	758,537,764	739,048,860	729,849,444
Ogle	147,749,242	139,172,852	131,837,942
Stephenson	685,056,505	661,195,625	639,458,779
Total	\$1,888,378,143	\$1,823,037,288	\$1,769,991,166
Tax extensions			
<u>Educational</u>			
Carroll	\$831,697	\$794,136	\$752,766
Jo Daviess	2,123,906	2,069,337	2,043,578
Ogle	413,698	389,684	369,146
Stephenson	1,918,158	1,851,348	1,790,485
Total	\$5,287,459	\$5,104,505	\$4,955,975
<u>Operation and Maintenance</u>			
Carroll	\$222,776	\$212,715	\$201,634
Jo Daviess	568,903	554,287	547,387
Ogle	110,812	104,380	98,878
Stephenson	513,792	495,897	479,594
Total	\$1,416,283	\$1,367,279	\$1,327,493
<u>Insurance</u>			
Carroll	\$165,478	\$163,450	\$136,708
Jo Daviess	420,837	427,688	371,128
Ogle	82,267	80,191	67,040
Stephenson	380,069	382,634	325,165
Total	\$1,048,651	\$1,053,963	\$900,041
<u>Audit</u>			
Carroll	\$7,248	\$6,864	\$6,694
Jo Daviess	18,432	17,959	18,173
Ogle	3,605	3,354	3,283
Stephenson	16,647	16,067	15,923
Total	\$45,932	\$44,244	\$44,073

Highland Community College District #519

Schedule of Assessed Valuations and Tax Extensions by County

(Continued)

Levy Years 2020, 2019, and 2018

	2020 Levy	2019 Levy	2018 Levy
<i>Tax extensions (continued)</i>			
<u>Protection, Health, & Safety</u>			
Carroll	144,210	141,356	110,146
Jo Daviess	366,753	369,524	299,019
Ogle	71,688	69,350	54,001
Stephenson	331,225	330,598	261,986
	913,876	910,828	725,152
<u>Bond and Interest</u>			
Carroll	282,242	274,714	264,570
Jo Daviess	721,445	718,873	721,894
Ogle	140,332	134,803	129,729
Stephenson	653,064	640,103	632,489
	1,797,083	1,768,493	1,748,682
<u>Social Security</u>			
Carroll	22,070	21,016	20,513
Jo Daviess	56,132	54,985	55,688
Ogle	10,963	10,313	10,059
Stephenson	50,694	49,193	48,791
	139,859	135,507	135,051
<u>Prior Year Adjustment</u>			
Carroll	0	0	0
Jo Daviess	(7,054)	0	(73)
Ogle	(118)	0	(3,599)
Stephenson	0	0	0
	(7,172)	0	(3,672)
Total	\$ 10,641,971	\$ 10,384,819	\$ 9,832,795

Highland Community College District #519

Summary Schedule of Taxes Receivable and Tax Collections
 For the year ended June 30, 2021

Year	Levy Valuation	Assessed Rate	Combined Taxes Extended	Total Collected to June 30, 2020	Collected During Year Ended June 30, 2021	Total Collected to June 30, 2021	Percent Collected June 30, 2021	Allowance for Uncollectible Taxes	Balance After Allowance
2019	1,823,037,288	0.5700	10,384,819	\$1,432,801	\$8,952,149	\$10,384,950	100.00%	\$0	\$0
2020	1,888,378,143	0.5636	10,641,971	0	1,618,831	1,618,831	15.21%	0	9,023,140
Total				\$1,432,801	\$10,570,980	\$12,003,781	57.09%	\$0	\$9,023,140

2020 Property Taxes Extended

	Uncollected June 30, 2021
Education	\$ 4,483,084
Operations, and Maintenance	1,200,826
Insurance	888,291
Audit	38,907
Protection, Health & Safety	774,133
Bond and Interest	1,518,645
Social Security	118,482
Difference due to estimated equalized assessed value	
Total	\$ 9,022,368

Highland Community College District #519

Schedule of Legal Debt Margin

For the year ended June 30, 2021

Assessed valuation - 2020 levy	\$1,888,378,143
Debt limit, 2.875% of assessed valuation	\$54,290,872
Total long-term debt	6,010,000
Legal debt margin	\$48,280,872

Supplemental Financial Information

Highland Community College District #519

All Funds Summary

Uniform Financial Statement #1

All Funds Summary

For the year ended June 30, 2021

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund
Fund balance, July 1, 2020, as restated	\$2,484,736	\$1,696,470	\$6,119,075	\$794,110	\$284,300
Revenues:					
Local tax revenue	5,797,030	1,391,904	912,356	1,778,618	0
All other local revenue	0	0	0	0	0
ICCB grants	1,245,074	187,777	0	0	0
All other state revenue	0	0	0	0	0
Federal revenue	1,411,733	0	0	0	693,934
Student tuition and fees	4,660,684	0	0	0	477,546
On-behalf CIP	0	0	0	0	0
On-behalf SURS	0	0	0	0	0
All other revenue	594,073	109,319	125,351	250	618,440
Total revenue	13,708,594	1,689,000	1,037,707	1,778,868	1,789,920
Expenditures:					
Instruction	7,298,015	0	0	0	0
Academic support	750,271	0	0	0	0
Student services	1,066,437	0	0	0	0
Public service	476,657	0	0	0	7,431
Organized research	0	0	0	0	0
Auxiliary services	0	0	0	0	983,536
Operations and maintenance	0	1,342,685	694,462	0	0
Institutional support	2,545,858	0	1,777,227	1,756,825	0
Scholarships, grants, waivers	284,002	0	0	0	18,721
Total expenditures	12,421,240	1,342,685	2,471,689	1,756,825	1,009,688
Other financing sources					
Net transfers	(40,538)	(40,000)	40,000	0	65,000
Fund balance, June 30, 2021	\$3,731,552	\$2,002,785	\$4,725,093	\$816,153	\$1,129,532

Highland Community College District #519

All Funds Summary

Uniform Financial Statement #1 (continued)

All Funds Summary

For the year ended June 30, 2021

	Restricted Purpose Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance, July 1, 2020, as restated	\$1,616,087	\$10,338,287	\$4,838	\$308,564	\$23,646,467
Revenues:					
Local tax revenue	0	0	45,098	1,189,125	11,114,131
All other local revenue	0	0	0	0	0
ICCB grants	147,025	0	0	0	1,579,876
All other state revenue	129,101	0	0	0	129,101
Federal revenue	4,278,509	0	0	0	6,384,176
Student tuition and fees	591,177	0	0	0	5,729,407
On-behalf CIP	216,669	0	0	0	216,669
On-behalf SURS	8,059,670	0	0	0	8,059,670
All other revenue	991,610	43,054	0	8,137	2,490,234
Total revenue	14,413,761	43,054	45,098	1,197,262	35,703,264
Expenditures:					
Instruction	5,308,854	0	0	0	12,606,869
Academic support	398,712	0	0	0	1,148,983
Student services	1,435,292	0	0	0	2,501,729
Public service	250,144	0	0	0	734,232
Organized research	0	0	0	0	0
Auxiliary services	379,510	0	0	0	1,363,046
Operations and maintenance	636,505	0	0	603,127	3,276,779
Institutional support	2,946,136	5,168	49,075	539,564	9,619,853
Scholarships, grants, waivers	3,295,371	0	0	0	3,598,094
Total expenditures	14,650,524	5,168	49,075	1,142,691	34,849,585
Other financing sources					
Net transfers	13,424	(37,886)	0	0	0
Fund balance, June 30, 2021	\$1,392,748	\$10,338,287	\$861	\$363,135	\$24,500,146

Highland Community College District #519

Summary of Capital Assets and Long-Term Debt

Uniform Financial Statement #2

Fiscal Year ended June 30, 2021

	Capital Assets/ Long-Term Debt June 30, 2020	Additions	Deletions	Adjustments	Capital Assets/ Long-Term Debt June 30, 2021
Capital assets:					
Sites and improvements	\$3,947,205	\$2,952	\$0	\$0	\$3,950,157
Construction in process	0	0	0	0	0
Buildings, additions and improvements	29,290,283	1,128,804	0	0	30,419,087
Vehicles	599,781	0	0	0	599,781
Equipment and technology	4,578,731	1,294,927	0	0	5,873,658
Total capital assets	38,416,000	2,426,683	0	0	40,842,683
Accumulated depreciation	20,200,778	1,237,867	0	0	21,438,645
Net capital assets	\$18,215,222	\$1,188,816	\$0	\$0	\$19,404,038
Long-Term Debt:					
Bonds payable	\$7,455,000	\$0	\$1,445,000	\$0	\$6,010,000
Accrued compensated absences	195,410	178,035	221,314	0	152,131
Capital lease payable	236,989	0	41,786	0	195,203
Unamortized premium on bonds	655,108	0	267,649	0	387,459
OPEB CIP liability	9,131,131	265,810	0	0	9,396,941
Total long-term debt	\$17,673,638	\$443,845	\$1,975,749	\$0	\$16,141,734

Highland Community College District #519

Operating Funds Revenues and Expenditures

Uniform Financial Statement #3

Fiscal Year ended June 30, 2021

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local Government Revenue			
Local taxes	\$5,196,437	\$1,391,904	\$6,588,341
CPPRT	600,593	0	600,593
Total local government	5,797,030	1,391,904	7,188,934
State government			
ICCB base operating grant	1,064,071	187,777	1,251,848
ICCB equalization grants	50,000	0	50,000
ICCB - Career and Technical Education	131,003	0	131,003
Other ICCB grants not listed above	0	0	0
Other State not listed above	0	0	0
Total state government	1,245,074	187,777	1,432,851
Federal government			
Department of Education	52,344	0	52,344
Other	0	0	0
Total federal government	52,344	0	52,344
Student tuition and fees			
Tuition	4,059,855	0	4,059,855
Fees	600,829	0	600,829
Total tuition and fees	4,660,684	0	4,660,684
Other sources			
Sales and service fees	20,928	0	20,928
Facilities revenue	6,385	89,859	96,244
Investment revenue	3,732	0	3,732
Non-governmental grants	488,454	0	488,454
Other	74,574	19,460	94,034
Total other sources	594,073	109,319	703,392
Total revenue	\$12,349,205	\$1,689,000	\$14,038,205

Highland Community College District #519

Operating Funds Revenues and Expenditures

Uniform Financial Statement #3

Fiscal Year ended June 30, 2021

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenses:			
By program:			
Instruction	\$7,298,015	\$0	\$7,298,015
Academic support	750,271	0	750,271
Student services	1,066,437	0	1,066,437
Public service	476,657	0	476,657
Operations and Maintenance	0	1,342,685	1,342,685
Institutional support	2,545,858	0	2,545,858
Scholarships, grants, waivers	284,002	0	284,002
Total expenditures	12,421,240	1,342,685	13,763,925
Less non-operating items*:			
Tuition chargeback	0	0	0
Transfers to non-operating funds	(40,538)	(40,000)	(80,538)
Adjusted expenditures	\$12,461,778	\$1,382,685	\$13,844,463
By object:			
Salaries	\$8,578,373	\$550,379	\$9,128,752
Employee benefits	2,052,027	178,093	2,230,120
Contractual services	696,522	75,992	772,514
General materials and supplies	552,947	133,608	686,555
Travel, conference and meeting expenses	54,266	384	54,650
Fixed charges	71,819	0	71,819
Utilities	18,336	603,126	621,462
Capital outlay	40,334	1,968	42,302
Other	356,616	(200,865)	155,751
Total expenditures	12,421,240	1,342,685	13,763,925
Less non-operating items*:			
Tuition chargeback	0	0	0
Transfers to non-operating funds	(40,538)	(40,000)	(80,538)
Adjusted expenditures	\$12,461,778	\$1,382,685	\$13,844,463

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

Highland Community College District #519

Restricted Purposes Fund - Revenues and Expenditures

Uniform Financial Statement #4

Fiscal Year ended June 30, 2021

Revenues by source:

State Government	
ICCB - Adult Education	(\$8,106)
ICCB - other	155,131
On-Behalf CIP	216,669
On-Behalf SURS	8,059,670
Other	129,101

Total state government	8,552,465
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Federal government:

Department of Education	4,223,169
Other	55,340

Total federal government	4,278,509
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Other sources:

Tuition and fees	591,177
Other	991,610

Total other sources	1,582,787
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Total restricted purposes fund revenues	\$14,413,761
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Highland Community College District #519

Restricted Purposes Fund - Revenues and Expenditures (Continued)

Uniform Financial Statement #4

Fiscal Year ended June 30, 2021

Expenditures by Program:

Instruction	\$5,308,854
Academic support	398,712
Student services	1,435,292
Public service/continuing education	250,144
Organized research	0
Auxiliary services	379,510
Operations and maintenance	636,505
Institutional support	2,946,136
Scholarships, grants and waivers	3,295,371

Total restricted purposes fund expenditures by program	\$14,650,524
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Expenditures by object:

Salaries	\$1,283,812
Employee benefits	8,760,584
Contractual services	760,616
General materials and supplies	173,376
Travel, conference and meeting expenses	47,001
Fixed charges	23,546
Utilities	4,152
Capital outlay	204,203
Other	3,393,234

Total restricted purposes fund expenditures	\$14,650,524
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State Government Detail

** ICCB other

Perkins	\$149,846
Student Success Grant	5,285
Program improvement	0

Total state sources other	\$155,131
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*** State sources other

Secretary of state	\$67,700
RSVP Department of Aging	11,401
Growing AG Teachers Grant	50,000

Total state sources other	\$129,101
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Highland Community College District #519

Current Funds - Expenditures by Activity

Uniform Financial Statement #5

Fiscal Year ended June 30, 2021

Instruction:	
Instructional programs	7,298,015
Other	5,308,854
Total instruction	12,606,869
<hr/>	
Academic support:	
Library center	318,086
Instructional materials center	71,353
Educational media services	288,907
Academic computing support	71,925
Academic administration and planning	8,599
Other	390,113
Total academic support	1,148,983
<hr/>	
Student services support:	
Admissions and records	333,034
Counseling and career services	447,485
Financial aid administration	381,322
Other	1,339,888
Total student services support	2,501,729
<hr/>	
Public service/continuing education:	
Community education	104,763
Customized training (instructional)	0
Community services	478,044
Other	151,425
Total public service/continuing education	734,232
<hr/>	
Auxiliary services	1,363,046
<hr/>	
Operations and maintenance of plant:	
Maintenance	44,436
Custodial services	464,415
Grounds	106,965
Campus security	603,127
Transportation	21,262
Utilities	601,664
Administration	103,943
Other	636,505
Total operations and maintenance of plant	2,582,317

Highland Community College District #519

Current Funds - Expenditures by Activity
Uniform Financial Statement #5 (continued)
Fiscal Year ended June 30, 2021

Institutional support	
Executive management	356,365
Fiscal operations	873,113
Community relations	349,273
Administrative support services	383,975
Board of trustees	235,494
General institutions	0
Institutional research	169,897
Administrative data processing	1,066,569
Other	2,645,947
Total institutional support	6,080,633
<hr/>	
Scholarships, Student Grants & Waivers	3,598,094
<hr/>	
Total current funds expenditures	\$30,615,903

* 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

All fiscal year 2021 noncapital audited operating expenditures from the following funds:

1	Education Fund	12,384,492
2	Operations and Maintenance Fund	1,340,892
3	Public Building Commission Operation and Maintenance Fund	0
4	Bond and Interest Fund	950
5	Public Building Commission Rental Fund	0
6	Restricted Purposes Fund	14,464,483
7	Audit Fund	49,075
8	Liability, Protection, and Settlement Fund	1,142,691
9	Auxiliary Enterprises Fund (subsidy only)	<u>0</u>
10	Total noncapital expenditures (sum of lines 1-9)	<u>\$29,382,583</u>
11	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$1,385,097</u>
12	Total costs included (line 10 plus line 11)	<u>\$30,767,680</u>
13	Total certified semester credit hours for FY 2021	<u>28,422</u>
14	Per capita cost (line 12 divided by line 13)	\$1,082.53
15	All FY 2021 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>\$6,057,602</u>
16	FY 2021 state and federal grants per semester credit hour (line 15 divided by line 13)	213.13
17	District's average ICCB grant rate (excluding equalization grants) for FY 2022	<u>38.42</u>
18	District's student tuition and fee rate per semester credit hour for FY 2022	<u>146.00</u>
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)	<u>\$684.98</u>

Approved: 
President

3/1/2022
Date

Approved: 
Chief Financial Officer

3/1/2022
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 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, 2021, and the statement of revenues, expenditures, and changes in fund balance for the year ended June 30, 2021, 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, 2021, 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 discussed in Note 1, the 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 of Highland Community College District #519 as of June 30, 2021, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. 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.

Wipfli LLP

Sterling, Illinois
March 1, 2022

Highland Community College District #519

State Adult Education and Family Literacy Grants

Balance Sheet

June 30, 2021

ASSETS	State Basic	Public Assistance	Performance	Total
Cash	\$7,391	\$104	\$0	\$7,495
Accounts receivable	0	0	0	0
Total assets	\$7,391	\$104	\$0	\$7,495

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$3,304	\$0	\$0	\$3,304
Cash overdraft	0	0	0	0
Accrued expenses	4,087	0	0	4,087
Deferred revenue	0	104	0	104
Total liabilities	7,391	104	0	7,495
Fund balance	0	0	0	0
Total liabilities and fund balances	\$7,391	\$104	\$0	\$7,495

Highland Community College District #519

State Adult Education and Family Literacy Grants

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the year ended June 30, 2021

	Actual			Total
	State Basic	Public Assistance	Performance	
Revenue -				
State sources	\$115,375	\$0	\$26,365	\$141,740
Expenditures:				
Instruction	53,325	0	0	53,325
Social work services	7,722	0	0	7,722
Student transportation services	0	0	0	0
Literacy Services	18,965	0	0	18,965
Guidance services	10,944	0	0	10,944
Assessment & Testing	684	0	1,100	1,784
Child Care Services	0	0	0	0
Improvement of instructional services	0	0	500	500
General administration	8,735	0	7,575	16,310
Operation & maintenance of plant services	0	0	0	0
Workforce coordination	0	0	0	0
Data & information services	15,000	0	17,190	32,190
Total expenditures	115,375	0	26,365	141,740
Excess of revenue over (under) expenditures	0	0	0	0
Transfers from (to) other funds	0	0	0	0
Excess of revenue over (under) expenditures and transfers	0	0	0	0
Fund balance, beginning	0	0	0	0
Fund balance, ending	0	0	0	0

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, 2021

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$53,325	46.22%
General Administration (20% maximum allowed)	\$8,735	7.57%

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

Highland Community College District #519

Notes to ICCB State Grant Financial Statements

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, 2021. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2021 are recorded as encumbrances.

c. Fixed Assets

Fixed asset purchases are recorded as a capital outlay and are not capitalized. However, for the Statement of Net Position for the District as a whole, capital assets are 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

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

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, 2020 through June 30, 2021. 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.

Wipfli LLP

Sterling, Illinois
March 1, 2022

Highland Community College District #519

Schedule of Enrollment Data and Other Bases
 Upon Which Claims are Filed (Continued)
 For the year ended June 30, 2021

Credit Hour Categories	Total Reimbursable Semester Credit Hours by Term							
	Summer Term		Fall Term		Spring Term		Total All Terms	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	1,703.0	4.0	8,583.5	0.0	7,886.5	8.0	18,173.0	12.0
Business Occupational	55.0	0.0	504.0	0.0	655.0	0.0	1,214.0	0.0
Technical Occupational	87.0	0.0	1,207.0	0.0	2,178.0	0.0	3,472.0	0.0
Health Occupational	400.0	0.0	1,316.0	0.0	1,962.0	0.0	3,678.0	0.0
Remedial/Developmental	113.0	26.0	699.0	38.0	446.0	38.0	1,258.0	102.0
Adult Education	0.0	0.0	0.0	228.5	0.0	284.5	0.0	513.0
	2,358.0	30.0	12,309.5	266.5	13,127.5	330.5	27,795.0	627.0
	In-District (All Terms)		Dual Credit (All Terms)		Dual Enrollment (All Terms)			
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours		
Reimbursable Credit Hours:	22,723.0	572.5	3,926.0	0.0	542.0	0.0		
Credit hours on chargeback or contractual agreement			353.5					
District equalized assessed valuation			\$1,888,378,143					

Credit Hour Categories	Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
	Correctional Hours	Correctional Hours	Correctional Hours	Correctional Hours
Baccalaureate	0.0	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0	0.0
Technical Occupational	0.0	0.0	0.0	0.0
Health Occupational	0.0	0.0	0.0	0.0
Remedial/Developmental	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0

Signature: Chris Kuberok
 President

Signature: Jill Jansen
 Chief Financial Officer

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

Highland Community College District #519

Schedule of Enrollment Data and Other Bases
 Upon Which Claims are Filed (Continued)
 For the year ended June 30, 2021

<u>Credit Hour Categories</u>	Total Reimbursable Semester Credit Hours					
	Unrestricted			Restricted		
	Total Reported in Audit Hours	Total Certified to ICCB Hours	Difference	Total Reported in Audit Hours	Total Certified to ICCB Hours	Difference
Baccalaureate	18,173.0	18,173.0	0.0	12.0	12.0	0.0
Business Occupational	1,214.0	1,214.0	0.0	0.0	0.0	0.0
Technical Occupational	3,472.0	3,472.0	0.0	0.0	0.0	0.0
Health Occupational	3,678.0	3,678.0	0.0	0.0	0.0	0.0
Remedial/Developmental	1,258.0	1,258.0	0.0	102.0	102.0	0.0
Adult Education	0.0	0.0	0.0	513.0	513.0	0.0
Total:	27,795.0	27,795.0	0.0	627.0	627.0	0.0

<u>Credit Hour Categories</u>	Unrestricted			Restricted		
	Total Reported in Audit Hours	Total Certified to ICCB Hours	Difference	Total Reported in Audit Hours	Total Certified to ICCB Hours	Difference
	In-District Credit Hours:	22,723.0	22,723.0	0.0	572.5	572.5
Dual Credit Hours:	3,926.0	3,926.0	0.0	0.0	0.0	0.0
Dual Enrollment Hours:	542.0	542.0	0.0	0.0	0.0	0.0

<u>Credit Hour Categories</u>	Total Correctional Semester Credit Hours					
	Unrestricted			Restricted		
	Total Reported in Audit Hours	Total Certified to ICCB Hours	Difference	Total Reported in Audit Hours	Total Certified to ICCB Hours	Difference
Baccalaureate	0	0	0	0	0	0
Business Occupational	0	0	0	0	0	0
Technical Occupational	0	0	0	0	0	0
Health Occupational	0	0	0	0	0	0
Remedial/Developmental	0	0	0	0	0	0
Adult Education	0	0	0	0	0	0
Total:	0	0	0	0	0	0

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

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, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 1, 2022. The financial statements of Highland Community College Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Highland Community College Foundation.

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.

Wipfli LLP

Sterling, Illinois
March 1, 2022

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, 2021. 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, 2021.

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 compliance 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, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Sterling, Illinois
March 1, 2022

Highland Community College District #519

Schedule of Expenditure of Federal Awards

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Treasury:				
Pass-through Illinois Community College Board:				
Coronavirus Relief Fund:				
ICCB/IDHS CURES Act for Adult Education	21.019	CURES15	\$24,846	\$0
U.S. Department of Education:				
Direct award:				
Student Financial Assistance Cluster:				
Supplemental Education Opportunity Grant (m)	84.007	P007A201164	\$48,983	\$0
Federal Work Study Program (m)	84.033	P033A201164	79,231	0
Pell Grant Program (m)	84.063	P063P201346	2,040,698	0
Pell Grant Program Administrative Allowance (m)	84.063	P063Q201346	2,905	0
Federal Direct Student Loans (m)	84.268	P268K211346	533,207	0
Total Student Financial Assistance cluster			2,705,024	0
Direct award:				
TRIO Cluster:				
Title IV Grant 2020 Student Support Services	84.042A	P042A151100	54,588	0
Title IV Grant 2021, Student Support Services	84.042A	P042A200286	262,859	0
Title IV Grant 2020, Upward Bound	84.047	P047A171375	68,706	0
Title IV Grant 2021, Upward Bound	84.047	P047A171375	145,998	0
Total TRIO Cluster			532,151	0
COVID-19 - Education Stabilization Fund:				
Direct award:				
COVID-19 - Higher Education Emergency Relief Fund - Student (m)	84.425E	P425E202685	578,725	0
COVID-19 - Higher Education Emergency Relief Fund - Institutional (m)	84.425F	P425F200196	2,459,337	0
COVID-19 - Higher Education Emergency Relief Fund - Strengthening Institutions (m)	84.425M	P425M00193	137,857	0
Pass-through Illinois Community College Board:				
COVID-19 - Governor's Emergency Education Relief Fund (m)	84.425C	GEER-519	151,624	0
Total COVID-19 - Education Stabilization Fund			3,327,543	0
Direct award:				
Child Care Access Means Parents in School				
C Campis Program	84.335A	P335A190336	8,599	0
Pass-through Illinois Community College Board:				
Career and Technical Education - Basic Grants to States				
CTE Perkins Postsecondary	84.048A	CTE51916	149,846	0
Pass-through Illinois Community College Board:				
Adult Education - Basic Grants to States:				
Federal Adult Basic	84.002A	51901	82,300	0
Total U.S. Department of Education			\$6,830,309	\$0

(m) Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Highland Community College District #519

Schedule of Expenditure of Federal Awards (Continued)

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health & Human Services:				
Pass-through Illinois Community College Board:				
Retired Senior Volunteer Program (RSVP)	94.002	19SRNIL009	\$55,340	\$0
Total activity of federal awards			\$6,885,649	\$0

(m) Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Highland Community College District #519

Notes to Schedule of Expenditure of Federal Awards

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Highland Community College District #519 (the District) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Government, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 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 District does not make the loan as this is done directly with the students by the lenders. The District 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, 2021, 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, 2021.

Note 6 Indirect Cost Rate

The District has not elected to use the 10% de minimus indirect cost rate during the year ending June 30, 2021.

Highland Community College District #519

Schedule of Findings and Questioned Costs

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
84.007, 84.033, 84.063, 84.268	Student Financial Assistance
84.425C, 84.425E, 84.425F, 84.425M	COVID-19 - Education Stabilization Fund

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

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

A. Significant Deficiencies in Internal Control

None

B. Compliance Findings

None

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Administering Federal Awards

None

B. Compliance Findings

None

Highland Community College District #519

Summary Schedule of Prior Year Audit Findings

June 30, 2020

Section II Financial Statement Finding

None

Section 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.
This finding has been resolved for fiscal year 2021.

June 30, 2019

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None

Highland Community College District #519

Auditor's Information

Sterling, Illinois

Lead Auditor: Matthew J. Schueler
Wipfli LLP

Tel. No.: (815) 626-1277

The audit was performed between May 11, 2021 and March 1, 2022 at the institution's facilities as follows:

<u>Location</u>	<u>Description of Facility (Admin. of SFA offices, main campuses, etc.)</u>	<u>Dates Visited</u>
Freeport, Illinois	Main Campus	May 11, 2021 - March 1, 2022

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.