

# Highland Community College

Freeport, IL

Financial Report

Year Ended June 30, 2023



**WIPFLI**

# Highland Community College District #519

Year Ended June 30, 2023

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## Table of Contents

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	5

### **Basic Financial Statements**

Statements of Net Position/Net Assets.....	12
Statements of Revenues, Expenses, and Changes in Net Position/Net Assets.....	14
Statements of Cash Flows.....	15
Notes to the Financial Statements.....	17

### **Required Supplementary Information**

Schedule of Share of Net Pension Liability.....	56
Schedule of Pension Contributions (SURS).....	57
Schedule of Share of Net OPEB Liability.....	58
Schedule of OPEB Contributions.....	59
Notes to Required Supplementary Information.....	60

### **Other Financial Information**

Reconciliation of Change in All Fund Balances to the Changes in Net Position.....	64
Combined Balance Sheet - All Fund Types and Account Groups.....	65
Combined Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net Position - All Governmental Fund Types.....	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual: All Governmental Fund Types.....	68
All Proprietary Fund Types.....	72
Combined Statement of Cash Flows - Proprietary Fund Type.....	74
Combining Balance Sheet - Governmental Fund Types - General Funds.....	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Types - General Funds.....	76
Combining Balance Sheet - Governmental Fund Types - Special Revenue Funds.....	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Types - Special Revenue Funds.....	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual: Educational Fund.....	79
Operations and Maintenance Fund - Unrestricted.....	82
Special Revenue - Restricted Purpose Fund.....	83
Special Revenue - Audit Fund.....	86
Special Revenue - Liability, Protection and Settlement Fund.....	87
Special Revenue - Working Cash Fund.....	88
Schedule of Tort Expenditures.....	89

# Highland Community College District #519

Year Ended June 30, 2023

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## Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget to Actual - Capital Projects:

Operations and Maintenance Fund - Restricted.....	90
Schedule of Assessed Valuations, Rates, and Taxes Extended.....	91
Schedule of Assessed Valuations and Tax Extensions by County.....	92
Summary Schedule of Taxes Receivable and Tax Collections.....	94
Schedule of Legal Debt Margin.....	95

## **Supplemental Financial Information**

Uniform Financial Statements .....	96
Certification of Chargeback Reimbursement .....	105

## ICCB State Grant Financial Compliance Section

Independent Auditor's Report on State Adult Education and Family Literacy Grants Financial Statements .....	107
Independent Auditor's Report on Compliance with State Requirements for the State Adult Education and Family Literacy Grants.....	109
Balance Sheet - State Adult Education and Family Literacy Grants.....	111
Statement of Revenues, Expenditures, and Changes in Fund Balance - State Adult Education and Family Literacy Restricted Funds.....	112
Statement of ICCB Compliance - State Adult Education and Family Literacy Restricted Funds.....	113
Notes to ICCB State Grant Financial Statements .....	114
Background Information on State Grant Activity.....	115

## **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 <i>Government Auditing Standards</i> .....	117
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	119
Schedule of Expenditures of Federal Awards.....	122
Notes to Schedule of Expenditures of Federal Awards.....	124
Schedule of Findings and Questioned Costs.....	125
Summary Schedule of Prior Audit Findings.....	127

# Basic Financial Statements

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## **Independent Auditor's Report**

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

### ***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 the Highland Community College District #519 (the "District"), as of and for the year ended June 30, 2023, 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, based on our audit and the report of other auditors, the accompanying 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 the Highland Community College District #519 as of June 30, 2023, and 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, which represent 100% of the assets and revenues of the discretely presented component unit as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Highland Community College Foundation, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 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 unmodified audit opinions.

#### ***Emphasis of Matter***

##### ***Change in Account Principle***

As described in Note 1 to the financial statements, in 2023, the College adopted new accounting guidance, GASB Statement No. 96, Subscription Based Information Technology Arrangements. 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 the financial statements in accordance with GAAP, 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 opinion. 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 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 judgment, 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 of America require that a 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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 financial statements, and other knowledge we obtained during our audit of the 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 as a whole. The supplemental financial information section as listed in the table of contents and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 information is 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 schedules listed in the other financial information section 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 October 19, 2023 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 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*

Wipfli LLP

Sterling, Illinois

October 19, 2023



# Highland Community College District #519

## Management Discussion and Analysis

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### Introduction

This section of Highland Community College District 519's (the District) financial report presents management discussion and analysis of the financial position and results of activities of the District as of June 30, 2023. 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, 2023 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, 2023 reflects the District's adoption of certain GASB statement's relating to component units. Under these statements, if a private foundation provides financial support to a public college or university at a level that meets specified criteria, the foundation is considered a "component unit" of the college for purposes of financial reporting and the college is required to include the foundation's financial activities in the college's financial statements.

# Highland Community College District #519

## Management Discussion and Analysis

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### Using the Financial Statements (Continued)

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

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

### Condensed Financial Information

Net position is summarized in the table below.

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

	<u>2023</u>	<u>2022*</u>
<b>Assets:</b>		
Current Assets	\$43,251,316	\$35,037,725
Non-current Assets:		
Capital assets	<u>21,989,462</u>	<u>20,608,907</u>
Total assets	<u>\$65,240,778</u>	<u>\$55,646,632</u>
Total deferred outflows of resources	<u>\$ 853,932</u>	<u>\$ 1,170,845</u>
<b>Liabilities:</b>		
Current Liabilities,	\$ 6,136,406	\$ 4,858,801
Non-current Liabilities	<u>13,459,516</u>	<u>12,481,802</u>
Total liabilities	<u>\$19,595,922</u>	<u>\$17,340,603</u>
Total deferred inflows of resources	<u>\$12,839,812</u>	<u>\$ 8,538,091</u>
<b>Net Position:</b>		
Net investment in capital assets	\$17,085,459	\$15,743,662
Restricted, expendable:		
Capital projects	3,082,808	3,640,802
Debt service	1,243,778	870,055
Working cash	10,339,998	10,338,287
Other	2,635,379	2,747,689
Unrestricted	<u>(728,446)</u>	<u>(2,401,712)</u>
Total net position	<u>\$33,658,976</u>	<u>\$30,938,783</u>

\*2022 was not restated for the implementation of GASB Statement No. 96.

# Highland Community College District #519

## Management Discussion and Analysis

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### 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 2.3 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 2023 include the maintenance barn roof, biology lab renovation, restroom renovations, welding lab, and cafeteria furniture replacement. Projects begun in fiscal year 2023, but not yet completed prior to the fiscal year end include the microbiology laboratory and the pavement replacement and hallway accessibility project in and around the Fine Arts building.

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>2023</u>	<u>2022</u>
Total operating revenues	\$ 5,882,049	\$ 6,129,322
Total operating expenses	<u>26,931,483</u>	<u>30,263,991</u>
Operating loss	(21,049,434)	(24,134,669)
Nonoperating revenues (expenses)	<u>23,381,502</u>	<u>28,729,464</u>
Capital contributions	388,125	-
Change in net position	2,720,193	4,594,798
Net position, beginning of year	<u>30,938,783</u>	<u>26,343,988</u>
Net position, end of year	<u>\$33,658,976</u>	<u>\$30,938,783</u>

# Highland Community College District #519

## Management Discussion and Analysis

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### Condensed Financial Information (Continued)

Sources of operating revenues for the District include: tuition and fees, \$4,501,133, auxiliary enterprises revenue, \$703,721, and other revenues, \$677,175. Nonoperating revenues and operating expenses include a State Universities Retirement System of Illinois (SURS) contribution provided by the State in the amount of \$4,770,757 and CIP of (\$1,462,456).

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, \$2,147,119, property and replacement taxes, \$12,900,399, and federal grants and contracts, \$3,736,560. The increase in net position for fiscal year 2023 is \$2,720,193.

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>2023</u>	<u>2022</u>
Instruction	\$ 9,263,350	\$ 11,075,468
Academic support	1,145,232	997,403
Student services	2,499,122	2,660,656
Public services	1,761,241	1,000,075
Auxiliary enterprises	1,545,203	1,386,011
Operations and maintenance of plant	2,720,175	2,490,135
Institutional support	4,800,892	5,380,815
Scholarships, grants, waivers	1,590,489	3,969,328
Depreciation	<u>1,605,779</u>	<u>1,304,100</u>
Total operating expenses	<u>\$26,931,483</u>	<u>\$30,263,991</u>
Interest expense and other	<u>\$294,500</u>	<u>\$81,829</u>

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

Changes in operating expenses from 2022 to 2023 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 and the related federal funding received in 2022, and diminishing in 2023. Student Services and Public Services changes reflect changes in grant funding. Operating expenses, excluding depreciation, decreased by about 11% from 2022 to 2023.

# Highland Community College District #519

## Management Discussion and Analysis

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### 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 \$2,720,193. 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 \$7,337,239. The variance in results of \$4,617,046 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, 2023, of key importance is the fund balance in the Operating Funds, which increased by \$461,135 from June 30, 2022 to June 30, 2023. This increase results in a fund balance amount of \$7,232,750, which is approximately 48% of the 2023 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, 2023, the District invested \$3,640,343 in capital assets. This includes \$1,133,815 for buildings and improvements, and \$519,033 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.

Series 2023 General Obligation Bonds were issued in February 2023. \$7,150,000 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, 2025 and maturing on January 1, 2029.

Additional information on the District's capital assets (Note 2) and debt activity (Note 9) can be found in the accompanying Notes to the Financial Statements.

# Highland Community College District #519

## Management Discussion and Analysis

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### 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 2024.

Local tax revenue in the Operating Funds increased by 6% for fiscal year 2023. The District experienced a 7.7% increase in equalized assessed valuation (EAV) from tax year 2021 to 2022. In addition, Corporate Personal Property Replacement Tax outperformed expectations on a statewide level. The Illinois Department of Revenue estimates a decline of about 30% in Corporate Personal Property Replacement Taxes in 2024. For fiscal year 2024, the District has estimated a 6% 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 an increase in tuition revenue in fiscal year 2024 based on estimated enrollment for the 2023-2024 academic year.

At this time, State of Illinois appropriations for the District for fiscal year 2024 are about 11% higher than fiscal year 2023, however statewide recalculations are underway by the Illinois Community College Board that may adjust the appropriations. Overall, Operating funds revenue is expected to increase by \$16.3 million, 5.2%, from fiscal year 2023 actual levels to fiscal year 2024.

For fiscal year 2024, the Operating funds budget is balanced. The District is budgeted to maintain an Operating funds ending fund balance that exceeds recommended guidelines of a minimum of 5% to 20% of expenditures. The majority of the Operating funds budget for fiscal year 2024 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 2023-2027 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 2024 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 VP/CFO of Administrative Services, 2998 W. Pearl City Road, Freeport, IL 61032.

# Basic Financial Statements

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# Highland Community College District #519

## Statements of Net Position/Net Assets

		Component Unit
	Primary Government	Highland Community College Foundation
<i>As of June 30, 2023</i>		
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 29,522,028	\$ 27,933,559
Beneficial interest in perpetual trust	-	471,787
Receivables:		
Taxes	10,301,308	-
Other, net of allowance for doubtful accounts	3,105,907	1,714,493
Prepaid expenses	125,003	11,550
Inventory	197,070	-
Total current assets	43,251,316	30,131,389
Noncurrent assets:		
Non-depreciable capital assets	643,650	-
Depreciable capital assets	44,898,578	79,143
Accumulated depreciation and amortization	(23,552,766)	(78,084)
Total noncurrent assets	21,989,462	1,059
Total assets	65,240,778	30,132,448
Deferred outflow of resources		
SURS pension contribution	89,647	-
Other postemployment benefits - CIP	764,285	-
Total deferred outflow of resources	853,932	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 795,173	\$ -
Accounts payable, related party	-	437,499
Accrued salaries	514,516	-
Accrued liabilities	16,032	58,887
Accrued interest	126,490	-
Unearned tuition revenue	2,212,396	-
Subscription liability, current	267,109	-
Accrued compensated absences, current	160,707	-
Bonds payable, including unamortized premium	2,012,516	-
Contracts payable, current	31,467	-
Total current liabilities	6,136,406	496,386



# Highland Community College District #519

## Statements of Net Position/Net Assets (Continued)

		Component Unit
	Primary	Highland Community College Foundation
<i>As of June 30, 2023</i>	Government	
Noncurrent liabilities:		
Accrued compensated absences	53,569	-
Net OPEB liability	3,534,113	-
Bonds payable, including unamortized premium	8,885,099	-
Contracts payable	71,494	-
Subscription liability	915,241	-
Total noncurrent liabilities	13,459,516	-
Total liabilities	19,595,922	496,386
<b>Deferred inflow of resources</b>		
Deferred property taxes	5,960,313	-
Other postemployment benefits - CIP	6,879,499	-
Total deferred inflow of resources	12,839,812	-
<b>Net position</b>		
Net investment in capital assets	17,085,459	-
Restricted - expendable:		
Capital projects	3,082,808	-
Debt service	1,243,778	-
Working cash	10,339,998	-
Other	2,635,379	-
Without donor restrictions net assets	-	3,802,534
Without donor restrictions - Board designated	-	9,944,432
With donor restrictions net assets	-	15,889,096
Unrestricted	(728,446)	-
Total net position	\$ 33,658,976	\$ 29,636,062

See Accompanying Notes to the Financial Statements.

# Highland Community College District #519

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

		Component Unit
	Primary	Highland Community College Foundation
<i>Years ended Year Ended June 30, 2023</i>	<b>Government</b>	
Operating revenues:		
Student tuition and fees	\$ 4,501,133	\$ -
Auxiliary enterprises revenue	703,721	-
Other operating revenues	677,195	1,678,613
Total operating revenues	5,882,049	1,678,613
Operating expenses:		
Instruction	9,263,350	-
Academic support	1,145,232	-
Student services	2,499,122	-
Public service	1,761,241	-
Auxiliary services	1,545,203	-
Operations and maintenance	2,720,175	-
Institutional support	4,800,892	552,202
Scholarships, student grants, and waivers	1,590,489	1,106,761
Depreciation and amortization expense	1,605,779	-
Total operating expenses	26,931,483	1,658,963
Operating (loss) income	(21,049,434)	19,650
Non-operating revenues (expenses)		
Property and replacement taxes	12,900,399	-
State sources	2,147,119	-
On-behalf payments	3,308,301	-
Federal grants and contracts	3,736,560	-
Investment income	824,105	2,711,637
Other revenue	881,280	-
Gain (loss) on disposal of assets	(121,762)	-
Interest expense and other	(294,500)	-
Total non-operating revenues (expenses)	23,381,502	2,711,637
Capital contributions	388,125	-
Change in net position	2,720,193	2,731,287
Net position, beginning of year	30,938,783	26,904,775
Net position, end of year	\$ 33,658,976	\$ 29,636,062

See Accompanying Notes to the Financial Statements.

# Highland Community College District #519

## Statements of Cash Flows

<i>Year Ended June 30, 2023</i>	<b>Primary Government</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	\$ 5,676,385
Payments to suppliers	(10,070,982)
Payments to employees	(11,683,223)
Payments to students for scholarships	(2,684,840)
Auxiliary enterprise changes	687,850
Other	605,016
Net cash used in operating activities	(17,469,794)
<b>Cash flows from non-capital financing activities:</b>	
Proceeds from local taxes	12,822,109
Proceeds from grants	6,487,600
Net cash provided by non-capital financing activities	19,309,709
<b>Cash flows from capital and related financing activities:</b>	
Purchases of capital assets	(2,719,972)
Principal paid on long-term debt	(1,918,397)
Proceeds from issuance of long-term debt	8,603,845
Interest paid on bonds payable and other long-term obligations	464,223
Net cash used in capital and related financing activities	4,429,699
<b>Cash flows from investing activities:</b>	
Purchases of investment securities	(9,453,706)
Interest earnings	824,105
Net cash provided by investing activities	(8,629,601)
Net increase (decrease) in cash and cash equivalents	(2,359,987)
Cash and cash equivalents, beginning of year	5,288,165
Cash and cash equivalents, end of year	\$ 2,928,178
<b>Reconciliation of cash to statements of net position/net assets:</b>	
Cash and cash equivalents	\$ 2,928,178
Investments	26,593,850
<b>Total</b>	<b>\$ 29,522,028</b>

# Highland Community College District #519

## Statements of Cash Flows (Continued)

<i>Year Ended June 30, 2023</i>	<b>Primary Government</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (21,049,434)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation	1,605,779
State on-behalf payments for fringe benefits	3,308,301
Change in assets and liabilities:	
Inventories	27,419
Prepaid expenses	9,429
Receivables	(400,342)
Deferred outflows of resources	316,913
Accounts payable	107,032
Accrued liabilities	(16,238)
Accrued compensated absences	40,370
Other unearned revenue	(34)
OPEB liability	(5,713,345)
Deferred inflows of resources	3,901,129
Unearned tuition and fees	393,227
	<b>\$ (17,469,794)</b>

See Accompanying Notes to the Financial Statements.

# Highland Community College District #519

## Notes to Financial Statements

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

The Board of Trustees (Board), a seven member group, is the level of government which has the governing responsibilities over all activities related to public post and secondary school education within the jurisdiction of the Highland Community College District #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.

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 being considered a component of the entity.

# Highland Community College District #519

## Notes to Financial Statements

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

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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, federal, state, and local grants, and state appropriations. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants and state appropriations 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 for the fiscal year resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

### **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.

# Highland Community College District #519

## Notes to Financial Statements

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

#### **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.

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.

# Highland Community College District #519

## Notes to Financial Statements

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

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, gains, losses, and other changes in fund equity during the reporting period. Material estimates that are particularly susceptible to significant change in the near term relate to depreciation on capital assets, allowance for doubtful accounts, and the fair value of investments. 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, 2023.

#### **Classification of Revenues**

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as (1) local property taxes, (2) state appropriations (3) most federal, state, and local grants and contracts and federal appropriations, and (4) gifts and contributions.

#### **Property Taxes**

Property taxes are levied each calendar year on all taxable real property located within the District. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board of Trustee resolution, property tax levies passed in November 2021 and 2022 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 2022 rate is for tax levy payable in calendar year 2023, per \$100 of assessed valuation.



# Highland Community College District #519

## Notes to Financial Statements

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

#### Property Taxes (Continued)

	Statutory Maximum Rate	2020 Rate	2021 Rate	2022 Rate
Education Fund*	\$ 0.1750	\$ 0.2800	\$ 0.2800	\$ 0.2800
Operations and Maintenance Fund	0.0750	0.0750	0.0750	0.0750
Average Additional	0.2100	0.0000	0.0000	0.0000
Liability Insurance	None	0.0555	0.0554	0.0577
Audit Fund	0.0050	0.0024	0.0026	0.0032
Protection, Health & Safety	0.0500	0.0484	0.0461	0.0467
Social Security/Medicare Fund**	None	0.0074	0.0061	0.0075
Prior Year Adjustment	None	0.0000	0.0000	0.0000
Bond and Interest Fund	None	0.0949	0.0913	0.0862
Total		\$ 0.5636	\$ 0.5565	\$ 0.5563

\* 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, 2023, have been recognized as unearned revenues.

#### 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.

# Highland Community College District #519

## Notes to Financial Statements

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

#### **Deferred Outflows/Inflows of Resources (Continued)**

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 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 (debt services is restricted by bond documents). 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.

#### **Out-of-District Tuition**

The amount of cost to be charged for out-of-district students during the year ended June 30, 2023, 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, 2023, the District recorded a vacation liability of \$168,501. 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, 2023, the District recorded a sick pay liability of \$45,775. The District considers 75% this liability current and due within one year.

# Highland Community College District #519

## Notes to Financial Statements

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

#### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of financial reporting, the State of Illinois (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 District Insurance Plan ("CIP") and additions to/deductions from CIP's plan net position has been determined on the same basis as they are reported by CIP. For this purpose, OPEB payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value.

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a 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.

# Highland Community College District #519

## Notes to Financial Statements

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

#### **Subscription Based Information Technology Arrangements**

The District is a party to multiple noncancelable subscription based information technology arrangements (SBITAs). If the contract provides the District the right to use the present service capacity and the right to direct the use of the identified asset, it is considered to be or contain a SBITA. Subscription-based assets and liabilities are recognized at the agreement commencement date based on the present value of the future payments over the expected contract term. The SBITA asset is also adjusted for any prepayments made and capitalizable initial implementation costs as incurred.

The SBITA liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable payments due to subsequent changes in an index or rate are recorded as an adjustment to expense in the period in which they are incurred.

The discount rate used is the implicit rate in the SBITA contract, if it is readily determinable, or the District's incremental borrowing rate.

For all underlying classes of assets, the District does not recognize SBITA assets and liabilities for short-term agreements that have a contract term of 12 months or less at contract commencement. Contracts containing termination clauses in which either party may terminate without cause and the notice period is less than 12 months are deemed short-term agreements with costs included in expense.

# Highland Community College District #519

## Notes to Financial Statements

### Note 2: Capital Assets

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	Balance 7/1/2022	Increases	Decreases	Transfers/ Adjustments	Balance 06/30/2023
Capital assets, not being depreciated:					
Land	\$ 110,000	\$ -	\$ -	\$ -	\$ 110,000
Construction in progress	532,247	533,650	-	(532,247)	533,650
Total capital assets, not being depreciated	642,247	533,650	-	(532,247)	643,650
Capital assets, being depreciated:					
Land improvements	3,840,157	-	-	-	3,840,157
Buildings	31,766,449	1,133,815	-	(38,531)	32,861,733
Vehicles	581,598	-	-	(118,482)	463,116
Equipment & technology	5,963,365	519,033	-	(202,671)	6,279,727
Total capital assets, being depreciated	42,151,569	1,652,848	-	(359,684)	43,444,733
Accumulated depreciation:					
Land improvements	3,434,254	78,751	-	-	3,513,005
Buildings	13,998,299	639,225	-	(385)	14,637,139
Vehicles	397,726	33,403	-	(103,322)	327,807
Equipment & technology	4,354,630	559,999	-	(134,215)	4,780,414
Total accumulated depreciation	22,184,909	1,311,378	-	(237,922)	23,258,365
Total capital assets, being depreciated, net	19,966,660	341,470	-	(121,762)	20,186,368
Subscription-Based Information Technology Arrangement Assets:					
Subscription-Based Information Technology Arrangement Assets	-	1,453,845	-	-	1,453,845
Accumulated amortization:					
Subscription-Based Information Technology Arrangement Assets	-	(294,401)	-	-	(294,401)
Total subscription-based information technology arrangement assets being amortized, net	-	1,159,444	-	-	1,159,444
Capital assets, net	\$20,608,907	\$ 2,034,564	\$ -	\$ (654,009)	\$ 21,989,462

# Highland Community College District #519

## Notes to Financial Statements

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### Note 2: Capital Assets (Continued)

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

Assets	Years
Buildings	50 years
Land improvements	10 years
Equipment	8 years
Computer technology	4 years

### 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 2023, the state made contributions of \$4,770,757 (see Note 5) relating to the pension plan. In fiscal year 2023, the state made negative contributions of \$(1,462,456) (see Note 7) relating to the OPEB plan.

### Note 5: Defined Benefit Pension Plans

#### General Information about the Pension Plan

*Plan description* – The District's contributes to the State Universities Retirement System of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by 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](http://www.SURS.org).

# Highland Community College District #519

## Notes to Financial Statements

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### **Note 5: Defined Benefit Pension Plans (Continued)**

*Benefits provided* - A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election whether to participate in the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2022 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 of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2022 and fiscal year 2023, respectively, was 12.32% and 12.83% 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).

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

#### *Net Pension Liability*

The net pension liability (NPL) was measured as of June 30, 2022. At June 30, 2022 SURS defined benefit plan reported a NPL of \$29,078,053,857

#### *Employer Proportionate Share of Net Pension Liability*

The amount of the proportionate share of the net pension liability to be recognized for the District is . The proportionate share of the State's NPL associated with the District at June 30, 2022 is \$70,891,132 or 0.2438%. This amount is not recognized in the District's financial statement. The District's proportionate share changed by 0.0048% from 0.2390% since the last measurement date of June 30, 2021. This amount is not recognized in the District's financial statements. The NPL and total pension liability as of June 30, 2022 was determined based on the June 30, 2021 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 2021.

# Highland Community College District #519

## Notes to Financial Statements

### Note 5: Defined Benefit Pension Plans (Continued)

#### *Defined Benefit Pension Expense*

For the year ending June 30, 2022, SURS defined benefit plan reported a collective net pension expense of \$1,903,314,699.

#### *Employer Proportionate Share of Defined Benefit Pension Expense*

The employer proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2021. As a result, the District recognized revenue and defined benefit pension expense of \$4,640,205 from this special funding situation during the year ended June 30, 2023.

#### *Deferred Outflows of Resources and Deferred Inflows of Resources Related to Defined Benefit 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 Inflow of Resources
Difference between expected and actual experience	\$ 31,973,496	\$ 28,674,599
Changes in assumption	279,362,441	982,954,268
Net difference between projected and actual earnings on pension plan investments	31,628,935	-
Total	\$ 342,964,872	\$ 1,011,628,867



# Highland Community College District #519

## Notes to Financial Statements

### Note 5: Defined Benefit Pension Plans (Continued)

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

	Net Deferred Outflows (Inflows) of Resources
2023	\$ (332,941,204)
2024	(528,966,820)
2025	(249,290,775)
2026	442,534,804
Total	\$ (668,663,995)

### District's Deferral of Fiscal Year 2023 Contributions

The College paid \$89,647 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2023. These contributions were made subsequent to the pension liability measurement date of June 30, 2022, and are recognized as deferred outflows of resources as of June 30, 2023

### Assumptions and Other Inputs

*Actuarial assumptions.* The actuarial assumptions used in the June 30, 2022 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% to 12.75%, including inflation
Investment rate of return	6.50% 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)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2022, 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)
<b>Traditional Growth</b>		
Global Public Equity	38.0 %	7.62 %
<b>Stabilized Growth</b>		
Credit Fixed Income	9.0 %	4.20 %
Core Real Assets	4.5 %	4.98 %
Options Strategies	2.5 %	4.91 %
Private Credit	1.0 %	7.45 %
<b>Non-Traditional Growth</b>		
Private Equity	10.5 %	11.91 %
Non-Core Real Assets	2.5 %	9.43 %
<b>Inflation Sensitive</b>		
U.S. TIPS	5.0 %	1.23 %
<b>Principal Protection</b>		
Core Fixed Income	8.0 %	1.79 %
<b>Crisis Risk Offset</b>		
Systematic Trend Following	10.0 %	4.33 %
Alternative Risk Premia	5.0 %	3.59 %
Long Duration	4.0 %	2.16 %
<b>Total</b>	<b>100 %</b>	<b>6.08 %</b>
<b>Inflation</b>		<b>2.25 %</b>
<b>Expected Arithmetic Return</b>		<b>8.33 %</b>

*Discount Rate.* A single discount rate of 6.39% 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 3.69% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022). 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 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, 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 net pension liability to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.39% as well as what the State's NPL net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

1% Decrease 5.39%	Current Single Discount Rate Assumption 6.39%	1% Increase 7.39%
\$ 35,261,802,968	\$ 29,078,053,857	\$ 23,928,731,076

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

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### **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, 2022, the State's contributions to the RSP on behalf of individual employers totaled \$89,770,940. Of this amount, \$80,902,699 was funded via an appropriation from the State and \$8,868,241 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 2022. The District's share of pensionable contributions was 0.1454%. As a result, the District recognized revenue and defined contribution pension expense of \$130,552 from this special funding situation during the year ended June 30, 2023, of which \$12,897 constituted forfeitures.

### **Note 7: Other Post-Employment Benefits**

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

# Highland Community College District #519

## Notes to Financial Statements

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### **Note 7: Other Post-Employment Benefits** (Continued)

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

*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 other 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](http://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 Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF.

# Highland Community College District #519

## Notes to Financial Statements

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### **Note 7: Other Post-Employment Benefits (Continued)**

#### **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, 2022. CIP reported a net OPEB liability at June 30, 2022 of \$684,560,152.

##### *Employer Proportionate Share of Net OPEB Liability*

The amount of the proportionate share of the net OPEB liability to be recognized for the District in fiscal year 2023 is \$3,534,113 or 0.5163%. This amount is recognized in the financial statement. The change in the District's proportionate net OPEB liability was a decrease of 0.0166%. The proportionate share of the State's net OPEB liability associated with the District is \$3,534,113. The total proportionate share of the net OPEB liability associated with the District is \$7,068,226. The net OPEB liability and total OPEB liability as of June 30, 2022 was determined based on the June 30, 2021 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 2022.

##### *OPEB Expense*

At June 30, 2022, CIP reported a collective net OPEB expense (income) of \$(287,349,940).

##### *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 2022. As a result, the District recognized on-behalf revenue and expense of \$(1,462,456) for the fiscal year ended June 30, 2023. Additionally, the District recognized OPEB expense (income) of \$(1,464,372) for the fiscal year ended June 30, 2023.

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

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

# Highland Community College District #519

## Notes to Financial Statements

### Note 7: Other Post-Employment Benefits (Continued)

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

<i>Fiscal year ended June 30, 2022 (measurement date)</i>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Difference between expected and actual experience	\$ 27,919	\$ 1,472,068
Changes in assumption	0	4,763,874
Net difference between projected and actual earnings on OPEB plan investments	0	183
Changes in proportion and differences between employer contributions and share of contributions	684,181	643,374
Total deferred amounts to be recognized in pension expense in future periods	712,100	6,879,499
OPEB contributions made subsequent to the measurement date	52,185	0
Total	\$ 764,285	\$ 6,879,499

The District reported \$52,185 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 year ended June 30, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

<b>Year Ending June 30</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2024	\$ (1,027,900)
2025	(1,027,900)
2026	(1,027,900)
2027	(1,027,900)
2028	(1,027,900)
2029	(1,027,899)
Total	\$ (6,167,399)

# Highland Community College District #519

## Notes to Financial Statements

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### Note 7: Other Post-Employment Benefits (Continued)

#### Assumptions and Other Inputs

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on age and service and ranges from 12.75% at less than 1 year of service to 3.50% at 34 or more years of service for employees over 50. Salary increase includes a 3.00% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend used fiscal year end 2023 based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2024 and decrease gradually to an ultimate trend of 4.25% in 2039. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 5.86% in 2034, declining gradually to an ultimate rate of 4.25% in 2039.
Asset Valuation Method	Market value

Mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table. For disabled annuitants mortality rates were based on the Pub-2010 Disabled Annuitant table. Mortality rates for pre-retirement were based on the Pub-2010 Disabled Retiree Mortality Table. Mortality rates for pre-retirement were based on the PUB-2010 Employee Mortality Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.

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 to June 30, 2020.

*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 3.69% as of June 30, 2022.

The decrease in the single discount rate from 1.92% to 3.69% caused the total OPEB liability to increase by approximately \$119.2 million from 2021 to 2022.



# 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 Single Discount Rate

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.69% at June 30, 2022, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher or lower than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2022 to the Single Discount Rate Assumption				
	1% Decrease (2.69%)	Current Single Discount Rate Assumption (3.69%)		1% Increase (4.69%)
Net OPEB liability	\$ 3,868,713	\$ 3,534,113	\$	3,247,977

#### 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.

Sensitivity of Net OPEB Liability as of June 30, 2022 to the Healthcare Cost Trend Rate Assumption				
	1% Decrease (a)	Healthcare Cost Trend Rates Assumption		1% Increase (b)
Net OPEB liability	\$ 3,158,269	\$ 3,534,113	\$	3,993,356

- (a) Current healthcare trend rates - Pre-Medicare per capita costs: 9.18% in 2023, 8.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2039. Post-Medicare per capita costs: 2.98% in 2023, 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 5.86% in 2033 decreasing ratably to an ultimate rate of 4.25% in 2039.
- (b) One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 8.18% in 2023, 7.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2039. Post-Medicare per capita costs: 1.98% in 2023, 0.00% from 2024 to 2028, 18.42% from 2029 to 2033, 4.86% in 2033 decreasing ratably to an ultimate rate of 3.25% in 2039.
- (c) One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 10.18% in 2023, 9.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2039. Post-Medicare per capita costs: 3.98% in 2023, 1.00% from 2024 to 2028, 20.42% from 2029 to 2033, 6.86% in 2033 decreasing ratably to an ultimate rate of 5.25% in 2039.

# Highland Community College District #519

## Notes to Financial Statements

### Note 8: Deposits and Investments

Cash and investments as of June 30, 2023 consist of the following:

	Carry Amount
Cash and cash equivalents	\$ 2,928,178
Investments	26,593,850
Total	\$ 29,522,028

#### 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 \$2,928,178 and the bank balance was \$3,071,429. As of June 30, 2023, the College's entire bank balance of \$3,071,429 was insured and collateralized with securities in the District's name.

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

#### Investments

	Carrying Amount	Fair Value
Marketable savings and money market	\$ 3,184,544	\$ 3,184,544
Marketable certificates of deposits	7,321,224	7,321,224
US Treasury securities	10,054,406	10,054,406
Local government investment pool	6,033,676	6,033,676
Total investments	\$ 26,593,850	\$ 26,593,850

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 2023.

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

# Highland Community College District #519

## Notes to Financial Statements

### Note 8: Deposits and Investments (Continued)

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing 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:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Marketable savings and money market	\$ 3,184,544	\$ 3,184,544	\$ -	\$ -	\$ -
Marketable certificates of deposits	7,321,224	5,933,773	1,387,451	-	-
US Treasury securities	10,054,406	6,750,114	3,304,292	-	-
Local government investment pool	6,033,676	6,033,676	-	-	-
Total	\$ 26,593,850	\$ 21,902,107	\$ 4,691,743	\$ -	\$ -

#### 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:

	Total	Investment Ratings by Standard & Poor's		
		AAAm	AA	Unrated
Marketable savings and money market	\$ 3,184,544	\$ 3,184,544	\$ -	\$ -
Marketable certificates of deposits	7,321,224	-	-	7,321,224
US Treasury securities	10,054,406	-	10,054,406	-
Local government investment pool	6,033,676	6,033,676	-	-
Total	\$ 26,593,850	\$ 9,218,220	\$ 10,054,406	\$ 7,321,224

#### 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, 2023 there are no investments with custodial credit risk.

# Highland Community College District #519

## Notes to Financial Statements

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### **Note 8: Deposits and Investments (Continued)**

#### Foreign Currency Risk

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

At various times during the year, the bank balances exceeded FDIC insurance and collateral pledged by the financial institutions.

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

The State Treasurer maintains the Illinois Funds Money Market (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.

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 for identical assets.

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.

# Highland Community College District #519

## Notes to Financial Statements

### Note 8: Deposits and Investments (Continued)

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, 2023:

		<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
Assets measured at fair value on a recurring basis:					
Certificate of deposit	\$ 7,321,224	\$ -	\$ 7,321,224	\$ -	
U.S. Treasury securities	10,054,406	-	10,054,406	-	
Total investments	\$ 17,375,630	\$ -	\$ 17,375,630	\$ -	

### Note 9: Debt

The following is a summary of the District's long-term and short-term debt transactions for the year ended June 30, 2023:

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$ 4,510,000	\$ 7,150,000	\$ 1,600,000	\$ 10,060,000	\$ 1,710,000	\$ 8,350,000
Bond premiums and deferred funding (discounts)	205,382	757,290	125,057	837,615	302,516	535,099
Contracts payable	149,863	-	46,902	102,961	31,467	71,494
Compensated absences	173,906	40,370	-	214,276	160,707	53,569
Subscription liability	-	1,453,845	271,495	1,182,350	267,109	915,241
Net OPEB liability	9,247,458	-	5,713,345	3,534,113	-	3,534,113
Totals	\$ 14,286,609	\$ 9,401,505	\$ 7,756,799	\$ 15,931,315	\$ 2,471,799	\$ 13,459,516

# Highland Community College District #519

## Notes to Financial Statements

### Note 9: Debt (Continued)

Details on the debt as of June 30, 2023 are as follows:

1. 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.

During the year ending June 30:	Principal	Interest	Total
2024	\$ 250,000	\$ 69,200	\$ 319,200
2025	945,000	18,900	963,900
Total	\$ 1,195,000	\$ 88,100	\$ 1,283,100

2. 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.

During the year ending June 30:	Principal	Interest	Total
2024	\$ 1,460,000	\$ 49,250	\$ 1,509,250
2025	255,000	6,375	261,375
Total	\$ 1,715,000	\$ 55,625	\$ 1,770,625

3. Series 2023 General Obligation Bonds were issued in February, 2023. \$7,150,000 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 February 21, 2023 and maturing on January 1, 2029.

During the year ending June 30:	Principal	Interest	Total
2024	\$ -	\$ 486,597	\$ 486,597
2025	270,000	350,750	620,750
2026	1,575,000	304,625	1,879,625
2027	1,690,000	223,000	1,913,000
2028	1,815,000	135,375	1,950,375
2029 - 2033	1,800,000	45,000	1,845,000
Total	\$ 7,150,000	\$ 1,545,347	\$ 8,695,347

# Highland Community College District #519

## Notes to Financial Statements

### Note 9: Debt (Continued)

4. 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).

During the year ending June 30:	Principal	Interest	Total
2024	\$ 1,875	\$ 25	\$ 1,900

5. 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).

During the year ending June 30:	Principal	Interest	Total
2024	\$ 29,592	\$ 3,768	\$ 33,360
2025	71,494	503	71,997
Total	\$ 101,086	\$ 4,271	\$ 105,357

6. Ellucian subscription agreement dated December 2022 in the original principal amount of \$1,070,371, due in annual installments in various amounts including imputed interest at 2.40%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 159,604	\$ 21,470	\$ 181,074
2025	168,867	17,639	186,506
2026	178,515	13,586	192,101
2027	188,562	9,302	197,864
2028	199,023	4,777	203,800
Total	\$ 894,571	\$ 66,774	\$ 961,345

7. Panopto subscription agreement dated April 2023 in the original principal amount of \$32,989 due in annual installments of \$16,690 including imputed interest at 2.40%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 16,299	\$ 391	\$ 16,690

# Highland Community College District #519

## Notes to Financial Statements

### Note 9: Debt (Continued)

8. Courseleaf subscription agreement dated August 2022 in the original principal amount of \$170,726, due in annual installments in various amounts including imputed interest at 2.40%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 23,108	\$ 3,629	\$ 26,737
2025	55,904	3,075	58,979
2026	35,679	1,733	37,412
2027	36,535	877	37,412
Total	\$ 151,226	\$ 9,314	\$ 160,540

9. Nextiva subscription agreement dated January 2022 in the original principal amount of \$179,759, due in annual installments in various amounts including imputed interest at 2.40%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 68,098	\$ 2,140	\$ 70,238
2025	52,156	523	52,679
Total	\$ 120,254	\$ 2,663	\$ 122,917

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest, are as follows:

During the year ending June 30:	General Obligation Bonds	Compensated Absences	Contracts Payable	Subscription Liability	Total Principal	Interest	Total Principal and Interest
2024	\$ 1,710,000	\$ 160,707	\$ 31,467	\$ 267,109	\$ 2,169,283	\$ 636,470	\$ 2,805,753
2025	1,470,000	53,569	71,494	276,927	1,871,990	397,765	2,269,755
2026	1,575,000	-	-	214,194	1,789,194	319,944	2,109,138
2027	1,690,000	-	-	225,097	1,915,097	233,179	2,148,276
2028	1,815,000	-	-	199,023	2,014,023	140,152	2,154,175
2029 - 2033	1,800,000	-	-	-	1,800,000	45,000	1,845,000
Total	\$10,060,000	\$ 214,276	\$ 102,961	\$ 1,182,350	\$ 11,559,587	\$ 1,772,510	\$13,332,097

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2023, is \$61,045,781. General obligation debt, contracts payable, and subscription liability at June 30, 2023 total \$12,182,926 resulting in a legal debt margin of \$48,862,855.



# Highland Community College District #519

## Notes to Financial Statements

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### 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 2023 totals \$229,700. As of June 30, 2023, the YMCA had paid \$228,533. The District has an accounts payable balance due of \$1,167 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, 2023, the following amounts were available for the District's share of these expenditures:

	<b>Carry Amount</b>
Road and lot	\$ 98,068
Building maintenance	76,958
Accumulated interest	100,702
Total	\$ 275,728

### 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, 2023, \$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

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### **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: Impact of Pending Accounting Principles**

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.

# Highland Community College District #519

## Notes to Financial Statements

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### Note 15: Component Unit

The Highland Community College Foundation (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.

**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.

# Highland Community College District #519

## Notes to Financial Statements

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### Note 15 Component Unit (Continued)

**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, 2023, the bank balances of the deposits exceeded FDIC limits by approximately \$643,700. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**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, 2023, 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.

**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, 2023.

# Highland Community College District #519

## Notes to Financial Statements

### Note 15 Component Unit (Continued)

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.

#### Statement of Functional Expenses

	Program Services	Management & General	Fundraising	Cost of Direct Benefit To Donors	Total
Scholarships	\$285,196	\$0	\$9,900	0	\$295,096
College grant	811,665	0	0	0	811,665
Salaries	59,059	117,774	80,396	0	257,229
Employee benefits	8,100	13,623	15,096	0	36,819
Alumni	0	0	0	0	0
Annual events	0	10,599	0	0	10,599
Auto expense	0	752	737	0	1,489
Bad debt expense	0	28,144	0	0	28,144
Board/staff travel/training	0	2,318	0	0	2,318
Depreciation	0	883	0	0	883
Equipment	0	20,126	0	0	20,126
Insurance	0	2,154	103	0	2,257
Meals and entertainment	0	608	0	27,404	28,012
Marketing	0	5,622	31,182	0	36,804
Miscellaneous	66,760	2,765	11,457	0	80,982
Office supplies	0	3,927	0	0	3,927
Other contractual services	0	0	3,709	0	3,709
Professional fees	0	31,007	5,475	0	36,482
Real estate taxes	0	2,422	0	0	2,422
Rent	0	0	0	0	0
Total functional expenses	\$1,230,780	\$242,724	\$158,055	\$27,404	\$1,658,963

**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, 2023.

	2023
Cash and cash equivalents	\$ 808,818
Contributions receivable	1,714,493
Investments	27,124,741
Beneficial interest in assets held by Community Foundation (CFNIL)	471,787
Total financial assets and liquid resources	30,119,839
Less those unavailable for general expenditure:	
Board designation	(9,944,432)
Donor restrictions	(15,889,096)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,286,311

#### 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, 2023:

	2023		
	Unconditional Pledges Receivable	Beneficial Interests Receivable	Total Contribution Receivable
Due in one year or less	\$ 1,004,659	\$ -	\$ 1,004,659
Due in one to five years	660,126	-	660,126
Due in more than five years	-	132,817	132,817
	1,664,785	132,817	1,797,602
Less allowance for uncollectible pledges	2,900	-	2,900
Less discount to present value at rates ranging from 1% to 6.5%	46,034	34,175	80,209
TOTAL CONTRIBUTION RECEIVABLE	\$ 1,615,851	\$ 98,642	\$ 1,714,493

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

# Highland Community College District #519

## Notes to Financial Statements

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### Note 15 Component Unit (Continued)

#### 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, 2023.

#### 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 (ETF): 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.

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.

# Highland Community College District #519

## Notes to Financial Statements

### Note 15 Component Unit (Continued)

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

	2023			Total
	Level 1	Level 2	Level 3	
Equities	\$ 3,671,272	\$ -	\$ -	\$ 3,671,272
Mutual funds	8,531,889	-	-	8,531,889
Exchange traded funds	2,667,770	-	-	2,667,770
Common stock	1,129,431	-	-	1,129,431
Land	-	-	670,000	670,000
Beneficial interest in funds at CFNIL	-	-	471,787	471,787
<b>TOTAL ASSETS AT FAIR VALUE</b>	<b>\$ 16,000,362</b>	<b>\$ -</b>	<b>\$ 1,141,787</b>	<b>17,142,149</b>
Money market and cash equivalent - at cost				1,232,860
Certificates of deposit - at cost				277,087
Commonfund - equity funds*				5,913,172
Commonfund - bond funds*				3,031,260
<b>TOTAL INVESTMENTS</b>				<b>\$ 27,596,528</b>

#### 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:

	2023
Balance, beginning of year	\$ 453,598
Investment return, net	38,964
Distributions	(20,775)
<b>BALANCE, ENDING</b>	<b>\$ 471,787</b>

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, 2023. The value of land was \$670,000 as of June 30, 2023.

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:

	Fair Value June 30, 2023	Redemption Frequency	Redemption Notice Period
Commonfund - equity funds (a)	\$ 5,913,172	*	5 business days
Commonfund - bond funds (b)	3,031,260	*	5 business days
<b>Total</b>	<b>\$ 8,944,432</b>		

\*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, 2023.



# Highland Community College District #519

## Notes to Financial Statements

### Note 15 Component Unit (Continued)

#### (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 \$471,787 as of June 30, 2023.

### Net Assets With Donor Restrictions

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

	<u>2023</u>
Subject to expenditure for specified purpose:	
College Grants and Student Scholarships	\$ 6,807,192
Buildings and landscaping	239,078
Time restricted contributions	2,675,060
Annuity trust agreements	69,949
Endowment funds to be held in perpetuity	<u>6,097,817</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 15,889,096</u></b>

### 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.

# Highland Community College District #519

## Notes to Financial Statements

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

As of June 30, 2023, \$8,944,432 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, 2023 is \$1,000,000 in the general fund to preserve a balance in the unrestricted funds.

## **Required Supplementary Information**

# Highland Community College District #519

## Schedule of Share of Net Pension Liability

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion percentage of the collective net pension liability	0 %	0 %	0 %	0 %	0 %	0 %	0 %			
Proportion amount of the collective net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0			
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$ 70,891,132	\$ 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 covered payroll	\$ 8,841,902	\$ 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 College as a percentage of covered payroll	801.76 %	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	43.65 %	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

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Federal, trust, grant and other contribution	\$ 89,647	\$ 58,716	\$ 71,756	\$ 45,153	\$ 44,507	\$ 40,836	\$ 34,468	\$ 31,213	\$ 42,942	\$ 50,030
Contribution in relation to required contribution	89,647	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	\$ 10,874,277	\$ 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	0.82 %	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 Ten Fiscal Years

(schedule to be built prospectively from 2018)

Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion percentage of the collective net OPEB liability	0.00 %	0.53 %	0.52 %	0.48 %	0.53 %	0.50 %	0.49 %			
Proportion amount of the collective net OPEB liability	\$ 3,534,113	\$ 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	\$ 3,534,113	\$ 9,247,458	\$ 9,396,941	\$ 9,131,131	\$ 10,074,013	\$ 9,083,069	\$ 9,372,476			
Total collective net OPEB liability associated with the College	\$ 7,068,226	\$ 18,494,916	\$ 18,793,882	\$ 18,262,262	\$ 20,148,026	\$ 18,287,365	\$ 18,367,910			
College's covered payroll	\$ 11,060,485	\$ 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	63.91 %	170.08 %	177.98 %	179.33 %	227.45 %	220.74 %	217.89 %			
College insurance plan net position as a percentage of total OPEB liability	(22.03)%	(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 Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 52,185	\$ 48,686	\$ 49,542	\$ 46,997	\$ 41,801	\$ 46,664	\$ 43,788			
Contribution in relation to the required statutorily	(52,185)	(48,686)	(49,542)	(46,997)	(41,801)	(46,664)	(43,788)			
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0			
District's covered payroll	\$ 10,874,277	\$ 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	0.48 %	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

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### Note 1: Changes of Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2023.

### Note 2: Changes of Assumptions

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2018. These assumptions are listed below and remained the same for the June 30, 2022, actuarial valuation.

- Salary increases. Change in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, while maintaining the underlying wage inflation rate of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects decreasing the assumed real rate of return of 4.25 percent and maintaining 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.
- Early 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. Maintain the RP-2014 to the Pub 2010 mortality tables to reflect the latter's high applicability to public pensions. Update the projection scale from 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 (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, 2023.



# Highland Community College District #519

## Notes to Required Supplementary Information (Continued)

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### 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, 2017 to June 30, 2020, resulting in the adoption of new assumptions as of June 30, 2021. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2020:

- Per capita claim costs for plan year end June 30, 2022, were updated based on projected claim sand enrollment experience through June 30, 2022, and updated premium rates through plan year end 2023;
- Effective as of January 1, 2023, projected per capita costs reflect the newly established zero premium MAPD plan. Based on discussions with CMS, the MAPD costs are zero for calendar years 2023 through 2027, increase to \$42 per member per month in calendar year 2028, and increases ratably to \$102 per member per month in calendar year 2032. After 2032, costs increase according to the assumed trend rates;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2021, projected plan cost for plan year end June 30, 2022, premium changes through plan year end 2022, and expectation of future trend increases after June 30, 2022;
- Healthcare plan participation and lapse rates were updated based on observed experience; and
- The discount rate was changed from 1.92 percent at June 30, 2021, to 3.69 percent at June 30, 2022.

The pension-related assumption changes had minimal impact to the results of the OPEB actuarial valuation.

**Other Financial Information**

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# Highland Community College District #519

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

As of June 30, 2023

All Fund Types - Change in Fund Balances	\$ 7,337,239
Reduction in student tuition and fees	(1,094,351)
Reduction in financial aid expense	1,094,351
Net effect	-
Prior year recognition of summer revenue deferred	(233,915)
Prior year recognition of summer salaries deferred	62,198
Recognition of summer revenue deferred	222,162
Recognition of summer salaries deferred	(58,808)
Net effect	(8,363)
Compensated absences decrease (increase)	(40,370)
SURS pension contribution (decrease) increase	30,931
Other post employment benefits CIP decrease (increase)	1,464,372
Expended for capital assets	2,719,971
Capital contributions	388,125
Loss on disposal of assets	(121,762)
Depreciation and amortization	(1,605,779)
Net effect	1,380,555
Long-term debt issued (governmental funds)	(8,603,845)
Premium adjustment on bonds	(757,290)
Interest payable on bonds	(1,433)
Long-term debt retired (governmental funds)	1,918,397
Net effect	(7,444,171)
Change in net position	\$ 2,720,193
Net position, beginning of year	\$ 30,938,783
Net position, end of year	33,658,976
Reconciliation of Combined Balance Sheet to the Statement of Net Position	
Fund balances - all fund types and account groups	55,578,994
Recognition of summer revenue deferred	222,162
Recognition of summer salaries deferred	(58,808)
Deferral of SURS pension contribution	89,647
Amount to be provided for compensated absences	(214,276)
Amount to be provided for other post employment benefits	(9,649,327)
Amount available in debt service fund	(1,243,778)
Amount to be provided for retirement of general long-term debt	(11,065,638)
Net position of statement of net position	\$ 33,658,976

# Highland Community College District #519

## Combined Balance Sheet All Fund Types and Account Groups

As of June 30, 2023

Assets	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and investments	\$ 4,827,362	\$ 12,256,854	\$ 600,819	\$ 10,631,856
Receivables:				
Taxes	6,642,434	1,240,514	1,570,490	847,870
Other, net of \$1,683,406 allowance for doubtful accounts	1,877,384	1,075,649	-	59,718
Due from other funds	69,729	-	-	-
Inventories	-	-	-	-
Prepaid expense	178,098	3,000	-	-
Fixed assets	-	-	-	-
Other debits:				
Amount to be provided for compensated absences	-	-	-	-
Amount available in the debt service fund	-	-	-	-
Amount to be provided for opeb	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
<b>Total assets</b>	<b>\$ 13,595,007</b>	<b>\$ 14,576,017</b>	<b>\$ 2,171,309</b>	<b>\$ 11,539,444</b>
<b>Liabilities, Deferred Inflows and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 92,217	\$ 70,783	\$ 44	\$ 629,835
Accrued salaries	-	6,596	-	-
Accrued expenses	520,308	-	-	-
Other accrued expenses	-	-	-	-
Due to other funds	-	24,484	-	-
Unearned tuition revenue	1,950,860	274,480	-	-
Accrued compensated absences	-	-	-	-
Contracts payable	-	-	-	-
Subscriptions liability	-	-	-	-
Premium on bonds	-	-	-	-
Accrued Interest	-	-	-	-
Bonds payable	-	-	-	-
Net OPEB liability	-	-	-	-
<b>Total liabilities</b>	<b>2,563,385</b>	<b>376,343</b>	<b>44</b>	<b>629,835</b>
Deferred inflows of resources -				
Property taxes	3,798,872	732,978	927,487	500,976
Grant revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>3,798,872</b>	<b>732,978</b>	<b>927,487</b>	<b>500,976</b>
Fund equity:				
Investments in general fixed assets	-	-	-	-
Unrestricted net position	-	-	-	-
Fund balances (deficit):				
Reserved for restricted purposes	-	3,126,698	-	-
Reserved for bond requirements	-	-	1,243,778	-
Reserved for working cash	-	10,339,998	-	-
Unreserved - designated	7,232,750	-	-	10,408,633
<b>Total fund equity</b>	<b>7,232,750</b>	<b>13,466,696</b>	<b>1,243,778</b>	<b>10,408,633</b>
<b>Total liabilities, deferred inflows and fund equity</b>	<b>\$ 13,595,007</b>	<b>\$ 14,576,017</b>	<b>\$ 2,171,309</b>	<b>\$ 11,539,444</b>

# Highland Community College District #519

## Combined Balance Sheet

### All Fund Types and Account Groups (Continued)

As of June 30, 2023	Proprietary Fund Types		Account Groups		Total
	Enterprise	General Fixed Assets	Long-Term Debt	(Memorandum Only)	
Assets					
Cash and cash equivalents	\$ 1,205,137	\$ -	\$ -	\$ -	29,522,028
Receivables:					
Taxes	-	-	-	-	10,301,308
Other, net of \$1,683,406 allowance for doubtful accounts	93,156	-	-	-	3,105,907
Due from other funds	-	-	-	-	69,729
Inventories	197,070	-	-	-	197,070
Prepaid expense	2,713	-	-	-	183,811
Fixed assets	-	21,989,462	-	-	21,989,462
Other debits:					
Amount to be provided for compensated absences	-	-	214,276	-	214,276
Amount available in the debt service fund	-	-	1,243,778	-	1,243,778
Amount to be provided for opeb	-	-	9,649,327	-	9,649,327
Amount to be provided for retirement of general long-term debt	-	-	11,065,638	-	11,065,638
Total assets	\$ 1,498,076	\$ 21,989,462	\$ 22,173,019	\$ -	87,542,334
Liabilities, Deferred Inflows and Fund Equity					
Liabilities:					
Accounts payable	\$ 2,294	\$ -	\$ -	\$ -	795,173
Accrued salaries	-	-	-	-	6,596
Accrued expenses	3,644	-	-	-	523,952
Other accrued expenses	-	-	-	-	-
Due to other funds	45,245	-	-	-	69,729
Unearned tuition revenue	209,218	-	-	-	2,434,558
Accrued compensated absences	-	-	214,276	-	214,276
Contracts payable	-	-	102,961	-	102,961
Subscriptions liability	-	-	1,182,350	-	1,182,350
Premium on bonds	-	-	837,615	-	837,615
Accrued Interest	-	-	126,490	-	126,490
Bonds payable	-	-	10,060,000	-	10,060,000
Net OPEB liability	-	-	9,649,327	-	9,649,327
Total liabilities	260,401	-	22,173,019	-	26,003,027
Deferred inflows of resources:					
Property taxes	-	-	-	-	5,960,313
Grant revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	5,960,313
Fund equity:					
Investments in general fixed assets	-	21,989,462	-	-	21,989,462
Unrestricted net position	1,237,675	-	-	-	1,237,675
Fund balances (deficit):					
Reserved for restricted purposes	-	-	-	-	3,126,698
Reserved for bond requirements	-	-	-	-	1,243,778
Reserved for working cash	-	-	-	-	10,339,998
Unreserved - designated	-	-	-	-	17,641,383
Total fund equity	1,237,675	21,989,462	-	-	55,578,994
Total liabilities, deferred inflows and fund equity	\$ 1,498,076	\$ 21,989,462	\$ 22,173,019	\$ -	87,542,334

# 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, 2023

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Local governmental sources	\$ 8,703,694	\$ 1,394,298	\$ 1,840,088	\$ 962,319	\$ 12,900,399
State governmental sources	1,489,904	657,215	-	-	2,147,119
Federal governmental sources	6,023	3,730,537	-	-	3,736,560
Student tuition and fees	4,655,484	517,000	-	-	5,172,484
Other sources	795,793	1,319,267	656	232,641	2,348,357
On behalf payments	-	3,308,301	-	-	3,308,301
Total revenues	15,650,898	10,926,618	1,840,744	1,194,960	29,613,220
Expenditures:					
Instruction	7,380,899	2,761,545	-	-	10,142,444
Academic support	697,706	508,381	-	-	1,206,087
Student services	1,457,279	1,227,086	-	-	2,684,365
Public services	1,142,483	631,430	-	-	1,773,913
Auxiliary services	-	193,303	-	-	193,303
Operations and maintenance of plant	1,321,780	709,166	-	148,555	2,179,501
Institutional support	2,723,059	3,967,918	949	228,730	6,920,656
Scholarships, student grants, and waivers	464,099	2,195,800	-	-	2,659,899
Capital projects	-	-	-	1,697,156	1,697,156
Debt service	69,716	-	1,776,050	-	1,845,766
Total expenditures	15,257,021	12,194,629	1,776,999	2,074,441	31,303,090
Excess (deficiency) of revenues over expenditures	393,877	(1,268,011)	63,745	(879,481)	(1,689,870)
Other financing sources (uses):					
Premium on issuance of bonds	-	-	-	757,290	757,290
Issuance of debt	-	1,453,845	-	7,150,000	8,603,845
Payment to escrow agent	-	-	-	-	-
Net transfers	67,258	(217,258)	309,978	(259,978)	(100,000)
Total other financing sources (uses)	67,258	1,236,587	309,978	7,647,312	9,261,135
Net change in fund balance	461,135	(31,424)	373,723	6,767,831	7,571,265
Fund balance, beginning of year	6,771,615	13,498,120	870,055	3,640,802	24,780,592
Fund balance, end of year	\$ 7,232,750	\$ 13,466,696	\$ 1,243,778	\$ 10,408,633	\$ 32,351,857

# Highland Community College District #519

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

	General Fund Types		
	Budget	Actual	Over (Under) Budget
<i>For the year ended June 30, 2023</i>			
Revenues:			
Local governmental sources	\$ 8,522,650	\$ 8,703,694	\$ 181,044
State governmental sources	1,476,584	1,489,904	13,320
Federal governmental sources	-	6,023	6,023
Student tuition and fees	3,330,100	4,655,484	1,325,384
Other sources	599,170	795,793	196,623
On behalf payments	-	-	-
Total revenues	13,928,504	15,650,898	1,722,394
Expenditures:			
Instruction	7,476,286	7,380,899	(95,387)
Academic support	978,409	697,706	(280,703)
Student services	1,486,068	1,457,279	(28,789)
Public services	822,042	1,142,483	320,441
Auxiliary services	-	-	-
Operations and maintenance of plant	1,461,627	1,321,780	(139,847)
Institutional support	2,862,372	2,723,059	(139,313)
Scholarships, student grants, and waivers	403,500	464,099	60,599
Capital projects	-	-	-
Debt service	-	69,716	69,716
Total expenditures	15,490,304	15,257,021	(233,283)
Excess (deficiency) of revenues over expenditures	(1,561,800)	393,877	1,955,677
Other financing sources (uses):			
Issuance of debt			
Premium on issued debt			
Payment to escrow agent	-	-	-
Net transfers	497,000	67,258	(429,742)
Total other financing sources (uses)	497,000	67,258	(429,742)
Net change in fund balance	\$ (1,064,800)	461,135	\$ 1,525,935
Fund balance, beginning of year		6,771,615	
Fund balance, end of year		\$ 7,232,750	

# Highland Community College District #519

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

	Special Revenue Fund Types		
	Budget	Actual	Over (Under) Budget
<i>For the year ended June 30, 2023</i>			
Revenues:			
Local governmental sources	\$ 1,387,500	\$ 1,394,298	\$ 6,798
State governmental sources	567,123	657,215	90,092
Federal governmental sources	5,240,424	3,730,537	(1,509,887)
Student tuition and fees	520,000	517,000	(3,000)
Other sources	780,265	1,319,267	539,002
On behalf payments	-	3,308,301	3,308,301
Total revenues	8,495,312	10,926,618	2,431,306
Expenditures:			
Instruction	1,023,462	2,761,545	1,738,083
Academic support	30,000	508,381	478,381
Student services	1,798,158	1,227,086	(571,072)
Public services	189,728	631,430	441,702
Auxiliary services	1,608	193,303	191,695
Operations and maintenance of plant	634,112	709,166	75,054
Institutional support	3,141,309	3,967,918	826,609
Scholarships, student grants, and waivers	2,726,456	2,195,800	(530,656)
Capital projects	-	-	-
Debt service	-	-	-
Total expenditures	9,544,833	12,194,629	2,649,796
Excess (deficiency) of revenues over expenditures	(1,049,521)	(1,268,011)	(218,490)
Other financing sources (uses):			
Issuance of debt	-	1,453,845	-
Premium on issued debt	-	-	-
Payment to escrow agent	-	-	-
Transfer from (to) other funds	(497,000)	(217,258)	279,742
Total other financing sources (uses)	(497,000)	1,236,587	279,742
Net change in fund balance	\$ (1,546,521)	(31,424)	\$ 61,252
Fund balance, beginning of year		13,498,120	
Fund balance, end of year		\$ 13,466,696	



# Highland Community College District #519

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

	Debt Service Fund Types		
	Budget	Actual	Over (Under) Budget
<i>For the year ended June 30, 2023</i>			
Revenues:			
Local governmental sources	\$ 1,831,050	\$ 1,840,088	\$ 9,038
State governmental sources	-	-	-
Federal governmental sources	-	-	-
Student tuition and fees	-	-	-
Other sources	-	656	656
On behalf payments	-	-	-
Total revenues	1,831,050	1,840,744	9,694
Expenditures:			
Instruction	-	-	-
Academic support	-	-	-
Student services	-	-	-
Public services	-	-	-
Auxiliary services	-	-	-
Operations and maintenance of plant	-	-	-
Institutional support	-	949	949
Scholarships, student grants, and waivers	-	-	-
Capital projects	-	-	-
Debt service	1,776,050	1,776,050	-
Total expenditures	1,776,050	1,776,999	949
Excess (deficiency) of revenues over expenditures	55,000	63,745	8,745
Other financing sources (uses):			
Issuance of debt	-	-	-
Premium on issued debt	-	-	-
Payment to escrow agent	-	-	-
Transfer from (to) other funds	-	309,978	309,978
Total other financing sources (uses)	-	309,978	309,978
Net change in fund balance	\$ 55,000	373,723	\$ 318,723
Fund balance, beginning of year		870,055	
Fund balance, end of year		\$ 1,243,778	

# Highland Community College District #519

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

	Capital Project Fund Types		
	Budget	Actual	Over (Under) Budget
<i>For the year ended June 30, 2023</i>			
Revenues:			
Local governmental sources	\$ 957,500	\$ 962,319	\$ 4,819
State governmental sources	-	-	-
Federal governmental sources	-	-	-
Student tuition and fees	-	-	-
Other sources	-	232,641	232,641
On behalf payments	-	-	-
Total revenues	957,500	1,194,960	237,460
Expenditures:			
Instruction	-	-	-
Academic support	-	-	-
Student services	-	-	-
Public services	-	-	-
Auxiliary services	-	-	-
Operations and maintenance of plant	-	148,555	148,555
Institutional support	120,800	228,730	107,930
Scholarships, student grants, and waivers	-	-	-
Capital projects	10,692,319	1,697,156	(8,995,163)
Debt service	-	-	-
Total expenditures	10,813,119	2,074,441	(8,738,678)
Excess (deficiency) of revenues over expenditures	(9,855,619)	(879,481)	8,976,138
Other financing sources (uses):			
Issuance of debt	7,245,000	7,150,000	(95,000)
Premium on issued debt	-	757,290	757,290
Payment to escrow agent	-	-	-
Transfer from (to) other funds	-	(259,978)	(259,978)
Total other financing sources (uses)	7,245,000	7,647,312	402,312
Net change in fund balance	\$ (2,610,619)	6,767,831	\$ 9,378,450
Fund balance, beginning of year		3,640,802	
Fund balance, end of year		\$ 10,408,633	

# Highland Community College District #519

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

<i>For the year ended June 30, 2023</i>	Enterprise	
	Budget	Actual
Operating revenues:		
Bookstore sales	\$ 425,000	\$ 445,074
Other fees	425,000	423,000
Athletics	41,040	36,620
Other sources	63,061	160,076
Total operating revenues	954,101	1,064,770
Operating expenses:		
Instructional:		
General materials and supplies	-	12,942
Fixed Charges	-	75
Other	-	1,166
Total public services	-	14,183
Public services:		
Salaries	1,000	23,792
Contractual services	21,425	2,220
General materials and supplies	12,480	8,015
Conference and meeting expense	6,400	37
Utilities	650	801
Capital outlay	2,000	-
Other	930	381
Total public services	44,885	35,246
Auxiliary Services:		
Salaries	322,600	277,384
Employee benefits	47,418	44,461
Contractual services	85,157	72,279
General materials and supplies	533,531	634,624
Conference and meeting expense	308,895	312,132
Fixed charges	14,094	13,687
Utilities	-	115
Capital outlay	16,341	50,905
Other	13,083	15,013
Total auxiliary services	1,341,119	1,420,600
Institutional support:		
Salaries	-	-
Scholarships, student grants, and waivers		
Other	12,945	24,941
Total operating expenses	1,398,949	1,494,970
Operating income (loss)	(444,848)	(430,200)

# Highland Community College District #519

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

<i>For the year ended June 30, 2023</i>	Enterprise	
	Budget	Actual
Nonoperating revenue (expenses):		
Federal revenue	-	-
Other revenue	-	96,174
Net transfers	-	100,000
Total nonoperating revenue (expense)	-	196,174
Net income (loss)	\$ (444,848)	(234,026)
Unrestricted net position beginning of year		1,471,701
Unrestricted net position end of year		\$ 1,237,675

# Highland Community College District #519

## Combined Statement of Cash Flows

### Proprietary Fund Type

<i>For the year ended June 30, 2023</i>	<b>Enterprise Fund Type</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (430,200)
Adjustments to reconcile net income to net cash from operating activities:	
(Increase) decrease in current assets:	
Inventory	27,419
Accounts receivable	(15,871)
Deferred expense	(2,713)
Due from other funds	-
Increase (decrease) in current liabilities:	
Accounts payable	812
Accrued expenses	1,812
Unearned tuition revenue	23,751
Due to other funds	45,245
Net cash provided by (used in) operations	(349,745)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from grants	96,174
Net cash provided by (used in) noncapital financing activities	96,174
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer from (to) other funds	100,000
Net cash provided by (used for) noncapital financing activities	100,000
Net increase (decrease) in cash and cash equivalents	(153,571)
Beginning cash and cash equivalents	1,358,708
Ending cash and cash equivalents	\$ 1,205,137

# Highland Community College District #519

## Combining Balance Sheet Governmental Fund Types - General Funds

<i>As of June 30, 2023</i>	<b>Educational Fund</b>	<b>Operations and Maintenance Fund</b>	<b>Total General Funds</b>
<b>Assets</b>			
Cash and investments	\$ 2,946,960	\$ 1,880,402	\$ 4,827,362
Receivables:			
Property taxes	5,283,411	1,359,023	6,642,434
Other, net of \$1,676,952 allowance for doubtful accounts	1,869,859	7,525	1,877,384
Due to other funds	69,729	-	69,729
Prepaid expense	178,098	-	178,098
<b>Total assets</b>	<b>10,348,057</b>	<b>3,246,950</b>	<b>13,595,007</b>
<b>Liabilities, Deferred Inflows and Fund Balance</b>			
Liabilities:			
Accounts payable	31,525	60,692	92,217
Accrued expenses	505,224	15,084	520,308
Due to other funds	-	-	-
Unearned tuition revenue	1,950,860	-	1,950,860
<b>Total liabilities</b>	<b>2,487,609</b>	<b>75,776</b>	<b>2,563,385</b>
Deferred inflows of resources:			
Property tax revenue	2,995,873	802,999	3,798,872
Grant revenue	-	-	-
<b>Total deferred inflows</b>	<b>2,995,873</b>	<b>802,999</b>	<b>3,798,872</b>
Fund balance:			
Unassigned	4,864,575	2,368,175	7,232,750
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 10,348,057</b>	<b>\$ 3,246,950</b>	<b>\$ 13,595,007</b>

# Highland Community College District #519

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

	Educational Fund	Operations and Maintenance Fund	Total General Funds
<i>For the year ended June 30, 2023</i>			
Revenues:			
Local governmental sources	\$ 7,150,788	\$ 1,552,906	\$ 8,703,694
State governmental sources	1,489,904	-	1,489,904
Federal governmental sources	6,023	-	6,023
Student tuition and fees	4,655,484	-	4,655,484
Other sources	695,355	100,438	795,793
On behalf payments	-	-	-
Total revenues	13,997,554	1,653,344	15,650,898
Expenditures:			
Instruction	7,380,899	-	7,380,899
Academic support	697,706	-	697,706
Student services	1,457,279	-	1,457,279
Public services	1,142,483	-	1,142,483
Auxiliary services	-	-	-
Operations and maintenance of plant	-	1,321,780	1,321,780
Institutional support	2,723,059	-	2,723,059
Scholarships, student grants, and waivers	464,099	-	464,099
Debt service	69,716	-	69,716
On behalf payments	-	-	-
Total expenditures	13,935,241	1,321,780	15,257,021
Excess (deficiency) of revenue over expenditures	62,313	331,564	393,877
Other financing sources (uses):			
Transfer from (to) other funds	117,258	(50,000)	67,258
Net change in fund balance	179,571	281,564	461,135
Fund balance, beginning of year	4,685,004	2,086,611	6,771,615
Fund balance, end of year	\$ 4,864,575	\$ 2,368,175	\$ 7,232,750

# Highland Community College District #519

## Combining Balance Sheet

### Governmental Fund Types - Special Revenue Funds

<i>As of June 30, 2023</i>	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Funds	Working Cash Funds	Total Special Revenue Funds
<b>Assets</b>					
Cash and investments	\$ 1,937,194	\$ -	\$ 5,591	\$ 10,314,069	\$ 12,256,854
Receivables:					
Property tax	-	57,803	1,182,711	-	1,240,514
Other	1,049,720	-	-	25,929	1,075,649
Due from other funds	-	-	-	-	-
Prepaid expense	-	3,000	-	-	3,000
<b>Total assets</b>	<b>2,986,914</b>	<b>60,803</b>	<b>1,188,302</b>	<b>10,339,998</b>	<b>14,576,017</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
Liabilities:					
Accounts payable	70,459	-	324	-	70,783
Accrued salaries	6,596	-	-	-	6,596
Accrued expense	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Due to other funds	-	24,484	-	-	24,484
Unearned tuition revenue	274,480	-	-	-	274,480
<b>Total liabilities</b>	<b>351,535</b>	<b>24,484</b>	<b>324</b>	<b>-</b>	<b>376,343</b>
Deferred inflows:					
Property taxes	-	34,154	698,824	-	732,978
Grant revenue	-	-	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>34,154</b>	<b>698,824</b>	<b>-</b>	<b>732,978</b>
Fund balance (deficit):					
Restricted	2,635,379	2,165	489,154	10,339,998	13,466,696
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>2,635,379</b>	<b>2,165</b>	<b>489,154</b>	<b>10,339,998</b>	<b>13,466,696</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 2,986,914</b>	<b>\$ 60,803</b>	<b>\$ 1,188,302</b>	<b>\$ 10,339,998</b>	<b>\$ 14,576,017</b>



# Highland Community College District #519

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

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Working Cash Fund	Total Special Revenue Funds
<i>For the year ended June 30, 2023</i>					
Revenues:					
Local government sources	\$ -	\$ 60,451	\$ 1,333,847	\$ -	\$ 1,394,298
State governmental sources	657,215	-	-	-	657,215
Federal governmental sources	3,730,537	-	-	-	3,730,537
Student tuition	517,000	-	-	-	517,000
Other sources	1,135,525	-	-	183,742	1,319,267
On behalf payments	3,308,301	-	-	-	3,308,301
<b>Total revenues</b>	<b>9,348,578</b>	<b>60,451</b>	<b>1,333,847</b>	<b>183,742</b>	<b>10,926,618</b>
Expenditures:					
Instruction	2,761,545	-	-	-	2,761,545
Academic support	508,381	-	-	-	508,381
Student services	1,227,086	-	-	-	1,227,086
Public services	631,430	-	-	-	631,430
Auxiliary services	193,303	-	-	-	193,303
Operations and maintenance	78,655	-	630,511	-	709,166
Institutional support	3,272,191	55,501	629,111	11,115	3,967,918
Scholarships, student grants, and waivers	2,195,800	-	-	-	2,195,800
<b>Total expenditures</b>	<b>10,868,391</b>	<b>55,501</b>	<b>1,259,622</b>	<b>11,115</b>	<b>12,194,629</b>
Excess of (deficiency) of revenues over expenditures	(1,519,813)	4,950	74,225	172,627	(1,268,011)
Other financing sources (uses):					
Issuance of debt	1,453,845	-	-	-	1,453,845
Transfer from (to) other funds	(46,342)	-	-	(170,916)	(217,258)
<b>Total other financing sources</b>	<b>1,407,503</b>	<b>-</b>	<b>-</b>	<b>(170,916)</b>	<b>1,236,587</b>
<b>Net change in fund balance</b>	<b>(112,310)</b>	<b>4,950</b>	<b>74,225</b>	<b>1,711</b>	<b>(31,424)</b>
Fund balance, beginning of year	2,747,689	(2,785)	414,929	10,338,287	13,498,120
<b>Fund balance, end of year</b>	<b>\$ 2,635,379</b>	<b>\$ 2,165</b>	<b>\$ 489,154</b>	<b>\$ 10,339,998</b>	<b>\$ 13,466,696</b>

# Highland Community College District #519

## Educational Fund Schedule of Revenues Compared to Budget

<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Local governmental sources:			
Current taxes	\$ 2,923,901	\$ 2,995,872	\$ 71,971
Back taxes	2,784,668	2,799,653	14,985
Corporate personal property replacement tax	1,285,000	1,355,263	70,263
<b>Total local government sources</b>	<b>6,993,569</b>	<b>7,150,788</b>	<b>157,219</b>
State governmental sources:			
ICCB base operating grants	1,274,865	1,274,865	-
ICCB equalization grants	50,000	50,000	-
ICCB career and technical education	136,719	136,719	-
ICCB other	15,000	28,320	13,320
<b>Total state government sources</b>	<b>1,476,584</b>	<b>1,489,904</b>	<b>13,320</b>
Federal governmental sources:			
HEERF	-	-	-
Other	-	6,023	6,023
<b>Total federal governmental sources</b>	<b>-</b>	<b>6,023</b>	<b>6,023</b>
Student tuition and fees:			
Tuition	3,298,500	3,602,628	304,128
Fees	31,600	1,052,856	1,021,256
<b>Total student tuition and fees</b>	<b>3,330,100</b>	<b>4,655,484</b>	<b>1,325,384</b>
Other sources:			
Facilities rental	21,000	11,745	(9,255)
Interest on investments	72,000	251,756	179,756
Other revenue	395,020	431,854	36,834
<b>Total other sources</b>	<b>488,020</b>	<b>695,355</b>	<b>207,335</b>
<b>Total revenues</b>	<b>\$ 12,288,273</b>	<b>\$ 13,997,554</b>	<b>\$ 1,709,281</b>

# Highland Community College District #519

## Educational Fund Schedule of Expenditures Compared to Budget

<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Instruction:			
Salaries	\$ 5,979,154	\$ 5,973,706	\$ (5,448)
Employee benefits	1,114,812	1,082,890	(31,922)
Contractual services	111,450	67,914	(43,536)
General materials and supplies	204,325	165,686	(38,639)
Conference and meetings expense	18,587	38,972	20,385
Fixed charges	7,000	7,835	835
Utilities	825	851	26
Capital outlay	36,390	38,838	2,448
Other	3,743	4,207	464
Total instruction	7,476,286	7,380,899	(95,387)
Academic support:			
Salaries	596,444	478,574	(117,870)
Employee benefits	157,603	100,019	(57,584)
Contractual services	21,710	21,273	(437)
General materials and supplies	106,704	91,022	(15,682)
Conference and meetings expense	94,722	6,701	(88,021)
Capital outlay	1,226	117	(1,109)
Other	-	-	-
Total academic support	978,409	697,706	(280,703)
Student services:			
Salaries	1,017,042	1,006,022	(11,020)
Employee benefits	309,448	284,161	(25,287)
Contractual services	125,748	107,852	(17,896)
General materials and supplies	26,895	15,461	(11,434)
Conference and meetings expense	-	32,833	32,833
Fixed charges	6,250	9,405	3,155
Utilities	-	-	-
Capital outlay	360	150	(210)
Other	325	1,395	1,070
Total student services	1,486,068	1,457,279	(28,789)
Public services:			
Salaries	287,447	290,725	3,278
Employee benefits	21,545	31,240	9,695
Contractual services	420,775	759,017	338,242
General materials and supplies	27,265	17,930	(9,335)
Conference and meeting expense	44,750	27,783	(16,967)

# Highland Community College District #519

## Educational Fund (Continued) Schedule of Expenditures Compared to Budget

<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Public services (continued):			
Fixed charges	15,260	13,490	(1,770)
Utilities	-	-	-
Capital outlay	-	-	-
Other	5,000	2,298	(2,702)
<b>Total public services</b>	<b>822,042</b>	<b>1,142,483</b>	<b>320,441</b>
Institutional support:			
Salaries	1,319,598	1,312,751	(6,847)
Employee benefits	526,573	510,413	(16,160)
Contractual services	466,800	424,579	(42,221)
General materials and supplies	313,328	244,664	(68,664)
Conference and meeting expense	113,610	103,155	(10,455)
Fixed charges	33,880	2,780	(31,100)
Utilities	17,400	2,765	(14,635)
Capital outlay	7,135	6,043	(1,092)
Other	64,048	115,909	51,861
<b>Total institutional support</b>	<b>2,862,372</b>	<b>2,723,059</b>	<b>(139,313)</b>
Scholarships, student grants, and waivers:			
Salaries	60,000	-	(60,000)
Other	343,500	464,099	120,599
<b>Total scholarships, student grants, and waivers</b>	<b>403,500</b>	<b>464,099</b>	<b>60,599</b>
Debt service -			
Principal and interest payments	-	69,716	69,716
<b>Total educational fund</b>	<b>\$ 14,028,677</b>	<b>\$ 13,935,241</b>	<b>\$ (93,436)</b>
Other financing sources (uses):			
Capital lease proceeds	\$ -	\$ -	\$ -
Operating transfers in	497,000	217,258	(279,742)
Operating transfers out	-	(100,000)	(100,000)
<b>Total other financing sources (uses)</b>	<b>\$ 497,000</b>	<b>\$ 117,258</b>	<b>\$ (379,742)</b>

# Highland Community College District #519

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

<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues:			
Local governmental sources:			
Current taxes	\$ 783,188	\$ 802,999	\$ 19,811
Back taxes	745,893	749,907	4,014
Corporate personal property replacement tax	-	-	-
<b>Total local government sources</b>	<b>1,529,081</b>	<b>1,552,906</b>	<b>23,825</b>
State governmental sources:			
State apportionment	-	-	-
<b>Total state government sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other sources:			
Facilities rental	\$ 90,850	\$ 77,749	\$ (13,101)
Other revenue	20,300	22,689	2,389
<b>Total other sources</b>	<b>111,150</b>	<b>100,438</b>	<b>(10,712)</b>
<b>Total revenues</b>	<b>\$ 1,640,231</b>	<b>\$ 1,653,344</b>	<b>\$ 13,113</b>
Expenditures:			
Operation and maintenance of plant:			
Salaries	\$ 665,422	\$ 624,298	\$ (41,124)
Employee benefits	200,689	194,596	(6,093)
Contractual services	129,372	96,022	(33,350)
General materials and supplies	181,607	121,003	(60,604)
Conference and meeting expense	-	323	323
Utilities	562,291	495,238	(67,053)
Capital outlay	-	-	-
Other	(277,754)	(209,700)	68,054
Contingency	-	-	-
<b>Total expenditures</b>	<b>\$ 1,461,627</b>	<b>\$ 1,321,780</b>	<b>\$ (139,847)</b>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	(50,000)	(50,000)
<b>Total financing sources (uses)</b>	<b>\$ -</b>	<b>\$ (50,000)</b>	<b>\$ (50,000)</b>

# Highland Community College District #519

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

<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues:			
State governmental sources:			
State adult education and family literacy	\$ 131,534	\$ 131,534	\$ -
SOS adult volunteer literacy	62,282	62,282	-
SURS on-behalf	-	4,770,757	4,770,757
CIP on-behalf	-	(1,462,456)	(1,462,456)
Other state sources	373,307	463,399	90,092
<b>Total state government sources</b>	<b>567,123</b>	<b>3,965,516</b>	<b>3,398,393</b>
Federal Governmental Sources:			
Federal basic adult education and family literacy	51,951	51,951	-
CTE Perkins	153,441	143,791	(9,650)
TRIO student support services	689,076	380,770	(308,306)
TRIO upward bound	882,739	462,014	(420,725)
TRIO educational opportunity center	232,050	69,770	(162,280)
College work study	83,945	80,708	(3,237)
SEOG	39,910	39,900	(10)
Direct federal loan program	450,000	360,668	(89,332)
Pell	2,102,500	1,734,599	(367,901)
RSVP	54,456	45,489	(8,967)
HEERF ARPA	11,996	12,775	779
GEER	43,803	43,803	-
Early childhood access consortium for equity	194,557	204,268	9,711
Other federal sources	250,000	100,031	(149,969)
<b>Total federal government sources</b>	<b>5,240,424</b>	<b>3,730,537</b>	<b>(1,509,887)</b>
Student tuition and fees:			
Tuition	520,000	517,000	(3,000)
<b>Total student tuition and fees</b>	<b>520,000</b>	<b>517,000</b>	<b>(3,000)</b>
Other sources:			
Sales and services	24,500	28,892	4,392
Investment income	20,000	158,560	138,560
Nongovernmental gifts or grants	361,614	419,696	58,082
Other income	298,951	528,377	229,426
<b>Total other sources</b>	<b>705,065</b>	<b>1,135,525</b>	<b>287,508</b>
<b>Total revenue</b>	<b>\$ 7,032,612</b>	<b>\$ 9,348,578</b>	<b>\$ 2,173,014</b>

# Highland Community College District #519

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

<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Expenditures:			
Instruction:			
Salaries	\$ 338,077	\$ 341,525	\$ 3,448
Employee benefits	107,844	1,893,070	1,785,226
Contractual services	87,305	62,753	(24,552)
General materials and supplies	94,168	112,845	18,677
Conference and meetings expense	45,753	16,255	(29,498)
Fixed charges	-	708	708
Utilities	-	-	-
Capital outlay	156,173	154,336	(1,837)
Other	194,141	180,053	(14,088)
Total instruction	1,023,462	2,761,545	1,738,083
Academic support:			
Salaries	-	-	-
Employee benefits	-	493,182	493,182
Contractual services	21,280	15,199	(6,081)
General materials and supplies	6,220	-	(6,220)
Conference and meetings expense	2,500	-	(2,500)
Capital outlay	-	-	-
Other	-	-	-
Total academic support	30,000	508,381	478,381
Student services:			
Salaries	1,079,479	511,692	(567,787)
Employee benefits	335,950	278,476	(57,474)
Contractual services	10,816	97,137	86,321
General materials and supplies	105,098	68,799	(36,299)
Conference meeting expense	111,554	169,064	57,510
Capital outlay	3,500	3,302	(198)
Other	151,761	98,616	(53,145)
Total student services	1,798,158	1,227,086	(571,072)
Public services:			
Salaries	68,519	78,078	9,559
Employee benefits	8,701	438,175	429,474
Contractual services	28,309	40,776	12,467
General materials and supplies	31,067	35,421	4,354
Conference and meeting expense	9,012	8,241	(771)
Fixed charges	26,108	24,108	(2,000)
Utilities	4,152	4,152	-
Capital outlay	3,610	-	(3,610)
Other	10,250	2,479	(7,771)
Total public services	189,728	631,430	441,702

# Highland Community College District #519

## Special Revenue - Restricted Purpose Fund (Continued)

### Schedule of Expenditures Compared to Budget

			Over (Under) Budget
<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	
Expenditures (continued):			
Auxiliary Services:			
Employee Benefits	-	191,063	191,063
Contractual services	-	1,850	1,850
General materials and supplies	-	390	390
Conference and meetings expense	1,608	-	(1,608)
Capital outlay	-	-	-
Other	-	-	-
Total auxiliary services	1,608	193,303	191,695
Institutional Support:			
Salaries	494,031	424,960	(69,071)
Employee Benefits	96,049	341,194	245,145
Contractual services	696,024	393,239	(302,785)
General materials and supplies	91,125	40,926	(50,199)
Conference and meetings expense	45,936	12,192	(33,744)
Fixed charges	650	-	(650)
Debt principal retirement	-	192,490	192,490
Utilities	-	-	-
Capital outlay	923,117	1,850,366	927,249
Other	30,192	16,824	(13,368)
Total institutional support	2,377,124	3,272,191	895,067
Scholarships, student grants, and waivers:			
Salaries	-	-	-
Employee benefits	-	-	-
Contractual services	-	-	-
General materials and supplies	-	-	-
Travel, conference and meeting expense	-	80	80
Other	2,726,456	2,195,720	(530,736)
Total scholarships, student grants, and waivers	2,726,456	2,195,800	(530,656)
Operations and Maintenance:			
Salaries	-	-	-
Employee benefits	-	78,655	78,655
General materials and supplies	-	-	-
Capital outlay	-	-	-
Conference and meetings expense	-	-	-
Debt principal retirement	-	-	-
Other	-	-	-
Total operations and maintenance	-	78,655	78,655
Total expenditures	\$ 8,146,536	\$ 10,868,391	\$ 2,721,855
Other financing sources (uses):			
Issuance of debt	-	1,453,845	1,453,845
Transfers in	40,000	85,000	45,000
Transfers out	(467,000)	(131,342)	335,658
Total other financing sources (uses)	(427,000)	1,407,503	\$ 1,834,503



# Highland Community College District #519

## Special Revenue - Audit Fund

### Schedule of Revenues and Expenditures Compared to Budget

<i>For the year ended June 30, 2023</i>	Budget	Actual	Over (Under) Budget
Revenues:			
Local governmental sources:			
Current taxes	\$ 34,000	\$ 34,154	\$ 154
Back taxes	26,000	26,297	297
Total revenues	\$ 60,000	\$ 60,451	\$ 451
Expenditures:			
Institutional support:			
Salaries	\$ -	\$ -	\$ -
Employee benefits	-	-	-
Contractual services	57,000	55,501	(1,499)
General materials and supplies	-	-	-
Conferences and meetings	-	-	-
Fixed charges	-	-	-
Capital outlay	-	-	-
Other	-	-	-
Total expenditures	\$ 57,000	\$ 55,501	\$ (1,499)

# Highland Community College District #519

## Special Revenue

### Liability, Protection, and Settlement Fund

#### Schedule of Revenues and Expenditures Compared to Budget

<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Revenues:</b>			
Local Governmental Sources			
Current taxes	\$ 697,500	\$ 698,824	\$ 1,324
Back taxes	630,000	635,023	5,023
<b>Total revenues</b>	<b>\$ 1,327,500</b>	<b>\$ 1,333,847</b>	<b>\$ 6,347</b>
<b>Expenditures:</b>			
Institutional support:			
Salaries	\$ -	\$ 1,534	\$ 1,534
Employee benefits	228,718	216,520	(12,198)
Contractual services	138,225	118,839	(19,386)
General materials and supplies	24,300	11,122	(13,178)
Conferences and meetings	23,220	16,935	(6,285)
Fixed charges	251,122	253,149	2,027
Utilities	36,400	4,012	(32,388)
Capital outlay	-	-	-
Other	-	7,000	7,000
<b>Total institutional support</b>	<b>701,985</b>	<b>629,111</b>	<b>(72,874)</b>
<b>Operations and Maintenance</b>			
Salaries	302,613	313,581	10,968
Employee benefits	80,299	77,022	(3,277)
Contractual services	251,200	239,908	(11,292)
<b>Total operations and maintenance</b>	<b>634,112</b>	<b>630,511</b>	<b>(3,601)</b>
<b>Total expenditures</b>	<b>\$ 1,336,097</b>	<b>\$ 1,259,622</b>	<b>\$ (76,475)</b>

# Highland Community College District #519

## Special Revenue

### Working Cash Fund

#### Schedule of Revenues and Expenditures Compared to Budget

<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues:			
Other sources:			
Interest on investments	\$ 75,200	\$ 183,742	\$ 108,542
Other revenue	-	-	-
<b>Total revenues</b>	<b>\$ 75,200</b>	<b>\$ 183,742</b>	<b>\$ 108,542</b>
Expenditures:			
Institutional support:			
Salaries	\$ -	\$ -	\$ -
Employee benefits	-	-	-
Contractual services	-	-	-
General materials and supplies	-	-	-
Conferences and meetings	-	-	-
Fixed charges	-	-	-
Capital outlay	-	-	-
Other	5,200	11,115	5,915
<b>Total expenditures</b>	<b>\$ 5,200</b>	<b>\$ 11,115</b>	<b>\$ 5,915</b>
Other financing sources (uses):			
Bond proceeds	\$ -	\$ -	\$ -
Premium on debt issued	-	-	-
Transfer out	(70,000)	(170,916)	(100,916)
<b>Total other financing sources (uses)</b>	<b>\$ (70,000)</b>	<b>\$ (170,916)</b>	<b>\$ (100,916)</b>

# Highland Community College District #519

## Schedule of Tort Expenditures For the year ended June 30, 2023

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Risk management related salaries and benefits	\$	562,453
Insurance		299,353
Legal services		-
Security and safety related		390,816
<hr/>		
Total tort expenditures	\$	1,252,622
<hr/>		

# Highland Community College District #519

## Capital Projects

### Operations and Maintenance Fund - Restricted

#### Schedule of Revenues and Expenditures Compared to Budget

<i>For the year ended June 30, 2023</i>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Revenues:			
Local governmental sources:			
Current taxes	\$ 957,500	\$ 962,319	\$ 4,819
Back taxes	-	-	-
Total local government sources	957,500	962,319	4,819
Other sources:			
Other gifts/revenue	-	3,250	3,250
Interest on investments	-	229,391	229,391
Total other sources	-	232,641	232,641
Total revenues	\$ 957,500	\$ 1,194,960	\$ 237,460
Expenditures:			
Operations and Maintenance:			
Contractual services	\$ -	\$ 79,157	\$ 79,157
General materials and supplies	-	-	-
Capital outlay	8,728,265	918,718	(7,809,547)
Other	-	69,398	69,398
Total operations and maintenance	8,728,265	1,067,273	(7,660,992)
Institutional Support:			
Contractual services	120,800	61,666	(59,134)
General materials and supplies	-	856	856
Capital outlay	1,964,054	778,438	(1,185,616)
Other	-	166,208	166,208
Total institutional support	2,084,854	1,007,168	(1,077,686)
Scholarships, student grants, and waivers:			
Capital outlay	-	-	-
Total expenditures	\$ 10,813,119	\$ 2,074,441	\$ (8,738,678)
Other financing sources (uses):			
Issuance of debt	\$ 7,245,000	\$ 7,150,000	\$ (95,000)
Premium on issued debt	-	757,290	757,290
Transfers in	-	50,000	50,000
Transfers out	-	(309,978)	(309,978)
Total other financing sources (uses)	\$ 7,245,000	\$ 7,647,312	\$ 402,312

# Highland Community College District #519

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

### Levy Years 2021, 2020, and 2019

	2022 Levy	2021 Levy	2020 Levy
<b>Assessed valuation</b>	\$2,123,331,497	\$1,989,048,380	\$1,888,378,143
<b>Tax Rates (per \$100 of assessed valuation)</b>			
Education Fund	0.2800	0.2800	0.2800
Operations and Maintenance Fund	0.0750	0.0750	0.0750
Insurance	0.0577	0.0554	0.0555
Audit Fund	0.0032	0.0026	0.0024
Protection, Health & Safety	0.0467	0.0461	0.0484
Bond and Interest	0.0862	0.0913	0.0949
Social Security	0.0075	0.0061	0.0074
<b>Total</b>	<b>0.5563</b>	<b>0.5565</b>	<b>0.5636</b>
<b>Taxes Extended</b>			
Education Fund	\$5,995,728	\$5,569,335	\$5,287,459
Operations and Maintenance Fund	1,605,999	1,491,786	1,416,283
Education and O&M additional	(6,142)	2,188	(7,172)
Insurance	1,235,881	1,102,681	1,048,651
Audit Fund	68,181	52,297	45,932
Protection, Health & Safety	1,000,694	917,302	913,876
Bond and Interest	1,855,936	1,827,326	1,797,083
Social Security	160,241	160,501	139,859
<b>Total</b>	<b>\$11,916,518</b>	<b>\$11,123,416</b>	<b>\$10,641,971</b>

# Highland Community College District #519

## Schedule of Assessed Valuations and Tax Extensions by County

### Levy Years 2021, 2020, and 2019

	2022 Levy	2021 Levy	2020 Levy
<b><i>Assessed valuations</i></b>			
Carroll	\$324,073,797	\$309,669,704	\$297,034,632
Jo Daviess	865,390,839	803,712,651	758,537,764
Ogle	168,103,346	157,436,758	147,749,242
Stephenson	765,763,515	718,229,267	685,056,505
Total	\$2,123,331,497	\$1,989,048,380	\$1,888,378,143
<b><i>Tax extensions</i></b>			
<b><u>Educational</u></b>			
Carroll	\$957,807	\$867,075	\$831,697
Jo Daviess	2,423,094	2,250,395	2,123,906
Ogle	470,689	440,823	413,698
Stephenson	2,144,138	2,011,042	1,918,158
Total	\$5,995,728	\$5,569,335	\$5,287,459
<b><u>Operation and Maintenance</u></b>			
Carroll	\$256,555	\$232,252	\$222,776
Jo Daviess	649,043	602,785	568,903
Ogle	126,078	118,077	110,812
Stephenson	574,323	538,672	513,792
Total	\$1,605,999	\$1,491,786	\$1,416,283
<b><u>Insurance</u></b>			
Carroll	\$197,308	\$171,681	\$165,478
Jo Daviess	499,936	445,578	420,837
Ogle	96,945	87,236	82,267
Stephenson	441,692	398,186	380,069
Total	\$1,235,881	\$1,102,681	\$1,048,651
<b><u>Audit</u></b>			
Carroll	\$10,878	\$8,144	\$7,248
Jo Daviess	27,606	21,138	18,432
Ogle	5,346	4,125	3,605
Stephenson	24,351	18,890	16,647
Total	\$68,181	\$52,297	\$45,932

# Highland Community College District #519

## Schedule of Assessed Valuations and Tax Extensions by County

### (Continued)

#### Levy Years 2021, 2020, and 2019

	2022 Levy	2021 Levy	2020 Levy
<b><i>Tax extensions (continued)</i></b>			
<b><u>Protection, Health, &amp; Safety</u></b>			
Carroll	159,748	142,820	144,210
Jo Daviess	404,830	370,672	366,753
Ogle	78,504	72,563	71,688
Stephenson	357,612	331,247	331,225
	1,000,694	917,302	913,876
<b><u>Bond and Interest</u></b>			
Carroll	296,407	284,865	282,242
Jo Daviess	751,073	739,335	721,445
Ogle	144,922	144,007	140,332
Stephenson	663,534	659,119	653,064
	1,855,936	1,827,326	1,797,083
<b><u>Social Security</u></b>			
Carroll	25,587	24,991	22,070
Jo Daviess	64,818	64,860	56,132
Ogle	12,557	12,689	10,963
Stephenson	57,279	57,961	50,694
	160,241	160,501	139,859
<b><u>Prior Year Adjustment</u></b>			
Carroll	(1,539)	(1,084)	0
Jo Daviess	(3,981)	3,697	(7,054)
Ogle	(622)	(425)	(118)
Stephenson	0	0	0
	(6,142)	2,188	(7,172)
<b>Total</b>	<b>\$ 11,916,518</b>	<b>\$ 11,123,416</b>	<b>\$ 10,641,971</b>



## Highland Community College District #519

### Summary Schedule of Taxes Receivable and Tax Collections

For the year ended June 30, 2023

Levy Year	Levy Valuation	Assessed Rate	Combined Taxes Extended	Total Collected to June 30, 2022	Collected During Year Ended June 30, 2023	Total Collected to June 30, 2023	Percent Collected June 30, 2022	Allowance for Uncollectible Taxes	Balance After Allowance
2021	1,989,048,380	0.5565	11,123,416	\$ 1,509,742	\$ 9,634,771	\$ 11,144,513	100.19%	\$ -	\$ (20,891)
2022	2,123,331,497	0.5563	11,916,518	-	1,833,025	1,833,025	15.38%	-	10,083,493
Total				\$ 2,942,543	\$ 20,419,945	\$ 23,362,488	0.00%	\$ 0	\$ 10,062,602

	Uncollected June 30, 2023
Education	\$ 5,069,700
Operations and Maintenance	1,359,023
Insurance	1,046,990
Audit	57,803
Protection, Health & Safety	847,870
Bond and Interest	1,570,490
Social Security	135,721
Total	\$ 10,087,597

# Highland Community College District #519

## Schedule of Legal Debt Margin For the year ended June 30, 2023

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Assessed valuation - 2022 levy	\$	2,123,331,497
Debt limit, 2.875% of assessed valuation		61,045,781
Total long-term debt		12,182,926
Legal debt margin	\$	48,862,855

## **Supplemental Financial Information**

# Highland Community College District #519

## Supplemental Financial Information

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### Uniform Financial Statements

The Uniform Financial Statements are required by the Illinois Community College Board for the purpose of providing consistent audited data for every community college district. Regardless of the basis of accounting used for a District's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net position, the Uniform Financial Statements are completed using the modified accrual basis of accounting and a current financial resource measurement focus.

The Uniform Financial Statements include the following:

- No. 1 - All Funds Summary
- No. 2 - Summary of Capital Assets and Long-Term Debt
- No. 3 - Operating Funds Revenues and Expenditures
- No. 4 - Restricted Purposes Fund Revenues and Expenditures
- No. 5 - Current Funds Expenditures by Activity

### Certificate of Chargeback Reimbursement

- No. 6 - Certificate of Chargeback Reimbursement

# Highland Community College District #519

## Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2023</i>	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund
Fund balance (deficit), beginning of year	\$ 4,685,004	\$ 2,086,611	\$ 3,640,802	\$ 870,055	\$ 1,471,701
Revenues:					
Local tax revenue	7,150,788	1,552,906	962,319	1,840,088	-
ICCB Grants	1,461,584	-	-	-	-
All other state revenue	28,320	-	-	-	-
Federal revenue	6,023	-	-	-	-
Student tuition and fees	4,655,484	-	-	-	423,000
On-Behalf CIP	-	-	-	-	-
On-Behalf SURS	-	-	-	-	-
All other revenue	695,355	100,438	232,641	656	737,944
Total revenues	13,997,554	1,653,344	1,194,960	1,840,744	1,160,944
Expenditures:					
Instruction	7,380,899	-	-	-	14,183
Academic support	697,706	-	-	-	-
Student services	1,457,279	-	-	-	-
Public service/continuing education	1,142,483	-	-	-	35,246
Auxiliary services	-	-	-	-	1,420,600
Operations and maintenance	-	1,321,780	1,067,273	-	-
Institutional support	2,792,775	-	1,007,168	1,776,999	-
Scholarships, grants, waivers	464,099	-	-	-	24,941
Total expenditures	13,935,241	1,321,780	2,074,441	1,776,999	1,494,970
Other financing sources					
Transfers in	217,258	-	50,000	309,978	100,000
Transfers out	(100,000)	(50,000)	(309,978)	-	-
Issuance of debt	-	-	7,150,000	-	-
Premium on issued debt	-	-	757,290	-	-
Total other financing sources	117,258	(50,000)	7,647,312	309,978	100,000
Fund balance (deficit), end of year	\$ 4,864,575	\$ 2,368,175	\$ 10,408,633	\$ 1,243,778	\$ 1,237,675

# Highland Community College District #519

## Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2023</i>	<b>Restricted Purposes Fund</b>	<b>Working Cash Fund</b>	<b>Audit Fund</b>	<b>Liability, Protection Settlement Fund</b>	<b>Total</b>
Fund balance (deficit), beginning of year	\$ 2,747,689	\$ 10,338,287	\$ (2,785)	\$ 414,929	\$ 26,252,293
Revenues:					
Local tax revenue	-	-	60,451	1,333,847	12,900,399
ICCB Grants	542,626	-	-	-	2,004,210
All other state revenue	114,589	-	-	-	142,909
Federal revenue	3,730,537	-	-	-	3,736,560
Student tuition and fees	517,000	-	-	-	5,595,484
On-Behalf CIP	(1,462,456)	-	-	-	(1,462,456)
On-Behalf SURS	4,770,757	-	-	-	4,770,757
All other revenue	1,135,525	183,742	-	-	3,086,301
Total revenues	9,348,578	183,742	60,451	1,333,847	30,774,164
Expenditures:					
Instruction	2,761,545	-	-	-	10,156,627
Academic support	508,381	-	-	-	1,206,087
Student services	1,227,086	-	-	-	2,684,365
Public service/continuing education	631,430	-	-	-	1,809,159
Auxiliary services	193,303	-	-	-	1,613,903
Operations and maintenance	78,655	-	-	630,511	3,098,219
Institutional support	3,272,191	11,115	55,501	629,111	9,544,860
Scholarships, grants, waivers	2,195,800	-	-	-	2,684,840
Total expenditures	10,868,391	11,115	55,501	1,259,622	32,798,060
Other financing sources					
Transfers in	85,000	-	-	-	762,236
Transfers out	(131,342)	(170,916)	-	-	(762,236)
Issuance of debt	1,453,845	-	-	-	8,603,845
Premium on issued debt	-	-	-	-	757,290
Total other financing sources	1,407,503	(170,916)	-	-	9,361,135
Fund balance (deficit), end of year	\$ 2,635,379	\$ 10,339,998	\$ 2,165	\$ 489,154	\$ 33,589,532

# Highland Community College District #519

## Uniform Financial Statement #2

### Summary of Capital Assets and Long-Term Debt

<i>Year Ended June 30, 2023</i>	<b>Balance July 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassification</b>	<b>Balance June 30, 2023</b>
Capital assets:					
Sites and improvements	\$ 3,950,157	\$ -	\$ -	-	\$ 3,950,157
Construction in progress	532,247	533,650	532,247	-	533,650
Buildings, additions and improvements	31,766,449	1,133,815	38,531	-	32,861,733
Vehicles	581,598	-	118,482	-	463,116
Equipment and technology	5,963,365	519,033	202,671	-	6,279,727
SBITA Assets	-	1,453,845	-	-	1,453,845
<b>Total capital assets</b>	<b>42,793,816</b>	<b>3,640,343</b>	<b>891,931</b>	<b>-</b>	<b>45,542,228</b>
Accumulated depreciation	22,184,909	1,605,779	237,922	-	23,552,766
<b>Total net capital assets</b>	<b>\$ 20,608,907</b>	<b>\$ 2,034,564</b>	<b>\$ 654,009</b>	<b>\$ -</b>	<b>\$ 21,989,462</b>
Long-term debt:					
Bonds payable	\$ 4,510,000	\$ 7,150,000	\$ 1,600,000	-	\$ 10,060,000
Net OPEB CIP liability	9,247,458	-	5,713,345	-	3,534,113
Accrued compensated absences	173,906	40,370	-	-	214,276
Contracts payable	149,863	-	46,902	-	102,961
Unamortized premium on bonds	205,382	757,290	125,057	-	837,615
SBITA liability	-	1,453,845	271,495	-	1,182,350
Interest payable	-	126,490	-	-	126,490
<b>Total long-term debt</b>	<b>\$ 14,286,609</b>	<b>\$ 9,527,995</b>	<b>\$ 7,756,799</b>	<b>\$ -</b>	<b>\$ 16,057,805</b>

# Highland Community College District #519

## Uniform Financial Statement #3

### Operating Funds Revenues and Expenditures

<i>Year Ended June 30, 2023</i>	<b>Education</b>	<b>Ops and Maint</b>	<b>Total</b>
<b>Revenues:</b>			
Local government:			
Local taxes	\$ 5,795,525	\$ 1,552,906	\$ 7,348,431
CPPRT	1,355,263	-	1,355,263
Total local government	7,150,788	1,552,906	8,703,694
State government:			
ICCB base operating grant	1,274,865	-	1,274,865
ICCB equalization grants	50,000	-	50,000
ICCB - Career and Technical Education	136,719	-	136,719
Other State not listed above	28,320	-	28,320
Total state government	1,489,904	-	1,489,904
Federal government:			
Department of Education	6,023	-	6,023
Total federal government	6,023	-	6,023
Student tuition and fees:			
Tuition	3,602,628	-	3,602,628
Fees	1,052,856	-	1,052,856
Total tuition and fees	4,655,484	-	4,655,484
Other sources:			
Sales and service fees	33,059	-	33,059
Facilities revenue	11,745	77,749	89,494
Investment income	251,756	-	251,756
Nongovernmental grants	362,160	-	362,160
Other revenue	36,635	22,689	59,324
Total other sources	695,355	100,438	795,793
Total revenue	\$ 13,997,554	\$ 1,653,344	\$ 15,650,898



# Highland Community College District #519

## Uniform Financial Statement #3

### Operating Funds Revenues and Expenditures (Continued)

<i>Year Ended June 30, 2023</i>	<b>Education</b>	<b>Ops and Maint</b>	<b>Total</b>
<b>Operating expenses:</b>			
By program:			
Instruction	\$ 7,380,899	\$ -	\$ 7,380,899
Academic support	697,706	-	697,706
Student services	1,457,279	-	1,457,279
Public service	1,142,483	-	1,142,483
Operations and maintenance	-	1,321,780	1,321,780
Institutional support	2,792,775	-	2,792,775
Scholarships, student grants, and waivers	464,099	-	464,099
Total expenditures	13,935,241	1,321,780	15,257,021
Less nonoperating items:*			
Transfers to non-operating funds	117,258	(50,000)	67,258
Adjusted expenditures	\$ 13,817,983	\$ 1,371,780	\$ 15,189,763
<b>By object:</b>			
Salaries	9,061,778	624,298	9,686,076
Employee benefits	2,008,723	194,596	2,203,319
Contractual services	1,380,635	96,022	1,476,657
General materials and supplies	534,763	121,003	655,766
Travel, conference and meeting expense	209,444	323	209,767
Fixed Charges	33,510	-	33,510
Utilities	3,616	495,238	498,854
Capital outlay	45,148	-	45,148
Principal Retirement	62,483	-	62,483
Interest, service charges, and issuance costs	7,233	-	7,233
Other	587,908	(209,700)	378,208
Total expenditures	13,935,241	1,321,780	15,257,021
Less nonoperating items:*			
Transfers to non-operating funds	117,258	(50,000)	67,258
Adjusted expenditures	\$ 13,817,983	\$ 1,371,780	\$ 15,189,763

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

# Highland Community College District #519

## Uniform Financial Statement #4

### Restricted Purposes Fund Revenues and Expenditures

*Year Ended June 30, 2023*

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**Revenue by source:**

## State government:

ICCB - Adult Education	\$ 131,534
ICCB - Other	411,092
On-behalf CIP	(1,462,456)
On-behalf SURS	4,770,757
Other	114,589

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Total state government	3,965,516
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## Federal government:

## Department of Education:

Department of Education	3,395,948
Department of Health & Human Services	204,268
Other	130,321

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Total federal government	3,730,537
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## Other sources:

Student tuition and fees	517,000
Sales and service fees	28,892
Investment income	158,308
Nongovernmental grants and gifts	419,696
Other revenue	409,083

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Total other sources	1,532,979
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Total restricted purposes fund revenues	\$ 9,229,032
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**Expenditures by program:**

Instruction	2,761,545
Academic support	508,381
Student services	1,227,086
Public service	631,430
Auxiliary services	111,324
Operations and maintenance	78,655
Institutional support	3,272,191
Scholarships, student grants, and waivers	2,195,800

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Total restricted purposes fund expenditures by program	\$ 10,786,412
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**Expenditures by object:**

Salaries	1,356,255
Employee benefits	3,634,076
Contractual services	609,104
General materials and supplies	257,991
Travel, conference and meeting expense	205,832
Fixed Charges	24,816
Utilities	4,152
Capital outlay	2,008,004
Principal Retirement	192,490
Other	2,493,692

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Total restricted purposes fund expenditures by object	\$ 10,786,412
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# Highland Community College District #519

## Uniform Financial Statement #5

### Current Funds\* - Expenditures by Activity

*Year Ended June 30, 2023*

Instruction:

Instructional programs \$ 6,354,900

Other 3,684,693

Total instruction 10,039,593

Academic support:

Library Center 314,712

Instructional Materials Center 77,718

Educational Media Center 275,871

Academic Computing Support 29,405

Academic Administration and Planning 15,199

Other Academic Support 493,182

Total academic support 1,206,087

Student services:

Admissions & Records 392,309

Counseling & Career Guidance 848,332

Financial Aid Administration 476,472

Other Student Services 967,252

Total student services 2,684,365

Public service/continuing education:

Community Education 187,976

Community Services 1,189,848

Other Public Services 430,364

Total public service/continuing education 1,808,188

Auxiliary 1,410,281

# Highland Community College District #519

## Uniform Financial Statement #5

### Current Funds\* - Expenditures by Activity (Continued)

*Year Ended June 30, 2023*

Operations and maintenance of plant:

Maintenance	40,842
Custodial Services	507,861
Grounds	132,766
Campus Security	630,511
Transportation	47,290
Plant Utilities	492,973
Administration	100,048
Other Op & Maintenance	78,655

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Total operations and maintenance of plant	2,030,946
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Institutional support:

Executive Management	345,399
Fiscal Operations	1,231,163
Community Relations	478,931
Administrative Support Services	435,138
Board of Trustees	269,827
Institutional Research	188,673
Administrative Data Processing	2,600,142
Other Institutional Support	1,187,251

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Total institutional support	6,736,524
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Scholarships, Grants, Waivers	2,779,105
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Total current funds expenditures	\$ 28,695,089
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\* Current Funds include Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; and Liability, Protection, and Settlement.

# Highland Community College District #519

## Certification of Chargeback Reimbursement

Year Ended June 30, 2024

All fiscal year 2023 noncapital audited operating expenditures from the following funds:

1. Education Fund	13,920,081
2. Operations and Maintenance Fund	1,321,780
4. Bond and Interest Fund	949
6. Restricted Purposes Fund	6,803,870
7. Audit Fund	55,501
8. Liability, Protection, and Settlement Fund	<u>1,259,622</u>
10. Total noncapital expenditures (sum of lines 1-9)	<u>\$ 23,361,803</u>
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$ 1,561,225</u>
12. Total costs included (line 10 plus line 11)	<u>\$ 24,923,028</u>
13. Total certified semester credit hours for FY 2023	<u>26,113</u>
14. Per capita cost (line 12 divided by line 13)	\$ 954.43
15. All FY 2023 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>\$ 3,713,511</u>
16. FY 2023 state and federal grants per semester credit hour (line 15 divided by line 13)	142.21
17. District's average ICCB grant rate (excluding equalization grants) for FY 2024	50.48
18. District's student tuition and fee rate per semester credit hour for FY 2024	<u>151.00</u>
19. Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)	<u>\$ 610.74</u>

Approved:

Neil Jensen  
Chief Financial Officer

10/19/23  
Date

Chris Kulera  
President

10/19/23  
Date

**ICCB State Grant Financial Compliance Section**

## **Independent Auditor's Report on State Adult Education and Family Literacy Grants Financial Statements**

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

### ***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, 2023, 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, 2023, 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 the District, 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 the District as of June 30, 2023, and the changes in its financial position and, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities 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 opinion. 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 GAAS 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 GAAS, we:

- Exercise professional judgment 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 and any significant deficiencies and material weaknesses in internal control over compliance 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  
October 19, 2023



## **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, IL

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

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants of Highland Community College District #519 (the "District") as of and for the year ended June 30, 2023, which comprise the balance sheet as of June 30, 2023, and the related statements of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the ICCB grant program 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 financial position of the State Adult Education and Family Literacy Grants of Highland Community College District #519 as of June 30, 2023, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States.

### ***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 the District as of June 30, 2023, and the changes in its financial position and, 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. Management is also responsible 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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 GAAS 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 GAAS, we:

- Exercise professional judgment 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 and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Compliance and Other Matters**

In connection with our engagement to audit, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements between the District and the State of Illinois and the Illinois Community College Board (ICCB), noncompliance with which could have a direct and material effect on the financial statements. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ICCB policy guidelines with respect to restricted grants.



Wipfli LLP

Sterling, Illinois  
October 19, 2023

# Highland Community College District #519

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

<i>As of June 30, 2023</i>	<b>State Basic</b>	<b>Performance</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 12,936	\$ -	\$ 12,936
Accounts receivable	-	-	-
<b>Total assets</b>	<b>\$ 12,936</b>	<b>\$ -</b>	<b>\$ 12,936</b>
Deferred outflow of resources:			
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	12,936	-	12,936
<b>Total liabilities</b>	<b>12,936</b>	<b>-</b>	<b>12,936</b>
Fund balances	-	-	\$ -
<b>Total liabilities and fund balances</b>	<b>\$ 12,936</b>	<b>\$ -</b>	<b>\$ 12,936</b>

See Notes to ICCB Grant Programs Financial Statements.

# Highland Community College District #519

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

<i>Year Ended June 30, 2023</i>	<b>State Basic</b>	<b>Performance</b>	<b>Total</b>
Revenues:			
State sources	\$ 98,984	\$ 32,550	\$ 131,534
Expenditures:			
Personnel wages	76,753	15,810	92,563
Fringe benefits	22,031	16,236	38,267
Supplies	200	504	704
Total expenditures	98,984	32,550	131,534
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

See Notes to ICCB Grant Programs Financial Statements.

# Highland Community College District #519

## Statement of ICCB Compliance -State Adult Education and Family Literacy Restricted Funds

*Year Ended June 30, 2023*

<b>State Basic</b>	<b>Audited Expenditure Amount</b>	<b>Actual Expenditure Percentage</b>
Instruction (45% minimum required)	\$ 44,543	45.00 %

# Highland Community College District #519

## Notes to ICCB Grant Programs Financial Statements

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

#### **General**

The accompanying statements include only those transactions resulting from the State Adult Education & Family Literacy grant programs. These transactions have been accounted for in the College's Restricted Purpose Fund.

#### **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, 2023. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2023 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

#### **Fixed Assets**

Capital asset purchases are recorded as capital outlay. However, for the Statement of Net Position for the College as a whole, capital assets are capitalized.

### **Note 2: Payment 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 Grants

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### Unrestricted Grants

Base Operating Grants - General operating funds provided to colleges are based upon credit enrollment.

Small College Grants - Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. They are 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 child care facilities or provision.

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

## **Annual Federal Financial Compliance Section**



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

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

We have audited, 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 the business-type activities and the discretely presented component unit Highland Community College District #519 (the "District"), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2023.

The financial statements of Highland Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Highland Community College Foundation. Our report includes a reference to other auditors who audited the financial statements of Highland Community College Foundation, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 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 Highland Community College District #519's financial statements are free from 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid.

Wipfli LLP

Sterling, Illinois  
October 19, 2023

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

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

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Highland 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 its major federal programs for the year ended June 30, 2023. 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 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 major federal program for the year ended June 30, 2023.

#### ***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Responsibility 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 the 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 weaknesses 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 a 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 weaknesses, 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.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid, with the letters "W", "i", "p", "f", and "l" being particularly prominent.

Wipfli LLP

Sterling, Illinois  
October 19, 2023

# Highland Community College District #519

## Schedule of Expenditure of Federal Awards

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Treasury</b>				
Pass-through Illinois Community College Board				
COVID-19 State and Local Fiscal Recovery Fund				
College Bridge Program	21.027	CURES-51901-22	\$84,832	\$0
<b>U.S. Department of Education</b>				
Pass-through Illinois Community College Board				
Adult Education - Basic Grants to States				
Federal Adult Basic	84.002A	51901	51,951	0
Direct award				
Student Financial Assistance Cluster				
Supplemental Education Opportunity Grant	84.007		39,900	0 (m)
Federal Work Study Program	84.033		80,708	0 (m)
Pell Grant Program	84.063		1,732,354	0 (m)
Pell Grant Program Administrative Allowance	84.063		2,245	0 (m)
Federal Direct Student Loans	84.268		360,668	0 (m)
Subtotal Student Financial Assistance cluster			2,215,875	0
Direct award				
TRIO Cluster				
Title IV Grant 2022 Student Support Services	84.042A		57,806	0 (m)
Title IV Grant 2023, Student Support Services	84.042A		322,964	0 (m)
Title IV Grant 2022, Upward Bound	84.047		73,258	0 (m)
Title IV Grant 2023, Upward Bound	84.047		388,756	0 (m)
Title IV Grant 2023, Educational Opportunity Center	84.066		69,770	0 (m)
Subtotal TRIO Cluster			912,554	0
Pass-through Illinois Community College Board				
Career and Technical Education - Basic Grants to States				
CTE Perkins Postsecondary	84.048	CTE51922	143,791	0
Direct award				
Child Care Access Means Parents in School				
C Campis Program	84.335A		15,199	0
COVID-19 - Education Stabilization Fund:				
Direct award				
COVID-19 - Higher Education Emergency Relief Fund - Student	84.425E		780	0
COVID-19 - Higher Education Emergency Relief Fund - Strengthening Institutions	84.425M		11,995	0
Pass-through Illinois Community College Board				
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	GEERII-51922	43,803	0
Subtotal COVID-19 - Education Stabilization Fund			56,578	0
Total U.S. Department of Education			3,480,780	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, 2023

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Health and Human Services</b>				
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	204,268	0
<b>Corporation for National and Community Service</b>				
Direct award				
AmeriCorps Seniors Retired and Senior Volunteer Program				
Retired Senior Volunteer Program (RSVP)	94.002		45,488	0
Total expenditures of federal awards			\$3,730,536	\$0

(m) Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards

# Highland Community College District #519

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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### Note 1: General

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, 2023. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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: Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

### Note 3: Indirect Cost Rate

The District has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance during the year ended June 30, 2023.

### Note 4: Loan Program

For the year ended June 30, 2023, the District acted a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$360,668.

### Note 5: Non-Cash Assistance

The District did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2023.

### Note 6: Other Federal Award Information

The District did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2023.



# Highland Community College District #519

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

#### Identification of major programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.042, 84.047, 84.066	TRIO Cluster

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

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

# **Highland Community College District #519**

## **Schedule of Findings and Questioned Costs**

Year Ended June 30, 2023

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### **Section II - Audit Findings in Relation to Financial Statements**

No findings related to the financial statements.

### **Section III - Audit Findings and Questioned Costs in Relation to Federal Awards**

No findings or questioned costs related to federal awards.

# Highland Community College District #519

## Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

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The following summarizes the prior audit findings and corrective action taken:

June 30, 2022

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None

June 30, 2021

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None