

Highland Community College District #519

Note to Schedule of Credit Hour Data and Other Bases Upon Which Claims are Filed

Note 1: Residency Verification Process

Procedures for Verifying and Classifying Residency

Every credit student must submit an application to the District which contains biographic and demographic information. The student signs the application verifying the accuracy of the information and the ability to provide documentation to verify it. The District will use the data contained in the application and on the subsequent enrollment forms to determine residency.

In order to be classified as in-district for tuition, the student must indicate one or more of the following:

- Current residence for at least 30 days at an in-district address
- Permanent residence at an in-district address
- Graduation from or current enrollment in an in-district high school
- Current enrollment at another institution of higher education located in-district
- Although the student resides out-of-district, the student or his parent or guardian maintains full-time employment in-district
- Although the student resides out-of-district, the student owns land and pays taxes in-district.

In the case of an address change, a student will submit the change in writing to the Records Department or via the self-service address change in our online system.

The student's signature on the forms mentioned above indicates that he/she is able to produce appropriate documentation to verify residency in-district. Proper documentation includes one or more of the following:

- Driver's license
- State-issued ID
- Voter registration card
- Utility bill
- Bank statement
- ID card from another institution of higher education in district
- Progress summary from another institution of higher education in district
- Home/apartment lease
- Cell phone bill

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, Illinois

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 Highland Community College District #519 (the "District"), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2024.

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.

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 signature is written in a cursive, flowing style.

Wipfli LLP

Sterling, Illinois
November 5, 2024

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, Illinois

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, 2024. 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, 2024.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Wipfli LLP

Sterling, Illinois
November 5, 2024

Highland Community College District #519

Schedule of Expenditure of Federal Awards

For the year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Treasury				
Pass-through Illinois Community College Board				
COVID-19 State and Local Fiscal Recovery Fund				
College Bridge Program	21.027	CURES-51901-22	\$135,168	\$0
U.S. Department of Education				
Pass-through Illinois Community College Board				
Adult Education - Basic Grants to States				
Federal Adult Basic	84.002A	51901	97,414	0
Direct award				
Student Financial Assistance Cluster				
Supplemental Education Opportunity Grant	84.007		37,921	0 (m)
Federal Work Study Program	84.033		83,945	0 (m)
Pell Grant Program	84.063		2,105,975	0 (m)
Pell Grant Program Administrative Allowance	84.063		2,705	0 (m)
Federal Direct Student Loans	84.268		384,531	0 (m)
Subtotal Student Financial Assistance cluster			2,615,077	0
Direct award				
TRIO Cluster				
Title IV Grant 2023 Student Support Services	84.042A		308,491	0
Title IV Grant 2024, Student Support Services	84.042A		51,574	0
Title IV Grant 2023, Upward Bound	84.047		225,338	0
Title IV Grant 2024, Upward Bound	84.047		88,483	0
Title IV Grant 2024, Educational Opportunity Center	84.066		400,292	0
Subtotal TRIO Cluster			1,074,178	0
Pass-through Illinois Community College Board				
Career and Technical Education - Basic Grants to States				
CTE Perkins Postsecondary	84.048	CTE51922	158,765	0
Pass-through Northern Illinois University				
Fund for the Improvement of Postsecondary Education	84.116		18,688	0
Direct award				
Child Care Access Means Parents in School				
C Campis Program	84.335A		18,410	0
Total U.S. Department of Education			3,982,532	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, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Direct Award				
Congressional Directives	93.493		300,000	0
COVID-19 Child Care and Development Fund Cluster				
Pass-through Illinois Community College Board				
Early Childhood Access Consortium for Equity	93.575	ECE-51901-22	412,563	0
Pass-through Illinois Student Assistance Commission (ISAC)				
Early Childhood Access Consortium for Equity	93.575		285,652	0
Subtotal child care and development fund cluster			698,215	0
Total US Department of Health and Human Services			998,215	0
Corporation for National and Community Service				
Direct award				
AmeriCorps Seniors Retired and Senior Volunteer Program				
Retired Senior Volunteer Program (RSVP)	94.002		54,456	0
Total expenditures of federal awards			\$5,170,371	\$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, 2024

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, 2024. 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 modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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, 2024.

Note 4: Loan Program

For the year ended June 30, 2024, the District acted a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$384,531.

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, 2024.

Note 6: Other Federal Award Information

The District did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2024.

Highland Community College District #519

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

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

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

Schedule of Findings and Questioned Costs (Continued)

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

2024-001 **Special Tests and Provisions - Enrollment Reporting - Incorrect NSLDS Reporting**
Federal Program Information:

Funding agency: US Department of Education
Title: Student Financial Aid Cluster
CFDA number: 84.007, 84.033, 84.063, 84.268
Award year and number: 2024

Criteria or Specific Requirement: Student statuses and effective dates must accurately reflect the student's status at the institution and the effective dates must be accurately reported to NSLDS.

Condition: The examination disclosed 4 students, out of 25 out of school student files tested, in which NSLDS was not updated correctly.

Student A: According to the institutions records the student withdrew on 11/6/23 but the effective date of withdraw is 11/10/23.

Student B: According to the institutions records the student withdrew on 9/25/23 but the effective date of withdraw is 10/23/23.

Student C: According to the institutions records the student withdrew on 2/29/24 but the effective date of withdraw is 3/11/24.

Student D: According to the institutions records the student withdrew on 2/16/24 but the effective date of withdraw is 3/21/24.

Questioned Costs: \$0

Effect: The inaccurate status may effect the student's future Title IV funding and the repayment of their direct loans.

Cause: There was an oversight by the District.

Repeat: No

Auditor's Recommendation: The institution should implement better oversight to see that student statuses and effective dates are accurately reflected in NSLDS. The institution should update the identified students to accurately reflect their status and their effective date that is reflected in their student records.

View of Responsible Officials: Management acknowledges the finding and has prepared a corrective action plan.



HIGHLAND COMMUNITY COLLEGE

Corrective Action Plan for Current Year Findings

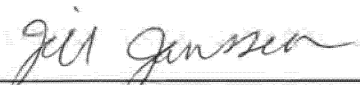
Finding 2024-001 **Incorrect NSLDS Reporting:** The examination disclosed 4 students, out of 25 student files tested, in which NSLDS was not updated correctly.

Corrective Action Plan

It is our understanding that the issue is occurring for many institutions and appears to be due to changes in processes at the National Clearinghouse. We will monitor steps taken and updates made from professional organizations such as NASFAA to maintain awareness of any resolution to the issue made at the Clearinghouse. We will also develop an internal process to review student status effective dates as reflected in NSLDS and make updates as needed.

Person(s) Responsible: Director, Enrollment and Records and Director, Financial Aid

Timing for Implementation: Immediate



Jill Janssen, VP/CFO Administrative Services

Highland Community College District #519

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

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

June 30, 2023

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None

June 30, 2022

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None