

Highland Community College

District #519

Freeport, Illinois

Financial Report

Year Ended June 30, 2022



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Highland Community College District #519

Year Ended June 30, 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Highland Community College – Community College District #519 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 – Community College District #519, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Highland Community College Foundation, a discretely presented nonprofit component unit of the District, which represents 100% of the assets, net assets, and revenues of the discretely presented component unit as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for Highland Community College Foundation is based solely on the report of the other auditors.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Highland Community College Foundation were not audited in accordance with Government Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, schedule of share of net pension liability, schedule of pension contributions, schedule 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have

generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental financial information section as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the other financial information section as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 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
November 18, 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, 2022. 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, 2022 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, 2022 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>2022</u>	<u>2021</u>
Assets:		
Current Assets	\$35,037,725	\$33,371,914
Non-current Assets:		
Capital (Fixed) assets	<u>20,608,907</u>	<u>19,404,038</u>
Total assets	<u>\$55,646,632</u>	<u>\$52,775,952</u>
Total deferred outflows of resources	<u>\$ 1,170,845</u>	<u>\$ 1,150,460</u>
Liabilities:		
Current Liabilities,	\$ 4,858,801	\$ 4,557,609
Non-current Liabilities	<u>12,481,802</u>	<u>14,300,219</u>
Total liabilities	<u>\$17,340,603</u>	<u>\$18,857,828</u>
Total deferred inflows of resources	<u>\$ 8,538,091</u>	<u>\$ 8,724,596</u>
Net Position:		
Net investment in capital assets	\$15,743,662	\$13,198,835
Restricted, expendable:		
Capital projects	3,640,802	4,725,093
Debt service	870,055	816,153
Working cash	10,338,287	10,338,287
Other	2,747,689	1,392,748
Unrestricted	<u>(2,401,712)</u>	<u>(4,127,128)</u>
Total net position	<u>\$30,938,783</u>	<u>\$26,343,988</u>

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 2.7 times, an indicator of good liquidity.

The District's largest asset group is its capital assets. This includes land and land improvements, buildings, vehicles, equipment, and technology. Capital projects completed in fiscal year 2022 include the theater rigging and lighting, biology lab renovation, and restroom renovations. The majority of projects begun in fiscal year 2022 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 and contracts 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>2022</u>	<u>2021</u>
Total operating revenues	\$ 6,129,322	\$ 5,898,791
Total operating expenses	<u>30,263,991</u>	<u>30,588,244</u>
Operating loss	(24,134,669)	(24,689,453)
Nonoperating revenues (expenses)	<u>28,729,464</u>	<u>28,372,474</u>
Change in net position	4,594,795	3,683,021
Net position, beginning of year, as restated	<u>26,343,988</u>	<u>22,660,967</u>
Net position, end of year	<u>\$30,938,783</u>	<u>\$26,343,988</u>

Highland Community College District #519

Management Discussion and Analysis

Condensed Financial Information (Continued)

Sources of operating revenues for the District include: tuition and fees, \$4,765,704, auxiliary enterprises revenue, \$546,231, and other revenues, \$817,387. Nonoperating revenues and operating expenses include a State Universities Retirement System of Illinois (SURS) contribution provided by the State in the amount of \$5,597,496 and CIP of (\$27,660).

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, \$1,837,522, property and replacement taxes, \$12,179,855, and federal grants and contracts, \$7,560,249. The increase in net position for fiscal year 2022 is \$4,594,795.

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>2022</u>	<u>2021</u>
Instruction	\$ 11,075,468	\$ 12,584,661
Academic support	997,403	1,156,962
Student services	2,660,656	2,518,983
Public services	1,000,075	737,370
Auxiliary enterprises	1,386,011	1,359,486
Operations and maintenance of plant	2,490,135	2,655,963
Institutional support	5,380,815	6,113,267
Scholarships, grants, waivers	3,969,328	2,223,695
Depreciation	<u>1,304,100</u>	<u>1,237,857</u>
Total operating expenses	<u>\$30,263,991</u>	<u>\$30,588,244</u>
Interest expense and other	<u>\$81,829</u>	<u>\$57,600</u>

The main factor contributing to the change in the District's operating revenues in fiscal year is the increase in student tuition and fees.

Changes in operating expenses from 2021 to 2022 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 1% from 2021 to 2022.

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 \$4,594,795. 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 \$1,752,147. The variance in results of \$2,842,648 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, 2022, of key importance is the fund balance in the Operating Funds, which increased by \$1,037,278 from June 30, 2021 to June 30, 2022. This increase results in a fund balance amount of \$6,771,615, which is approximately 47% of the 2022 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, 2022, the District invested \$2,533,589 in capital assets. This includes \$1,879,609 for buildings and improvements, and \$653,980 expended for equipment, technology, and vehicles. Capital projects were funded by a combination of restricted real estate tax revenue, operating funds, foundation gifts and bond proceeds.

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 2023.

Local tax revenue in the Operating Funds increased by 13% for fiscal year 2022. The District experienced a 5% increase in equalized assessed valuation (EAV) from tax year 2020 to 2021. In addition, Corporate Personal Property Replacement Tax outperformed expectations on a statewide level. A recessionary impact is expected to be seen in 2023, with Corporate Personal Property Replacement Taxes decreasing to more normal levels. For fiscal year 2023, the District has estimated a 5% increase in EAV due to the economic conditions of the District. Each percentage point in EAV is the equivalent of about \$35,000 in property tax revenue in the Operating funds.

Management anticipates a decrease in tuition revenue in fiscal year 2023 based on estimated enrollment for the 2022-2023 academic year.

State of Illinois appropriations for the District for fiscal year 2023 are about the same as the fiscal year 2022 State funding. Overall, Operating funds revenue is expected to increase by \$266,666, 1.8%, from fiscal year 2022 actual levels to fiscal year 2023.

For fiscal year 2023, the Operating funds budget is balanced. The District is budgeted to maintain an Operating funds ending fund balance that is within recommended guidelines of a minimum of 5% to 20% of expenditures. The majority of the Operating funds budget for fiscal year 2023 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 2013-2027 Strategic Plan. Themes identified in the plan include an exceptional student experience, academic innovation and quality, exceptional employee experience, and creating a bold future. The fiscal year 2023 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, 2022

ASSETS	Primary Government	Component Unit
		Highland Community College Foundation
Current assets:		
Cash and investments	\$22,428,309	\$24,346,988
Beneficial interest in perpetual trust	0	453,598
Receivables:		
Taxes	9,822,392	0
Related party	0	0
Other, net of \$1,645,305 allowance for doubtful accounts	2,428,206	2,287,345
Inventories	224,489	0
Prepaid expense	134,329	0
Total current assets	35,037,725	27,087,931
Non-current assets:		
Capital assets, not being depreciated	642,247	0
Capital assets, being depreciated	42,151,569	79,143
Less accumulated depreciation	(22,184,909)	(77,201)
Total non-current assets	20,608,907	1,942
Total assets	55,646,632	27,089,873
DEFERRED OUTFLOWS OF RESOURCES		
SURS pension contribution	58,716	0
Other postemployment benefits - CIP	1,112,129	0
Total deferred outflows of resources	1,170,845	0
Total assets and deferred outflows of resources	\$56,817,477	\$27,089,873

See Accompanying Notes to Financial Statements.

Highland Community College District #519

Statement of Net Position/Net Assets (Continued)

June 30, 2022

LIABILITIES	Primary Government	Component Unit Highland Community College Foundation
Current liabilities:		
Accounts payable	\$688,143	\$0
Accounts payable, related party	0	8,739
Accrued salaries	2,025	0
Accrued expenses	544,657	176,359
Unearned tuition revenue	1,819,169	0
Accrued compensated absences	130,430	0
Contracts payable	49,320	0
Bonds payable, including unamortized premium	1,625,057	0
Total current liabilities	4,858,801	185,098
Non-current liabilities:		
Accrued compensated absences	43,476	0
Contracts payable	100,543	0
Bonds payable, including unamortized premium	3,090,325	0
Net OPEB liability - CIP	9,247,458	0
Total non-current liabilities	12,481,802	0
Total liabilities	17,340,603	185,098
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	5,559,687	0
Deferred grant revenue	34	0
Other postemployment benefits - CIP	2,978,370	0
Total deferred inflows of resources	8,538,091	0
NET POSITION/NET ASSETS		
Net investment in capital assets	15,743,662	0
Restricted, expendable:		
Capital projects	3,640,802	0
Debt service	870,055	0
Working cash	10,338,287	0
Other	2,747,689	0
Without donor restrictions net assets	0	3,345,869
Without donor restrictions - Board designated	0	8,953,030
With donor restrictions net assets	0	14,605,876
Unrestricted	(2,401,712)	0
Total net position/net assets	\$30,938,783	\$26,904,775

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, 2022

	Primary Government	Component Unit Highland Community College Foundation
Revenues:		
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$1,374,399	\$4,765,704	\$0
Auxiliary enterprises revenue	546,231	0
Other operating revenues	817,387	2,901,331
Total operating revenues	6,129,322	2,901,331
Expenses:		
Operating expenses:		
Instruction	11,075,468	0
Academic support	997,403	0
Student services	2,660,656	0
Public services	1,000,075	0
Auxiliary enterprises	1,386,011	0
Operations and maintenance of plant	2,490,135	0
Institutional support	5,380,815	591,225
Scholarships, student grants, and waivers	3,969,328	1,947,953
Depreciation	1,304,100	0
Total operating expenses	30,263,991	2,539,178
Operating income (loss)	(24,134,669)	362,153
Non-operating revenues (expenses):		
State sources	1,837,522	0
SURS and CIP contribution provided by state	5,569,836	0
Property and replacement taxes	12,179,855	0
Federal grants and contracts	7,560,249	0
Other revenue	1,616,278	0
Investment income earned	72,173	(3,484,843)
Loss on disposal of assets	(24,620)	0
Interest expense and other	(81,829)	0
Total non-operating revenues	28,729,464	(3,484,843)
Change in net position/net assets	4,594,795	(3,122,690)
Net position/net assets, beginning of year	26,343,988	30,027,465
Net position/net assets, end of year	\$30,938,783	\$26,904,775

See Accompanying Notes to Financial Statements.

Highland Community College District #519

Statement of Cash Flows

For the year ended June 30, 2022

	Primary Government
Cash Flows from Operating Activities	
Tuition and fees	\$5,531,408
Payments to/for:	
Employees	(11,142,072)
Suppliers	(7,834,493)
Students for scholarships	(4,704,387)
Auxiliary enterprises	505,060
Other operating revenue	767,593
<hr/>	
Net cash provided by (used in) operations	(16,876,891)
<hr/>	
Cash Flows from Noncapital Financing Activities	
Proceeds from property taxes	10,432,688
Proceeds from grants	12,573,113
<hr/>	
Net cash provided by (used in) noncapital financing activities	23,005,801
<hr/>	
Cash Flows from Capital Financing Activities	
Purchases of capital assets and construction	(2,533,589)
Principal paid on capital debt	(1,545,340)
Interest and other paid on capital debt	(263,906)
<hr/>	
Net cash provided by (used for) capital financing activities	(4,342,835)
<hr/>	
Cash Flows from Investing Activities	
Maturity of investments	1,303,274
Purchase of investments	(2,867,128)
Interest and earnings on investments	72,173
<hr/>	
Net cash provided by (used for) investing activities	(1,491,681)
<hr/>	
Net increase (decrease) in cash and cash equivalents	294,394
<hr/>	
Beginning cash and cash equivalents	4,993,771
<hr/>	
Ending cash and cash equivalents	\$5,288,165
<hr/>	
Noncash, Capital and Related Financing Activities:	
SURS and CIP contribution paid by state	\$5,569,836
<hr/>	
Reconciliation of cash	
Cash and cash equivalents	\$5,288,165
Investments	17,140,144
<hr/>	
	\$22,428,309
<hr/>	

See Accompanying Notes to Financial Statements.

Highland Community College District #519

Statement of Cash Flows (Continued)

For the year ended June 30, 2022

**Primary
Government**

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

Operating income (loss)	(\$24,134,669)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,304,100
On-behalf payments for SURS and CIP	5,569,836
Changes in net assets:	
Inventories (incr)decr	67,348
Prepaid expenses (incr)decr	(114,409)
Receivables (incr)decr	18,098
Deferred outflows of resources (incr)decr	(20,385)
Accounts payable incr(decr)	450,565
Accrued liabilities incr(decr)	(34,247)
Accrued compensated absences incr(decr)	21,775
OPEB liability	(149,483)
Deferred inflows of resources	222,998
Unearned tuition and fees incr(decr)	(78,418)
<hr/>	
Net cash provided (used) by operating activities	(\$16,876,891)

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 #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 (Foundation).

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

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

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

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Budgets

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

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

Investments

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

Highland Community College District #519

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Investments (continued)

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, 2022.

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 2020 and 2021 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 farmland and 1-1/2% for all others.

Following are the tax rates for the last three years, and the statutory maximum tax rates. The 2021 rate is for tax levy payable in calendar year 2022, per \$100 of assessed valuation.

	Statutory Maximum Rate	2019 Rate	2020 Rate	2021 Rate
Education Fund*	\$.1750	\$.2800	\$.2800	\$.2800
Operations and Maintenance Fund	.0750	.0750	.0750	.0750
Average Additional	.2100	.0000	.0000	.0000
Liability Insurance	None	.0579	.0555	.0554
Audit Fund	.0050	.0024	.0024	.0026
Protection, Health, & Safety	.0500	.0500	.0484	.0461
Social Security/Medicare Fund**	None	.0074	.0074	.0061
Prior Year Adjustment	None	.0000	.0000	.0000
Bond and Interest Fund	None	.0973	.0949	.0913
Total		\$.5700	\$.5636	\$.5565

* 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, 2022, 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, 2022, 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, 2022, the District recorded a vacation liability of \$132,941. The District considers 75% 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, 2022, the District recorded a sick pay liability of \$40,965. The District considers 75% this liability current and due within one year.

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 fiduciary net position of the State Universities Retirement System (SURS) and additions to/deductions from SURS fiduciary 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 financial reporting purposes, the State of Illinois (State) and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the College) and the non-employer entity (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The College recognizes its proportionate share of the State's pension expense relative to the College's employees as non-operating revenue and pension expense, with the expense further allocated to the related function by employees.

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 capital assets of the District for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Retirements	Adjustments	Balance June 30, 2022
Land (non-depreciable)	\$110,000	\$0	\$0	\$0	\$110,000
Land improvements	3,840,157	0	0	0	3,840,157
Buildings	30,419,087	1,347,362	0	0	31,766,449
Construction in Progress (non-depreciable)	0	532,247	0	0	532,247
Vehicles	599,781	45,718	63,901	0	581,598
Equipment & Technology	5,873,658	608,262	518,555	0	5,963,365
	\$40,842,683	\$ 2,533,589	\$ 582,456	\$0	\$ 42,793,816

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

	Balance July 1, 2021	Additions	Retirements	Adjustments	Balance June 30, 2022
Land improvements	\$3,338,435	\$ 95,819	\$0	\$0	\$ 3,434,254
Buildings	13,371,453	626,846	0	0	13,998,299
Vehicles	426,591	35,036	63,901	0	397,726
Equipment & technology	4,302,166	546,399	493,935	0	4,354,630
Total	\$21,438,645	\$ 1,304,100	\$ 557,836	\$0	\$ 22,184,909

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 2022, the state made contributions of \$5,597,496 (see Note 5) relating to the pension plan. In fiscal year 2022, the state made negative contributions of (\$27,660) (see Note 7) relating to the OPEB plan.

Highland Community College District #519

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans

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

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 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 reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2021, can be found in SURS Annual Comprehensive 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 within SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2021 and fiscal year 2022, respectively, was 12.70% and 12.32% 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 Defined Benefit Pension Plans (Continued)

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

Net Pension Liability. The net pension liability (NPL) was measured as of June 30, 2021. At June 30, 2021, SURS reported a NPL of \$28,528,477,079.

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 \$68,171,078 or 0.2390%. The District's proportionate share changed by 0.0000% from 0.2390% since the last measurement date on June 30, 2020. This amount is not recognized in the District's financial statements. The NPL and total pension liability as of June 30, 2021 was determined based on the June 30, 2020 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 defined benefit plan during fiscal year 2020.

Defined Benefit Pension Expense. At June 30, 2021, SURS defined benefit plan reported a collective net pension expense of \$2,342,460,058.

Employer Proportionate Share of Pension Expense. The employer proportionate share of collective defined benefit 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 defined benefit plan during fiscal year 2020. As a result, the District recognized revenue and defined benefit pension expense of \$5,597,496 from this special funding situation during the year ended June 30, 2022.

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	\$113,467,689	\$0
Changes in assumption	776,968,084	0
Net difference between projected and actual earnings on pension plan investments	0	2,283,514,660
	<u>\$890,435,773</u>	<u>\$2,283,514,660</u>

Highland Community College District #519

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (Continued)

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Defined Benefit 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
2022	\$34,095,491
2023	(197,005,703)
2024	(538,343,058)
2025	(691,825,577)
2026	0
Thereafter	0
Total	(\$1,393,078,887)

District's Deferral of Fiscal Year 2022 Contributions

The District paid \$58,716 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2022. These contributions were made subsequent to the pension liability measurement date of June 30, 2021 and are recognized as deferred outflows of resources as of June 30, 2022.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.75 percent, including inflation
Investment rate of return	6.50 percent beginning with the actuarial valuation as of June 30, 2021

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

Highland Community College District #519

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (Continued)

Assumptions and Other Inputs (continued)

The long-term expected rate of return on the defined benefit 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, 2021, these best estimates are summarized in the following table:

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long- Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	41.0%	6.30%
Stabilized Growth		
Credit Fixed Income	14.0%	1.82%
Core Real Assets	5.0%	3.92%
Options Strategies	6.0%	4.20%
Non-Traditional Growth		
Private Equity	7.5%	10.45%
Non-Core Real Assets	2.5%	8.83%
Inflation Sensitive		
U.S. TIPS	6.0%	(0.22%)
Principal Protection		
Core Fixed Income	8.0%	(0.81%)
Crisis Risk Offset		
Systematic Trend Following	3.5%	3.45%
Alternative Risk Premia	3.0%	2.30%
Long Duration	3.5%	0.91%
Total	100.0%	4.43%
Inflation		2.25%
Expected arithmetic return		6.68%

Discount Rate. A single discount rate of 6.12% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 1.92% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2021). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 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 Defined Benefit Pension Plans (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 6.12%, 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 5.12%	Current Single Discount Rate Assumption 6.12%	1% Increase 7.12%
\$35,000,704,353	\$28,528,477,079	\$23,155,085,730

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

Note 6 Defined Contribution Pension Plan

General Information about the Pension Plan

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

Benefits Provided. A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2021, can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

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

Highland Community College District #519

Notes to Financial Statements

Note 6 Defined Contribution Pension Plan (Continued)

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

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense

For the year ended June 30, 2021, the State's contributions to the RSP on behalf of individual employers totaled \$76,280,832. Of this amount, \$70,403,460 was funded via an appropriation from the State and \$5,877,372 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense

The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2021. The College's share of pensionable contributions was 0.1523%. As a result, the College recognized revenue and defined contribution pension expense of \$116,165 from this special funding situation during the year ended June 30, 2022, of which \$8,950 constituted forfeitures.

Note 7 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.

Highland Community College District #519

Notes to Financial Statements

Note 7 Other Postemployment Benefits (Continued)

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

Benefit Provisions. A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the CCHISF's financial statements of the Department may be obtained by accessing the website at www.auditor.illinois.gov/Audit-Reports/CMS-CCHISF.asp.

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, 2021. At June 30, 2021, CIP reported a net OPEB liability of \$1,735,532,864.

Employer Proportionate Share of Net OPEB Liability. The amount of the proportionate share of the net OPEB liability to be recognized for the District is \$9,247,458 or 0.5328%. This amount is recognized in the financial statement. The change in the District's proportionate net OPEB liability was an increase of 0.0173%. The proportionate share of the State's net OPEB liability associated with the District is \$9,247,458. The total proportionate share of the net OPEB liability associated with the District is \$18,494,916. The net OPEB liability and total OPEB liability as of June 30, 2021, was determined based on the June 30, 2020, 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 2021.

Highland Community College District #519

Notes to Financial Statements

Note 7 Other Postemployment Benefits (Continued)

OPEB Expense. At June 30, 2020, CIP reported a collective net OPEB income of (\$8,291,172).

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 2021. As a result, the College recognized on-behalf revenue and expense of (\$27,660) for the fiscal year ended June 30, 2022. Additionally, the District recognized OPEB expense of \$40,090 for the fiscal year ended June 30, 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Deferred outflows of resources are the consumption of net position by the OPEB plan that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by the OPEB plan 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	\$58,521	\$675,880
Changes in assumption	0	1,766,557
Net difference between projected and actual earnings on OPEB plan investments	0	266
Changes in proportion and differences between employer contributions and share of contributions	1,004,922	535,667
Total deferred amounts to be recognized in pension expense in future periods	\$1,063,443	\$2,978,370
OPEB contributions made subsequent to the measurement date	48,686	0
Total	\$1,112,129	\$2,978,370

Highland Community College District #519

Notes to Financial Statements

Note 7 Other Post-Employment Benefits (Continued)

The District reported \$48,686 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, 2022. 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>
2023	(\$319,155)
2024	(319,155)
2025	(319,155)
2026	(319,155)
Thereafter	(319,152)
<u>Total</u>	<u>(\$1,914,927)</u>

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, 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, for all plan years
Healthcare cost trend rates	Trend used fiscal year end 2022 based on actual premium increases. For fiscal years ending on and after 2023, trend starts at 8.00% for non-Medicare cost and post-Medicare costs, and gradually decreases to an ultimate trend of 4.25%.

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2018.

Highland Community College District #519

Notes to Financial Statements

Note 7 Other Post-Employment Benefits (Continued)

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 1.92% as of June 30, 2021, and 2.45% as of June 30, 2020. The decrease in the single discount rate from 2.45% to 1.92% caused the total OPEB liability to increase by approximately \$114.7 million from 2020 to 2021.

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 1.92%, 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 (2.92%) or lower (0.92%) than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2021 to the Single Discount Rate Assumption			
	1% Decrease (0.92%)	Current Single Discount Rate Assumption (1.92%)	1% Increase (2.92%)
Net OPEB liability	\$10,535,571	\$9,247,458	\$8,135,053

Highland Community College District #519

Notes to Financial Statements

Note 7 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 8.00% in 2020 decreasing to an ultimate trend rate 4.25% in 2038.

Sensitivity of Net OPEB Liability as of June 30, 2021 to the Healthcare Cost Trend Rate Assumption

	Healthcare Cost Trend		
	1% Decrease (a)	Rates Assumption	1% Increase (b)
Net OPEB liability	\$7,619,758	\$9,247,458	\$11,427,428

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2023 decreasing to an ultimate trend rate of 3.25% in 2038.
- (b) One percentage point increase in healthcare trend rates are 9.00% in 2023 decreasing to an ultimate trend rate of 5.25% in 2038.

Note 8 Deposits and Investments

Cash and investments as of June 30, 2022 consist of the following:

	Carrying Amount
Cash and cash equivalents	\$5,288,165
Marketable savings and money market	9,789,934
Marketable certificates of deposits	1,482,000
US Treasury securities	1,471,992
Local government investment pool	4,396,218
Total	\$22,428,309

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 \$5,288,165 and the bank balance was \$5,616,319. As of June 30, 2022 the county's bank balance was \$5,616,319 with \$934,010 not insured and collateralized with securities in the District's name.

Highland Community College District #519

Notes to Financial Statements

Note 8 Deposits and Investments (Continued)

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

Investments

As of June 30, 2022, the District's investments were as follows:

	Carrying Amount	Fair Value
Marketable savings and money market	\$9,789,934	\$9,789,934
Marketable certificates of deposits	1,482,000	1,482,000
US Treasury securities	1,471,992	1,471,992
Local government investment pool	4,396,218	4,396,218
Total investments	\$17,140,144	\$17,140,144

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 2022.

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	\$9,789,934	\$0	\$0	\$9,789,934
Marketable certificates of deposit	1,482,000	0	0	1,482,000
US Treasury securities	1,471,992	0	0	1,471,992
Local government investment pool	4,396,218	0	0	4,396,218
Total	\$17,140,144	\$0	\$0	\$17,140,144

Highland Community College District #519

Notes to Financial Statements

Note 8 Deposits and Investments (Continued)

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, 2022	AAAm	AA	Unrated
Marketable savings and money market	\$9,789,934	\$9,789,934	\$0	\$0
Marketable certificates of deposit	1,482,000	0	0	1,482,000
US Treasury securities	1,471,992	0	1,471,992	
Local government investment pool	4,396,218	4,396,218	0	0
Total	\$17,140,144	\$14,186,152	\$1,471,992	\$1,482,000

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, 2022 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 (local government investment pool) 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.

Highland Community College District #519

Notes to Financial Statements

Note 8 Deposits and Investments (Continued)

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.

Fair Value Measurement

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or inputs other than quoted prices that are observable for the asset or liability.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table presents the District's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2022:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Certificate of deposit	\$1,482,000	\$0	\$1,482,000	\$0
U.S. Treasury securities	1,471,992	0	1,471,992	0
Total investments	\$2,953,992	\$0	\$2,953,992	\$0

Highland Community College District #519

Notes to Financial Statements

Note 9 Changes in Long-term Debt

	Balance July 1, 2021	Issuances	Retirements	Balance June 30, 2022
2019 G.O. Bonds	\$1,685,000	\$0	\$245,000	\$1,440,000
2020 G.O. Bonds	4,325,000	0	1,255,000	3,070,000
Copier Contract Payable	40,830	0	18,085	22,745
Bus Contract Payable	154,373	0	27,255	127,118
Subtotal	6,205,203	0	1,545,340	4,659,863
Premium on bonds	387,459	0	182,077	205,382
Compensated absences	152,131	21,775	0	173,906
Total	\$6,744,793	\$21,775	\$1,727,417	\$5,039,151

	Due Within One Year
2019 G.O. Bonds	\$245,000
2020 G.O. Bonds	1,255,000
Copier Contract Payable	20,870
Bus Contract Payable	26,032
Premium on bonds	125,057
Compensated absences	130,430
Total due in one year	\$1,802,389

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 9 Changes in Long-term Debt (Continued)

At June 30, 2022, 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>
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>\$4,510,000</u>	<u>\$319,775</u>	<u>\$4,829,775</u>

The District entered into a contract payable 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 contract payable 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 \$236,017 (principal of \$204,820 and interest of \$31,197).

The following is an amortization schedule for these contracts payable:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$46,902	\$6,481	\$53,383
2024	31,467	3,793	35,260
2025	71,494	503	71,997
Total	<u>\$149,863</u>	<u>\$10,777</u>	<u>\$160,640</u>

A computation of the legal debt margin of the District as of June 30, 2022, is as follows:

Assessed valuation – 2020 tax levy	\$1,989,048,380
Debt limit – 2.875% of assessed valuation	57,185,141
Less applicable debt	<u>(4,659,863)</u>
Legal debt margin	<u>\$52,525,278</u>

Highland Community College District #519

Notes to Financial Statements

Note 10 Joint Venture

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 facility agreement 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 2022 totals \$227,564. As of June 30, 2022, the YMCA had paid \$255,537. The District has an accounts payable balance due of \$27,973 at year end.

As part of the agreement 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, 2022, the following amounts were available for the District's share of these expenditures:

Road and lot	\$93,198
Building maintenance	60,744
Accumulated interest	100,450
<hr/>	
Total	\$254,392
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Note 11 Related Party Transactions

Transactions between the District and Highland Community College Foundation, a related party, took place during the fiscal year. For the year ended June 30, 2022, \$2,289,971 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 12 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; and natural disasters. The District purchases commercial insurance to cover the various risks of loss. The commercial insurance policies contain deductibles which vary with the type of coverage and risk involved. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Potentially, the District could be assessed additional premiums for its share of any losses of the insurance pool. Historically, the District has not been assessed any additional premiums.

Note 13 Commitments and Contingencies

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

Note 14 Pending Accounting Pronouncements

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. The District has not determined the effect of this Statement.

GASB Statement No. 92, Omnibus 2021, 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, 2022. The District has not determined the effect of this Statement.

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, 2022. The District has not determined the effect of this Statement.

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. The District has not determined the effect of this Statement.

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. The District has not determined the effect of this Statement.

Highland Community College District #519

Notes to Financial Statements

Note 14 Pending Accounting Pronouncements (Continued)

GASB Statement No. 99, Omnibus 2022, improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and 2023. The District has not determined the effect of this Statement.

GASB Statement No. 100, Accounting Changes and Error Corrections, enhances accounting and financial reporting for accounting changes in error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The District has not determined the effect of this Statement.

GASB Statement No. 101, Compensated Absences, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The District has not determined the effect of this Statement.

Note 15 Component Unit

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

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

Summary of Significant Accounting Policies

Basis of Accounting: The Foundation follows the accrual basis of accounting, recognizing revenue when earned and recording expenses when the liability is incurred.

Contributions and other revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction.

Highland Community College District #519

Notes to Financial Statements

Note 15 Component Unit (Continued)

Fund Accounting: In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses.

Revenues are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Without donor restricted funds are assets that are not restricted by donor-imposed stipulations. They are presently available for use by the Foundation at the discretion of the Board of Directors. With donor restricted funds are imposed by a donor stipulation that permits the donor organization to use up or expend the donated assets as specified and is satisfied either by the passage of time or by actions of the organization or that requires resources be maintained in perpetuity but permits the organization to use up or expend part or all of the income derived from the donated assets.

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

Without Donor Restrictions

Undesignated – Net assets that are not subject to donor-imposed restrictions or Board imposed stipulations.

Designated – Net assets subject to stipulations imposed by the Board of Directors and determined to be unavailable for general use.

With Donor Restrictions

Net assets subject to donor 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: The Foundation defines cash accounts which are not subject to withdrawal restrictions or penalties as cash and cash accounts with an original maturity of three months or less as cash equivalents. The Organization maintains its cash and cash equivalents at financial institutions, which at times, may exceed federally insured limits. At June 30, 2022, the bank balances of the deposits exceeded FDIC limits by approximately \$343,800. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Highland Community College District #519

Notes to Financial Statements

Note 15 Component Unit (Continued)

Contributions Receivable: Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions pursuant to financial standards. Promises to give expected to be collected in future years are recorded as donations and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in donations revenue.

Investments: As of June 30, 2022, 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. Gains and losses on investments and other assets or liabilities are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the income was recognized. The realized and unrealized gain or loss on investments is reflected on the statement of activities within net investment return. Investment return is reported net of external and direct internal expenses.

Beneficial Interest in Assets Held by Community Foundation: The Foundation established a scholarship fund that is perpetual in nature under the Community Foundation of Northern Illinois (CFNIL) and is named as beneficiary. The Foundation granted variance power to the CFNIL, which allows the CFNIL to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CFNIL's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CFNIL for the Foundation's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Highland Community College District #519

Notes to Financial Statements

Note 15 Component Unit (Continued)

Donations Revenue: Donations, including contributions receivable, are considered conditional or unconditional, depending on the nature and existence of any donor conditions. A donation or contribution receivable contains a donor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor's obligation to transfer assets promised, if the condition is not met

Conditional donations are recognized when the barrier(s) to entitlement are overcome. Unconditional donations are recognized as revenue when pledged or received. There were no conditional contributions as of June 30, 2022.

Unconditional donations or conditional donations in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donations that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the donations are recognized.

Donated Services and Materials: Standards state that for donated services to be recognized in the financial statements, the services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. The Foundation also receives donated services generally in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses: Included on the statement of activities is 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 and cannot be directly identified (salaries and employee benefits) are allocated based on time and effort.

Highland Community College District #519

Notes to Financial Statements

Note 15 Component Unit (Continued)

Statement of Functional Expenses

	Program Services	Management & General	Fundraising	Cost of Direct Benefit To Donors	Total
Scholarships	\$318,531	\$0	\$10,150	0	\$328,681
College grant	1,619,272	0	0	0	1,619,272
Salaries	54,236	140,813	140,194	0	335,243
Employee benefits	10,161	18,063	16,934	0	45,158
Alumni	0	4,111	0	0	4,111
Annual events	0	3,816	0	0	3,816
Auto expense	0	444	594	0	1,038
Board/staff travel/training	0	2,308	0	0	2,308
Depreciation	0	4,803	0	0	4,803
Equipment	0	18,888	0	0	18,888
Insurance	0	7,029	103	0	7,132
Meals and entertainment	0	625	0	23,286	23,911
Marketing	0	5,711	13,313	0	19,024
Miscellaneous	47,296	730	3,010	0	51,036
Office supplies	0	1,110	3,878	0	4,988
Other contractual services	0	0	2,395	0	2,395
Professional fees	0	49,896	8,244	0	58,140
Real estate taxes	0	2,459	0	0	2,459
Rent	0	6,775	0	0	6,775
Total functional expenses	\$2,049,496	\$267,581	\$198,815	\$23,286	\$2,539,178

Income Taxes: The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation a charitable group not organized for profit. Accordingly, no provision for income tax expense is included in the accompanying financial statements.

Highland Community College District #519

Notes to Financial Statements

Note 15 Component Unit (Continued)

Liquidity and Availability

The Foundation's primary sources of support are contributions, fundraising and income from investments. 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 available financial assets as of June 30, 2022.

	<u>2022</u>
Cash and cash equivalents	\$ 658,466
Contributions receivable	2,287,345
Investments	23,688,522
Beneficial interest in assets held by Community Foundation (CFNIL)	<u>453,598</u>
Total financial assets and liquid resources	27,087,931
Less those unavailable for general expenditure:	
Board designation	(8,953,030)
Donor restrictions	<u>(14,605,876)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,529,025</u>

Contribution Receivable

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

The present value of contributions receivable is as follows as of June 30, 2022:

	<u>Unconditional Pledges Receivable</u>	<u>Beneficial Interests Receivable</u>	<u>Total Contribution Receivable</u>
Due in one year or less	\$ 1,313,157	\$ -	\$ 1,313,157
Due in one to five years	880,756	-	880,756
Due in more than five years	-	174,119	174,119
	<u>2,193,913</u>	<u>174,119</u>	<u>2,368,032</u>
Less allowance for uncollectible pledges	2,900	-	2,900
Less discount to present value at rates ranging from 1% to 5%	57,577	20,210	77,787
TOTAL CONTRIBUTION RECEIVABLE	<u>\$ 2,133,436</u>	<u>\$ 153,909</u>	<u>\$ 2,287,345</u>

Highland Community College District #519

Notes to Financial Statements

Note 15 Component Unit (Continued)

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.

Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Foundation to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using NAV has readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

The Foundation recognizes transfers between levels on the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the years ended June 30, 2022.

Valuation Techniques

Mutual Funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Equity Securities and Exchange Traded Funds (EFT): Valued at the closing quoted price in an active market.

Common Stock: Valued at the closing quoted price in an active market.

Land – Valued at the current appraised value, which is based on acres of property, comparable values, and expected cash flows.

Highland Community College District #519

Notes to Financial Statements

Note 15 Component Unit (Continued)

Interest in assets held by the Community Foundation of Northern Illinois (CFNIL): Valued at NAV per unit as reported by the Community Foundation. The Foundation considers the measurement of its beneficial interest in the Community Foundation to be a Level 3 measurement within the hierarchy because the Foundation will never receive those assets or have the ability to direct the trustee to redeem them.

Fair value measurements for investments were as follows on June 30:

	2022			Total
	Level 1	Level 2	Level 3	
Equities	\$ 2,815,193	\$ -	\$ -	\$ 2,815,193
Mutual funds	8,024,100	-	-	8,024,100
Exchange traded funds	2,360,946	-	-	2,360,946
Common stock	732,328	-	-	732,328
Land	-	-	670,000	670,000
Beneficial interest in funds at CFNIL	-	-	453,598	453,598
TOTAL ASSETS AT FAIR VALUE	\$ 13,932,567	\$ -	\$ 1,123,598	15,056,165
Money market and cash equivalent - at cost				871,707
Certificates of deposit - at cost				261,218
Commonfund - equity funds*				7,430,893
Commonfund - bond funds*				522,137
TOTAL INVESTMENTS				\$ 24,142,120

*Investments held at NAV

Unobservable (Level 3) Inputs

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:

	2022
Balance, beginning of year	\$ 513,270
Investment return, net	(39,876)
Distributions	(19,796)
BALANCE, ENDING	\$ 453,598

The change in the beneficial interest in funds held at CNFIL are included in a separate line on the statement if activities.

The land is also valued utilizing unobservable inputs. There was no change in the land value during the years ending June 30, 2022. The value of land was \$670,000 as of June 30, 2022.

Highland Community College District #519

Notes to Financial Statements

Note 15 Component Unit (Continued)

The Foundation uses net asset value (NAV) as a practical expedient to determine fair value of all underlying investments which (a) do not have a readily determinable fair value; and (b) are in investment companies or similar entities that report their investments assets at fair values.

The following table lists the alternative investments in which NAV was utilized as the practical expedient for estimating fair value by major category:

	<u>Fair Value</u> <u>June 30, 2022</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u>
Commonfund - equity funds (a)	\$ 7,430,893	*	5 business days
Commonfund - bond funds (b)	<u>522,137</u>	*	5 business days
Total	<u>\$ 7,953,030</u>		

*Daily, weekly, monthly, quarterly, or annual, depending on specific fund

The Foundation does not have any unfunded commitments related to the above investments as of June 30, 2022.

(a) Commonfund - Equity Mutual Funds

These funds offer an actively managed, multi-manager investment program that will provide broad exposure to global equity markets. The funds seeks to add value above the return of the U.S. equity market, as measured by the S&P 500 Index, net of fees and to provide competitive returns relative to the Russell U.S. Large Cap market. The risk characteristics will vary from those of the Index due to its diversified exposures to sectors outside of the index, including non-U.S. equity markets and the certain marketable alternative strategies.

(b) Commonfund - Bond Mutual Funds

These funds offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets. The funds seek to add value above the return of the broad U.S. bond market, as measured by the Barclay's Capital U.S. Aggregate Bond Index, net of fees and to provide competitive returns relative to the Russell U.S. Core Plus Fixed Income. The risk characteristics will vary from those of the Index due to its diversified exposures to sectors outside of the index, including below investment grade debt and international bond and currency markets.

Beneficial Interest in Assets Held by Community Foundation

The Foundation established the Highland Community College Foundation/Rubin Matching Scholarship Fund with Community Foundation of Northern Illinois (CFNIL) 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 funds to be held in perpetuity for supporting of Highland Community College Foundation. The Foundation cannot withdraw the original amount transferred or any appreciation on those transferred assets. At the time of the transfer, the Foundation granted variance power to the CFNIL. The investments are held at the community foundation, which were contributed by the Foundation and are reported at fair value as beneficial interest in assets held by community foundation in the amount of \$453,598 as of June 30, 2022.

Highland Community College District #519

Notes to Financial Statements

Note 15 Component Unit (Continued)

Net Assets With Donor Restrictions

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

	<u>2022</u>
Subject to expenditure for specified purpose:	
College Grants and Student Scholarships	\$ 4,211,662
Buildings and landscaping	312,011
Time restricted contributions	2,719,198
Annuity trust agreements	91,002
Endowment funds to be held in perpetuity	<u>7,272,003</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 14,605,876</u>

Without Donor Restrictions Net Assets, Board Designated

On October 5, 2011, the United States Department of Education released the Endowment Challenge Grant to the College, as the 20-year investment period was completed on March 31, 2010. During those 20 years, the Foundation served as the fiscal agent for the College 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 College. These assets will remain as such until the College's Board requests all or a portion of these funds.

As of June 30, 2022, \$7,953,030 of assets relating to the Endowment Challenge Grant remains. These funds may be used for any educational purpose including strengthening the College's capability to meet financial goals and increasing student access to quality higher education.

The Foundation has fiduciary responsibilities of these funds but has entered into a memo of understanding with the College'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 as of June 30, 2022 is \$1,000,000 in the general fund to preserve a balance in the unrestricted funds.

Note 16 Subsequent Events

In October 2022, the District issued taxable general obligation debt certificates, Series 2022 in the amount of \$7,380,000. The debt certificates proceeds will be used to finance technology, equipment, site improvements, and renovations of District facilities. The debt certificates mature in full on June 1, 2031 and bear an interest rate of 4.25% through February 27, 2023 and will reset to 5.00% on February 28, 2023.

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Proportion amount of the collective net pension liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the District	\$68,171,078	\$73,351,054	\$65,596,643	\$67,939,049	\$59,600,307	\$60,412,403	\$54,001,485	\$51,944,951		
Employer defined benefit 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		
Proportion of collective net pension liability associated with the District as a percentage of covered payroll	747.97%	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	45.45%	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Federal, trust, grant and other contribution	\$58,716	\$71,756	\$45,153	\$44,507	\$40,836	\$34,468	\$31,213	\$42,942	\$50,030	
Contribution in relation to required contribution	58,716	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	\$0	\$0
Employer covered payroll	\$11,060,485	\$10,874,277	\$10,559,389	\$10,183,735	\$8,858,182	\$8,284,598	\$8,430,045	\$8,341,423	\$8,679,146	
Contribution as a percentage of covered-payroll	0.53%	0.66%	0.43%	0.44%	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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net OPEB liability	0.53%	0.52%	0.48%	0.53%	0.50%	0.49%				
Proportion amount of the collective net OPEB liability	\$9,247,458	\$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	\$9,247,458	\$9,396,922	\$9,131,131	\$10,074,013	\$9,083,069	\$9,372,476				
Total collective net OPEB liability associated with the College	\$18,494,916	\$18,793,863	\$18,262,262	\$20,148,026	\$18,287,365	\$18,367,910				
Employer covered payroll	\$10,874,277	\$10,559,389	\$10,183,735	\$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	170.08%	177.98%	179.33%	227.45%	220.74%	217.89%				
College insurance plan net position as a percentage of total pension liability	-6.38%	-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.

Highland Community College District #519

Schedule of OPEB Contributions

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2017)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$48,686	\$49,542	\$46,997	\$41,801	\$46,664	\$43,788				
Contribution in relation to the required statutorily	(48,686)	(49,542)	(46,997)	(41,801)	(46,664)	(43,788)				
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0				
Employer covered payroll	\$11,060,485	\$10,874,277	\$10,559,389	\$10,183,735	\$8,858,182	\$8,284,598				
Contribution as a percentage of covered-payroll	0.44%	0.46%	0.45%	0.41%	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, 2021.

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, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021.

- 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 6.50 percent. This reflects maintaining an assumed real rate of return of 4.25 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 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.
- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

Note 3 Changes of OPEB Benefit Terms

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2021.

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, resulting in the adoption of new assumptions as of June 30, 2020. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2019:

Highland Community College District #519

Notes to Required Supplementary Information

Note 4 Changes of OPEB Assumptions (continued)

- The discount rate was changed from 2.45 percent at June 30, 2020, to 1.92 percent at June 30, 2021.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2020, projected plan cost for plan year end June 30, 2021, premium changes through plan year end 2021, and expectation of future trend increases after June 30, 2021.
- Since the Excise Tax was repealed, the Excise Tax trend adjustment was removed.
- Per capita claim costs for plan year end June 30, 2021, were updated based on projected claims and enrollment experience through June 30, 2021 and updated premium rates through plan year end 2022.
- 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, 2022

All Fund Types - Change in Fund Balances	\$1,752,147
Reduction in student tuition and fees	(735,059)
Reduction in financial aid expense	735,059
Net effect	0
Prior year recognition of summer revenue deferred	(204,404)
Prior year recognition of summer salaries deferred	17,954
Recognition of summer revenue deferred	233,915
Recognition of summer salaries deferred	(62,198)
Net effect	(14,733)
Compensated absences decrease (increase)	(21,775)
SURS pension contribution (decrease) increase	(13,040)
Other post employment benefits CIP decrease (increase)	(40,090)
Expended for capital assets	2,533,589
Loss on disposal of assets	(24,620)
Depreciation	(1,304,100)
Net effect	1,204,869
Long-term debt issued (governmental funds)	0
Premium adjustment on bonds	182,077
Long-term debt retired (governmental funds)	1,545,340
Net effect	1,727,417
Change in net position	\$4,594,795
Net position, beginning of year, as restated	\$26,343,988
Net position, end of year	30,938,783
Reconciliation of Combined Balance Sheet to the Statement of Net Position	
Fund balances - all fund types and account groups	\$46,861,200
Recognition of summer revenue deferred	233,915
Recognition of summer salaries deferred	(62,198)
Deferral of SURS pension contribution	58,716
Amount to be provided for compensated absences	(173,906)
Amount to be provided for other post employment benefits	(11,113,699)
Amount available in debt service fund	(870,055)
Amount to be provided for retirement of general long-term debt	(3,995,190)
Net position of statement of net position	\$30,938,783

Highland Community College District #519

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2022

ASSETS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and investments	\$4,475,961	\$12,669,527	\$204,692	\$3,719,421
Receivables:				
Taxes	6,314,738	1,136,858	1,578,081	792,715
Other, net of \$1,645,305 allowance for doubtful accounts	1,576,009	774,358	0	554
Due from other funds	63,955	0	0	0
Inventories	0	0	0	0
Prepaid expense	191,012	5,515	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	\$12,621,675	\$14,586,258	\$1,782,773	\$4,512,690
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY				
Liabilities:				
Accounts payable	\$127,352	\$146,051	\$44	\$413,214
Accrued salaries	0	2,025	0	0
Accrued expenses	542,825	0	0	0
Other accrued expenses	0	0	0	0
Due to other funds	0	63,955	0	0
Unearned tuition revenue	1,649,322	218,295	0	0
Accrued compensated absences	0	0	0	0
Contracts 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	2,319,499	430,326	44	413,214
Deferred inflows of resources -				
Property taxes	3,530,561	657,778	912,674	458,674
Grant revenue	0	34	0	0
Total deferred inflows of resources	3,530,561	657,812	912,674	458,674
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	2,747,689	0	0
Reserved for bond requirements	0	0	870,055	0
Reserved for working cash	0	10,338,287	0	0
Unreserved - designated	6,771,615	412,144	0	3,640,802
Total fund equity	6,771,615	13,498,120	870,055	3,640,802
Total liabilities, deferred inflows and fund equity	\$12,621,675	\$14,586,258	\$1,782,773	\$4,512,690

Highland Community College District #519

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2022

	Proprietary Fund Types		Account Groups		Total (Memorandum Only)
	Enterprise	General Fixed Assets	Long-Term Debt		
ASSETS					
Cash and cash equivalents	\$1,358,708	\$0	\$0		\$22,428,309
Receivables:					
Taxes	0	0	0		9,822,392
Other, net of \$1,645,305 allowance for doubtful accounts	77,285	0	0		2,428,206
Due from other funds	0	0	0		63,955
Inventories	224,489	0	0		224,489
Prepaid expense	0	0	0		196,527
Fixed assets	0	20,608,907	0		20,608,907
Other debits:					
Amount to be provided for compensated absences	0	0	173,906		173,906
Amount available in the debt service fund	0	0	870,055		870,055
Amount to be provided for opeb	0	0	11,113,699		11,113,699
Amount to be provided for retirement of general long-term debt	0	0	3,995,190		3,995,190
Total assets	\$1,660,482	\$20,608,907	\$16,152,850		\$71,925,635
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY					
Liabilities:					
Accounts payable	\$1,482	\$0	\$0		\$688,143
Accrued salaries		0	0		2,025
Accrued expenses	1,832	0	0		544,657
Other accrued expenses		0	0		0
Due to other funds	0	0	0		63,955
Unearned tuition revenue	185,467	0	0		2,053,084
Accrued compensated absences	0	0	173,906		173,906
Contracts payable	0	0	149,863		149,863
Premium on bonds	0	0	205,382		205,382
Bonds payable	0	0	4,510,000		4,510,000
Net OPEB liability	0	0	11,113,699		11,113,699
Total liabilities	188,781	0	16,152,850		19,504,714
Deferred inflows of resources:					
Property taxes	0	0	0		5,559,687
Grant revenue	0	0	0		34
Total deferred inflows of resources	0	0	0		5,559,721
Fund equity:					
Investments in general fixed assets	0	20,608,907	0		20,608,907
Unrestricted net position	1,471,701	0	0		1,471,701
Fund balances (deficit):					
Reserved for restricted purposes	0	0	0		2,747,689
Reserved for bond requirements	0	0	0		870,055
Reserved for working cash	0	0	0		10,338,287
Unreserved - designated	0	0	0		10,824,561
Total fund equity	1,471,701	20,608,907	0		46,861,200
Total liabilities, deferred inflows and fund equity	\$1,660,482	\$20,608,907	\$16,152,850		\$71,925,635

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, 2022

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Local governmental sources	\$8,181,639	\$1,274,540	\$1,808,402	\$915,274	\$12,179,855
State governmental sources	1,485,062	267,191	0	0	1,752,253
Federal governmental sources	905,072	6,227,359	0	0	7,132,431
Student tuition and fees	4,508,355	546,102	0	0	5,054,457
Other sources	555,830	1,912,169	0	25,505	2,493,504
On behalf payments	0	5,569,836	0	0	5,569,836
Total revenues	15,635,958	15,797,197	1,808,402	940,779	34,182,336
Expenditures:					
Instruction	7,439,748	3,684,693	0	0	11,124,441
Academic support	735,581	261,192	0	0	996,773
Student services	1,215,816	1,437,619	0	0	2,653,435
Public services	745,241	241,608	0	0	986,849
Auxiliary services	0	287,578	0	0	287,578
Operations and maintenance of plant	1,365,877	1,007,595	0	12,883	2,386,355
Institutional support	2,461,563	2,991,129	950	77,769	5,531,411
Scholarships, student grants, and waivers	309,845	4,380,651	0	0	4,690,496
Capital projects	0	0	0	2,234,418	2,234,418
Debt service	53,380	0	1,753,550	0	1,806,930
Total expenditures	14,327,051	14,292,065	1,754,500	2,325,070	32,698,686
Excess (deficiency) of revenues over expenditures	1,308,907	1,505,132	53,902	(1,384,291)	1,483,650
Other financing sources (uses):					
Payment to escrow agent	0	0	0	0	0
Transfers from (to) other funds	(271,629)	(92,371)	0	300,000	(64,000)
Total other financing sources (uses)	(271,629)	(92,371)	0	300,000	(64,000)
Net change in fund balance	1,037,278	1,412,761	53,902	(1,084,291)	1,419,650
Fund balance, beginning of year	5,734,337	12,085,359	816,153	4,725,093	23,360,942
Fund balance, end of year	\$6,771,615	\$13,498,120	\$870,055	\$3,640,802	\$24,780,592

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, 2022

	General Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources	\$7,395,780	\$8,181,639	\$785,859
State governmental sources	1,410,887	1,485,062	74,175
Federal governmental sources	988,531	905,072	(83,459)
Student tuition and fees	4,410,000	4,508,355	98,355
Other sources	545,623	555,830	10,207
On behalf payments	0	0	0
Total revenues	14,750,821	15,635,958	885,137
Expenditures:			
Instruction	7,564,604	7,439,748	(124,856)
Academic support	958,267	735,581	(222,686)
Student services	1,241,665	1,215,816	(25,849)
Public services	562,915	745,241	182,326
Auxiliary services	0	0	0
Operations and maintenance of plant	1,439,580	1,365,877	(73,703)
Institutional support	2,772,230	2,461,563	(310,667)
Scholarships, student grants, and waivers	367,500	309,845	(57,655)
Capital projects	0	0	0
Debt service	0	53,380	53,380
Total expenditures	14,906,761	14,327,051	(579,710)
Excess (deficiency) of revenues over expenditures	(155,940)	1,308,907	1,464,847
Other financing sources (uses):			
Payment to escrow agent	0	0	0
Transfer from (to) other funds	156,238	(271,629)	(427,867)
Total other financing sources (uses)	156,238	(271,629)	(427,867)
Net change in fund balance	\$299	1,037,278	\$1,036,980
Fund balance, beginning of year		5,734,337	
Fund balance, end of year		\$6,771,615	

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, 2022

	Special Revenue Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources	\$1,274,000	\$1,274,540	\$540
State governmental sources	267,931	267,191	(740)
Federal governmental sources	6,735,122	6,227,359	(507,763)
Student tuition and fees	612,000	546,102	(65,898)
Other sources	1,285,391	1,912,169	626,778
On behalf payments	0	5,569,836	5,569,836
Total revenues	10,174,444	15,797,197	5,622,753
Expenditures:			
Instruction	\$746,106	3,684,693	2,938,587
Academic support	56,612	261,192	204,580
Student services	701,471	1,437,619	736,148
Public services	167,248	241,608	74,360
Auxiliary services	0	287,578	287,578
Operations and maintenance of plant	649,246	1,007,595	358,349
Institutional support	2,611,056	2,991,129	380,073
Scholarships, student grants, and waivers	4,857,770	4,380,651	(477,119)
Capital projects	0	0	0
Debt service	0	0	0
Total expenditures	9,789,509	14,292,065	4,502,556
Excess (deficiency) of revenues over expenditures	384,935	1,505,132	1,120,197
Other financing sources (uses):			
Payment to escrow agent	0	0	0
Transfer from (to) other funds	(220,238)	(92,371)	127,867
Total other financing sources (uses)	(220,238)	(92,371)	127,867
Net change in fund balance	\$164,697	1,412,761	\$1,248,064
Fund balance, beginning of year		12,085,359	
Fund balance, end of year		\$13,498,120	

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, 2022

	Debt Service Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources	\$1,803,550	\$1,808,402	\$4,852
State governmental sources	0	0	0
Federal governmental sources	0	0	0
Student tuition and fees	0	0	0
Other sources	0	0	0
On behalf payments	0	0	0
Total revenues	1,803,550	1,808,402	4,852
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	1,753,550	1,753,550	0
Total expenditures	1,753,550	1,754,500	950
Excess (deficiency) of revenues over expenditures	50,000	53,902	3,902
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	\$50,000	53,902	\$3,902
Fund balance, beginning of year		816,153	
Fund balance, end of year		\$870,055	

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, 2022

	Capital Project Fund Types		
	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources	\$915,000	\$915,274	\$274
State governmental sources	0	0	0
Federal governmental sources	0	0	0
Student tuition and fees	0	0	0
Other sources	0	25,505	25,505
On behalf payments	0	0	0
Total revenues	915,000	940,779	25,779
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	12,883	12,883
Institutional support	182,800	77,769	(105,031)
Scholarships, student grants, and waivers	66,791	0	(66,791)
Capital projects	4,725,287	2,234,418	(2,490,869)
Debt service	0	0	0
Total expenditures	4,974,878	2,325,070	(2,649,808)
Excess (deficiency) of revenues over expenditures	(4,059,878)	(1,384,291)	2,675,587
Other financing sources (uses):			
Payment to escrow agent	0	0	0
Transfer from (to) other funds	0	300,000	300,000
Total other financing sources (uses)	0	300,000	300,000
Net change in fund balance	(\$4,059,878)	(1,084,291)	\$2,975,587
Fund balance, beginning of year		4,725,093	
Fund balance, end of year		\$3,640,802	

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, 2022

	Enterprise	
	Budget	Actual
Operating revenues:		
Bookstore sales	\$450,000	\$429,218
Other fees	478,000	446,578
Athletics	41,040	24,803
Other sources	61,995	92,210
Total operating revenues	1,031,035	992,809
Operating expenses:		
Public services:		
Salaries	1,000	0
Contractual services	7,962	1,770
General materials and supplies	14,357	6,434
Conference and meeting expense	4,700	788
Utilities	600	713
Capital outlay	1,880	1,880
Other	1,200	156
Total public services	31,699	11,741
Auxiliary Services:		
Salaries	321,617	265,617
Employee benefits	50,618	49,190
Contractual services	71,777	59,818
General materials and supplies	599,287	509,613
Conference and meeting expense	290,468	211,186
Fixed charges	14,109	10,090
Capital outlay	41,438	50,619
Other	12,965	7,047
Total auxiliary services	1,402,279	1,163,180
Institutional support:		
Salaries	0	0
Scholarships, student grants, and waivers		
Other	13,145	13,891
Total operating expenses	1,447,123	1,188,812
Operating income (loss)	(416,088)	(196,003)

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, 2022

	Enterprise	
	Budget	Actual
Nonoperating revenue (expenses):		
Federal revenue	413,108	427,818
Other revenue	61,986	36,682
Transfer from (to) other funds	64,000	64,000
Total nonoperating revenue (expense)	539,094	528,500
Net income (loss)	\$123,006	332,497
Unrestricted net position beginning of year		1,139,204
Unrestricted net position end of year		\$1,471,701

Highland Community College District #519
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the year ended June 30, 2022

	Enterprise Fund Type
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	(\$196,003)
Adjustments to reconcile net income to net cash from operating activities:	
(Increase) decrease in current assets:	
Inventory	67,348
Accounts receivable	(41,171)
Deferred expense	0
Due from other funds	0
Increase (decrease) in current liabilities:	
Accounts payable	496
Accrued expenses	(823)
Unearned tuition revenue	(15,171)
Due to other funds	0
Net cash provided by (used in) operations	(185,324)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from grants	464,500
Net cash provided by (used in) noncapital financing activities	464,500
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	64,000
Net cash provided by (used for) noncapital financing activities	64,000
Net increase (decrease) in cash and cash equivalents	343,176
Beginning cash and cash equivalents	1,015,532
Ending cash and cash equivalents	\$1,358,708

Highland Community College District #519

Combining Balance Sheet

Governmental Fund Types - General Funds

June 30, 2022

ASSETS	Educational Fund	Operations and Maintenance Fund	Total General Funds
Cash and investments	\$2,834,108	\$1,641,853	\$4,475,961
Receivables:			
Property taxes	5,025,587	1,289,151	6,314,738
Other, net of \$1,638,851 allowance for doubtful accounts	1,576,009	0	1,576,009
Due to other funds	63,955	0	63,955
Prepaid expense	191,012	0	191,012
Total assets	9,690,671	2,931,004	12,621,675
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	37,285	90,067	127,352
Accrued expenses	534,392	8,433	542,825
Due to other funds	0	0	0
Unearned tuition revenue	1,649,322	0	1,649,322
Total liabilities	2,220,999	98,500	2,319,499
Deferred inflows of resources:			
Property tax revenue	2,784,668	745,893	3,530,561
Grant revenue	0	0	0
Total deferred inflows	2,784,668	745,893	3,530,561
Fund balance - unreserved - designated	4,685,004	2,086,611	6,771,615
Total liabilities, deferred inflows, and fund balance	\$9,690,671	\$2,931,004	\$12,621,675

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, 2022

	Educational Fund	Operations and Maintenance Fund	Total General Funds
Revenues:			
Local governmental sources	\$6,727,475	\$1,454,164	\$8,181,639
State governmental sources	1,295,850	189,212	1,485,062
Federal governmental sources	905,072	0	905,072
Student tuition and fees	4,508,355	0	4,508,355
Other sources	449,503	106,327	555,830
On behalf payments	0	0	0
Total revenues	13,886,255	1,749,703	15,635,958
Expenditures:			
Instruction	7,439,748	0	7,439,748
Academic support	735,581	0	735,581
Student services	1,215,816	0	1,215,816
Public services	745,241	0	745,241
Auxiliary services	0	0	0
Operations and maintenance of plant	0	1,365,877	1,365,877
Institutional support	2,461,563	0	2,461,563
Scholarships, student grants, and waivers	309,845	0	309,845
Debt service	53,380	0	53,380
On behalf payments	0	0	0
Total expenditures	12,961,174	1,365,877	14,327,051
Excess (deficiency) of revenue over expenditures	925,081	383,826	1,308,907
Other financing sources (uses):			
Transfer from (to) other funds	28,371	(300,000)	(271,629)
Net change in fund balance	953,452	83,826	1,037,278
Fund balance, beginning of year	3,731,552	2,002,785	5,734,337
Fund balance, end of year	\$4,685,004	\$2,086,611	\$6,771,615

Highland Community College District #519

Combining Balance Sheet

Governmental Fund Types - Special Revenue Funds

June 30, 2022

ASSETS	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Funds	Working Cash Funds	Total Special Revenue Funds
Cash and investments	\$2,333,237	\$0	\$0	\$10,336,290	\$12,669,527
Receivables:					
Property tax	0	45,206	1,091,652	0	1,136,858
Other	772,361	0	0	1,997	774,358
Due from other funds	0	0	0	0	0
Prepaid expense	4,115	1,400	0	0	5,515
Total assets	\$3,109,713	\$46,606	\$1,091,652	\$10,338,287	\$14,586,258
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$141,670	\$0	\$4,381	\$0	\$146,051
Accrued salaries	2,025	0	0	0	2,025
Accrued expense	0	0	0	0	0
Other accrued expenses	0	0	0	0	0
Due to other funds	0	23,235	40,720	0	63,955
Unearned tuition revenue	218,295	0	0	0	218,295
Total liabilities	361,990	23,235	45,101	0	430,326
Deferred inflows:					
Property taxes	0	26,156	631,622	0	657,778
Grant revenue	34	0	0	0	34
Total deferred inflows	34	26,156	631,622	0	657,812
Fund balance (deficit):					
Reserved for restricted purposes	2,747,689	0	0	10,338,287	13,085,976
Unreserved - designated	0	(2,785)	414,929	0	412,144
Total fund balance	2,747,689	(2,785)	414,929	10,338,287	13,498,120
Total liabilities, deferred inflows, and fund balance	\$3,109,713	\$46,606	\$1,091,652	\$10,338,287	\$14,586,258

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, 2022

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Working Cash Fund	Total Special Revenue Funds
Revenues:					
Local government sources	\$0	\$49,104	\$1,225,436	\$0	\$1,274,540
State governmental sources	267,191	0	0	0	267,191
Federal governmental sources	6,227,359	0	0	0	6,227,359
Student tuition	546,102	0	0	0	546,102
Other sources	1,903,278	0	0	8,891	1,912,169
On behalf payments	5,569,836	0	0	0	5,569,836
Total revenues	14,513,766	49,104	1,225,436	8,891	15,797,197
Expenditures:					
Instruction	3,684,693	0	0	0	3,684,693
Academic support	261,192	0	0	0	261,192
Student services	1,437,619	0	0	0	1,437,619
Public services	241,608	0	0	0	241,608
Auxiliary services	287,578	0	0	0	287,578
Operations and maintenance	404,303	0	603,292	0	1,007,595
Institutional support	2,363,471	52,750	570,350	4,558	2,991,129
Scholarships, student grants, and waivers	4,380,651	0	0	0	4,380,651
Total expenditures	13,061,115	52,750	1,173,642	4,558	14,292,065
Excess of (deficiency) of revenues over expenditures	1,452,651	(3,646)	51,794	4,333	1,505,132
Other financing sources (uses):					
Transfer from (to) other funds	(88,038)	0	0	(4,333)	(92,371)
Total other financing sources	(88,038)	0	0	(4,333)	(92,371)
Net change in fund balance	1,364,613	(3,646)	51,794	0	1,412,761
Fund balance, beginning of year	1,383,076	861	363,135	10,338,287	12,085,359
Fund balance, end of year	\$2,747,689	(\$2,785)	\$414,929	\$10,338,287	\$13,498,120

Highland Community College District #519

Educational Fund

Schedule of Revenues Compared to Budget

For the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
Local governmental sources:			
Current taxes	\$2,696,604	\$2,784,670	\$88,066
Back taxes	2,643,729	2,644,214	485
Corporate personal property replacement tax	625,000	1,298,591	673,591
Total local government sources	5,965,333	6,727,475	762,142
State governmental sources:			
ICCB base operating grants	1,047,647	1,102,669	55,022
ICCB equalization grants	50,000	50,000	0
ICCB career and technical education	128,361	128,361	0
ICCB other	0	14,820	14,820
Total state government sources	1,226,008	1,295,850	69,842
Federal governmental sources:			
HEERF	988,531	905,072	(83,459)
Other	0	0	0
Total federal governmental sources	988,531	905,072	(83,459)
Student tuition and fees:			
Tuition	3,780,055	3,728,514	(51,541)
Fees	629,945	779,841	149,896
Total student tuition and fees	4,410,000	4,508,355	98,355
Other sources:			
Facilities rental	21,000	11,636	(9,364)
Interest on investments	7,000	12,537	5,537
Other revenue	406,473	425,330	18,857
Total other sources	434,473	449,503	15,030
Total revenues	\$13,024,345	\$13,886,255	\$861,910

Highland Community College District #519

Educational Fund

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
Instruction:			
Salaries	\$6,025,076	\$5,964,980	(\$60,096)
Employee benefits	1,123,769	1,124,075	306
Contractual services	113,716	104,292	(9,424)
General materials and supplies	216,188	172,093	(44,095)
Conference and meetings expense	18,128	22,925	4,797
Fixed charges	7,000	7,605	605
Utilities	774	811	37
Capital outlay	57,445	42,106	(15,339)
Other	2,508	861	(1,647)
Total instruction	7,564,604	7,439,748	(124,856)
Academic support:			
Salaries	587,898	510,205	(77,693)
Employee benefits	157,248	119,310	(37,938)
Contractual services	29,761	8,799	(20,962)
General materials and supplies	98,605	90,477	(8,128)
Conference and meetings expense	82,708	6,208	(76,500)
Capital outlay	2,047	289	(1,758)
Other	0	293	293
Total academic support	958,267	735,581	(222,686)
Student services:			
Salaries	893,637	861,485	(32,152)
Employee benefits	288,030	291,497	3,467
Contractual services	27,869	16,610	(11,259)
General materials and supplies	26,894	20,934	(5,960)
Conference and meetings expense	0	17,239	17,239
Fixed charges	4,550	6,993	2,443
Utilities	0	0	0
Capital outlay	360	270	(90)
Other	325	788	463
Total student services	1,241,665	1,215,816	(25,849)
Public services:			
Salaries	247,579	214,195	(33,384)
Employee benefits	36,897	33,830	(3,067)
Contractual services	188,383	448,608	260,225
General materials and supplies	26,586	17,620	(8,966)
Conference and meeting expense	44,100	22,927	(21,173)

Highland Community College District #519

Educational Fund (Continued)

Schedule of Expenditures Compared to Budget

For the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
Public services (continued):			
Fixed charges	14,270	7,097	(7,173)
Utilities	0	0	0
Capital outlay	0	0	0
Other	5,100	964	(4,136)
Total public services	562,915	745,241	182,326
Institutional support:			
Salaries	1,361,358	1,205,037	(156,321)
Employee benefits	535,352	484,213	(51,139)
Contractual services	386,503	393,779	7,276
General materials and supplies	275,468	218,636	(56,832)
Conference and meeting expense	114,826	80,919	(33,907)
Fixed charges	33,880	2,780	(31,100)
Utilities	17,400	16,624	(776)
Capital outlay	6,135	9,716	3,581
Other	41,308	49,859	8,551
Total institutional support	2,772,230	2,461,563	(310,667)
Scholarships, student grants, and waivers			
Other	367,500	309,845	(57,655)
Debt service -			
Principal and interest payments	0	53,380	53,380
Total educational fund	\$13,467,181	\$12,961,174	(\$506,007)
Other financing sources (uses):			
Capital lease proceeds	\$0	\$0	\$0
Operating transfers in	212,838	142,371	(70,467)
Operating transfers out	(56,600)	(114,000)	(57,400)
Total other financing sources (uses)	\$156,238	\$28,371	(\$127,867)

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, 2022

	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources:			
Current taxes	\$722,305	\$745,893	\$23,588
Back taxes	708,142	708,271	129
Corporate personal property replacement tax	0	0	0
Total local government sources	1,430,447	1,454,164	23,717
State governmental sources:			
State apportionment	184,879	189,212	4,333
Total state government sources	184,879	189,212	4,333
Other sources:			
Facilities rental	90,850	83,617	(7,233)
Other revenue	20,300	22,710	2,410
Total other sources	111,150	106,327	(4,823)
Total revenues	\$1,726,476	\$1,749,703	\$23,227
Expenditures:			
Operation and maintenance of plant:			
Salaries	\$596,215	\$523,867	(\$72,348)
Employee benefits	170,989	179,396	8,407
Contractual services	129,372	85,412	(43,960)
General materials and supplies	180,807	111,511	(69,296)
Conference and meeting expense	0	194	194
Utilities	639,951	677,307	37,356
Capital outlay	0	629	629
Other	(277,754)	(212,439)	65,315
Contingency	0	0	0
Total expenditures	\$1,439,580	\$1,365,877	(\$73,703)
Other financing sources (uses):			
Operating transfers in	\$0	\$0	\$0
Operating transfers out	0	(300,000)	(300,000)
Total financing sources (uses)	\$0	(\$300,000)	(\$300,000)

Highland Community College District #519

Special Revenue - Restricted Purpose Fund
 Schedule of Revenues Compared to Budget
 For the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
Revenues:			
State governmental sources:			
State adult education and family literacy	\$136,953	\$136,953	\$0
SOS adult volunteer literacy	75,938	75,938	0
SURS on-behalf	0	5,597,496	5,597,496
CIP on-behalf	0	(27,660)	(27,660)
Other	55,040	54,300	(740)
Total state government sources	267,931	5,837,027	5,569,096
Federal Governmental Sources:			
Federal basic adult education and family literacy	82,402	82,402	0
CTE Perkins	140,056	116,681	(23,375)
TRIO student support services	344,538	332,023	(12,515)
TRIO upward bound	297,601	373,558	75,957
College work study	83,945	83,945	0
SEOG	40,709	40,709	0
Direct federal loan program	600,000	359,455	(240,545)
Pell	2,102,500	1,884,672	(217,828)
RSVP	49,684	49,786	102
HEERF CARES	0	0	0
HEERF CRRSA	164,471	159,990	(4,481)
HEERF ARPA	2,607,252	2,654,774	47,522
GEER	140,991	77,527	(63,464)
Other	80,973	11,837	(69,136)
Total federal government sources	6,735,122	6,227,359	(507,763)
Student tuition and fees:			
Tuition	592,000	545,830	(46,170)
Fees	20,000	272	(19,728)
Total student tuition and fees	612,000	546,102	(65,898)
Other sources:			
Highland Community College Foundation	922,319	1,255,923	333,604
Investment income	19,346	25,247	5,901
In-kind	31,294	27,931	(3,363)
Other	267,432	594,177	326,745
Total other sources	1,240,391	1,903,278	662,887
Total revenue	\$8,855,444	\$14,513,766	\$5,658,322

Highland Community College District #519

Special Revenue - Restricted Purpose Fund
 Schedule of Expenditures Compared to Budget
 For the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
Expenditures:			
Instruction:			
Salaries	\$338,637	\$309,136	(\$29,501)
Employee benefits	92,800	3,221,654	3,128,854
Contractual services	41,965	18,215	(23,750)
General materials and supplies	73,625	44,397	(29,228)
Conference and meetings expense	41,255	2,181	(39,074)
Fixed charges	0	0	0
Utilities	0	0	0
Capital outlay	92,155	67,602	(24,553)
Other	65,669	21,508	(44,161)
Total instructon	746,106	3,684,693	2,938,587
Academic support:			
Salaries	0	0	0
Employee benefits	0	254,750	254,750
Contractual services	47,892	6,442	(41,450)
General materials and supplies	6,220	0	(6,220)
Conference and meetings expense	2,500	0	(2,500)
Capital outlay	0	0	0
Other	0	0	0
Total academic support	56,612	261,192	204,580
Student services:			
Salaries	415,479	439,914	24,435
Employee benefits	104,816	765,473	660,657
Contractual services	6,816	(756)	(7,572)
General materials and supplies	86,116	57,071	(29,045)
Conference meeting expense	34,054	92,385	58,331
Capital outlay	2,500	0	(2,500)
Other	51,690	83,532	31,842
Total student services	701,471	1,437,619	736,148
Public services:			
Salaries	65,385	53,393	(11,992)
Employee benefits	2,708	141,311	138,603
Contractual services	15,500	0	(15,500)
General materials and supplies	29,554	10,006	(19,548)
Conference and meeting expense	13,053	8,618	(4,435)
Fixed charges	23,996	21,996	(2,000)
Utilities	4,152	4,152	0
Capital outlay	3,610	0	(3,610)
Other	9,290	2,132	(7,158)
Total public services	167,248	241,608	74,360

Highland Community College District #519
Special Revenue - Restricted Purpose Fund (Continued)
Schedule of Expenditures Compared to Budget
For the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
Expenditures (continued):			
Auxiliary Services:			
Employee Benefits	0	235,592	235,592
Contractual services	0	0	0
Capital outlay	0	22,800	22,800
Other	0	29,186	29,186
Total auxiliary services	0	287,578	287,578
Institutional Support:			
Salaries	406,166	504,971	98,805
Employee Benefits	71,879	937,318	865,439
Contractual services	611,614	590,383	(21,231)
General materials and supplies	50,694	26,909	(23,785)
Conference and meetings expense	34,781	17,083	(17,698)
Fixed charges	650	1,294	644
Utilities	0	0	0
Capital outlay	750,655	284,526	(466,129)
Other	1,350	987	(363)
Total institutional support	1,927,789	2,363,471	435,682
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	4,857,770	4,380,651	(477,119)
Total scholarships, student grants, and waivers	4,857,770	4,380,651	(477,119)
Operations and Maintenance:			
Salaries	0	0	0
Employee benefits	0	404,303	404,303
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	404,303	404,303
Total expenditures	\$8,456,996	\$13,061,115	\$4,604,119
Other financing sources (uses):			
Operating transfers in	\$27,600	\$60,000	\$32,400
Operating transfers out	(208,038)	(148,038)	60,000
Total other financing sources (uses)	(\$180,438)	(\$88,038)	\$92,400

Highland Community College District #519

Special Revenue - Audit Fund

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources:			
Current taxes	\$26,000	\$26,156	\$156
Back taxes	23,000	22,948	(52)
<hr/>			
Total revenues	\$49,000	\$49,104	\$104
<hr/>			
Expenditures:			
Institutional support:			
Salaries	\$0	\$0	\$0
Employee benefits	0	0	0
Contractual services	49,000	52,750	3,750
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	\$49,000	\$52,750	\$3,750
<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, 2022

	Budget	Actual	Over (Under) Budget
Revenues:			
Local Governmental Sources			
Current taxes	\$630,000	\$631,622	\$1,622
Back taxes	595,000	593,814	(1,186)
Other revenue	0	0	0
Total revenues	\$1,225,000	\$1,225,436	\$436
Expenditures:			
Institutional support:			
Salaries	\$0	\$1,722	\$1,722
Employee benefits	235,705	197,180	(38,525)
Contractual services	146,225	131,462	(14,763)
General materials and supplies	9,100	13,755	4,655
Conferences and meetings	15,974	4,512	(11,462)
Fixed charges	218,063	218,187	124
Utilities	4,000	3,532	(468)
Capital outlay	0	0	0
Other	0	0	0
Total institutional support	629,067	570,350	(58,717)
Operations and Maintenance			
Salaries	\$330,801	\$285,857	(44,944)
Employee benefits	77,245	76,294	(951)
Contractual services	241,200	241,141	(59)
Total operations and maintenance	649,246	603,292	(45,954)
Total expenditures	\$1,278,313	\$1,173,642	(\$104,671)

Highland Community College District #519

Special Revenue

Working Cash Fund

Schedule of Revenues and Expenditures Compared to Budget

For the year ended June 30, 2022

	Budget	Actual	Over (Under) Budget
Revenues:			
Other sources:			
Interest on investments	\$45,000	\$8,891	(\$36,109)
Other revenue	0	0	0
Total revenues	\$45,000	\$8,891	(\$36,109)
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	5,200	4,558	(642)
Total expenditures	\$5,200	\$4,558	(\$642)
Other financing sources (uses):			
Bond proceeds	\$0	\$0	\$0
Premium on debt issued	0	0	0
Operating transfer out	(39,800)	(4,333)	35,467
Total other financing sources (uses)	(\$39,800)	(\$4,333)	\$35,467

Highland Community College District #519

Schedule of Tort Expenditures

For the year ended June 30, 2022

Risk management related salaries and benefits	\$514,723
Insurance	264,517
Legal services	0
Security and safety related	394,402
<hr/>	
Total tort expenditures	\$1,173,642
<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, 2022

	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources:			
Current taxes	\$915,000	\$574,401	(\$340,599)
Back taxes	0	340,873	340,873
Total local government sources	915,000	915,274	274
Other sources:			
Other gifts/revenue	0	7	7
Interest on investments	0	25,498	25,498
Total other sources	0	25,505	25,505
Total revenues	\$915,000	\$940,779	\$25,779
Expenditures:			
Operations and Maintenance:			
Contractual services	\$0	\$12,735	\$12,735
General materials and supplies	0	148	148
Capital outlay	1,606,366	1,018,557	(587,809)
Other	0	0	0
Total operations and maintenance	1,606,366	1,031,440	(574,926)
Institutional Support:			
Contractual services	182,800	77,769	(105,031)
Capital outlay	3,118,921	1,215,861	(1,903,060)
Other	0	0	0
Total institutional support	3,301,721	1,293,630	(2,008,091)
Scholarships, student grants, and waivers:			
Capital outlay	66,791	0	(66,791)
Total expenditures	\$4,974,878	\$2,325,070	(\$2,649,808)
Other financing sources (uses):			
Operating transfers in	\$0	\$300,000	\$300,000
Operating transfers out	0	0	0
Total other financing sources (uses)	\$0	\$300,000	\$300,000

Highland Community College District #519

Schedule of Assessed Valuations, Rates, and Taxes Extended

Levy Years 2021, 2020, and 2019

	2021 Levy	2020 Levy	2019 Levy
Assessed valuation	\$1,989,048,380	\$1,888,378,143	\$1,823,037,288
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	0.0554	0.0555	0.0579
Audit Fund	0.0026	0.0024	0.0024
Protection, Health & Safety	0.0461	0.0484	0.0500
Bond and Interest	0.0913	0.0949	0.0973
Social Security	0.0061	0.0074	0.0074
Total	0.5565	0.5636	0.5700
Taxes Extended			
Education Fund	\$5,569,335	\$5,287,459	\$5,104,505
Operations, and Maintenance Fund	1,491,786	1,416,283	1,367,279
Education and O&M additional	2,188	(7,172)	0
Insurance	1,102,681	1,048,651	1,053,963
Audit Fund	52,297	45,932	44,244
Protection, Health & Safety	917,302	913,876	910,828
Bond and Interest	1,827,326	1,797,083	1,768,493
Social Security	160,501	139,859	135,507
Total	\$11,123,416	\$10,641,971	\$10,384,819

Highland Community College District #519

Schedule of Assessed Valuations and Tax Extensions by County

Levy Years 2021, 2020, and 2019

	2021 Levy	2020 Levy	2019 Levy
Assessed valuations			
Carroll	\$309,669,704	\$297,034,632	\$283,619,951
Jo Daviess	803,712,651	758,537,764	\$739,048,860
Ogle	157,436,758	147,749,242	\$139,172,852
Stephenson	718,229,267	685,056,505	\$661,195,625
Total	\$1,989,048,380	\$1,888,378,143	\$1,823,037,288
Tax extensions			
Educational			
Carroll	\$867,075	\$831,697	\$794,136
Jo Daviess	2,250,395	2,123,906	\$2,069,337
Ogle	440,823	413,698	\$389,684
Stephenson	2,011,042	1,918,158	1,851,348
Total	\$5,569,335	\$5,287,459	\$5,104,505
Operation and Maintenance			
Carroll	\$232,252	\$222,776	\$212,715
Jo Daviess	602,785	568,903	\$554,287
Ogle	118,077	110,812	\$104,380
Stephenson	538,672	513,792	495,897
Total	\$1,491,786	\$1,416,283	\$1,367,279
Insurance			
Carroll	\$171,681	\$165,478	\$163,450
Jo Daviess	445,578	420,837	\$427,688
Ogle	87,236	82,267	\$80,191
Stephenson	398,186	380,069	382,634
Total	\$1,102,681	\$1,048,651	\$1,053,963
Audit			
Carroll	\$8,144	\$7,248	\$6,864
Jo Daviess	21,138	18,432	\$17,959
Ogle	4,125	3,605	\$3,354
Stephenson	18,890	16,647	16,067
Total	\$52,297	\$45,932	\$44,244

Highland Community College District #519

Schedule of Assessed Valuations and Tax Extensions by County

(Continued)

Levy Years 2021, 2020, and 2019

	2021 Levy	2020 Levy	2019 Levy
<i>Tax extensions (continued)</i>			
<u>Protection, Health, & Safety</u>			
Carroll	142,820	144,210	141,356
Jo Daviess	370,672	366,753	369,524
Ogle	72,563	71,688	69,350
Stephenson	331,247	331,225	330,598
	917,302	913,876	910,828
<u>Bond and Interest</u>			
Carroll	284,865	282,242	274,714
Jo Daviess	739,335	721,445	718,873
Ogle	144,007	140,332	134,803
Stephenson	659,119	653,064	640,103
	1,827,326	1,797,083	1,768,493
<u>Social Security</u>			
Carroll	24,991	22,070	21,016
Jo Daviess	64,860	56,132	54,985
Ogle	12,689	10,963	10,313
Stephenson	57,961	50,694	49,193
	160,501	139,859	135,507
<u>Prior Year Adjustment</u>			
Carroll	(1,084)	0	0
Jo Daviess	3,697	(7,054)	0
Ogle	(425)	(118)	0
Stephenson	0	0	0
	2,188	(7,172)	0
Total	\$ 11,123,416	\$ 10,641,971	\$ 10,384,819

Highland Community College District #519

Summary Schedule of Taxes Receivable and Tax Collections
For the year ended June 30, 2022

Levy Year	Levy Valuation	Assessed Rate	Combined Taxes Extended	Total Collected to June 30, 2021	Collected During Year Ended June 30, 2022	Total Collected to June 30, 2022	Percent Collected June 30, 2021	Allowance for Uncollectible Taxes	Balance After Allowance
2020	1,888,378,143	0.5636	10,641,971	\$1,618,831	\$9,023,346	\$10,642,177	100.00%	\$0	\$0
2021	1,989,048,380	0.5565	11,123,416	0	1,509,742	1,509,742	13.57%	0	9,613,674
Total				\$3,051,632	\$19,485,237	\$22,536,869	0.00%	\$0	\$9,613,674

	Uncollected June 30, 2022
Education	\$ 4,812,827
Operations and Maintenance	1,289,151
Insurance	952,940
Audit	45,206
Protection, Health & Safety	792,715
Bond and Interest	1,578,081
Social Security	138,712
Total	\$ 9,609,632

Highland Community College District #519

Schedule of Legal Debt Margin

For the year ended June 30, 2022

Assessed valuation - 2021 levy	\$1,989,048,380
Debt limit, 2.875% of assessed valuation	\$57,185,141
Total long-term debt	4,659,863
Legal debt margin	\$52,525,278

Supplemental Financial Information

Highland Community College District #519

All Funds Summary

Uniform Financial Statement #1

All Funds Summary

For the year ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund
Fund balance, July 1, 2021	\$3,731,552	\$2,002,785	\$4,725,093	\$816,153	\$1,139,204
Revenues:					
Local tax revenue	6,727,475	1,454,164	915,274	1,808,402	0
All other local revenue	0	0	0	0	0
ICCB grants	1,295,850	189,212	0	0	0
All other state revenue	0	0	0	0	0
Federal revenue	905,072	0	0	0	427,818
Student tuition and fees	4,508,355	0	0	0	446,578
On-behalf CIP	0	0	0	0	0
On-behalf SURS	0	0	0	0	0
All other revenue	449,503	106,327	25,505	0	582,913
Total revenue	13,886,255	1,749,703	940,779	1,808,402	1,457,309
Expenditures:					
Instruction	7,439,748	0	0	0	0
Academic support	735,581	0	0	0	0
Student services	1,215,816	0	0	0	0
Public service	745,241	0	0	0	11,741
Organized research	0	0	0	0	0
Auxiliary services	0	0	0	0	1,163,180
Operations and maintenance	0	1,365,877	1,031,440	0	0
Institutional support	2,514,943	0	1,293,630	1,754,500	0
Scholarships, grants, waivers	309,845	0	0	0	13,891
Total expenditures	12,961,174	1,365,877	2,325,070	1,754,500	1,188,812
Other financing sources					
Net transfers	28,371	(300,000)	300,000	0	64,000
Fund balance, June 30, 2022	\$4,685,004	\$2,086,611	\$3,640,802	\$870,055	\$1,471,701

Highland Community College District #519

All Funds Summary

Uniform Financial Statement #1 (continued)

All Funds Summary

For the year ended June 30, 2022

	Restricted Purpose Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance, July 1, 2021	\$1,383,076	\$10,338,287	\$861	\$363,135	\$24,500,146
Revenues:					
Local tax revenue	0	0	49,104	1,225,436	12,179,855
All other local revenue	0	0	0	0	0
ICCB grants	136,953	0	0	0	1,622,015
All other state revenue	130,238	0	0	0	130,238
Federal revenue	6,227,359	0	0	0	7,560,249
Student tuition and fees	545,830	0	0	0	5,500,763
On-behalf CIP	(27,660)	0	0	0	(27,660)
On-behalf SURS	5,597,496	0	0	0	5,597,496
All other revenue	1,903,550	8,891	0	0	3,076,689
Total revenue	14,513,766	8,891	49,104	1,225,436	35,639,645
Expenditures:					
Instruction	3,684,693	0	0	0	11,124,441
Academic support	261,192	0	0	0	996,773
Student services	1,437,619	0	0	0	2,653,435
Public service	241,608	0	0	0	998,590
Organized research	0	0	0	0	0
Auxiliary services	287,578	0	0	0	1,450,758
Operations and maintenance	404,303	0	0	603,292	3,404,912
Institutional support	2,363,471	4,558	52,750	570,350	8,554,202
Scholarships, grants, waivers	4,380,651	0	0	0	4,704,387
Total expenditures	13,061,115	4,558	52,750	1,173,642	33,887,498
Other financing sources					
Net transfers	(88,038)	(4,333)	0	0	0
Fund balance, June 30, 2022	\$2,747,689	\$10,338,287	(\$2,785)	\$414,929	\$26,252,293

Highland Community College District #519

Summary of Capital Assets and Long-Term Debt Uniform Financial Statement #2

Fiscal Year ended June 30, 2022

	Capital Assets/ Long-Term Debt June 30, 2021	Additions	Deletions	Adjustments	Capital Assets/ Long-Term Debt June 30, 2022
Capital assets:					
Sites and improvements	\$3,950,157	\$0	\$0	\$0	\$3,950,157
Construction in process	0	532,247	0	0	532,247
Buildings, additions and improvements	30,419,087	1,347,362	0	0	31,766,449
Vehicles	599,781	45,718	63,901	0	581,598
Equipment and technology	5,873,658	608,262	518,555	0	5,963,365
Total capital assets	40,842,683	2,533,589	582,456	0	42,793,816
Accumulated depreciation	21,438,645	1,304,100	557,836	0	22,184,909
Net capital assets	\$19,404,038	\$1,229,489	\$24,620	\$0	\$20,608,907
Long-Term Debt:					
Bonds payable	\$6,010,000	\$0	\$1,500,000	\$0	\$4,510,000
Accrued compensated absences	152,131	21,775	0	0	173,906
Contracts payable	195,203	0	45,340	0	149,863
Unamortized premium on bonds	387,459	0	182,077	0	205,382
Net OPEB CIP liability	9,396,941	0	149,483	0	9,247,458
Total long-term debt	\$16,141,734	\$21,775	\$1,876,900	\$0	\$14,286,609

Highland Community College District #519

Operating Funds Revenues and Expenditures

Uniform Financial Statement #3

Fiscal Year ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local Government Revenue			
Local taxes	\$5,428,884	\$1,454,164	\$6,883,048
CPPRT	1,298,591	0	1,298,591
Total local government	6,727,475	1,454,164	8,181,639
State government			
ICCB base operating grant	1,102,669	189,212	1,291,881
ICCB equalization grants	50,000	0	50,000
ICCB - Career and Technical Education	128,361	0	128,361
Other ICCB grants not listed above	0	0	0
Other State not listed above	14,820	0	14,820
Total state government	1,295,850	189,212	1,485,062
Federal government			
Department of Education	905,072	0	905,072
Other	0	0	0
Total federal government	905,072	0	905,072
Student tuition and fees			
Tuition	3,728,514	0	3,728,514
Fees	779,841	0	779,841
Total tuition and fees	4,508,355	0	4,508,355
Other sources			
Sales and service fees	49,522	0	49,522
Facilities revenue	11,636	83,617	95,253
Investment revenue	12,537	0	12,537
Non-governmental grants	323,673	0	323,673
Other	52,135	22,710	74,845
Total other sources	449,503	106,327	555,830
Total revenue	\$13,886,255	\$1,749,703	\$15,635,958

Highland Community College District #519

Operating Funds Revenues and Expenditures

Uniform Financial Statement #3

Fiscal Year ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenses:			
By program:			
Instruction	\$7,439,748	\$0	\$7,439,748
Academic support	735,581	0	735,581
Student services	1,215,816	0	1,215,816
Public service	745,241	0	745,241
Operations and Maintenance	0	1,365,877	1,365,877
Institutional support	2,514,943	0	2,514,943
Scholarships, grants, waivers	309,845	0	309,845
Total expenditures	12,961,174	1,365,877	14,327,051
Less non-operating items*:			
Tuition chargeback	0	0	0
Transfers to non-operating funds	28,371	(300,000)	(271,629)
Adjusted expenditures	\$12,932,803	\$1,665,877	\$14,598,680
By object:			
Salaries	\$8,755,902	\$523,867	\$9,279,769
Employee benefits	2,052,925	179,396	2,232,321
Contractual services	972,088	85,412	1,057,500
General materials and supplies	519,760	111,511	631,271
Travel, conference and meeting expenses	150,218	194	150,412
Fixed charges	77,855	0	77,855
Utilities	17,435	677,307	694,742
Capital outlay	52,381	629	53,010
Other	362,610	(212,439)	150,171
Total expenditures	12,961,174	1,365,877	14,327,051
Less non-operating items*:			
Tuition chargeback	0	0	0
Transfers to non-operating funds	28,371	(300,000)	(271,629)
Adjusted expenditures	\$12,932,803	\$1,665,877	\$14,598,680

* 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, 2022

Revenues by source:

State Government	
ICCB - Adult Education and Family Literacy	\$136,953
SOS - Adult Volunteer Literacy	75,938
On-Behalf CIP	(27,660)
On-Behalf SURS	5,597,496
Other	54,300
<hr/>	
Total state government	5,837,027
<hr/>	
Federal government:	
Department of Education	6,177,573
Other	49,786
<hr/>	
Total federal government	6,227,359
<hr/>	
Student tuition and fees	545,830
<hr/>	
Other sources:	
Investment revenue	25,247
Non-governmental grants	1,255,923
Other	622,380
<hr/>	
Total other sources	1,903,550
<hr/>	
Total restricted purposes fund revenues	\$14,513,766

Highland Community College District #519

Restricted Purposes Fund - Revenues and Expenditures (Continued)

Uniform Financial Statement #4

Fiscal Year ended June 30, 2022

Expenditures by Program:

Instruction	\$3,684,693
Academic support	261,192
Student services	1,437,619
Public service/continuing education	241,608
Organized research	0
Auxiliary services	287,578
Operations and maintenance	404,303
Institutional support	2,363,471
Scholarships, grants and waivers	4,380,651

Total restricted purposes fund expenditures by program	\$13,061,115
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Expenditures by object:

Salaries	\$1,307,414
Employee benefits	5,960,401
Contractual services	614,284
General materials and supplies	138,383
Travel, conference and meeting expenses	120,267
Fixed charges	23,290
Utilities	4,152
Capital outlay	374,928
Other	4,517,996

Total restricted purposes fund expenditures	\$13,061,115
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State Government Detail

** ICCB other

Perkins	\$116,681
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Total state sources other	\$116,681
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*** State sources other

Secretary of state	\$75,938
RSVP Department of Aging	30,040
Growing AG Teachers Grant	24,260

Total state sources other	\$130,238
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Highland Community College District #519

Current Funds - Expenditures by Activity

Uniform Financial Statement #5

Fiscal Year ended June 30, 2022

Instruction:	
Instructional programs	7,439,748
Other	3,684,693
<hr/>	
Total instruction	11,124,441
<hr/>	
Academic support:	
Library center	346,148
Instructional materials center	71,323
Educational media services	278,157
Academic computing support	39,953
Academic administration and planning	6,442
Other	254,750
<hr/>	
Total academic support	996,773
<hr/>	
Student services support:	
Admissions and records	366,227
Counseling and career services	544,505
Financial aid administration	394,022
Other	1,348,681
<hr/>	
Total student services support	2,653,435
<hr/>	
Public service/continuing education:	
Community education	164,893
Customized training (instructional)	0
Community services	700,088
Other	133,609
<hr/>	
Total public service/continuing education	998,590
<hr/>	
Auxiliary services	1,450,758
<hr/>	
Operations and maintenance of plant:	
Maintenance	24,233
Custodial services	424,319
Grounds	113,466
Campus security	603,292
Transportation	32,346
Utilities	675,383
Administration	96,130
Other	404,303
<hr/>	
Total operations and maintenance of plant	2,373,472
<hr/>	

Highland Community College District #519

Current Funds - Expenditures by Activity
Uniform Financial Statement #5 (continued)
Fiscal Year ended June 30, 2022

Institutional support	
Executive management	331,102
Fiscal operations	1,104,113
Community relations	393,553
Administrative support services	364,343
Board of trustees	296,445
General institutions	0
Institutional research	177,482
Administrative data processing	1,095,022
Other	1,739,454
Total institutional support	5,501,514
<hr/>	
Scholarships, Student Grants & Waivers	4,704,387
<hr/>	
Total current funds expenditures	\$29,803,370

* 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 2023

All fiscal year 2022 noncapital audited operating expenditures from the following funds:	
1 Education Fund	12,912,290
2 Operations and Maintenance Fund	1,365,290
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	12,711,220
7 Audit Fund	52,750
8 Liability, Protection, and Settlement Fund	1,173,642
9 Auxiliary Enterprises Fund (subsidy only)	0
10 Total noncapital expenditures (sum of lines 1-9)	<u>\$28,216,142</u>
11 Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$1,516,902</u>
12 Total costs included (line 10 plus line 11)	<u>\$29,733,044</u>
13 Total certified semester credit hours for FY 2022	<u>28,392</u>
14 Per capita cost (line 12 divided by line 13)	\$1,047.23
15 All FY 2023 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>7,492,365</u>
16 FY 2022 state and federal grants per semester credit hour (line 15 divided by line 13)	263.89
17 District's average ICCB grant rate (excluding equalization grants) for FY 2023	<u>42.40</u>
18 District's student tuition and fee rate per semester credit hour for FY 2023	<u>151.00</u>
19 Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)	<u>\$589.94</u>

Approved: 
President

November 18, 2022
Date

Approved: 
Chief Financial Officer

November 18, 2022
Date

ICCB State Grant Financial Compliance Section

**INDEPENDENT AUDITOR’S REPORT ON STATE ADULT EDUCATION
AND FAMILY LITERACY GRANTS FINANCIAL STATEMENTS**

Board of Directors
Highland College District #519
Freeport, Illinois

Opinion

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants of Highland Community College District #519 (the “District”), as of and for the year ended June 30, 2022, and the related notes to the financial statements.

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 District #519 as of June 30, 2022, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 (ICCB) *Fiscal Management Manual*. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Adult Education and Family Literacy Grants of Highland Community College District #519, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2022, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grant Programs' financial statements. The ICCB Compliance Statement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Sterling, Illinois
November 18, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR STATE ADULT EDUCATION AND FAMILY LITERACY GRANTS

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

Compliance

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State Adult Education and Family Literacy Grants Program of Highland Community College District #519 (the "District"), which comprise of the statement of net position as of June 30, 2022, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements, and we have issued our report there on dated November 18, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to materially comply with the terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants. 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 terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants.

The report is intended solely for the information and use of the Board of Trustees and management of Highland Community College District #519, and the Illinois Community College Board and is not intended to be and should not be used by anyone other than those specified parties.



Sterling, Illinois
November 18, 2022

Highland Community College District #519

State Adult Education and Family Literacy Grants

Balance Sheet

June 30, 2022

ASSETS	State Basic	Performance	Total
Cash	\$0	\$0	\$0
Accounts receivable	0	0	0
Total assets	\$0	\$0	\$0

LIABILITIES AND FUND BALANCE

Liabilities:			
Accounts payable	\$0	\$0	\$0
Cash overdraft	0	0	0
Accrued expenses	0	0	0
Deferred revenue	0	0	0
Total liabilities	0	0	0
Fund balance	0	0	0
Total liabilities and fund balances	\$0	\$0	\$0

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, 2022

	Actual		
	State Basic	Performance	Total
Revenue -			
State sources	\$113,138	\$23,815	\$136,953
Expenditures:			
Instruction	54,659	23,815	78,474
Social work services	10,295	0	10,295
Student transportation services	0	0	0
Literacy Services	14,470	0	14,470
Guidance services	10,296	0	10,296
Assessment & Testing	791	0	791
Child Care Services	0	0	0
Improvement of instructional services	0	0	0
General administration	8,373	0	8,373
Operation & maintenance of plant services	0	0	0
Workforce coordination	0	0	0
Data & information services	14,254	0	14,254
Total expenditures	113,138	23,815	136,953
Excess of revenue over (under) expenditures	0	0	0
Transfers from (to) other funds	0	0	0
Excess of revenue over (under) expenditures and transfers	0	0	0
Fund balance, beginning	0	0	0
Fund balance, ending	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, 2022

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$54,659	48.31%
General Administration (20% maximum allowed)	\$8,373	7.40%

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, 2022. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2022 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.

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 childcare facilities or provision.

Performance

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

Schedule of Enrollment Data

**INDEPENDENT ACCOUNTANT'S REPORT ON 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 – Community College District #519's (the District) 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 during the period July 1, 2021 through June 30, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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 #519 is fairly stated, in all material respects.



Sterling, Illinois
November 18, 2022

Highland Community College District #519

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

For the year ended June 30, 2022

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	Unrestricted Hours	Restricted Hours
Baccalaureate	1,581.0	12.0	7,777.0	20.0	7,286.0	34.0	16,644.0	66.0		
Business Occupational	103.0	0.0	671.0	0.0	716.0	0.0	1,490.0	0.0		
Technical Occupational	250.0	0.0	1,763.0	0.0	2,982.0	0.0	4,985.0	0.0		
Health Occupational	330.0	0.0	1,312.0	0.0	1,681.0	0.0	3,323.0	0.0		
Remedial/Developmental	83.0	28.0	569.0	30.0	374.0	44.0	1,026.0	102.0		
Adult Education	0.0	0.0	0.0	380.0	0.0	366.0	0.0	746.0		
	2,347.0	40.0	12,092.0	430.0	13,039.0	444.0	27,478.0	914.0		

In-District (All Terms)		Dual Credit (All Terms)		Dual Enrollment (All Terms)	
Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
21,190.5	877.5	5,399.0	0.0	480.0	0.0

Reimbursable Credit Hours:

Credit hours on chargeback or contractual agreement

District equalized assessed valuation

440.0
\$1,989,048,380

Credit Hour Categories	Correctional Semester Credit Hours by Term							
	Summer		Fall		Spring		Total	
	Correctional Hours	Restricted Hours	Correctional Hours	Restricted Hours	Correctional Hours	Restricted Hours	Correctional Hours	Restricted Hours
Baccalaureate	18.0	40.0	0.0	0.0	58.0			
Business Occupational	0.0	24.0	0.0	0.0	24.0			
Technical Occupational	75.0	0.0	0.0	0.0	75.0			
Health Occupational	0.0	0.0	0.0	0.0	0.0			
Remedial/Developmental	0.0	0.0	0.0	0.0	0.0			
Adult Education	0.0	0.0	0.0	0.0	0.0			
	93.0	64.0	0.0	0.0	157.0			

Signature:

Cheri D. ...
President

Signature:

Phil ...
Chief Financial Officer

Highland Community College District #519

Schedule of Enrollment Data and Other Bases
Upon Which Claims are Filed (Continued)
For the year ended June 30, 2022

Credit Hour Categories	Total Reimbursable Semester Credit Hours					
	Total	Total	Total	Total	Total	Total
	Reported in Audit Unrestricted Hours	Certified to ICCB Unrestricted Hours	Difference	Reported in Audit Restricted Hours	Certified to ICCB Restricted Hours	Difference
Baccalaureate	16,644.0	16,644.0	0.0	66.0	66.0	0.0
Business Occupational	1,490.0	1,490.0	0.0	0.0	0.0	0.0
Technical Occupational	4,995.0	4,995.0	0.0	0.0	0.0	0.0
Health Occupational	3,323.0	3,323.0	0.0	0.0	0.0	0.0
Remedial/Developmental	1,026.0	1,026.0	0.0	102.0	102.0	0.0
Adult Education	0.0	0.0	0.0	746.0	746.0	0.0
Total:	27,478.0	27,478.0	0.0	914.0	914.0	0.0

Credit Hour Categories	Total Correctional Semester Credit Hours					
	Total	Total	Total	Total	Total	Total
	Reported in Audit Unrestricted Hours	Certified to ICCB Unrestricted Hours	Difference	Reported in Audit Restricted Hours	Certified to ICCB Restricted Hours	Difference
In-District Credit Hours:	21,190.5	21,190.5	0.0	877.5	877.5	0.0
Dual Credit Hours:	5,399.0	5,399.0	0.0	0.0	0.0	0.0
Dual Enrollment Hours:	480.0	480.0	0.0	0.0	0.0	0.0

Credit Hour Categories	Total Correctional Semester Credit Hours					
	Total	Total	Total	Total	Total	Total
	Reported in Audit Unrestricted Hours	Certified to ICCB Unrestricted Hours	Difference	Reported in Audit Restricted Hours	Certified to ICCB Restricted Hours	Difference
Baccalaureate	58.0	58.0	0.0	0.0	0.0	0.0
Business Occupational	24.0	24.0	0.0	0.0	0.0	0.0
Technical Occupational	75.0	75.0	0.0	0.0	0.0	0.0
Health Occupational	0.0	0.0	0.0	0.0	0.0	0.0
Remedial/Developmental	0.0	0.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	0.0	0.0	0.0
Total:	157.0	157.0	0.0	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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Highland Community College – Community College District #519 (the District), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2022.

The financial statements of Highland Community College Foundation (a nonprofit organization, discretely presented component unit of the District) 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 or that are reported on separately by those auditors who audited the financial statements of Highland Community College Foundation.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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
November 18, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR 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

Opinion on Each Major Federal Program

We have audited Highland Community College – Community College District #519's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. 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.

In our opinion, Highland Community College – 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 program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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 for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Wipfli LLP

Sterling, Illinois
November 18, 2022

Highland Community College District #519

Schedule of Expenditure of Federal Awards

For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
Pass-through Illinois Community College Board				
Adult Education - Basic Grants to States				
Federal Adult Basic	84.002A	51901	\$82,402	\$0
Direct award				
Student Financial Assistance Cluster				
Supplemental Education Opportunity Grant	84.007		40,709	0
Federal Work Study Program	84.033		83,945	0
Pell Grant Program	84.063		1,881,857	0
Pell Grant Program Administrative Allowance	84.063		2,815	0
Federal Direct Student Loans	84.268		359,455	0
Subtotal Student Financial Assistance cluster			2,368,781	0
Direct award				
TRIO Cluster				
Title IV Grant 2021 Student Support Services	84.042A		275,516	0
Title IV Grant 2022, Student Support Services	84.042A		56,507	0
Title IV Grant 2021, Upward Bound	84.047		267,423	0
Title IV Grant 2022, Upward Bound	84.047		106,135	0
Subtotal TRIO Cluster			705,581	0
Pass-through Illinois Community College Board				
Career and Technical Education - Basic Grants to States				
CTE Perkins Postsecondary	84.048	CTE51922	116,681	0
Direct award				
Child Care Access Means Parents in School				
C Campis Program	84.335A		6,442	0
COVID-19 - Education Stabilization Fund:				
Direct award				
COVID-19 - Higher Education Emergency Relief Fund - Student (m)	84.425E		1,965,046	0
COVID-19 - Higher Education Emergency Relief Fund - Institutional (nr)	84.425F		1,472,248	0
COVID-19 - Higher Education Emergency Relief Fund - Strengthening Institutions (m)	84.425M		156,543	0
Pass-through Illinois Community College Board				
COVID-19 - Governor's Emergency Education Relief Fund (m)	84.425C	GEER-519	30,627	0
COVID-19 - Governor's Emergency Education Relief Fund (m)	84.425C	GEERII-51922	46,900	0
Subtotal COVID-19 - Education Stabilization Fund			3,671,364	0
Total U.S. Department of Education			6,951,251	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, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Pass-through Illinois Community College Board				
COVID-19 Child Care and Development Block Grant				
Early Childhood Access Consortium for Equity	93.575	ECE-51901-22	5,395	0
Corporation for National and Community Service				
Direct award				
AmeriCorps Seniors Retired and Senior Volunteer Program				
Retired Senior Volunteer Program (RSVP)	94.002		49,778	0
Total expenditures of federal awards			\$7,006,424	\$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, 2022. 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 modified 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 Direct 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 Non-cash Assistance

For the year ended June 30, 2022, the District received no federal funds in the form of nonmonetary assistance.

Note 5 Indirect Cost Rate

The District has elected to use the 10% de minimus indirect cost rate during the year ending June 30, 2022.

Note 6 Other Federal Award Information

The District did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2022.

Highland Community College District #519

Schedule of Findings and Questioned Costs

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

* Material weakness identified? _____ Yes X No

* Significant deficiency identified that is not
considered to be a material weakness _____ Yes X None
Reported

Noncompliance material to financial statements
noted? _____ Yes X No

Federal Awards

Internal control over major programs:

• Material weakness identified? _____ Yes X No

• Significant deficiency identified that is
not considered to be a material weakness _____ Yes X None
Reported

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

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

Identification of Major Programs

Assistance Listing Number

Name of Federal Program

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, 2021

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None

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.

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 24, 2022 and November 18, 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 24, 2022 - November 18, 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.