

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

**Heartland Community College**

Community College District #540  
1500 W. Raab Rd. Normal, IL 61761



**HEARTLAND**  
COMMUNITY COLLEGE



**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540**

**COMPREHENSIVE ANNUAL FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2020 AND 2019**

Prepared by:

Letisha Trepac  
Vice President, Finance and Administration

Sharon McDonald  
Controller



Heartland Community College  
Community College District #540  
Years Ended June 30, 2020 and 2019

---

**TABLE OF CONTENTS**

**Page  
Number**

**INTRODUCTORY SECTION**

President's Letter	i
Letter of Transmittal	ii - ix
Principal Officials	x
Organizational Chart	xi - xiv
Certificate of Achievement for Excellence in Financial Reporting	xv

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 3
-------------------------------------	-------

Management Discussion and Analysis	4 - 19
------------------------------------	--------

**Basic Financial Statements**

Statements of Net Position	20 - 21
Statements of Revenues Expenses, and Changes in Net Position	22
Statements of Cash Flows	23 - 24
Notes to Basic Financial Statements	25 - 60

**Required Supplementary Information**

Schedule of Share of Net Pension Liability	61
Schedule of Pension Contributions	62
Schedule of Share of Net OPEB Liability	63
Schedule of OPEB Contributions	64
Notes to Required Supplementary Information	65 - 66

**STATISTICAL SECTION (UNAUDITED)**

	<b>TABLE</b>	
Statistical Section Contents		67
Net Position by Component	A	68
Changes in Net Position	B	69
Assessed Value and Actual Value of Taxable Property	C	70 - 71
Property Tax Rates – Direct and Overlapping Governments Within McLean County	D	72

**STATISTICAL SECTION (UNAUDITED) - (Continued)**

**TABLE**

Principal Taxpayers	E	73
Property Tax Levies and Collections	F	74
Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee Revenues Generated	G	75
Ratios of Outstanding Debt by Type	H	76
Ratios of Net General Bonded Debt Outstanding	I	77
Legal Debt Margin Information	J	78
Listing of Direct and Overlapping Bonded Debt	K	79 - 83
Personal Income Per Capita	L	84
Principal Employers	M	85
Property Values, Construction, and Bank Deposits	N	86
Number of Employees	O	87
Student Credit Hours by Enrolment Categories	P	88
Student Enrolment Demographic Statistics	Q	89
Capital Asset Statistics	R	90
Capital Asset Statistics – School Building Information	S	91
Equalized Assessed Valuations and Taxes Extended and Collected	T	92
Summary of Taxes Receivable and Tax Collections	U	93

**SUPPLEMENTAL INFORMATION SECTION**

Certification of Chargeback Reimbursement Form	94
Consolidated Year-End Financial Report	95

## **ICCB STATE GRANTS SECTION**

<b>INDEPENDENT AUDITOR'S REPORT ON THE ADULT EDUCATION AND FAMILY LITERACY GRANTS</b>	96 - 97
---	---------

### **State Adult Education – Restricted Funds (State Basic and Performance)**

Statement of Net Position	98
Statement of Revenues, Expenditures, and Changes in Net Position	99
ICCB Compliance Statement for the State Adult Education Restricted Funds	100
Background Information on State Grant Activity	101
Notes to ICCB State Grants Financial Statements	102
Schedule of ICCB Grant Programs Findings and Responses	103

### **Schedule of Enrollment Data**

<b>INDEPENDENT ACCOUNTANT'S REPORT ON SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED</b>	104
---	-----

Schedule of Enrollment Data and Other Basis Upon Which Claims are Filed	105 - 106
Documentation of Residency Verification Steps	107

## **UNIFORM FINANCIAL STATEMENT SECTION**

Supplemental Financial Information Section	108
All Funds Summary	109 - 111
Summary of Capital Assets and Debt	112
Operating Fund Revenues and Expenditures	113 - 114
Restricted Purposes Fund Revenues and Expenditures	115
Current Funds Expenditures by Activity	116 - 117

## **COMPLIANCE SECTION**

<b>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</b>	118 - 119
---	-----------

## **INTRODUCTORY SECTION**





October 14, 2020

## President's Letter



Members of the Board of Trustees:

It is with pleasure that I submit, to you and the residents of District 540, the Heartland Community College *Comprehensive Annual Financial Report* (CAFR) for the Fiscal Year ended June 30, 2020. Heartland is committed to providing access and supporting the success of all students and citizens of District 540. The 2020 CAFR provides evidence that the College is well positioned to serve its communities as a leader in higher education and a responsible financial steward.

This past year COVID-19 has been felt across all our lives and it has challenged and changed our day-to-day activities. Throughout this public health crisis, Heartland has remained open, continuing to offer courses and serve our students and community, all while remaining fiscally responsible and maintaining our financial stability.

Serving the Central Illinois area, Heartland Community College remains an important educational option for area students and community members. The College continues to provide a significant return on investment for our community. Student access and success, community engagement and responsiveness, and fiscal responsibility are the bedrocks of Heartland's many great accomplishments. Those key priorities make Heartland an outstanding institution, intent on keeping higher education affordable for our students as they pursue their dreams and lifelong ambitions.

Heartland is committed to fiscal responsibility. As a steward of public tax dollars and student tuition and fees, Heartland is entrusted to provide District 540 with quality academic programs, business and industry training, valuable community services, and access to all individuals whom we serve. To that end, Heartland Community College will continue to appropriately utilize existing revenue streams. The College also will continue to identify and pursue new and innovative sources of funding to support future growth and development. At the same time, Heartland remains committed to implementing and promoting cost-effective strategies across all areas of the College. This will help ensure Heartland's financial sustainability.

On behalf of the entire Heartland Community College Family, it is my honor to express pride in how we serve our students, our District 540 community, and anyone needing our programs and services to transform their lives. By discovering Heartland, they discover themselves.

Sincerely,

Keith Cornille, Ed.D.  
President



October 6, 2020

## **To Members of the Board of Trustees and Citizens of Heartland Community College District No. 540:**

The Comprehensive Annual Financial Report (CAFR) of Heartland Community College District No. 540, Normal, Illinois, as of and for the fiscal year ended June 30, 2020 is hereby submitted. The CAFR provides a snapshot of Heartland's financial performance and major initiatives, as well as an overview of trends in the local economy. Above all, the report represents the College's commitment to inform members of the community about the College's finances.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities, in relation to its mission, have been included.

Wipfli, LLP, Certified Public Accountants, has issued an unmodified (clean) opinion on the Heartland Community College District No. 540 basic financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of the report.

This letter of transmittal should be read in conjunction with Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report. The MD&A provides a narrative introduction, analyses of the basic financial statements, and focuses on current activities, accounting changes, and currently known facts.

## **PROFILE OF THE COLLEGE**

Heartland Community College is a comprehensive community college operating in accordance with the provisions of the Illinois Public Community College Act and is recognized by the Illinois Community College Board (ICCB). The College is accredited by the Higher Learning Commission.

The College District extends roughly from Lincoln, Illinois on the south, along Interstate 55, and north to Pontiac, Illinois. Of the nearly 214,000 district residents, about two-thirds reside in incorporated areas. Bloomington-Normal is the largest population center of this region. The District includes most of McLean County and parts of DeWitt, Ford, Livingston, Logan and Tazewell counties. The main campus is located in Normal, Illinois (McLean County) with regional centers in both Lincoln and Pontiac.

## **VISION, MISSION, FOUNDATIONAL COMMITMENTS, AND OUR ENDURING GOALS**

Heartland Community College is committed to student success. The College represents a vital and progressive center for learning as manifested in its vision and mission statements, and strategic priorities and goals.

## **Vision**

Leading our community to lifelong learning and success.

## **Mission**

Heartland provides accessible, innovative learning opportunities and resources that enrich our community.

## **Foundational Value Statements and College-Wide Priorities and Goals**

The seven Foundational Value Statements that will support our priorities, goals and operations are:

1. We are learner-centered, focused on creating a personalized path to success for each holistic learner.
2. We inspire an upbeat, can-do attitude, empowering our students, our communities, and each other to fully actualize our potential.
3. We support professional development of all employees so that we may continually adapt and improve.
4. We are all partners in the success of the organization, boldly embracing current and future options that will empower our students and communities.
5. We respect all individuals; civility, collegiality, and the highest standards of professionalism characterize Heartland's daily environment.
6. We are proud of our College's quality but always seek improvement.
7. We practice ethical decision-making and responsible use of environmental, financial, and community resources to promote a sustainable future.

Heartland Community College strives to foster a culture of data-informed continuous improvement to attain its priorities and goals. Our college-wide priorities and goals are:

### ***Promote Student Success***

- Increase percentage of students progressing toward and completing their educational and career goals.
- Improve student satisfaction.
- Increase student achievement of the College's Essential Competencies.

### ***Ensure Resource Stewardship***

- Improve employee satisfaction.
- Maintain or increase the College's financial health.
- Maintain or increase value of the College's physical assets.

### ***Serve as a Community Resource***

- Meet emerging workforce needs through education and training programs.
- Fulfill unmet community demand for personal enrichment and professional learning.

### ***Model Effective Communication, Collaboration and Transparency***

- Intentionally obtain and incorporate employee input.
- Improve internal dissemination of information.
- Share resources, responsibilities and results to achieve college-wide goals.

The College's strategic plan was updated and approved by the Board of Trustees in August 2017. Although the 2017 plan includes updated vision and mission statements as well as institutional priorities, some of the priorities of the previous strategic plan continue to be embedded in the current plan.

## **FINANCIAL INFORMATION**

The College maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America as set forth by the Governmental and Financial Accounting Standards Boards, the National Association of College and University Business Officers and the Illinois Community College Board (ICCB). The ICCB requires

accounting by funds in order to easily account for limitations and restrictions on resources. The financial records of the College are maintained on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal obligation to pay. The notes to the financial statements expand and explain the financial statements and the accounting principles applied.

The Business Services and Institutional Effectiveness (BSIE) unit is responsible for directing the College's fiscal, human resources, administrative services, information technology, and facilities operations. An organizational restructuring in early 2019 shifted responsibility for institutional effectiveness, accreditation, and grants into BSIE, as well. Managing resources with strict attention to dynamic facility, funding, technology, and staffing requirements has been the primary goal of the unit. Financial resources and their management have also been strongly influenced by the Board of Trustees. The Board's financial policies, directives, and decisions have set the tone for fiscal stewardship and accountability since the College's founding.

In an effort to continue to improve fiscal understanding of the College budget as well as to increase transparency and communication, a modified zero-based budgeting approach was used to develop both the fiscal year 2020 and 2021 annual budgets. A highly collaborative online tool and process was used to engage budget managers from across the College.

Management of the College is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the College are protected from loss, theft, or misuse, and to ensure that transactions are properly recorded to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of the costs and benefits requires estimates and judgments by the College.

The College maintains budgetary controls. Their primary objective is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established for each individual fund. The College also maintains an encumbrance accounting system as one method for accomplishing budgetary control. Encumbered amounts lapse at year-end but may be re-authorized as part of the following year's budget only when funds are available and with appropriate administrative approvals. As demonstrated by the statements and schedules included in the financial section of this report, the College continues to meet its responsibility for sound financial management.

## **ECONOMIC CONDITION AND OUTLOOK**

The financial position of the College is strong. This is attributed to a stable and diverse local economy, strong management practices by a quality and stable administration and Board of Trustees, favorable reserve levels and proactive financial planning, strong budgetary management and cost controls, moderate debt burden with rapid payback, and a healthy property tax base. Over the last ten years, the College's net position has increased from \$49.0 million in fiscal year 2010 to \$51.8 million in fiscal year 2020. The College's net position in 2020 is about \$2.8 million more than 2010 and net position improved from 2019 to 2020 by approximately \$5.3 million.

## ***State of Illinois Economy***

The State of Illinois economy has been affected by the business closures due to the COVID-19 pandemic. The unemployment rate for Illinois as of May 2020 was 15.3 percent (up from 4.4 percent in May 2019) and was 2.0 percentage points higher than the national rate for the month. However as of August 2020, the unemployment rate for Illinois has gone down 2.3 percentage points to 11.0 percent as Illinois businesses are allowed to open up again with restrictions.

The State's employment growth numbers reflect the trend across the rest of the Nation as declines continue due to the COVID-19 pandemic. Illinois has lost 7.3% of employment growth over the last year, from July 2019 to July 2020, as reported by the US Bureau of Labor Statistics.

The Illinois Department of Employment Security has published an Illinois Labor Force Participation 2020 Progress Report. The report concludes the populations having the greatest challenges entering or re-entering the labor market include youth, the least educated, women and the disabled. In order to find gainful employment in all of these populations, many will be required to obtain additional training and education from vocational schools, community colleges, or four-year colleges and universities.

The Fiscal Year 2021 State Budget was appropriated in a timely fashion by the State of Illinois. Heartland Community College (HCC) FY 2021 Budget included a conservative estimate of State revenue by budgeting for a 20% reduction from the State's appropriated budget. The College did levy an equity tax in 2019 and this is reflected in the Fiscal Year 2021 Budget. The College has continued its focus on multi-year budgetary plans and strategies.

## ***District Economy***

The Heartland Community College district is an important business and agricultural region in central Illinois, supported by two major insurance companies, farm implement and agricultural products dealers, and financial and health care institutions. Some of the largest employers in the district are State Farm Insurance Companies (corporate and regional headquarters), Illinois State University, COUNTRY Financial, Normal School District #5, Advocate Bro Menn Medical Center, Caterpillar, Inc., OSF St. Joseph Medical Center, McLean County Government, Afni, Inc., and Bloomington School District #87.

The District has several higher education institutions. Bloomington-Normal is the location of two universities, Illinois State University in Normal (with enrollment of 20,720 undergraduate students in Fall of 2020 per their website) and Illinois Wesleyan University in Bloomington (with an enrollment of approximately 1,636 students in Fall of 2020 per their website). Lincoln, in the southern part of the district, has two colleges: Lincoln College, a private residential college that offers instruction to about 1,109 total students, and Lincoln Christian University, a private four-year institution of about 672 students. Several cooperative arrangements and educational alliances have been established with some of these institutions, as well as with some peer Illinois community colleges.

**Bloomington-Normal and McLean County retail sales for 2018 were \$2,388,640,253, which was an increase of 1.7 percent from 2017 retail sales. Median household income for McLean County was \$64,573, making it one of the highest counties in the State. The most recent population of the County was 171,517. The current population of the entire district is 212,818. These economic growth indicators bode well for the community and for Heartland Community College.**

## ***Tax Base***

The Heartland Community College District 2019 tax levy base of \$4,604,542,939 increased by 1.68 percent from the 2018 tax base. This followed an increase of 1.43 percent in the previous year. Modest residential and commercial growth is expected to continue, with a projected increase of between one and two percent in the 2019 tax levy base. The value of farmland and the varieties of construction growth have been key factors in the District's historical economic growth. There has been continued growth within the District in green economy initiatives such as wind farms.

The district Equalized Assessed Valuation (EAV) is projected to increase slightly, between one and two percent per annum, for the next two to three years. Local property taxes will continue to be a significant source of revenue for the College. During fiscal year 2020, local property taxes accounted for 35 percent of total operating revenues. Local support represents 43.4 percent of total operating fund revenues in the fiscal year 2021 budget.

## ***Net Position and Liquidity***

The College's net position at the end of fiscal year 2020 increased to \$51.8 million as compared to fiscal year 2019's ending net position of \$46.5 million. Net position was 85.3 percent of total fiscal year 2020 operating expenses. Liquidity is strong, with \$43.9 million of cash and short-term investments at year end.

## ***College Enrollment***

Credit hour enrollment declined by 2 percent during fiscal year 2020 as compared to a 4 percent decline in 2019. This was the seventh consecutive year for an enrollment decline. Heartland's enrollment patterns are affected by the economy and have trended more positively, in recent years, than State and national enrollments at other community colleges where declines have been larger and occurring longer.

For the current fall semester of fiscal year 2021 (fall 2020) total credit hours decreased by 6.6% and the full-time equivalent (FTE) count decreased by 6.7 percent. Total credit hours for fall 2020 were 38,721 as compared to 41,468 in fall 2019. Student headcount at tenth day however, decreased by 7.1 percent to 4,325 students from 4,654 students in the previous fall of 2019. Five years ago, in the fall 2015 semester, 5,459 students were enrolled in 52,144 credit hours. The five-year decline in students is 1,134 or 20.7 percent and in credit hours is 13,423 or 25.7 percent.

The College has initiated a Strategic Enrollment Management (SEM) plan to increase enrollment and completion of students:

- from historically underrepresented racial and ethnic backgrounds
- over the age of 25, recently graduating from District 540 high schools
- in applied certificate and degree programs that meet current and emerging workforce needs

Another SEM plan goal is to increase the percentage of District 540 residents served by credit programs, professional development, and youth/personal enrichment. This initiative partners the College with students, K-12 schools, universities, families, businesses, and the community to create the right circumstances for increased learning and planned progress.



The fiscal year 2021 budget was predicated on an overall 7.6 percent decrease in budgeted credit hours from fiscal year 2020's actual credit hours. We believe the enrollment declines during 2020 and the five previous fiscal years have been driven by: (1) economic factors, (2) declines in high school graduating class sizes, (3) changes that restrict continuing federal financial aid eligibility, and (4) uncertainty of students due to the COVID-19 pandemic. Most of our peer institutions have seen similar declines in enrollment this year and in previous years.

A net increase of \$5.00 was made to the in-district tuition and universal fees rate between fiscal year 2020 and fiscal year 2021. Heartland's current per credit hour in-district tuition and fees rate of \$163.00 is now ranked as #9 (from the highest) among other Illinois community colleges.

The District received a total of \$610,165 in Adult Education grants for fiscal year 2020. This was an increase of \$13,416 from fiscal year 2019's Adult Education grants.

In fiscal year 2020, overall revenues in the College's continuing education programs decreased from fiscal year 2019 mainly due to cancellations of most Spring and Summer 2020 courses due to the COVID-19 pandemic. Sales and service fees from continuing education programs were \$745,154 in fiscal year 2020 as compared to \$913,797 in 2019, which was down \$168,643. The fiscal year 2021 budget includes a continued decline in revenue due to the pandemic for a total revenue amount of \$675,932. Future year revenues are forecasted to increase between 5 and 10%.

The ethnicity of Heartland's students for Fall 2020 reflects that of the District in that approximately 72.7 percent of the students are white non-Hispanic. Heartland's enrollments were slightly more diverse this Fall compared to last Fall, with decreases in the percentage of students from each non-white category aside from Asian. Approximately 41.8 percent of the students receive financial aid, mainly from federal and state grants, scholarships, loans, and student employment. The College has the resources required to serve a growing and diverse student enrollment and to respond to changing enrollments.

### ***Federal Government***

Federal grant activity is 17.5 % higher in 2020 compared to 2019. Federal grants accounted for 14.8 percent of the College's total revenues during fiscal year 2020 as compared to 13.3 percent in 2019. Student awards and loans are approximately \$985,000 more in 2020 compared to 2019. This included CARES Act-Emergency financial aid grants to students of \$685,455 to assist students affected by the COVID-19 pandemic. Federal financial aid dollars for student awards and loans accounted for approximately \$8.1 million (or 80.6 percent) of the federal total. The College was awarded CARES Act Emergency funding for higher educational institutions to assist with additional costs due to the COVID-19 pandemic. The fiscal year 2020 actual amount for the College was \$407,840. Both CARES Act-Emergency funding grants will be utilized in fiscal year 2021 to assist in COVID-19 pandemic costs.

### ***Component Unit***

The Heartland Community College Foundation, considered a component unit of the College, assists the College and its students by providing scholarships and grants from its fundraising efforts. The Foundation's net position increased from \$7.4 million at the end of fiscal year 2019 to \$7.8 million in 2020. The Foundation also awarded \$403,781 in student scholarships during fiscal year 2020.

## DEBT ADMINISTRATION

The College had general bonded debt of \$62,108,062 as of June 30, 2020 and \$63,907,045 as of June 30, 2019. The \$1,798,983 decrease from 2020 to 2019 is the result of several different factors including: (1) principal payments totaling \$11,155,000 (reducing debt); (2) amortization of bond premiums totaling approximately \$778,983 (reducing debt); and (3) issuance of \$10,135,000 general obligation bonds. The new bond proceeds will be used to fund technology needs and various facility improvements and capital equipment.

Moody's Investor Services rated the College at Aa2 and Standard and Poor's Investor Services rated the College at AA+. The College continues to enjoy high ratings because of (1) participation in the diverse Bloomington-Normal economy, (2) good wealth and income levels; (3) sound financial operations with strong reserves, and (4) a moderate overall debt burden.

According to State of Illinois statute, the College is subject to a limit on bonded debt equal to 2.875 percent of assessed valuation. The 2019 assessed valuation of \$4,604,542,939 results in a legal debt limit of \$132,380,609. The College is well within this statutory limit. Other useful indicators of debt position are the ratios of general obligation debt to assessed valuation and debt per capita. For fiscal years 2016-2020, these indicators compare as follows:

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Debt/EAV</u>	<u>General Obligation Debt Per Capita</u>
2020	\$62,108,609	1.3 percent	\$291.84
2019	\$63,907,045	1.4 percent	\$300.02
2018	\$75,157,077	1.7 percent	\$350.90
2017	\$76,973,512	1.7 percent	\$370.15
2016	\$82,206,624	1.9 percent	\$395.31

## PROSPECTS FOR THE FUTURE

The College's financial outlook for the future is stable reflecting its strong financial operations and operating reserves. The outlook is supported by the diverse Bloomington-Normal metropolitan area economy. There are certainly challenges facing the institution, including continued uncertain levels of future State funding, the State's pending pension reform efforts, and a gradual but ongoing downward trend in enrollments. Student engagement and retention efforts, and long range master planning fully contemplate these challenges.

Long-term financial reserves goals are regularly updated and reviewed with the Board of Trustees to ensure timely and appropriate accumulation of net position for future capital projects, possible pension cost shifts, and other financial exigencies. A five-year operating budget outlook is updated and reviewed regularly by College management and with the Board of Trustees. Efforts are also underway to update the long-term master plan for future campus development.

Contingencies and strategic additions to reserves are budgeted annually to provide for the uncertainties associated with State funding, enrollment fluctuations, capital funding requirements, faculty contract negotiations, utility and other market-driven costs and to fund reserve plans. Likewise, alternative means of funding, such as leasing and bonding, will continue to be evaluated. The College also has the capacity to increase tuition rates since the current rate is well below any State limits.



## **AWARDS AND ACKNOWLEDGEMENTS**

### ***Independent Audit***

The Illinois Public Community College Act requires an annual audit by independent certified public accountants. The College's Board of Trustees selected the public accounting firm of Wipfli, LLP. The requirement has been satisfied and the auditor's opinion is unmodified. The auditor's report on the financial statements and schedules is included in the financial section of this report.

### ***Awards for Financial Reporting***

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Heartland Community College for its CAFR for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Heartland Community College has received the Certificate of Achievement annually since 1998. Staff believes the current report for the fiscal year ended June 30, 2020 continues to meet the stringent program requirements for the Certificate of Achievement for Excellence in Financial Reporting. The report is being submitted to GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

*Thanks are to be extended to the Board of Trustees for its continued interest and support in planning and conducting the financial operations of the College with fiscal integrity. Each member of the Business Services unit and the external auditors, Wipfli, LLP, have our sincere appreciation for the contributions made in preparation of this report.*

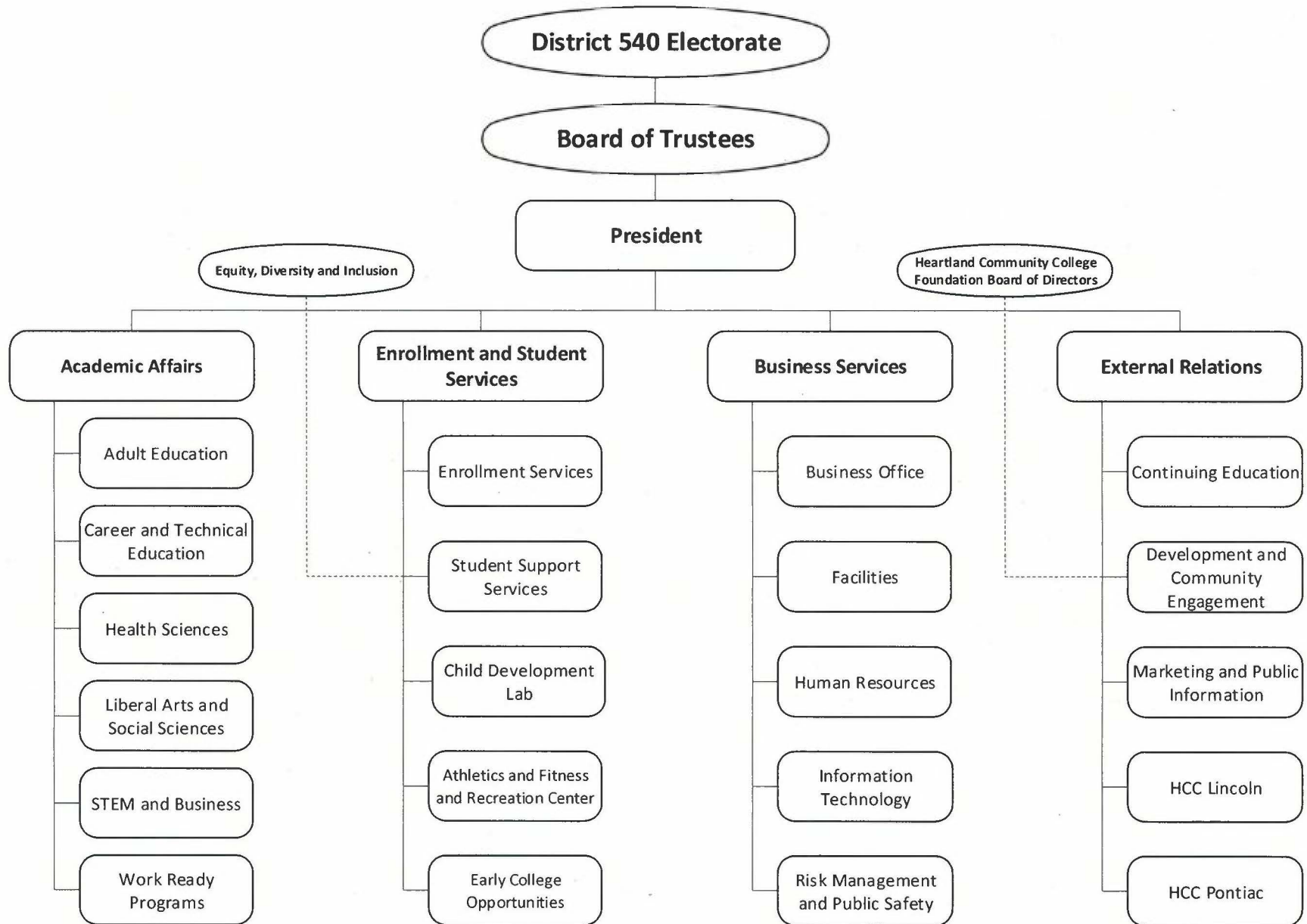
Respectfully submitted,

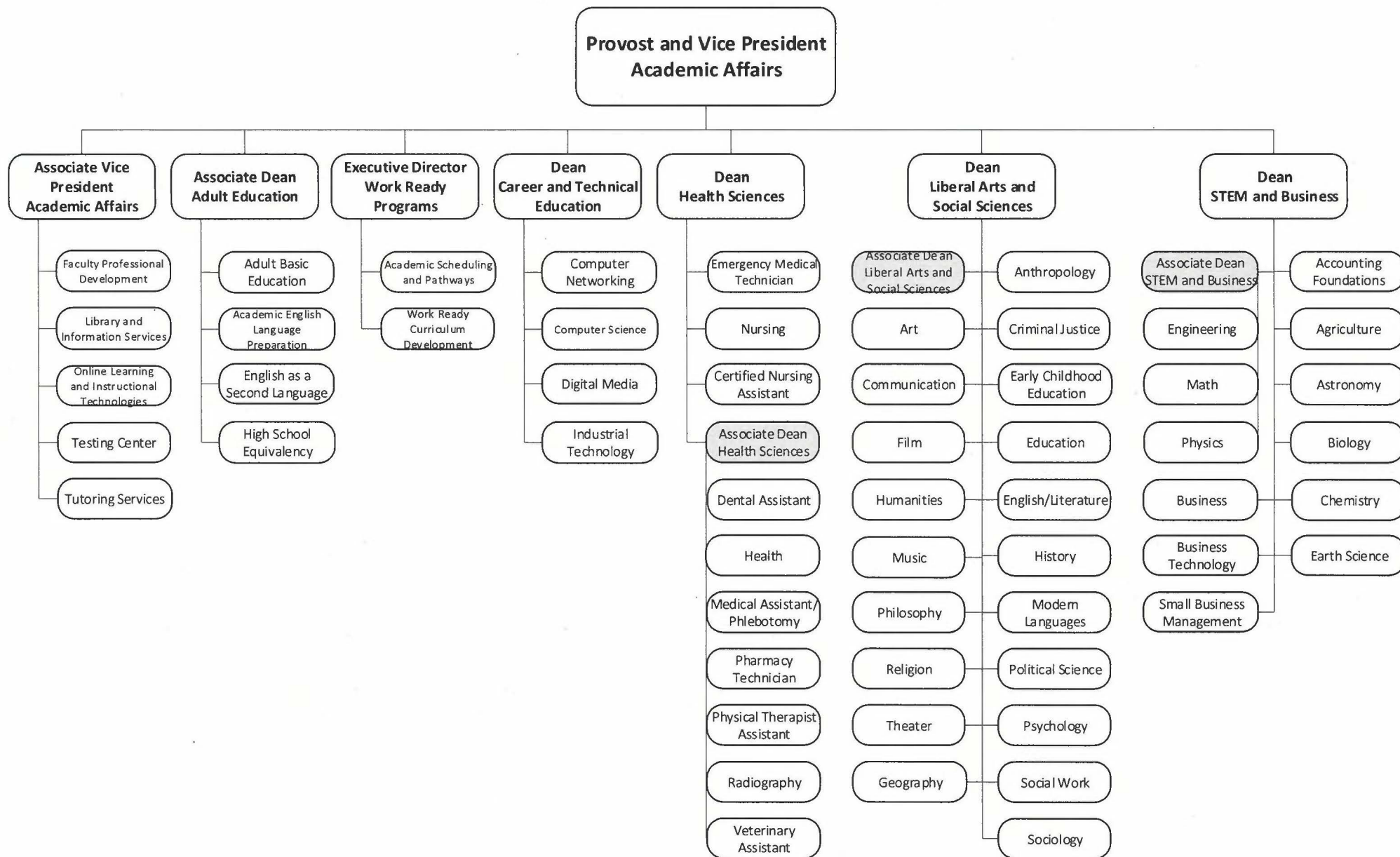
**/s/ Letisha K. Trepac**



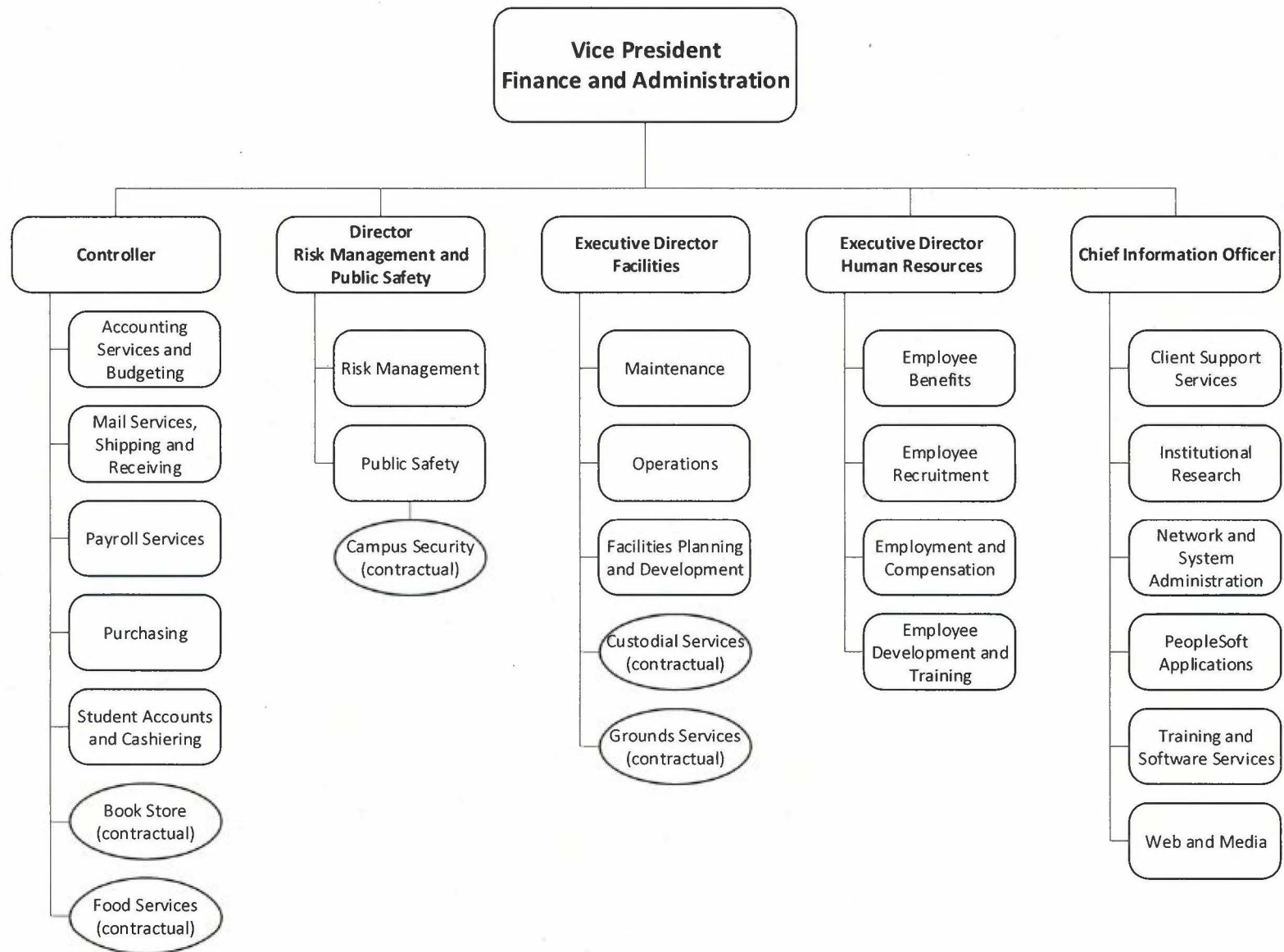
---

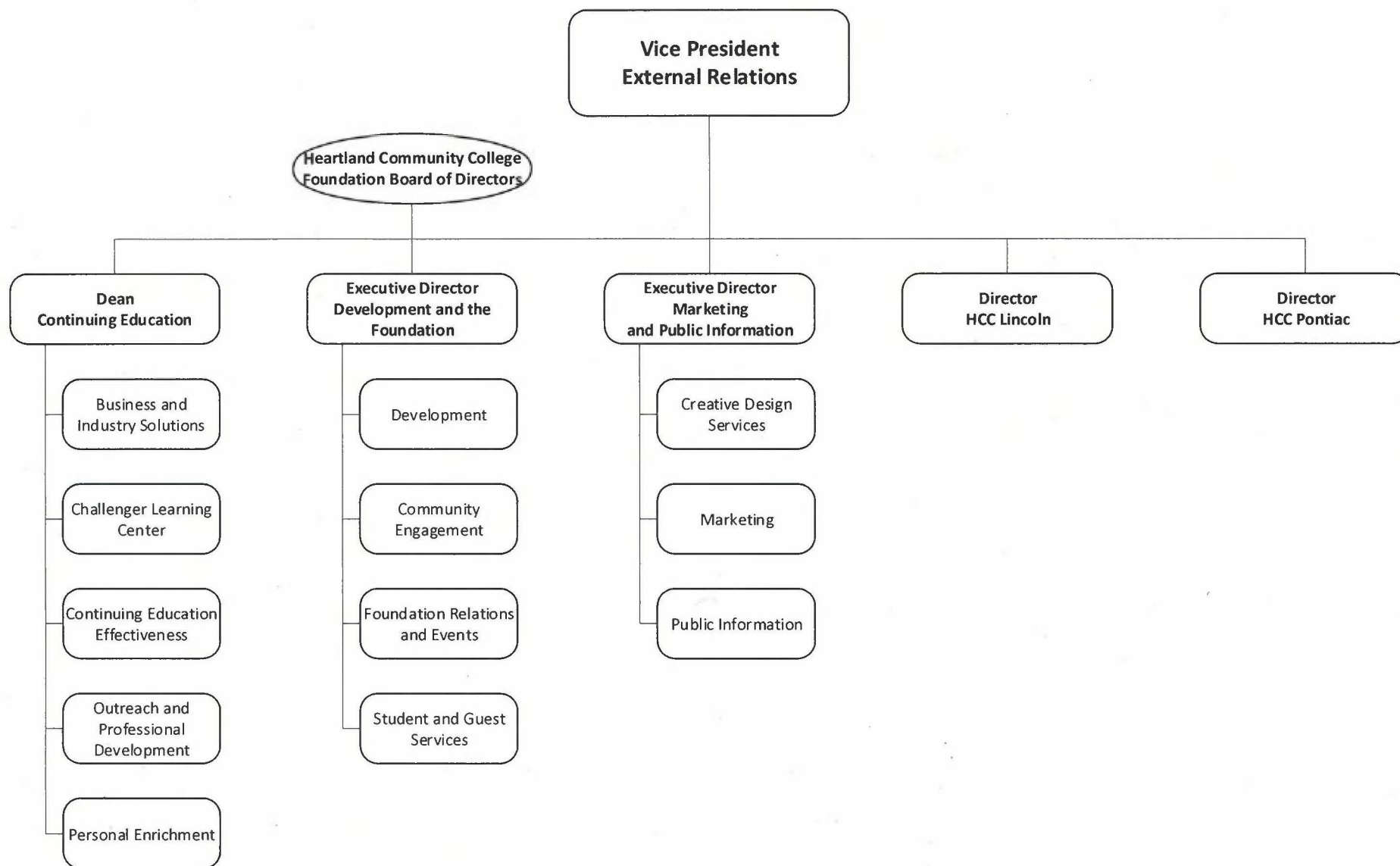
Letisha K. Trepac  
Vice President, Finance and Administration

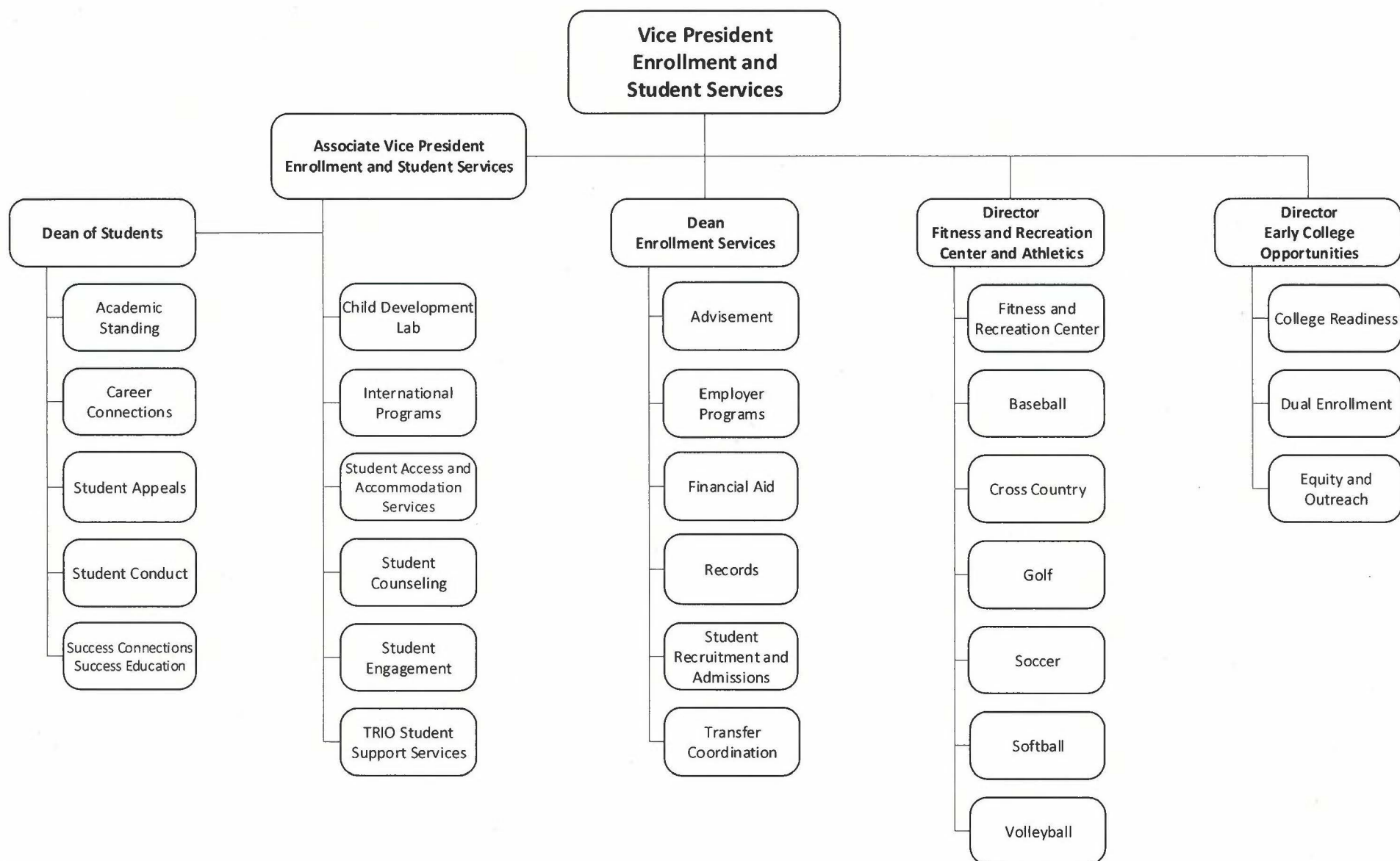














Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Heartland Community College  
District #540, Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2019**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Heartland Community College  
Community College District #540  
Normal, Illinois

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

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Heartland Community College – Community College District #540 (the College), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Heartland Community College Foundation, a discretely presented component unit, which represents 100 percent of the assets, net assets, and revenue of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us and, in our opinion, insofar as it relates to the amounts included for Heartland Community College Foundation, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Heartland Community College Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Heartland Community College – Community College District #540, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

### **Prior Period Financial Statements**

The financial statement of Heartland Community College – Community College District #540 as of June 30, 2019, were audited by other auditors whose report dated October 9, 2019, expressed an unmodified opinion on those statements.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States require that the Management 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section, statistical section, uniform financial statement section, supplemental information section, schedule of enrollment data and other basis upon which claims are filed, and the documentation of residency verification steps are presented for purposes of additional analysis and are not a required part of the financial statements.

The uniform financial statement section, supplemental information section, and schedule of enrollment date and other basis upon which claims are filed are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the uniform financial statement section, supplemental information section, and schedule of enrollment date and other basis upon which claims are filed are fairly presented in all material respects in relation to the financial statements taken as a whole.

The introductory section, statistical section, and the documentation of residency verification steps have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control over financial reporting and compliance.

*Wipfli LLP*

Sterling, Illinois  
October 14, 2020

# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

---

This section of Heartland Community College's (College) Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2020 and 2019. Since this discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the transmittal letter, the College's basic financial statements, and the notes to the basic financial statements. Responsibility for the completeness and fairness of this information rests with the College.

#### **Using This Annual Report**

The financial statements focus on the College as a whole. The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total.

The focus of the statement of net position is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. It reflects the College's financial position at a certain date. Net position, the difference between the College's total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, is one way to measure the College's financial health or position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the College are included in the statement of net position.

The statements of revenues, expenses, and changes in net position focus on both the gross costs and the net costs of College activities, which are supported mainly by property taxes, student tuition and fees, and other governmental revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

The statements of cash flows focus on the incomings and outgoings of cash representing the financial activities of the College and show the net increase (decrease) in cash and cash equivalents. They are grouped by operating, noncapital financing, capital and related financing, and investing activities. This statement also reconciles operating income (loss) to the net cash provided by the operating activities of the College.

Finally, the statements provide a picture of the net position (assets and deferred outflows minus liabilities and deferred inflows) and its availability for expenditure by the College. Net position is divided into three major categories: (1) funds invested in capital assets provides the College's equity in property, plant, and equipment owned by the College; (2) restricted net position reflects the dollars available for expenditure by the College but that must be spent in accordance with any time or purpose restrictions specified by donors and/or other external entities; (3) and unrestricted net position dollars are available to the College for any lawful purpose.

# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

---

#### Financial Highlights

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows (net position) by \$51,859,410 as of June 30, 2020. Of this amount, \$49,683,886 is invested in capital assets, \$3,900,000 is restricted for working cash, \$1,574,866 is restricted for capital projects, \$695,822 is restricted for other specific purposes, and (\$3,995,164) is unrestricted.

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees (net of scholarship allowances), (2) auxiliary enterprise revenues, (3) other educational sales and service fees and (4) the State Universities Retirement System contribution provided by the State of Illinois. Total operating revenues for the year ended June 30, 2020 were \$24,696,189. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as (1) property taxes, (2) state grants and contracts, (3) federal and local grants and contracts, and (4) investment income. Total net nonoperating revenues for the year ended June 30, 2020 were \$41,396,624.

Operating expenses are those expenses for the purpose of providing educational and operational activities of the College. All expenses not meeting this definition, such as interest expense, are reported as nonoperating expenses. The College's operating expenses are funded primarily through nonoperating revenue. Total operating expenses for the year ended June 30, 2020 were \$60,775,769.

The difference between total operating revenues of \$24,696,199 and total operating expenses of \$60,775,769 produced an operating loss of (\$36,079,570) for the year ended June 30, 2020. Net nonoperating revenue of \$41,396,624 offset this loss and resulted in an overall increase in net position of \$5,317,054.

In fiscal year 2018, a prior period adjustment of (\$16,849,976) was made to record a liability for other post-employment benefits (OPEB). This adjustment is required by the Governmental Accounting Standards Board (GASB) Statement No. 75. This statement requires a liability for OPEB to be recorded as determined by the state of Illinois OPEB audit. The prior period adjustment caused an overall decrease in net position of \$10,028,940 in fiscal year 2018.

Following are comparative analyses of net position and operating results for fiscal years 2020, 2019, and 2018.

# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

#### Financial Analysis of the College as a Whole

Net Position as of June 30, (in Thousands)							
	2020	2019	Increase (Decrease) 2020-2019	Percent Change	2018	Increase (Decrease) 2019-2018	Percent Change
Current assets	\$65,455	\$56,865	\$8,590	15.1%	\$57,392	(\$527)	(0.9)%
Noncurrent assets:							
Long-term investments	505	492	13	2.6	1,711	(1,219)	(71.2)
Capital assets, net of depreciation	100,662	103,800	(3,138)	(3.0)	106,881	(3,081)	(2.9)
<b>Total assets</b>	<b>166,622</b>	<b>161,157</b>	<b>5,465</b>	<b>3.4</b>	<b>165,984</b>	<b>(4,827)</b>	<b>(2.9)</b>
Deferred outflows of resources	2,010	2,013	(3)	(0.1)	1,819	194	10.7
<b>Total assets and deferred outflows of resources</b>	<b>\$168,632</b>	<b>\$163,170</b>	<b>\$5,462</b>	<b>3.3</b>	<b>\$167,803</b>	<b>(\$4,633)</b>	<b>(2.8)</b>
Current liabilities	\$15,046	\$17,417	(\$2,371)	(13.6)	\$16,714	\$703	4.2
Noncurrent liabilities	72,016	70,612	1,404	2.0	81,637	(11,025)	(13.5)
<b>Total liabilities</b>	<b>87,062</b>	<b>88,029</b>	<b>(967)</b>	<b>(1.1)</b>	<b>98,351</b>	<b>(10,322)</b>	<b>(10.5)</b>
Deferred inflows of resources	29,711	28,599	1,112	3.9	27,623	976	3.5
Net position:							
Net investment in capital assets	49,684	44,931	4,753	10.6	38,907	6,024	15.5
Restricted	6,170	4,935	1,235	25.0	4,769	166	3.5
Unrestricted	(3,995)	(3,324)	(671)	20.2	(1,847)	(1,477)	(80.0)
<b>Total net position</b>	<b>51,859</b>	<b>46,542</b>	<b>5,317</b>	<b>11.4</b>	<b>41,829</b>	<b>4,713</b>	<b>11.3</b>
<b>Total liabilities, deferred inflows of resources and net Position</b>	<b>\$168,632</b>	<b>\$163,170</b>	<b>\$5,462</b>	<b>3.3</b>	<b>\$167,803</b>	<b>(\$4,633)</b>	<b>(2.8)</b>

This schedule was prepared from the College's statement of net position, which is presented on an accrual basis of accounting whereby capital assets are capitalized and depreciated.

Net investment in capital assets consist of capital assets net of accumulated depreciation and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. The principal liabilities for capital assets are the general obligation bonds and debt certificates used to provide funding for campus development construction, land acquisition, and equipment purchases.

In fiscal year 2020 and 2019, the current assets and current liabilities were adjusted to reflect only unearned revenue and related student accounts receivable for student payments received for Fall 2020 and 2019 as of June 30, 2020 and 2019 respectively.

# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

---

#### Fiscal Year 2020 Compared to Fiscal Year 2019

The College's net position at June 30, 2020 was \$51,859,410, and at June 30, 2019 was \$46,542,356, an increase of \$5,317,054 or 11.4%. The College had a current ratio of 1.51 at June 30, 2020 as compared to 1.28 at July 1, 2019. The current ratio is total current assets and deferred outflows of resources divided by total current liabilities and deferred inflows of resources. This means that for every dollar of current liabilities and deferred inflows the College had 1.51 in current assets and deferred outflows. This ratio is one indicator of the College's ability to pay its debts as they become due.

Current assets increased by \$8,589,461 or 15.1% at June 30, 2020 when compared to June 30, 2019. There were some significant fluctuations between the various categories of current assets. Largest among these was the \$11,525,698 or 413.8% increase in cash from \$2,785,222 in 2019 to \$14,310,920 in 2020. Short term investments decreased by \$5,958,246 or -16.8% from \$35,553,290 in 2019 to \$29,595,044 in 2020. Total accounts receivable increased by \$3,235,789. There was an increase of \$2,496,319 or 16.7% in property tax receivable from \$14,991,217 in 2019 to \$17,487,536 in 2020 due to McLean County Government changing the payment due dates of property taxes by two weeks later in the month. Student receivables decreased by \$107,819 or -12.2% due to a combination of a \$5 per credit hour tuition and fees increase along with a decrease in credit hours from 2019. Government receivables increased by \$835,194 or 105.8% mainly due to new funding available in fiscal year 2020 and not available in fiscal year 2019. New funding included CARES Student Relief and Institutional Relief receivables due of approximately \$200,000; IEMA/FEMA funding for COVID-19 related expenses of approximately \$37,000; IGEN grants due of approximately \$128,000 and Capital Development Board funding due of \$31,650 for the server room a/c project. Other receivables increased by \$12,095 or 5.3%. Accrued interest decreased \$97,060 or -67.7% due to lower interest rates and a decrease in investments. Prepaid items decreased \$53,288 or -4.6%, and other current assets decreased \$63,432 or -19.2%.

Noncurrent assets have decreased by \$3,124,827 or -3.0% due to the \$3,138,253 decrease in net capital assets and a \$13,426 increase in long-term investments. Net capital assets decreased due to the annual increase in accumulated depreciation. Long-term investments increased during fiscal year 2020 due to short term investments decreasing.

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust or grant contributions in the current year increased by \$2,781 from fiscal year 2019. Also included in deferred outflows of resources for fiscal year 2020 are the deferred charges on the refunding bond issues. The additional deferred charges on the refunding issue in 2020 and the amortization of the deferred charges of all refunding issues resulted in a decrease of \$188,644 to the deferred charges on refunding. Deferred outflows related to the OPEB liability increased \$183,278 in fiscal year 2020. Deferred outflows of resources had an overall decrease of \$2,585 from fiscal year 2019.

# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

---

#### Fiscal Year 2020 Compared to Fiscal Year 2019 (continued)

Current liabilities have decreased by \$2,371,337 or -13.6% due to the combined effects of various factors. These factors were: (1) a decrease of \$2,817,045 in the current portion of bonds payable; (2) an increase of \$144,752 in unearned student tuition and fees due to an increase in deferred revenue; (3) an increase of \$48,506 in accrued interest payable due to debt service scheduling; (4) an increase of \$157,535 in accounts payables; (5) a decrease in other unearned revenue of \$186,078; (6) a decrease of \$11,473 in the other liabilities or deposit for bonds; (7) an increase of \$41,003 for accrued compensated absences; (8) an increase of \$250,774 in accrued liabilities of payroll accruals; and an increase in capital lease obligations of \$689.

Total noncurrent liabilities increased by \$1,404,443 or 2.0% from the 2019 balance as a result of several factors: (1) the OPEB noncurrent liability increased by \$355,839; (2) the bond and debt certificate principal payments made, the bond principal reclassification to current liability, and the new Series 2020 general obligation bond increased noncurrent liability by \$1,018,062; (3) the capital lease obligations decreased by \$10,462 (4) and the accrued compensated absences increased noncurrent liability by \$41,004.

Total deferred inflows of resources increased by \$1,111,889 or 3.9% from 2019 balances. Deferred inflows related to OPEB increased by \$696,085 and the subsequent year's property taxes increased by \$415,804.

#### Fiscal Year 2019 Compared to Fiscal Year 2018

The College's net position at June 30, 2019 Was \$46,542,356, and at June 30, 2018 was \$41,828,730, an increase of \$4,713,626 or 11%. The College had a current ratio of 1.28 at June 30, 2019, as compared to 1.34 at July 1, 2018. The current ratio is total current assets and deferred outflows of resources divided by total current liabilities and deferred inflows of resources. This means that for every dollar of current liabilities and deferred inflows the College had 1.28 in current assets and deferred outflows. This ratio is one indicator of the College's ability to pay its debts as they become due.

Current assets decreased by \$526,690 (-0.9%) at June 30, 2019 when compared to June 30, 2018. There were some significant fluctuations between the various categories of current assets. Largest among these was the \$1,855,360 decrease in short-term investments from \$17,422,083 in 2018 to \$15,566,723 in 2019. There as an increase of \$1,753,278 in cash and cash equivalents from \$21,018,511 in 2018 to \$22,771,789 in 2019. Total accounts receivables decreased by \$343,236. Property taxes receivable increased by \$166,006 (1.1%) due to an EAV increase of approximately 1% from 2018. Student receivables decreased by \$27,819 (-3.0%) due to a combination of a \$5 per credit hour tuition and fees increase along with a decrease in credit hours from 2018. Government receivables decreased by \$368,052 (-31.8%) mainly due to a decrease in the Pell and Student Loan receivables of approximately \$218,000, a decrease in Adult Education grant receivables of approximately \$135,000, and a decrease in Corporate Personal Property Replacement Tax (CPPRT) receivable of approximately \$15,000. Other receivables decreased by \$113,371 (-33.3%) because a decrease in fiscal year 2019's receivables due from the National Guard Center of approximately \$97,000 and a decrease in Corporate Education receivables of \$16,000. Accrued interest increased \$52,052 (57.0%) due to higher interest rates. Prepaid items decreased \$83,242 (-6.7%), and other current assets decreased \$50,182 (-13.2%).



# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

---

#### Fiscal Year 2019 Compared to Fiscal Year 2018 (continued)

Noncurrent assets have decreased by \$4,300,308 (-4.05) due to the \$3,080,413 decrease in net capital assets and a \$1,219,895 decrease in long-term investments. Net capital assets decreased due to the annual increase in accumulated depreciation. Long-term investments decreased during fiscal year 2019 because of technology and capital bond fund proceeds from fiscal year 2018 used to purchase technology and capital items during fiscal year 2019.

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust or grant contributions in the current year increased by \$4,866 from fiscal year 2018. Also included in deferred outflows of resources for fiscal year 2019 are the deferred charges on the refunding bond issues. The additional deferred charges on the refunding issue in 2019 and the amortization of the deferred charges of all refunding issues resulted in a decrease of \$314,647 to the deferred charges on refunding. Deferred outflows related to the OPEB liability increased \$503,960 in fiscal year 2019. Deferred outflows of resources had an overall increase of \$194,179 from fiscal year 2018.

Current liabilities have increased by \$702,897 (4.2%) due to the combined effects of various factors. These factors were: (1) an increase of \$695,832 in the current portion of bonds payable; (2) an increase of \$68,707 in unearned student tuition and fees due to an increase in deferred revenue; (3) a decrease of \$136,118 in accrued interest payable due to debt service scheduling; (4) an increase of \$100,742 in accounts payables; (5) a decrease in other unearned revenue of \$99,831; (6) an increase of \$865 in the deposit for bonds; (7) an increase of \$32,657 for accrued compensated absences; (8) an increase of \$30,270 in accrued liabilities which reflects 1 more day of payroll accruals between pay periods in FY 19 (35 days) versus FY 18 (34 days); and an increase in capital lease obligations of \$9,773.

Total noncurrent liabilities decreased by \$11,025,129 (-13.5%) from the 2018 balance as a result of several factors: (1) the OPEB noncurrent liability increased by \$872,113; (2) the bond and debt certificate principal payments made and the bond principal reclassification to current liability decreased noncurrent liability by \$11,945,864; (3) the capital lease obligations increased by \$15,966 (4) and the accrued compensated absences increased noncurrent liability by \$32,656.

Total deferred inflows of resources increased by \$975,787 or 3.5% from 2018 balances. Deferred inflows related to OPEB increased by \$817,133 and the subsequent year's property taxes increased by \$158,654.

# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

#### Operating Results for the Years Ended June 30, (in Thousands)

	2020	2019	Increase (Decrease) 2020-2019	Percent Change	2018	Increase (Decrease) 2019-2018	Percent Change
Operating revenues:							
Net tuition and fees	\$9,011	\$9,327	(\$316)	(3.4)%	\$9,463	(\$136)	(1.4)%
SURS contribution by state	14,545	13,031	1,514	11.6	12,075	956	7.9
Other	1,140	2,084	(944)	(45.3)	2,404	(320)	(13.3)
Total operating revenues	24,696	24,442	254	1.0	23,942	500	2.1
Less operating expenses	60,776	57,878	2,898	5.0	58,230	(352)	(0.6)
Operating (loss)	(36,080)	(33,436)	(2,644)	7.9	(34,288)	852	(2.5)
Nonoperating revenues (expenses):							
Property taxes	26,278	26,056	222	0.9	\$25,987	\$69	0.3
State grants and contracts	5,705	4,708	997	21.2	6,991	(2,283)	(32.7)
Federal grants and contracts	10,053	8,558	1,495	17.5	9,596	(1,038)	(10.8)
Investment income	562	789	(227)	(28.8)	387	402	103.9
Other revenue	509	0	509	100.0	0	0	0.0
Interest expense	(1,653)	(1,949)	296	(15.2)	(1,839)	(110)	6.0
Amortization expense	(57)	(13)	(44)	338.5	(13)	0	0.0
Total net nonoperating Revenues	41,397	38,149	3,248	8.5	41,109	(2,960)	(7.2)
Change in net position	5,317	4,713	604	12.8	6,821	(2,108)	(30.9)
Net position – beginning of year	46,542	41,829	4,713	11.3	51,858	(10,029)	(19.3)
Prior period adjustment	0	0	0	0.0	(16,850)	16,850	(100.0)
Net position – beginning of year Restated	46,542	41,829	4,713	11.3	35,008	6,821	19.5
Net position – end of year	\$51,859	\$46,542	\$5,317	11.4	\$41,829	\$4,713	11.3%
Total revenues	\$67,803	\$64,553	\$3,250	5.0	\$66,904	(\$2,351)	(3.5)
Total expenses	\$62,486	\$59,840	\$2,646	4.4	\$60,082	(\$242)	(0.4)

#### Fiscal Year 2020 Revenues Compared to Fiscal Year 2019

For fiscal year 2020, total revenues were \$67,803,041, an increase of \$3,248,353 or 5.0% from 2019 total revenues. Operating revenues increased by \$253,330 or 1.0% from 2019 to 2020. Student tuition and fees, net of scholarship allowances, decreased by \$316,126 or -3.4%. Credit hours did decline by approximately 4.0% from 2020 compared to 2019 and scholarship allowances increased by \$258,409 from 2020 to 2019. Fiscal year 2020 also had a \$5 per credit hour increase over 2019's tuition rate. Auxiliary revenues decreased by \$376,369 or 49.0% due to China IITL revenue decrease of approximately \$179,510; Child Development Lab revenue decrease of approximately \$140,427; student club revenues decreased \$45,406; and food service commissions decreased \$11,026. The State of Illinois contribution had a revenue increase of \$1,513,622 or 11.6% from 2020 to 2019. Other operating revenues decreased by \$567,797 or -43.1% due to a cancellation of Continuing Education instructional courses, a reduction in the number of Corporate Education contracts from 2019, and cancellation of facility rentals due to the COVID-19 pandemic.

# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

---

#### Fiscal Year 2020 Revenues Compared to Fiscal Year 2019 (continued)

Total net nonoperating revenues increased by \$3,247,487 or 8.5% over 2019 nonoperating revenues due to several variable factors. The largest increase of \$1,494,299 or 17.4% was the federal grants and contracts. Due to the COVID-19 impact, the College will receive approximately \$408,000 for CARES Institutional Relief, \$685,455 for CARES Emergency Relief, and approximately \$37,000 in IEMA/FEMA contracts. Pell awards have increased approximately \$200,000 more than in 2019 along with ICCB/CTE Leadership with an increase of approximately \$34,000; SEOG with an increase of approximately \$23,000; NexStem Grant with an increase of approximately \$45,000; Student Loans with an increase of approximately \$32,500; and Adult Education Grants of approximately \$18,000.

Property tax revenue increased by \$222,633 due to EAV increases and an increase of \$86,000 in Corporate Personal Property Replacement Tax.

Total state grants and contracts increased by \$996,490 or 21.2%. During 2020, the ICCB Base Operating Grant increased approximately \$350,000 more than 2019's revenue. Other state grants and contracts having increased revenues in 2020 were ISAC MAP Awards increasing approximately \$163,000; ICCB Performance Funding Grant increase of approximately \$51,000; Illinois Veteran's Grant increase of approximately \$22,000; ICCB CTE Formula Grant increase of approximately \$13,000; Capital Development Board increase of approximately \$31,650; Innovative Bridge Grant increase of approximately \$190,000; ICCB Performance Funding Grant increase of approximately \$51,000; and other IGEN Grants increases of approximately \$128,000.

For fiscal year 2020, total expenses were \$62,485,987 resulting in an increase of \$2,644,925 or 4.4% from 2019. Scholarships, Grants, and Waiver expense had an additional \$685,455 CARES student emergency relief funding due to the COVID-19 pandemic. The institution had additional expenditures of \$490,523 due to the COVID-19 pandemic of which a portion of the expenditures will be reimbursed by the CARES institutional relief funding (approximately \$407,840) and IEMA (approximately \$37,000). Net position increased by \$5,317,054 or 11.4% in 2020.

#### Fiscal Year 2019 Revenues Compared to Fiscal Year 2018

For fiscal year 2019, total revenues were \$64,554,688, a decrease of \$2,349,005 (-3.5%) from 2018 total revenues. Operating revenues increased by \$500,360 (2.1%) from 2018 to 2019. Student tuition and fees, net of scholarship allowances, decreased by \$135,481 (-1.4%). Credit hours did decline by approximately 4.2% from 2019 to 2018 and scholarship allowances increased by \$45,961 from 2019 to 2018. Auxiliary revenues increased by \$173,985 (29.3%) due to China IITL revenue increase of approximately \$52,000; Child Development Lab revenue increased approximately \$31,000; athletic and Student Government tuition increased approximately \$70,000; and other net auxiliary revenues increased by approximately \$20,985. The state of Illinois contribution had a revenue increase of \$955,926 (7.9%) from 2019 to 2018. Other operating revenues decreased by \$494,070 (-27.3%) due to a strategic realignment of continuing Education instructional courses and a reduction in the number of Corporate Education contracts from 2018.

# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

---

#### Fiscal Year 2019 Revenues Compared to Fiscal Year 2018 (continued)

Total net nonoperating revenues decreased by \$2,849,365 (-6.6%) over 2018 nonoperating revenues due to several variable factors. The largest decrease of \$2,282,552 (-32.7%) was the state grants and contracts due to the state's late appropriation of fiscal year 2017 funds recognized in fiscal year 2018. Fiscal year 2019 state grants and contracts include one year of recognized revenue compared to 2018's two years of recognized revenue. Property tax revenue increased by \$68,995 (0.3%) due to EAV increases.

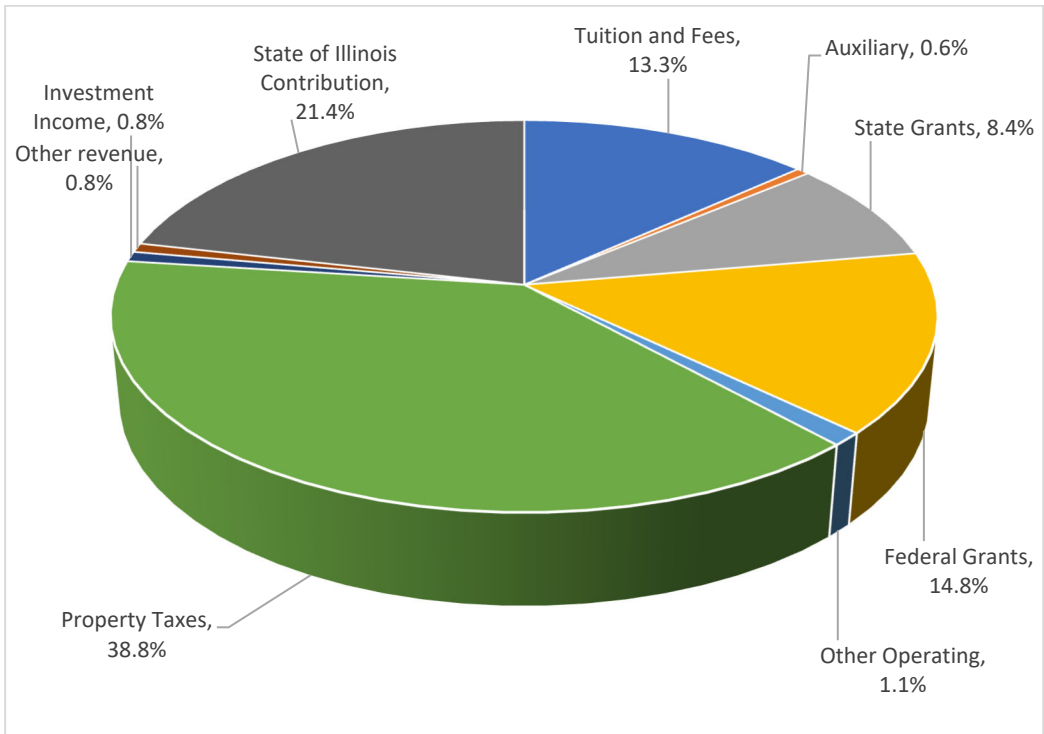
Total federal grants and contracts decreased by \$1,037,469 (-10.8%). During 2019, \$7,809,780 was awarded in federal student awards and student and parent loans, as compared to \$8,907,951 in 2018, for a decrease of \$1,098,171. Adult Education and Perkins federal grants from the ICCB increased approximately \$39,477 during 2019 compared to 2018. TRIO grant funds increased by approximately \$16,000 during 2019 compared to 2018. The NexSTEM grant increased by \$5,225 over 2018. Investment income increased by approximately \$401,661 due to rising interest rates.

For fiscal year 2019, total expenses were \$59,841,062 resulting in a decrease of approximately \$241,595 (-0.4%) from 2018. Net position increased by \$4,713,626, (11.3%) in 2019. The net position change in 2018 included a prior period adjustment of (\$16,849,976) to record net OPEB liability due to the implementation of GASB Statement No. 75 netted with an increase of \$6,821,036 totaling a net position change of (\$10,028,940) for 2018.

Heartland Community College  
Community College District #540  
Management Discussion and Analysis

---

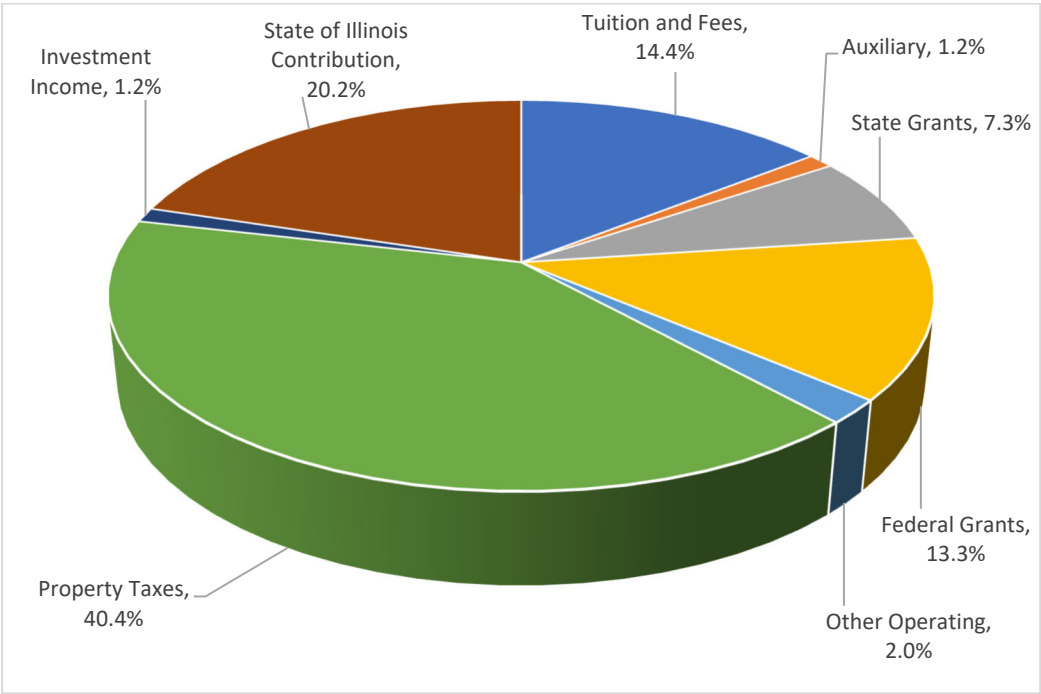
Following is a graphic illustration of revenues by source for fiscal year 2020:



Heartland Community College  
Community College District #540  
Management Discussion and Analysis

---

For purposes of comparison, following is a graphic illustration of revenues by source for fiscal year 2019:



# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

---

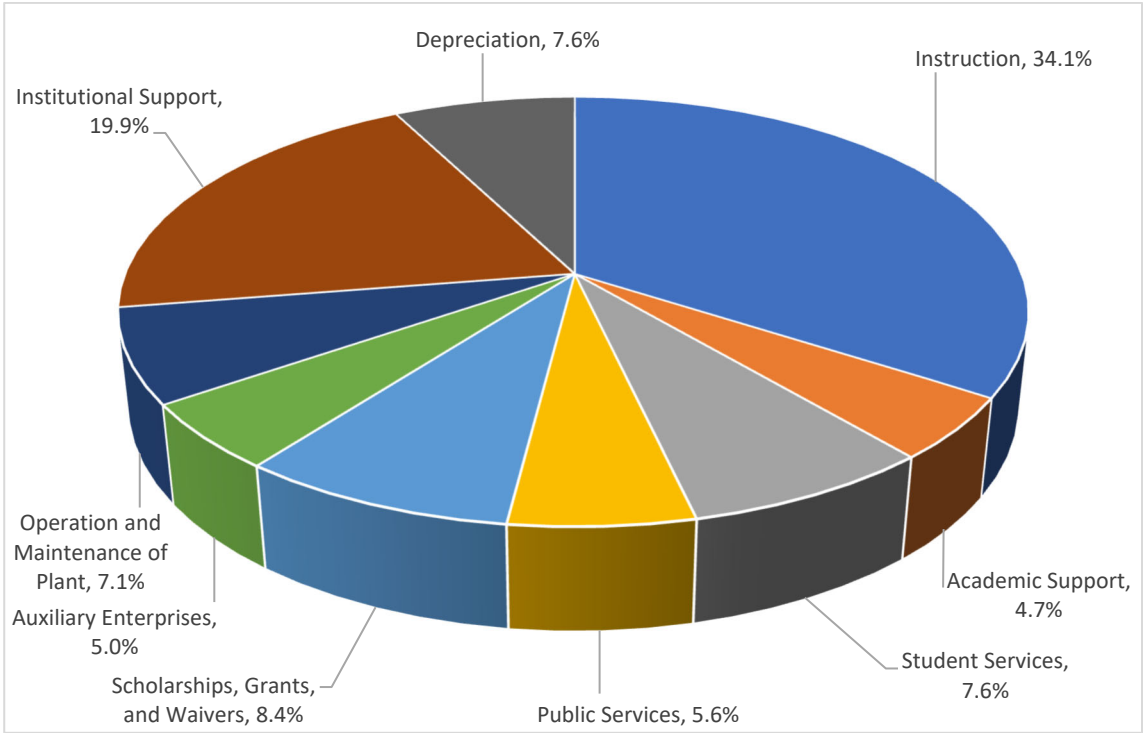
Following is a comparative analysis of operating expense by program:

<b>Operating Expenses by Program for the Years Ended June 30, (in Thousands)</b>							
	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease) 2020-2019</b>	<b>Percent Change</b>	<b>2018</b>	<b>Increase (Decrease) 2019-2018</b>	<b>Percent Change</b>
Program:							
Instruction	\$20,709	\$20,995	(\$286)	(1.4)%	\$20,949	\$46	0.2%
Academic support	2,847	3,298	(451)	(13.7)	2,887	411	14.2
Student services	4,593	4,083	510	12.5	4,164	(81)	(1.9)
Public service	3,416	2,761	665	23.7	2,684	77	2.9
Auxiliary enterprises	3,054	2,066	988	47.8	1,812	254	14.0
Operating and maintenance	4,299	4,231	68	1.6	4,149	82	2.0
Institutional support	12,120	11,488	632	5.5	11,381	107	0.9
Scholarships, grants, and waivers	5,137	4,412	725	16.4	5,713	(1,301)	(22.8)
Depreciation	4,601	4,544	57	1.3	4,491	53	1.2
<b>Total expenses</b>	<b>\$60,776</b>	<b>\$57,878</b>	<b>\$2,898</b>	<b>5.0</b>	<b>\$58,230</b>	<b>(\$352)</b>	<b>(0.6)</b>

Heartland Community College  
Community College District #540  
Management Discussion and Analysis

---

The pie chart following shows the operating expenses by program for fiscal year 2020 as a percentage of total expenses. Direct services to students accounted for 65.4% of total expenses. Direct services to students include: instruction at 34.1%, academic support at 4.7%, student services at 7.6%, public services at 5.6%, scholarships, grants, and waivers at 8.4%, and auxiliary enterprises at 5.0%. Indirect services to students accounted for 34.6% of total expenses. Indirect services to students include: operations and maintenance of plant at 7.1%, institutional support at 19.9% and depreciation at 7.6%.

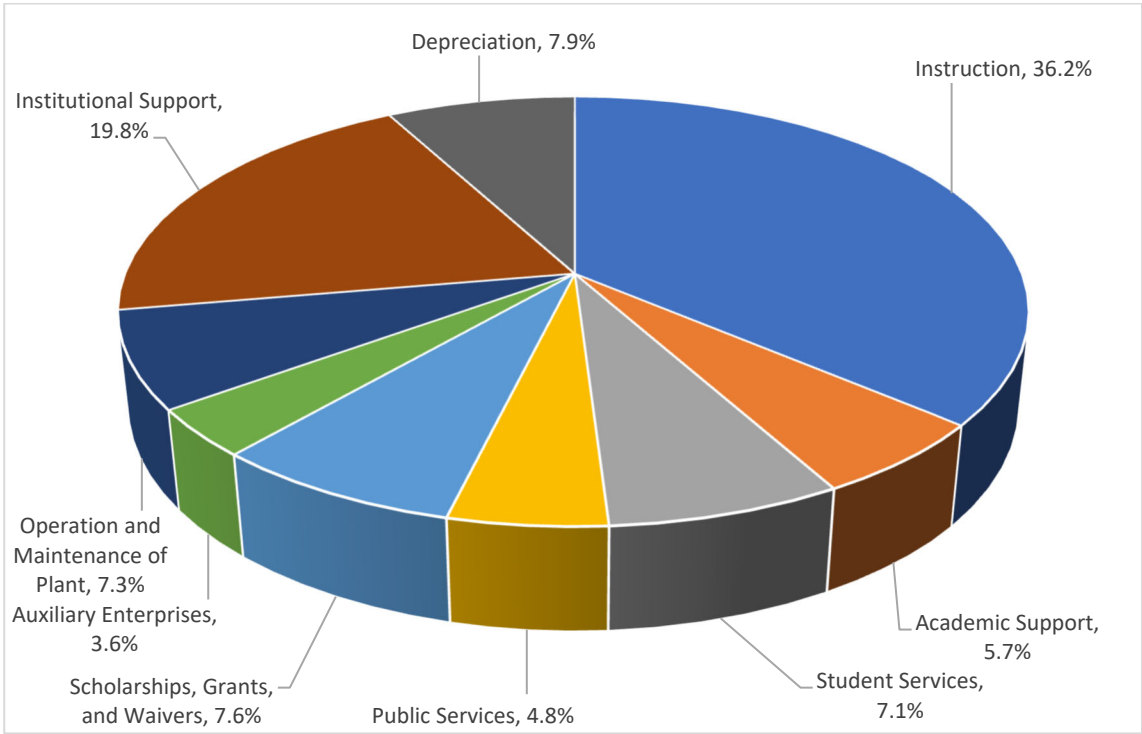




Heartland Community College  
Community College District #540  
Management Discussion and Analysis

---

For purpose of comparison, following is a pie chart of the operating expenses by program for fiscal year 2019 as a percentage of total expenses:



# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

#### Capital Assets

As of June 30, 2020, the College's net investment in capital assets totaled \$160,864,650. Capital assets net of accumulated depreciation of \$60,202,792 total \$100,661,858. The decrease in net capital assets of June 30, 2020 is due to the increase in accumulated depreciation of \$4,567,177 or 8.2%. Additional information regarding capital assets can be found in Capital Assets – Note 3 to the financial statements.

The following is an analysis of capital assets:

Capital Assets for the Years Ended June 30, (in Thousands)							
	2020	2019	Increase (Decrease) 2020-2019	Percent Change	2018	Increase (Decrease) 2019-2018	Percent Change
Capital assets not being depreciated:							
Land	\$4,481	\$4,481	\$0	0.0%	4,481	\$0	0.0%
Construction-in-progress	496	403	93	23.1	79	324	410.1
Capital assets being depreciated:							
Buildings	121,214	121,214	0	0.0	121,214	0	0.0
Infrastructure	19,295	18,292	1,003	5.5	17,882	410	2.3
Furniture and equipment	15,379	15,046	333	2.2	14,316	730	5.1
Total	160,865	159,436	1,429	0.9	157,972	1,464	0.9
Less: accumulated depreciation	(60,203)	(55,636)	(4,567)	8.2	(51,091)	(4,545)	8.9
Net capital assets	100,662	\$103,800	(3,138)	(3.0)	\$106,881	(\$3,081)	(2.9)%

#### Debt Administration

In October 2019, the College issued \$10,000,000 limited tax General Obligation Debt Certificates, Series 2019. These certificates were paid in full and retired in February 2020 when the College issued General Obligation Community College Bonds, Series 2020.

The College issued General Obligation Community College Bonds, Series 2020, in the amount of \$10,135,000 during February 2020. Proceeds were used to retire General Obligation Debt Certificates Series 2019 whose funds will be used to purchase technology, facility projects, and capital and to pay certain costs associated with the issuance of the bonds.

The College paid \$11,155,000 in bond and debt certificate principal. All bond premiums were amortized and reduced by \$778,983. Compensated absences for employee vacations increased by a net amount of \$82,007 or 6.6%. Additional information regarding long-term debt can be found in Long-Term Liabilities (Note 4).

The College recorded an OPEB liability of \$17,967,825 during fiscal year 2019. The net OPEB liability is the College's proportionate share of the liability related to the Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, "CIP"). During fiscal year 2020, the College recorded an additional \$355,839 of OPEB liability. Additional information regarding OPEB liability can be found in Post-Employment Benefits other than Pension (Note 7).

# Heartland Community College

## Community College District #540

### Management Discussion and Analysis

---

The following is a tabulation of the long-term liabilities:

	2020	2019	Increase (Decrease) 2020-2019	Percent Change	2018	Increase (Decrease) 2019-2018	Percent Change
Long-term Debt:							
General obligation bonds and debt certificates	\$57,100	\$58,120	(\$1,020)	(1.8)%	\$68,565	(\$10,445)	(15.2%)
Bond premium	5,008	5,787	(779)	(13.5)	6,592	(805)	(12.2)
Capital lease obligations	16	26	(10)	(38.5)	0	26	100.0
Compensated absences	1,325	1,243	82	6.6	1,178	65	5.5
OPEB liability	18,324	17,968	356	2.0	17,096	872	5.1
<b>Total</b>	<b>\$81,773</b>	<b>\$83,144</b>	<b>(\$1,371)</b>	<b>(1.6)</b>	<b>\$93,431</b>	<b>(\$10,287)</b>	<b>(11.0)</b>

### Contacting the College's Financial Management

This financial report is designed to provide the College's board of trustees, state officials, legislature, taxpayers, students, and other interested parties with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or would like to request additional financial information, contact Letisha K. Trepac, Vice President, Finance and Administration, or Sharon McDonald, CPA, Controller. College budgets and audited financial reports are also available on the College website at: [www.heartland.edu/about/financials.html](http://www.heartland.edu/about/financials.html).

### Other

After 2020 fiscal year-end and during the month of November 2020, the College will issue \$10,050,000 in debt certificates. Proceeds of the certificates will be used to finance various capital improvements, technology, and facility projects for the College, and pay costs associated with the issuance of the certificates. The College intends to issue approximately \$10,135,000 General Obligation Community College Bonds, Series 2021, within three months to pay the certificates.

Management is not aware of any other currently known facts, decisions, or conditions that would have a significant effect on the College's financial position (net position) or results of operations (revenues, expenses, and other changes in net position).

## **Basic Financial Statements**

# Heartland Community College

## Community College District #540

### Statements of Net Position

June 30, 2020 and 2019

ASSETS	Primary Government College		Component Unit Foundation	
	2020	2019	2020	2019
Current assets:				
Cash and cash equivalents	\$14,310,920	\$2,785,222	\$434,926	\$387,726
Short-term investments	29,595,044	35,553,290	7,363,007	6,369,086
Accounts receivable:				
Property taxes	17,487,536	14,991,217	0	0
Student tuition and fees, net of allowance of \$320,000 for 2020 and \$330,000 for 2019	777,852	885,671	0	0
Government	1,624,456	789,262	0	0
Other receivables	238,699	226,604	31,764	17,401
Accrued interest receivable	46,263	143,323	13,488	11,808
Prepaid items	1,106,977	1,160,265	23,939	22,832
Other current assets	267,178	330,610	0	0
Total current assets	65,454,925	56,865,464	7,867,124	6,808,853
Noncurrent assets:				
Long-term investments	505,096	491,670	0	692,296
Capital assets not being depreciated	4,977,052	4,884,369	0	0
Capital assets, net of depreciation	95,684,806	98,915,742	0	0
Total noncurrent assets	101,166,954	104,291,781	0	692,296
Total assets	166,621,879	161,157,245	7,867,124	7,501,149
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	1,087,711	1,276,355	0	0
Deferred outflows related to OPEB	878,700	695,422	0	0
Subsequent year's pension expense related to federal, trust, or grant contributions in the current year	43,895	41,114	0	0
Total deferred outflows of resources	2,010,306	2,012,891	0	0
Total assets and deferred outflows of resources	168,632,185	163,170,136	7,867,124	7,501,149

See Notes to Financial Statements.

# Heartland Community College

## Community College District #540

### Statements of Net Position

June 30, 2020 and 2019

LIABILITIES	Primary Government College		Component Unit Foundation	
	2020	2019	2020	2019
Current liabilities:				
Accounts payable	1,229,253	1,071,718	45,414	66,370
Accrued liabilities	1,170,242	919,468	0	0
Accrued interest payable	239,395	190,889	0	0
Unearned revenue:				
Student tuition and fees	2,264,847	2,120,095	0	0
Other	108,666	294,744	0	0
Accrued compensated absences	662,592	621,589	0	0
Capital lease obligations	10,462	9,773	0	0
Bonds payable	9,083,419	11,900,464	0	0
Other liabilities	276,906	288,379	0	0
Total current liabilities	15,045,782	17,417,119	45,414	66,370
Noncurrent liabilities:				
Accrued compensated absences	662,592	621,588	0	0
Net OPEB liability	18,323,664	17,967,825	0	0
Bonds and debt certificates	53,024,643	52,006,581	0	0
Capital lease obligations	5,504	15,966	0	0
Total noncurrent liabilities	72,016,403	70,611,960	0	0
Total liabilities	87,062,185	88,029,079	45,414	66,370
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Subsequent year's property taxes	26,724,749	26,308,945	0	0
Deferred inflows related to OPEB	2,985,841	2,289,756	0	0
Total deferred inflows of resources	29,710,590	28,598,701	0	0
<b>NET POSITION</b>				
Net investment in capital assets	49,683,886	44,930,780	0	0
Restricted for:				
Capital projects	1,574,866	502,200	0	0
Working cash	3,900,000	3,900,000	0	0
Specific purposes	695,822	532,980	6,151,344	5,795,205
Unrestricted	(3,995,164)	(3,323,604)	1,670,366	1,639,574
Total net position	\$51,859,410	\$46,542,356	\$7,821,710	\$7,434,779

See Notes to Financial Statements.

# Heartland Community College

## Community College District #540

Statements of Revenues, Expenses, and Changes in Net Position  
Years ended June 30, 2020 and 2019

	Primary Government College		Component Unit Foundation	
	2020	2019	2020	2019
Operating revenues:				
Student tuition and fees (net of scholarship allowances \$7,747,390 for 2020; \$7,488,981 for 2019)	\$9,011,020	\$9,327,146	\$0	\$0
Auxiliary enterprises revenue	391,884	768,253	0	0
Annual campaign/gifts	0	0	822,415	623,133
Fundraising	0	0	213,216	271,578
State of Illinois contributions provided	14,544,623	13,031,001		0
Other operating revenues	748,672	1,316,469	221,642	236,215
<b>Total operating revenue</b>	<b>24,696,199</b>	<b>24,442,869</b>	<b>1,257,273</b>	<b>1,130,926</b>
Operating expenses:				
Instruction	20,709,188	20,994,946		0
Academic support	2,846,997	3,297,800		0
Student services	4,593,127	4,083,017		0
Public services	3,416,121	2,760,888		0
Auxiliary enterprises	3,053,781	2,065,873		0
Operations and maintenance	4,298,435	4,230,835		0
Institutional support	12,120,355	11,488,638		0
Scholarships, student grants, and waivers	5,137,089	4,411,930	403,781	449,356
Depreciation	4,600,676	4,544,453		0
General and administrative	0	0	716,369	445,882
Fundraising	0	0	79,551	120,296
<b>Total operating expenses</b>	<b>60,775,769</b>	<b>57,878,380</b>	<b>1,199,701</b>	<b>1,015,534</b>
<b>Operating income (loss)</b>	<b>(36,079,570)</b>	<b>(33,435,511)</b>	<b>57,572</b>	<b>115,392</b>
Nonoperating revenues (expenses):				
Property taxes	26,278,569	26,055,936	0	0
State grants and contracts	5,704,629	4,708,139	0	0
Federal grants and contracts	10,052,723	8,558,424	0	0
Investment income	561,598	789,320	329,359	503,298
Other revenue	509,323	0	0	0
Interest expense	(1,653,184)	(1,949,256)	0	0
Amortization expense	(57,034)	(13,426)	0	0
<b>Total nonoperating revenues (expenses)</b>	<b>41,396,624</b>	<b>38,149,137</b>	<b>329,359</b>	<b>503,298</b>
<b>Increase in net position</b>	<b>5,317,054</b>	<b>4,713,626</b>	<b>386,931</b>	<b>618,690</b>
<b>Net position - beginning of year</b>	<b>46,542,356</b>	<b>41,828,730</b>	<b>7,434,779</b>	<b>6,816,089</b>
<b>Net position - end of year</b>	<b>\$51,859,410</b>	<b>\$46,542,356</b>	<b>\$7,821,710</b>	<b>\$7,434,779</b>

See Notes to Financial Statements.

# Heartland Community College

## Community College District #540

### Statements of Cash Flows

Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Tuition and fees	\$17,154,235	\$9,423,672
Payment to suppliers	(12,926,110)	(17,678,397)
Payments to employees	(22,162,877)	(21,122,055)
Auxiliary enterprise charges	(12,884,479)	768,253
Other	997,302	1,325,143
Net cash provided (used) by operating activities	(29,821,929)	(27,283,384)
Cash flows from noncapital financing activities:		
Property taxes	24,198,056	26,048,584
State, federal and local grants and contracts	15,233,308	13,634,615
Direct lending receipts	2,944,363	2,911,856
Direct lending payments	(2,944,363)	(2,911,856)
Net cash provided (used) by financing activities	39,431,364	39,683,199
Cash flows from capital and related financing activities:		
Purchases of capital assets	(1,462,423)	(1,433,154)
Proceeds from bond issuance	10,135,000	0
Principal payments on bonds payable	(11,155,000)	(10,445,000)
Interest payments on long-term debt	(2,195,017)	(2,575,759)
Principal payments on capital lease	(9,773)	(5,147)
Net cash provided (used) by capital and related financing activities	(4,687,213)	(14,459,060)
Cash flows from investing activities:		
Interest received	658,658	737,268
Proceeds from maturities of investments	28,914,474	22,873,401
Purchases of investments	(22,969,656)	(19,798,146)
Net cash provided (used) by investing activities	6,603,476	3,812,523
Net increase in cash and cash equivalents	11,525,698	1,753,278
Cash and cash equivalents - beginning of year	2,785,222	1,031,944
Cash and cash equivalents - end of year	\$14,310,920	\$2,785,222

See Notes to Financial Statements.



# Heartland Community College

## Community College District #540

### Statements of Cash Flows (Continued)

Years ended June 30, 2020 and 2019

	2020	2019
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	(\$36,079,570)	(\$33,435,511)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	4,600,676	4,544,453
Changes in deferred outflows of resources	(186,059)	(508,826)
Changes in deferred inflows of resources	696,085	817,133
Changes in assets and liabilities:		
Receivables	107,819	141,190
Prepaid items	116,720	69,816
Other	(105,540)	50,182
Accounts payable	157,535	100,742
Accrued liabilities	287,807	30,270
OPEB liability	355,839	872,113
Deferred tuition and fees	288,006	68,707
Deferred other revenue	(143,254)	(99,831)
Deposits	0	865
Accrued compensated absences	82,007	65,313
Net cash used by operating activities	(\$29,821,929)	(\$27,283,384)
Supplemental disclosures of noncash operating activities:		
State of Illinois contributions provided	\$14,544,623	\$13,031,001
State of Illinois contributions paid	\$14,544,523	\$13,031,001
Equipment purchased through capital lease	\$0	\$30,886

# Heartland Community College

## Community College District #540

### Notes to Financial Statements

---

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

Heartland Community College, Community College District #540 (the College) is a public community college serving portions of DeWitt, Ford, Livingston, Logan, McLean, and Tazewell Counties. It was established in 1990 and is governed by a board of trustees elected by the residents of the College. The board is responsible for establishing the policies and procedures of the College.

Revenues are substantially generated as a result of taxes assessed and allocated to the College and grants received from state and federal governmental agencies. The College's revenues are, therefore, primarily dependent upon the availability of funds at the state and federal level and the economy within its territorial boundaries. Industries within the territorial area are primarily manufacturing, insurance, retail, and agricultural.

The accounting policies of the College conform to accounting principles generally accepted in the United States as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The College reports are based on applicable Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant policies:

#### **Financial Reporting Entity**

In evaluating how to define the College for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States. A component unit is a legally separate entity that meets all of the following requirements:

- The economic resources received or held by an organization are entirely or almost entirely for the direct benefit of the College,
- The College is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization, and
- The economic resources received or held by an organization that the College is entitled to, or has the ability to otherwise access, are significant to the College.

Based on the forgoing criteria Heartland Community College Foundation (the Foundation) is considered to be a component unit and is discretely presented in the basic financial statements.

The Foundation assists the College and its students in the form of scholarships and grants from the Foundation's fundraising efforts. Total student scholarships awarded for the years ended June 30, 2020 and 2019 were \$403,781 and \$449,356, respectively.

**Note 1     Summary of Significant Accounting Policies (continued)**

**Financial Reporting Entity (continued)**

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation is governed by a separate board of directors. Although the College 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, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered to be a component unit of the College.

The Foundation is a private nonprofit organization that reports its financial results under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Most significant to the Foundation's operations and reporting models is FASB ASC 958, related to accounting for contributions received and financial reporting for nonprofit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. For purposes of the College's financial statement presentation, the financial statements of the Foundation have been converted to a GASB presentation.

Separate financial statements of the Foundation are available. Request should be made to Letisha Trepac, 1500 West Raab Road, Normal, IL or 309-268-8100.

**Basis of Accounting**

For financial reporting purposes, the College is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the College'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 College receives value without directly giving equal value in return, include property taxes, federal, state, and local grants, state appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

**Note 1     Summary of Significant Accounting Policies (continued)**

**Basis of Accounting (continued)**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

**Receivables**

Accounts receivable include uncollateralized student obligations, which generally require payment by the first day of class unless a payment plan through a third party has been established. Accounts receivable are stated at the invoice amount.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific student accounts and the aging of accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due could be adversely affected. The allowance for doubtful accounts relating to student receivables was \$320,000 and \$330,000 as of June 30, 2020 and 2019, respectively.

**Prepaid Items**

Prepaid items represent current expenditures which benefit future periods.

# Heartland Community College

## Community College District #540

### Notes to Financial Statements

---

#### **Note 1     Summary of Significant Accounting Policies (continued)**

##### **Investments**

Investments are reported at fair value. Bank deposits, money markets, local government investment pools, and certificates of deposit are recorded at cost. Investment income consists of interest earned on bank deposits, certificates of deposit, and government securities.

##### **Property Taxes**

The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective shares of the collections. Taxes levied in 2019 become due and payable in two installments (June and September 2020). In accordance with board resolution, property taxes extended for the 2018 tax year and collected in 2019 are recorded as revenue in fiscal year 2020. Uncollected taxes are sold by the County Collector in order that those taxes can be distributed to respective taxing bodies. Final distribution on the current year levy is made by the County Collector's office at a date after the tax sale, usually no later than during the first quarter of the following year.

Property taxes extended for the 2019 tax year and collected in 2020 are recorded as deferred inflows of resources in fiscal year 2020.

##### **Capital Assets**

Capital assets include property, plant, equipment, and infrastructure assets (such as roads and sidewalks), intangibles (software and other), and capital assets received in a service concession arrangement are reported at cost at the date of acquisition. The College's capitalization policy includes all items with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. Donated capital assets, donated works of art, and similar items are recorded at estimated acquisition value at the date of donation. Renovations to buildings, infrastructure, and land improvements that increase the value more than \$50,000 or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed, with interest accrued during the construction period.

Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	10 to 20 years
Building and infrastructure	40 to 60 years
Furniture and equipment	3 to 10 years

**Note 1     Summary of Significant Accounting Policies (continued)**

**Risk Management**

The College 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 natural disasters. The College purchases commercial insurance coverage covering each of these risks of loss, except for health care for which the College is self-insured. The College has not had significant reductions in insurance coverage for the past three years. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Unearned Revenue**

Unearned revenue includes amounts received which represents payment for services to be provided in future periods for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. These amounts consist primarily of: 1) amounts received or accrued for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year, and 2) amounts received from grant and contract sponsors that have not been earned.

**Noncurrent Liabilities**

Noncurrent liabilities include (1) principal amounts of general obligation bonds, debt certificates, and capital lease obligations with contractual maturities greater than one year and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

**Scholarship Discounts and Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the student's behalf.

**On-Behalf Payments**

The College recognizes as revenues and expenses contributions made by the State of Illinois to the State Universities Retirement System and the College Insurance Program on behalf of the College's employees. In fiscal years 2020 and 2019, the State made contributions of \$14,544,623 and \$13,031,001, respectively.

**Note 1     Summary of Significant Accounting Policies (continued)**

**Deferred Outflows of Resources**

The College reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The College has three types of items which occur. Employer paid federal, trust or grant contributions were made subsequent to the pension liability measurement date. The College has the deferred charge on refunding reported in the statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, the College has deferred outflows related to Other Post-Employment Benefits (OPEB) expense to be recognized in future periods and for contributions made after the measurement date.

**Deferred Inflows of Resources**

The College's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The College will not recognize the related revenue until a future event occurs. The College has two types of deferred inflows of resources relating to revenue recognition. Property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The College also has deferred inflows related to OPEB expense to be recognized in future periods.

**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) and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of financial reporting, the state of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the nonemployer entity is equally responsible is not dependent upon one or more events unrelated to pensions, or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to a pension plan. The state of Illinois is considered a nonemployer contributing entity. Participating employers are considered contributing entities.

**Note 1     Summary of Significant Accounting Policies (continued)**

**Other Post-Employment (“OPEB”) Obligations**

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

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 nonemployer 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.

**Net Position**

The College’s net position is classified as follows:

**Net Investment in Capital Assets:** This represents the College’s total investment in capital assets, net of accumulated depreciation and outstanding debt incurred to acquire, construct, or improve those assets. Net investment in capital assets excludes unspent debt proceeds. As of June 30, 2020 and 2019, the College had \$10,057,197 and \$2,873,831, respectively, of unspent bond proceeds.

**Restricted Net Position:** This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College’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 College and may be used at the discretion of the governing board to meet current expenses for any purpose.



**Note 1     Summary of Significant Accounting Policies (continued)**

**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. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as (1) local property taxes, (2) state appropriations, and (3) most federal, state, and local grants and contracts and federal appropriations.

**Classification of Expenses**

Operating expenses are those expenses for the purpose of providing educational and operational activities of the College, such as (1) salaries, (2) scholarships, (3) operations and maintenance, (4) depreciation, and (5) expenses of auxiliary enterprises. Nonoperating expenses include expenses such as interest and amortization.

**Federal Financial Assistance Programs**

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Loans, Student Support Services, and other educational programs. Federal programs are subject to an audit in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Reclassifications**

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 classifications. Such reclassifications in the accompanying financial statements had no effect on previously reported change in net position.

**Note 2     Deposits and Investments**

**Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. At June 30, 2020 and 2019, the bank balance of the College's deposits, which primarily consists of demand deposits, was \$14,470,105 and \$3,133,325, respectively. At June 30, 2020 and 2019, all deposits were covered by federal depository insurance or by collateral held by the College's agent in the College's name.

Heartland Community College  
Community College District #540  
Notes to Financial Statements

**Note 2 Deposits and Investments (continued)**

The College's deposits had the following balances at June 30:

	<b>Carrying Amount</b>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$1,095	\$1,095
Deposits with financial institutions	14,309,825	2,784,127
<b>Total</b>	<b>\$14,310,920</b>	<b>\$2,785,222</b>

**Investments**

The College's investment balances were as follows at June 30:

	<b>2020</b>	<b>2019</b>
Local government investment pools	\$27,856,187	\$19,986,567
Certificate of deposit	1,993,459	7,924,028
U.S. government agency securities	250,494	8,134,365
	<b>\$30,100,140</b>	<b>\$36,044,960</b>

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

The College had the following investments with stated maturities at June 30:

	<b>2020</b>				
	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>More Than 10 Years</b>
Local government investment pools	\$27,856,187	\$27,856,187	\$0	\$0	\$0
Certificate of deposit	1,993,459	1,488,363	505,096	0	0
U.S. Government agency securities	250,494	250,494	0	0	0
<b>Total</b>	<b>\$30,100,140</b>	<b>\$29,595,044</b>	<b>\$505,096</b>	<b>\$0</b>	<b>\$0</b>

	<b>2019</b>				
	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>More Than 10 Years</b>
Local government investment pools	\$19,986,567	\$19,986,567	\$0	\$0	\$0
Certificate of deposit	7,924,028	7,924,028	0	0	0
U.S. Government agency securities	8,134,365	7,642,695	491,670	0	0
<b>Total</b>	<b>\$36,044,960</b>	<b>\$35,553,290</b>	<b>\$491,670</b>	<b>\$0</b>	<b>\$0</b>

# Heartland Community College

## Community College District #540

### Notes to Financial Statements

#### Note 2 Deposits and Investments (continued)

The College had the following investments with stated Standard & Poor's ratings at June 30:

	2020					
	Total	AAA	AA	A	BBB	Unrated
Local government investment pools	\$27,856,187	\$27,856,187	\$0	\$0	\$0	\$0
Certificate of deposit	1,993,459	0	0	0	0	1,993,459
U.S. Government agency securities	250,494	0	250,494	0	0	0
<b>Total</b>	<b>\$30,100,140</b>	<b>\$27,856,187</b>	<b>\$250,494</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,993,459</b>

	2019					
	Total	AAA	AA	A	BBB	Unrated
Local government investment pools	\$19,986,567	\$19,986,567	\$0	\$0	\$0	\$0
Certificate of deposit	7,924,028	0	0	0	0	7,924,028
U.S. Government agency securities	8,134,365	0	8,134,365	0	0	0
<b>Total</b>	<b>\$36,044,960</b>	<b>\$19,986,567</b>	<b>\$8,134,365</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,924,028</b>

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to a debt investment will not fulfill its obligations. Illinois statutes authorize the College to invest in obligations of the U.S. Treasury and U.S. agencies, interest-bearing savings accounts, interest-bearing time deposits, money market mutual funds registered under the Investment Company Act of 1940 (limited to U.S. government obligations), shares issued by savings and loan associations (provided the investments are insured by the Federal Savings and Loan Insurance Corporation (FSLIC), short-term discount obligations issued by the Federal National Mortgage Association, share accounts of certain credit unions, securities issued by the Illinois Funds, investments in the ISDLAF, and certain repurchase agreements.

The board of trustees has authorized the College to invest funds in accordance with the Illinois Community College Act and the Investment of Public Funds Act with the exception that investments are not permitted in short-term obligations of U.S. corporations.

**Custodial Credit Risk.** Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020, there are no investments with custodial credit risk.

**Concentration Risk.** Concentration risk is the risk associated with having more than 5 percent of investments in any issuer, other than the U.S. Government.

**Note 2     Deposits and Investments (continued)**

**Fair Value Measurement**

Accounting principles generally accepted in the United States provide the 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 the fair value hierarchy under accounting principles generally accepted in the United States are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets of liabilities in active markets that the College has the ability to access.

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; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Equity securities and mutual funds listed on a national market or exchange are valued at the last sales price or, if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

Debt securities consisting primarily of corporate and municipal bonds are generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type. Debt securities are generally classified within Level 2 of the valuation hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Heartland Community College  
Community College District #540  
Notes to Financial Statements

**Note 2 Deposits and Investments (continued)**

The following tables set forth by level, within the fair value hierarchy, the College's assets at fair value as of June 30:

	2020			
	Level 1	Level 2	Level 3	Total
U.S. Government agency securities	\$0	\$250,494	\$0	\$250,494

	2019			
	Level 1	Level 2	Level 3	Total
U.S. Government agency securities	\$0	\$8,134,365	\$0	\$8,134,365

**Note 3 Capital Assets**

The following tables present the changes in the various capital asset categories for fiscal years 2020 and 2019.

	Balance June 30, 2019	Additions	Transfers & Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$4,481,528	\$0	\$0	\$4,481,528
Construction-in-progress	402,841	434,898	(342,215)	495,524
Total capital assets not being depreciated	4,884,369	434,898	(342,215)	4,977,052
Capital assets being depreciated:				
Furniture and equipment	15,045,326	366,857	(33,499)	15,378,684
Buildings	121,213,674	0	0	121,213,674
Infrastructure	18,292,357	660,668	342,215	19,295,240
Total capital assets being depreciated	154,551,357	1,027,525	308,716	155,887,598
Less accumulated depreciation for:				
Furniture and equipment	(10,423,174)	(651,295)	33,499	(11,040,970)
Buildings	(33,661,420)	(3,024,441)	0	(36,685,861)
Infrastructure	(11,551,021)	(924,940)	0	(12,475,961)
Total accumulated depreciation	(55,635,615)	(4,600,676)	33,499	(60,202,792)
Net capital assets being depreciated	98,915,742	(3,573,151)	342,215	95,684,806
Net capital assets	\$103,800,111	(\$3,138,253)	\$0	\$100,661,858

Heartland Community College  
Community College District #540  
Notes to Financial Statements

**Note 3 Capital Assets (continued)**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$4,481,528	\$0	\$0	\$4,481,528
Construction-in-progress	79,346	382,395	(58,900)	402,841
Total capital assets not being depreciated	4,560,874	382,395	(58,900)	4,884,369
Capital assets being depreciated:				
Furniture and equipment	14,314,961	730,365	0	15,045,326
Buildings	121,213,674	0	0	121,213,674
Infrastructure	17,882,177	410,180	0	18,292,357
Total capital assets being depreciated	153,410,812	1,140,545	0	154,551,357
Less accumulated depreciation for:				
Furniture and equipment	(9,812,336)	(610,838)	0	(10,423,174)
Buildings	(30,959,277)	(2,702,143)	0	(33,661,420)
Infrastructure	(10,319,549)	(1,231,472)	0	(11,551,021)
Total accumulated depreciation	(51,091,162)	(4,544,453)	0	(55,635,615)
Net capital assets being depreciated	102,319,650	(3,403,908)	0	98,915,742
Net capital assets	\$106,880,524	(\$3,021,513)	(\$58,900)	\$103,800,111

**Note 4 Long-Term Liabilities**

Long-term liability for the years ended June 30, 2020 and 2019 is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Balance Due Within One Year
General obligation bonds and debt certificates	\$58,120,000	\$10,135,000	(\$11,155,000)	\$57,100,000	\$8,345,000
Bond premium	5,787,045	0	(778,983)	5,008,062	738,419
Capital lease obligations	25,739	0	(9,773)	15,966	10,462
Compensated absences	1,243,177	825,150	(743,143)	1,325,184	662,592
Total	\$65,175,961	\$10,960,150	(\$12,686,899)	\$63,449,212	\$9,756,473

Heartland Community College  
Community College District #540  
Notes to Financial Statements

**Note 4 Long-Term Liabilities (continued)**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Balance Due Within One Year
General obligation bonds and debt certificates	\$68,565,000	\$0	(\$10,445,000)	\$58,120,000	\$11,155,000
Bond premium	6,592,077	0	(805,032)	5,787,045	745,464
Capital lease obligations	0	30,886	(5,147)	25,739	9,773
Compensated absences	1,177,864	830,342	(765,029)	1,243,177	621,589
<b>Total</b>	<b>\$76,334,941</b>	<b>\$861,228</b>	<b>(\$12,020,208)</b>	<b>\$65,175,961</b>	<b>\$12,531,826</b>

Accrued compensated absences (earned vacation leave) at June 30, 2020 and 2019 is \$1,325,184 and \$1,243,177, respectively, and is expected to be paid out ratably or taken over the next two years.

In September 2011, the College issued \$3,300,000 in General Obligation Debt Certificates, Series 2011, dated September 1, 2011. The Series 2011 certificates were due December 1, 2026 and had interest rates ranging from 2.00% to 4.00%. The proceeds were used to fund the construction of a wind turbine. On January 23, 2018, the outstanding balance was advance refunded with the General Obligation Community College Bonds, Series 2018. The College defeased these debt certificates by placing a portion of the Series 2018 bonds in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust assets and the liability for the defeased debt certificates are not included on the College's financial statements. At June 30, 2020, the remaining principal to be paid on these debt certificates was \$1,765,000 which will fully mature on December 1, 2021.

In September 2012, the College issued \$990,000 in General Obligation Debt Certificates, Series 2012, dated September 1, 2012. Proceeds of the certificates were used to finance capital improvements. Principal on the certificates was due annually beginning with December 1, 2013 through December 1, 2022, with interest rates ranging from 1.10% to 2.45%. Interest payments were due semiannually beginning December 1, 2013. On January 23, 2018, the outstanding balance was advance refunded with the General Obligation Community College Bonds, Series 2018. The College defeased these debt certificates by placing a portion of the Series 2018 bonds in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust assets and the liability for the defeased debt certificates are not included on the College's financial statements. At June 30, 2020, the remaining principal to be paid on these debt certificates was \$300,000 which will fully mature on December 1, 2022.

In May 2016, the College issued General Obligation Community College Bonds, Series 2016B, in the amount of \$8,675,000 due on December 1, 2016 through December 1, 2025 with interest rates ranging from 2.00% to 4.00%. Proceeds of the bonds were used to advance refund a portion of the College's outstanding General Obligation Community College Bonds, Series 2007 and pay certain costs associated with the issuance of the bonds.

Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 4 Long-Term Liabilities (continued)**

The annual requirements to amortize these general obligation bonds outstanding are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$0	\$279,850	\$279,850
2022	0	279,850	279,850
2023	0	279,850	279,850
2024	2,410,000	231,650	2,641,650
2025	2,860,000	140,550	3,000,550
2026	3,255,000	48,825	3,302,825
<b>Total</b>	<b>\$8,525,000</b>	<b>\$1,260,575</b>	<b>\$9,785,575</b>

The Series 2016B refunding resulted in a deferred outflow of \$787,261, future cash flow savings of \$1,751,972, and an economic gain of \$1,556,089.

In February 2017, the College issued General Obligation Community College Bonds, Series 2017A, in the amount of \$8,845,000 due on December 1, 2017 through December 1, 2025 with interest rates ranging from 3.00% to 4.00%. Proceeds of the bonds were used to advance refund a portion of the College's outstanding General Obligation Community College Bonds, Series 2007 and pay certain costs associated with the issuance of the bonds.

The annual requirements to amortize these general obligation bonds outstanding are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$40,000	\$348,800	\$388,800
2022	40,000	347,200	387,200
2023	45,000	345,500	390,500
2024	2,130,000	302,000	2,432,000
2025	3,340,000	192,600	3,532,600
2026	3,145,000	62,900	3,207,900
<b>Total</b>	<b>\$8,740,000</b>	<b>\$1,599,000</b>	<b>\$10,339,000</b>

The Series 2017A refunding resulted in a deferred outflow of \$412,480, future cash flow savings of \$1,363,575, and an economic gain of \$1,137,253.



Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 4 Long-Term Liabilities (continued)**

In September 2017, the College issued General Obligation Community College Bonds, Series 2017B, in the amount of \$37,535,000 due on December 1, 2018 through December 1, 2027 with interest rates ranging from 4.00% to 5.00%. Proceeds of the bonds were used to currently refund a portion of the College's outstanding General Obligation Community College Bonds, Series 2007 and pay certain costs associated with the issuance of the bonds.

The annual requirements to amortize these general obligation bonds outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$4,950,000	\$1,223,400	\$6,173,400
2022	5,150,000	1,021,400	6,171,400
2023	5,360,000	811,200	6,171,200
2024	1,090,000	676,750	1,766,750
2025	0	649,500	649,500
2026-2028	12,990,000	1,307,000	14,297,000
Total	\$29,540,000	\$5,689,250	\$35,229,250

The Series 2017B refunding and the 2017C refunding, which was retired during fiscal year 2019, resulted in a deferred outflow of \$898,960. The refundings resulted in future cash flow savings of \$4,825,550 and an economic gain of \$4,479,926.

In February 2018, the College issued General Obligation Community College Bonds Series 2018, in the amount of \$10,145,000 due on December 1, 2018 through December 1, 2020 with interest rates ranging from 2.25% to 4.00%. Proceeds of the bonds were used to refund a portion of General Obligation Debt Certificates, Series 2011, Series 2012, Series 2016C, and Series 2017D and pay costs associated with the issuance of the bonds.

The annual requirements to amortize these general obligation bonds outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$160,000	\$1,960	\$161,960

The Series 2018 refunding resulted in a deferred outflow of \$130,437, future cash flow savings of \$920,928, and an economic gain of \$454,758

Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 4 Long-Term Liabilities (continued)**

In February 2020, the College issued General Obligation Community College Bonds, Series 2020, in the amount of \$10,135,000 due on December 1, 2020 through December 1, 2023 with an interest rate of 1.83%. Proceeds of the bonds were used for capital improvements and to pay certain costs associated with the issuance of the bonds.

The annual requirements to amortize these general obligation bonds outstanding are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$3,195,000	\$205,695	\$3,400,695
2022	2,390,000	105,133	2,495,133
2023	2,435,000	60,985	2,495,985
2024	2,115,000	19,352	2,134,352
<b>Total</b>	<b>\$10,135,000</b>	<b>\$391,165</b>	<b>\$10,526,165</b>

At June 30, 2020, the annual requirements to retire the College's long-term debt in entirety were as follows:

<b>Year Ending June 30,</b>	<b>General Obligation Bonds and Debt Certificates</b>	<b>Interest</b>	<b>Total Principal and Interest</b>
2020	\$8,345,000	\$2,059,705	\$10,404,705
2021	7,580,000	1,753,583	9,333,583
2022	7,840,000	1,497,535	9,337,535
2023	7,745,000	1,229,752	8,974,752
2024	6,200,000	982,650	7,182,650
2025-2028	19,390,000	1,418,725	20,808,725
<b>Total</b>	<b>\$57,100,000</b>	<b>\$8,941,950</b>	<b>\$66,041,950</b>

At June 30, 2020, the legal debt limit was \$132,380,609 based on a statutory limit of 2.875% of assessed valuation of \$4,604,542,939. At June 30, 2019, the legal debt limit was \$130,187,989 based on a statutory limit of 2.875% of assessed valuation of \$4,528,277,862. The remaining legal debt limit as of June 30, 2020 and 2019 was \$70,272,547 and \$66,280,944, respectively.

Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 4 Long-Term Liabilities (continued)**

In fiscal year 2019, the College obtained radiography equipment under a capital lease, which expires in fiscal year 2022. The total equipment acquired under the lease is \$30,866 and the accumulated depreciation at June 30, 2020 is \$8,231. Quarterly lease payments are due through December 2021. The interest rate on the lease is 6.834%.

The annual requirements on the capital lease as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$10,462	\$832	\$11,294
2022	5,504	142	5,646
Total	\$15,966	\$974	\$16,940

**Note 5 Operating Leases**

Commitments under operating lease agreements for facilities and equipment provide for minimum annual rental payments as follows:

Year Ending June 30,	Facility	Equipment	Total
2021	\$174,951	\$24,564	\$199,515
2022	174,951	0	174,951
2023	159,707	0	159,707
2024	113,976	0	113,976
2025	56,988	0	56,988
Total	\$680,573	\$24,564	\$705,137

Lease expense amounted to \$188,266 and \$175,759 for the years ended June 30, 2020 and 2019, respectively.

**Note 6     Defined Benefit Pension Plan**

**General Information about the Pension Plan**

*Plan Description.* The College contributes to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's Comprehensive Annual Financial Report (CAFR) 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).

*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 six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2019 can be found in SURS CAFR's Notes to the Financial Statements.

*Contributions.* The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2019 and 2020, respectively, was 12.29% and 13.02% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

**Note 6     Defined Benefit Pension Plan (continued)**

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), 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 of Resources and Deferred Inflows of Resources Related to Pensions**

*Net Pension Liability.*

The net pension liability (NPL) was measured as of June 30, 2019 and June 30, 2018. SURS reported a net pension liability (NPL) of \$28,720,071,173 at June 30, 2019 and \$27,494,556,682 at June 30, 2018.

*Employer Proportionate Share of Net Pension Liability.*

The amount of the proportionate share of the net pension liability to be recognized for the College in fiscal year 2019 is \$0 and for fiscal year 2018 it was \$0. The proportionate share of the State’s net pension liability associated with the College at June 30, 2019 is \$127,028,875 or 0.4423% and at June 30, 2018 was \$120,893,566 or 0.4397%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2019 was determined based on the June 30, 2018 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2019.

*Pension Expense.*

At June 30, 2019 and June 30, 2018, SURS reported a collective net pension expense of \$3,094,666,252 and \$2,685,322,700, respectively.

*Employer Proportionate Share of Pension Expense*

The employer proportionate share of collective pension 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 pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2019 and 2018, respectively. As a result, the College recognized on-behalf revenue and pension expense of \$13,687,709 and \$11,807,364 for the fiscal years ended June 30, 2020 and June 30, 2019, respectively.

Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 6 Defined Benefit Pension Plan (continued)**

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

<b>Fiscal Year Ended June 30, 2019</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$160,132,483	\$80,170,745
Changes in assumption	773,321,300	0
Net difference between projected and actual earnings on pension plan investments	0	55,456,660
<b>Total</b>	<b>\$933,453,783</b>	<b>\$135,627,405</b>

<b>Fiscal Year Ended June 30, 2018</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$65,521,614	\$181,032,053
Changes in assumption	1,286,257,095	123,218,306
Net difference between projected and actual earnings on pension plan investments	26,810,634	0
<b>Total</b>	<b>\$1,378,589,343</b>	<b>\$304,250,359</b>

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

<b>Year Ending June 30</b>	<b>Net Deferred Outflows of Resources</b>
2020	\$786,021,133
2021	(11,534,848)
2022	(6,661,326)
2023	30,001,419
<b>Total</b>	<b>\$797,826,378</b>

**Note 6 Defined Benefit Pension Plan (continued)**

**Employer Deferral of Fiscal Year 2020 and 2019 Contributions**

The College paid \$43,895 and \$41,114 in federal, trust or grant contributions for the fiscal year ended June 30, 2020 and June 30, 2019, respectively. These contributions were made subsequent to the pension liability date of June 30, 2019 and June 30, 2018, and are recognized as deferred outflows of resources as of June 30, 2020 and June 30, 2019.

**Assumptions and Other Inputs**

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

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

Mortality rates were based on the RP-2014 White Collar, gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equity	23%	5.25%
Private Equity	6%	8.65%
Non-U.S. Equity	19%	6.75%
Global Equity	8%	6.25%
Fixed Income	19%	1.85%

Heartland Community College  
Community College District #540  
Notes to Financial Statements

**Note 6 Defined Benefit Pension Plan (continued)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Treasury-Inflation Protected Securities	4%	1.20%
Emerging Market Debt	3%	4.00%
Real Estate REITS	4%	5.70%
Direct Real Estate	6%	4.85%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	<u>1%</u>	<u>7.00%</u>
<b>Total</b>	100%	4.80%
<b>Inflation</b>		<u>2.75%</u>
<b>Expected Arithmetic Return</b>		<b>7.55%</b>

*Discount Rate.* A single discount rate of 6.59% and 6.65% at June 30, 2019 and June 30, 2018, respectively, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and 6.75% at June 30, 2019 and June 30, 2018, respectively, and a municipal bond rate of 3.13% and 3.62% at June 30, 2019 and June 30, 2018, respectively (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of SURS 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 net pension liability, calculated using a single discount rate of 6.59% and 6.65% at June 30, 2019 and June 30, 2018, respectively, as well as what the State's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

<b>June 30, 2019</b>		
<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
<b>5.59%</b>	<b>6.59%</b>	<b>7.59%</b>
\$34,786,851,779	\$28,720,071,173	\$23,712,555,197



Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 6     Defined Benefit Pension Plan (continued)**

June 30, 2018		
1% Decrease	Current Single Discount	1% Increase
5.65%	Rate Assumption	7.65%
\$33,352,188,584	\$27,494,556,682	\$22,650,651,520

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

**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.

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

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

**Note 7     Other Post-Employment Benefits (continued)**

*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.

Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the SURS do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced 5% for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

*Contributions.* The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of the salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriate Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1071 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF.

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

*Net OPEB Liability.* The net OPEB liability was measured as of June 30, 2019 and June 30, 2018. CIP reported a net OPEB liability at June 30, 2019 of \$1,888,540,494 and at June 30, 2018 of \$1,885,251,764.

**Note 7     Other Post-Employment Benefits (continued)**

*Employer Proportionate Share of Net OPEB Liability.* The amount of the proportionate share of the net OPEB liability to be recognized for the College in fiscal year 2020 is \$18,323,664 or 0.9703%, and for fiscal year 2019 it was \$17,967,825 or 0.9531%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was an increase of 0.0172%. The proportionate share of the State's net OPEB liability associated with the College at June 30, 2019 and June 30, 2018 was \$18,323,664 or 0.9703% and \$17,967,825 or 0.9531%, respectively. The total proportionate share of the net OPEB liability associated with the College at June 30, 2019 and June 30, 2018 was \$36,647,328 and \$35,935,650, respectively. The net OPEB liability and total OPEB liability as of June 30, 2019 was determined based on the June 30, 2018 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net OPEB liability is the actual reported OPEB contributions made to CIP during fiscal year 2019.

*OPEB Expense.* At June 30, 2019 and June 30, 2018, CIP reported a collective net OPEB expense of \$84,924,196 and \$125,287,478, respectively.

*Employer Proportionate Share of OPEB Expense.* The employer proportionate share of collective OPEB expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective OPEB expense is the actual reported OPEB contributions made to CIP during fiscal year 2019 and 2018, respectively. As a result, the College recognized on-behalf revenue of \$91,510 and \$87,095 for the fiscal years ended June 30, 2020 and June 30, 2019, respectively. Additionally, the College recognized OPEB expense (and revenue) of \$765,404 and \$1,136,542 for its proportionate share of the State of Illinois' contribution to the plan for the fiscal years ended June 30, 2020 and June 30, 2019.

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* Deferred outflows of resources are the consumption of net position by the plan that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by the plan that is applicable to future reporting periods.

Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 7    Other Post-Employment Benefits (continued)**

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

<b>Fiscal Year Ended June 30, 2019</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$214,751	\$387,504
Changes in assumption	0	2,552,913
Net difference between projected and actual earnings on OPEB plan investments	0	809
Changes in proportion and differences between employer contributions and share of contributions	572,439	44,615
Total deferred amounts to be recognized in pension expense in future periods	787,190	2,985,841
OPEB contributions made subsequent to the measurement date	91,510	0
Total	\$878,700	\$2,985,841

<b>Fiscal Year Ended June 30, 2018</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$264,083	\$39,353
Changes in assumption	0	2,249,042
Net difference between projected and actual earnings on OPEB plan investments	0	587
Changes in proportion and differences between employer contributions and share of contributions	344,244	774
Total deferred amounts to be recognized in pension expense in future periods	608,327	2,289,756
OPEB contributions made subsequent to the measurement date	87,095	0
Total	\$695,422	\$2,289,756

Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 7    Other Post-Employment Benefits (continued)**

The College reported \$91,510 and \$87,095 as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting years ended June 30, 2021 and June 30, 2020, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

<u>Year ended June 30:</u>	<u>Net Deferred Outflows of Resources</u>
2020	(\$366,442)
2021	(366,442)
2022	(366,442)
2023	(366,442)
2024	(366,442)
Thereafter	(366,443)
<u>Total</u>	<u>(\$2,198,651)</u>

**Assumptions and Other Inputs**

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

Inflation	2.25%
Salary increases	Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years.

**Note 7    Other Post-Employment Benefits (continued)**

**Assumptions and Other Inputs (continued)**

Healthcare cost trend rates	Actual trend used for fiscal year 2019 based on premium increases. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.40% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
-----------------------------	---

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2014 to June 30, 2017.

*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 index "20-year Municipal GO AA Index" has been selected. The discount rates are 3.13% as of June 30, 2019, and 3.62% as of June 30, 2018.

**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 3.13% and 3.62% at June 30, 2019 and June 30, 2018, respectively, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher or lower than the current rate:

<b>Sensitivity of Net OPEB Liability as of June 30, 2019 to the Single Discount Rate Assumption</b>			
	<b>1% Decrease (2.13%)</b>	<b>Current Single Discount Rate Assumption (3.13%)</b>	<b>1% Increase (4.13%)</b>
Net OPEB liability	\$21,030,728	\$18,323,664	\$16,026,034
<b>Sensitivity of Net OPEB Liability as of June 30, 2018 to the Single Discount Rate Assumption</b>			
	<b>1% Decrease (2.62%)</b>	<b>Current Single Discount Rate Assumption (3.62%)</b>	<b>1% Increase (4.62%)</b>
Net OPEB liability	\$20,824,243	\$17,967,825	\$15,590,436

**Note 7    Other Post-Employment Benefits (continued)**

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

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.90% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2029 for Medicare coverage.

**Sensitivity of Net OPEB Liability as of June 30, 2019  
to the Healthcare Cost Trend Rate Assumption**

	<b>Healthcare Cost Trend</b>		
	<b>1% Decrease (a)</b>	<b>Rates Assumption</b>	<b>1% Increase (b)</b>
Net OPEB liability	\$15,207,525	\$18,323,664	\$22,441,461

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

**Sensitivity of Net OPEB Liability as of June 30, 2018  
to the Healthcare Cost Trend Rate Assumption**

	<b>Healthcare Cost Trend</b>		
	<b>1% Decrease (a)</b>	<b>Rates Assumption</b>	<b>1% Increase (b)</b>
Net OPEB liability	\$14,895,209	\$17,967,825	\$22,011,855

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.91% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.
- (b) One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.91% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.



Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 8 Risk Management**

The College accounts for and finances its uninsured risks of loss related to medical care, outpatient prescription drug costs, and dental care. A third-party administrator provides administrative services for this self-insurance plan. Under this program, the fund provides coverage of the College's employee medical insurance when individual claims exceeded \$105,000 with an unlimited maximum benefit per individual per life-time and aggregate claims exceeded \$4,021,642 over an annual liability period.

The reserve for health care costs reported in the fund at June 30, 2020 and 2019, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statement indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liability includes all known claims and an amount for claims that have been incurred but not reported (IBNR).

The following is a reconciliation of changes in the reserve for health care costs for the current fiscal year and two prior fiscal years. The reserve is based on deposits net of changes.

	2020	2019	2018
Reserve for health care costs at July 1	\$398,906	\$487,457	\$358,194
Claims incurred during the period	3,862,686	4,299,219	3,772,989
Payments on claims	(3,818,721)	(4,387,770)	(3,643,726)
Reserve for health care costs at June 30	\$442,871	\$398,906	\$487,457

The reserve for health care costs is recorded with the accounts payable and accrued liabilities categories on the statements of net position as of June 30, 2020 and 2019, respectively.

Heartland Community College  
Community College District #540  
Notes to Financial Statements

---

**Note 9     Restricted and Designated Net Position**

Net position was restricted for the following purposes at June 30:

	2020	2019
Capital projects	\$1,574,866	\$502,200
Working Cash	\$3,900,000	\$3,900,000
Restricted for:		
Audit	\$113,341	\$107,722
Liability, Protection, & Settlement	582,481	425,258
	\$695,822	\$532,980

The working cash fund was created as a result of the issuance of bonds, for which the proceeds were restricted to be used for working cash purposes. The state of Illinois statutory authority on creating working cash funds (110 ILCS 805/3-33.1 through 3-33.6) restricts the use of established funds to making short-term loans to other funds of the College.

At June 30, 2020 and 2019, the College had (\$3,995,164) and (\$3,323,604), respectively, of unrestricted net position. Of these balances, the College has \$1,309,463 and \$1,296,122 designated for payment of self-insurance claims at June 30, 2020 and 2019, respectively. The remaining unrestricted resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

**Note 10     Tax Abatements**

Tax abatements, as defined by GASB Statement No. 77, *Tax Abatement Disclosures* (GASB 77), are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

**Note 10 Tax Abatements (continued)**

Illinois' Tax Increment Financing Act enables cities to finance certain redevelopment costs with the revenue generated from (1) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from redevelopment and (2) a portion of the increase in other local tax revenue associated with new economic activity. When a tax increment financing (TIF) plan is adopted, real estate taxes in the redevelopment are frozen at their current level. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced.

The College's estimated net reduced tax revenue resulting from the TIFs adopted in these cities within the College is \$642,453 and \$622,264 for fiscal years 2020 and 2019, respectively.

**Note 11 Contingencies**

The College is involved in litigation in the normal course of business but while the outcome of litigation is not known, management does not believe there is a significant risk of loss.

**Note 12 Impact of Pending Accounting Pronouncements:**

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The College has not determined the effect of this Statement.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The College has not determined the effect of this Statement.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The College has not determined the effect of this Statement.

**Note 12   Impact of Pending Accounting Pronouncements (continued):**

GASB Statement No. 90, Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The College has not determined the effect of this Statement.

GASB Statement No. 91, Conduit Debt Obligations provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The College has not determined the effect of this Statement.

GASB Statement No. 92, *Omnibus 2020*, improves the consistency of several practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The College has not determined the effect of this Statement.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, amends certain hedge accounting from GASB Statement No. 53 and variable lease payments in accordance with GASB Statement No. 87. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. The College has not determined the effect of this Statement.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides more guidance for accounting and financial reporting for availability payments arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The College has not determined the effect of this Statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, defines a SBITA, establishes a right-to-use subscription asset and liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The College has not determined the effect of this Statement.

**Note 12   Impact of Pending Accounting Pronouncements (continued):**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, provides more guidance for determining whether a primary government is financially accountable for a potential component unit, when the financial burden criterion in paragraph 7 of Statement No. 84 applies, and this statement clarifies that Statement 84 should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged if Statement 84 has been implemented. The College has not determined the effect of this Statement.

## Required Supplementary Information

Heartland Community College  
Community College District #540  
Schedule of Share of Net Pension Liability  
Last 10 Fiscal Years  
(Schedule to be Built Prospectively from 2014)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%				
Proportion amount of the collective net pension liability	\$0	\$0	\$0	\$0	\$0	\$0				
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$127,028,875	\$120,893,566	\$110,893,773	\$113,066,447	\$104,463,724	\$96,989,820				
College DB covered-employee payroll	\$16,042,665	\$15,762,164	\$15,416,548	\$15,777,476	\$16,016,358	\$16,152,552				
Proportion of collective net pension liability associated with the College as a percentage of covered-employee payroll	791.82%	766.99%	719.32%	716.63%	652.23%	600.46%				
SURS plan net position as a percentage of total pension liability	40.71%	41.27%	42.04%	39.57%	42.37%	44.39%				

Note: The System 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.

Heartland Community College  
Community College District #540  
Schedule of Pension Contributions  
Last 10 Fiscal Years  
(Schedule to be Built Prospectively from 2014)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Federal, trust, grant and other contribution	\$43,895	\$41,114	\$36,248	\$36,952	\$38,040	\$49,214				
Contribution in relation to required contribution	43,895	41,114	36,248	36,952	38,040	49,214				
Contribution deficiency (excess)	\$87,790	\$82,228	\$72,496	\$73,904	\$76,080	\$98,428				
College covered-employee payroll	18,201,729	15,762,164	15,416,548	15,777,476	16,016,358	16,152,552				
Contribution as a percentage of covered-employee payroll	0.24%	0.26%	0.24%	0.23%	0.24%	0.30%				

Note: The System 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.



Heartland Community College  
Community College District #540  
Schedule of Share of Net OPEB Liability  
Last 10 Fiscal Years  
(Schedule to be Built Prospectively from 2018)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion percentage of the collective net OPEB liability	0.97%	0.95%	0.94%							
Proportion amount of the collective net OPEB liability	\$18,323,664	\$17,965,825	\$17,095,712							
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with the College	\$18,323,664	\$17,967,825	\$16,870,542							
Total collective net OPEB liability associated with the College	\$36,647,328	\$35,933,650	\$33,966,254							
College covered-employee payroll	\$18,201,729	\$16,645,814	\$16,265,763							
Proportion of collective net OPEB liability associated with the College as a percentage of covered-employee payroll	201.34%	215.87%	208.82%							
College insurance plan net position as a percentage of total OPEB liability	-4.13%	-2.87%	-2.15%							

Note: Information is not available prior to 2017. Additional years will be added to future reports as schedules are intended to show 10 years of historical data.

Heartland Community College  
Community College District #540  
Schedule of OPEB Contributions  
Last 10 Fiscal Years  
(Schedule to be Built Prospectively from 2018)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contribution	\$91,150	\$83,229	\$81,331							
Contribution in relation to the required statutorily	91,150	83,229	81,331							
Contribution deficiency (excess)	\$0	\$0	\$0							
College covered-employee payroll	\$18,201,729	\$16,645,814	\$16,265,763							
Contribution as a percentage of covered-employee payroll	0.50%	0.50%	0.50%							

Note: Information is not available prior to 2017. Additional years will be added to future reports as schedules are intended to show 10 years of historical data.

**Note 1     Changes of Pension Benefit Terms:**

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

**Note 2     Changes of Pension Assumptions:**

In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019.)
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in the rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

**Note 3     Changes of OPEB Benefit Terms:**

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

**Note 4     Changes of OPEB Assumptions:**

In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of CIP. An experience review for the years June 30, 2014 to June 30, 2017, resulting in the adoption of new assumptions as of June 30, 2018. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2017:

**Note 4     Changes of OPEB Assumptions (continued):**

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

**STATISTICAL SECTION  
(UNAUDITED)**

This part of the College's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.	68 - 69
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax.	70 - 75
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the ability to issue additional debt in the future.	76 - 83
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader Understand the environment within which the College's financial activities take place.	84 - 86
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs	87 - 93

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

# Heartland Community College

## Community College District #540

Financial Trends

Net Position by Component

Last Ten Fiscal Years

(Unaudited)

**TABLE A**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net position:										
Net investment in capital assets	\$49,683,886	\$44,930,780	\$38,906,902	\$37,316,749	\$38,389,218	\$39,912,827	\$41,635,091	\$46,573,950	\$46,469,388	\$40,937,774
Restricted for:										
Capital projects	1,574,866	502,200	783,488	314,078	374,520	1,677	337,411	651,580	384,545	537,080
Working cash	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000
Specific purposes	695,822	532,980	85,454	59,079	84,604	157,210	280,128	142,602	24,509	1,542,279
Unrestricted	(3,995,164)	(3,323,604)	(1,847,114)	10,267,764	5,287,902	4,898,401	4,496,632	1,230,631	3,933,290	4,341,765
Total net position	\$51,859,410	\$46,542,356	\$41,828,730	\$51,857,670	\$48,036,244	\$48,870,115	\$50,649,262	\$52,498,763	\$54,711,732	\$51,258,898

Sources: Heartland Community College Comprehensive Annual Financial Reports and general ledger reports.

# Heartland Community College

## Community College District #540

Financial Trends  
Changes in Net Position  
Last Ten Fiscal Years  
(Unaudited)

**TABLE B**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating revenues:										
Student tuition and fees, net of scholarship	\$9,011,020	\$9,327,146	\$9,462,627	\$10,691,518	\$10,200,728	\$9,322,824	\$11,796,677	\$10,529,999	\$11,575,275	\$9,405,410
Auxiliary enterprises revenue	391,884	768,253	594,268	399,237	1,131,570	724,995	637,986	856,864	584,994	578,892
Other operating revenues	748,672	1,316,469	1,810,539	3,385,406	2,586,882	2,820,351	2,510,642	3,898,229	2,721,908	1,424,609
SURS contribution provided by state	14,544,623	13,031,001	12,075,075	11,174,726	8,770,788	7,345,516	6,703,401	6,493,851	4,861,925	3,477,359
Total operating revenues	24,696,199	24,442,869	23,942,509	25,650,887	22,689,968	20,213,686	21,648,706	21,778,943	19,744,102	14,886,270
Operating expenses:										
Instruction	20,709,188	20,994,946	20,948,645	13,155,043	13,525,124	13,806,722	13,665,862	13,616,377	13,865,346	12,556,027
Academic support	2,846,997	3,297,800	2,886,808	2,021,859	2,409,502	2,406,802	2,323,736	2,672,241	2,531,533	1,755,930
Student services	4,593,127	4,083,017	4,164,319	2,656,640	2,811,517	2,767,179	2,569,575	2,578,637	2,826,803	2,508,947
Public services	3,416,121	2,760,888	2,683,517	3,762,448	3,135,985	3,190,156	3,719,162	5,116,227	3,657,252	2,820,304
Auxiliary enterprises	3,053,781	2,065,873	1,812,020	1,146,451	1,206,794	1,191,842	1,145,145	1,237,178	1,118,834	1,762,563
Operations and maintenance	4,298,435	4,230,835	4,149,497	3,331,613	3,419,832	3,622,478	3,525,130	3,454,321	4,124,979	3,725,177
Institutional support	12,120,355	11,488,638	11,380,938	7,148,890	8,144,174	9,287,265	8,600,653	9,165,271	8,833,998	7,884,575
Scholarships, student grants, and waivers	5,137,089	4,411,930	5,713,095	5,442,292	5,709,869	5,439,759	6,988,876	4,854,931	6,710,771	6,249,924
Depreciation	4,600,676	4,544,453	4,491,303	4,533,451	4,587,293	4,638,829	4,710,573	4,722,293	4,430,553	3,625,303
SURS contribution paid by state	0	0	0	11,174,726	8,770,788	7,345,516	6,703,401	6,493,851	4,861,925	3,477,359
Total operating expenses	60,775,769	57,878,380	58,230,142	54,373,413	53,720,878	53,696,548	53,952,113	53,911,327	52,961,994	46,366,109
Operating loss	(36,079,570)	(33,435,511)	(34,287,633)	(28,722,526)	(31,030,910)	(33,482,862)	(32,303,407)	(32,132,384)	(33,217,892)	(31,479,839)
Nonoperating revenues (expenses):										
Property taxes	26,278,569	26,055,936	25,986,941	23,215,681	21,376,417	20,986,413	19,985,064	19,798,786	19,502,637	18,587,282
State grants and contracts	5,704,629	4,708,139	6,990,691	2,267,189	2,064,036	4,296,628	4,261,307	4,273,349	4,932,733	4,172,813
Federal grants and contracts	10,052,723	8,558,424	9,595,893	9,797,926	9,921,617	9,942,770	9,962,457	9,840,696	12,459,068	11,282,682
Investment income	561,598	789,320	387,659	164,482	44,419	24,227	44,931	16,910	201,497	39,716
Local grants and contracts	509,323	0	0	0	0	0	0	0	0	0
Interest expense	(1,653,184)	(1,949,256)	(1,839,089)	(2,887,900)	(3,194,707)	(3,532,897)	(3,766,198)	(3,692,292)	(388,353)	(329,219)
Amortization expense	(57,034)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(36,856)	(28,347)
Loss on disposal of asset	0	0	0	0	(1,320)	0	(20,229)	0	0	0
Total nonoperating revenues, net	41,396,624	38,149,137	41,108,669	32,543,952	30,197,036	31,703,715	30,453,906	30,224,023	36,670,726	33,724,927
Capital contributions	0	0	0	0	0	0	0	0	0	0
Change in net position	5,317,054	4,713,626	6,821,036	3,821,426	(833,874)	(1,779,147)	(1,849,501)	(1,908,361)	3,452,834	2,245,088
Beginning of year	46,542,356	41,828,730	35,007,694	48,036,244	48,870,115	50,649,262	52,498,763	54,407,124	51,258,898	49,013,810
End of year	\$51,859,410	\$46,542,356	\$41,828,730	\$51,857,670	\$48,036,241	\$48,870,115	\$50,649,262	\$52,498,763	\$54,711,732	\$51,258,898

Sources: Heartland Community College Comprehensive Annual Financial Reports and general ledger reports.



# Heartland Community College Community College District #540

Revenue Capacity

Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

(Unaudited)

**TABLE C**

<b>Tax Levy Year</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>
2019	\$4,604,542,939	\$13,813,585,737
2018	4,528,294,413	13,584,883,239
2017	4,464,342,208	13,399,280,571
2016	4,424,104,515	13,272,313,545
2015	4,314,111,666	12,942,334,998
2014	4,240,488,783	12,721,466,349
2013	4,154,298,826	12,462,896,478
2012	4,131,636,881	12,394,910,643
2011	4,161,237,754	12,483,713,262
2010	4,118,116,444	12,354,349,332

Source: College records

Notes: Assessed value is computed to be equal to one third of the estimate actual value.

# Heartland Community College Community College District #540

Revenue Capacity

Assessed Value and Actual Value of Taxable Property (Continued)

Last Ten Levy Years

(Unaudited)

**TABLE C**  
(Continued)

<b>Tax Levy Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Farm Property</b>	<b>Railroad Property</b>	<b>Other Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2019	\$2,764,094,228	\$1,131,702,548	\$63,820,671	\$585,706,935	\$24,597,512	\$34,621,045	\$4,604,542,939	0.58179
2018	2,745,147,228	1,113,128,468	54,688,847	557,415,664	23,981,039	33,933,167	4,528,294,413	0.58099
2017	2,725,958,779	1,114,714,862	37,588,890	528,640,522	22,148,863	35,290,292	4,464,342,208	0.58576
2016	2,714,153,916	1,105,950,449	38,164,215	506,840,313	22,415,809	36,579,813	4,424,104,515	0.58875
2015	2,656,194,344	1,073,521,959	39,187,220	484,132,645	22,685,466	38,390,032	4,314,111,666	0.54116
2014	2,612,074,796	1,057,963,549	42,589,895	467,616,790	19,975,744	40,268,009	4,240,488,783	0.50583
2013	2,561,430,797	1,050,697,690	43,963,693	436,999,100	19,745,865	41,461,681	4,154,298,826	0.50161
2012	2,573,618,223	1,049,682,431	39,273,863	407,565,002	17,913,945	43,583,417	4,131,636,881	0.49190
2011	2,620,093,718	1,060,939,966	40,604,960	385,515,518	16,757,294	37,326,298	4,161,237,754	0.47673
2010	2,607,206,669	1,067,531,559	41,660,214	366,976,710	15,701,968	19,039,324	4,118,116,444	0.47315

Sources: Heartland Community College Records and County Clerk's Offices of McLean, Livingston, Tazewell, Ford, Logan, and DeWitt Counties

# Heartland Community College Community College District #540

Revenue Capacity

Property Tax Rates - Direct and Overlapping Governments within McLean County

Last Ten Levy Years

(Unaudited)

**TABLE D**

<b>Taxing Bodies</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
McLean County	0.91509	0.92082	0.91052	0.91399	0.91836	0.90133	0.90375	0.91165	0.91571	0.91673
Town of Normal	1.03263	1.02714	1.04145	0.95891	0.92500	0.91581	0.89427	0.76272	0.77488	0.78259
Normal Library	0.43648	0.44349	0.44962	0.45260	0.45049	0.44185	0.44646	0.43971	0.41484	0.39507
Normal Township	0.23312	0.23007	0.23281	0.23079	0.22786	0.22800	0.22296	0.16692	0.16501	0.15807
Normal Road and Bridge	0.09006	0.09177	0.09291	0.09589	0.09571	0.09346	0.09101	0.09070	0.08965	0.08589
Normal School District #5	5.35541	5.39197	5.03610	5.01469	5.05827	5.02707	5.00704	4.88412	4.73499	4.76383
Bloomington/Normal Water District	0.18835	0.18651	0.18466	0.17931	0.17446	0.17216	0.17011	0.16402	0.16390	0.16391
Bloomington/Normal Airport Authority	0.14367	0.09943	0.11937	0.12442	0.13572	0.13655	0.12736	0.12745	0.15486	0.09855
City of Bloomington	1.09010	1.08603	1.07967	1.08363	1.07729	1.06782	1.06121	1.05990	1.05955	1.06013
City of Bloomington Township	0.12503	0.12594	0.12660	0.12166	0.12433	0.12541	0.12243	0.14145	0.14328	0.17309
Bloomington School District #87	5.14481	5.15520	5.15321	5.13998	5.15877	4.95303	4.83486	4.72322	4.65741	4.65682
Bloomington Library	0.26230	0.26081	0.25959	0.25296	0.25098	0.25323	0.25811	0.25620	0.25073	0.25087
Bloomington Cemetery	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total overlapping rate</b>	<b>15.01705</b>	<b>15.01918</b>	<b>14.68651</b>	<b>14.56883</b>	<b>14.59724</b>	<b>14.31572</b>	<b>14.13957</b>	<b>13.72806</b>	<b>13.52481</b>	<b>13.50555</b>
Heartland Community College	0.58179	0.58099	0.58576	0.58875	0.54116	0.50583	0.50161	0.49191	0.47673	0.47315
<b>Total rate</b>	<b>15.59884</b>	<b>15.60017</b>	<b>15.27227</b>	<b>15.15758</b>	<b>15.13840</b>	<b>14.82155</b>	<b>14.64118</b>	<b>14.21997</b>	<b>14.00154</b>	<b>13.97870</b>

Source: McLean County Clerk's Office

Notes: Rates are per \$100 of assessed valuation.

# Heartland Community College Community College District #540

Revenue Capacity

Principal Tax Payers

Current Levy Year and Nine Years Ago

(Dollars in Thousands)

(Unaudited)

TABLE E

Taxpayer Name	Type of Business/Service	2019 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation	2010 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation
State Farm Insurance Company	Insurance	\$168,847	1	3.73%	\$170,869	1	4.15%
White Oak Energy LLC	Energy	15,615	2	0.34%	0		
Westminster Village	Retirement Center	10,765	3	0.24%			
Eastland Mall LLC % CBL & Associates Mgt. Inc.	Retail Mall	10,667	4	0.24%	17,667	3	0.43%
High Trail Wind Farm	Energy	9,427	5	0.21%	22,477	2	0.55%
Illinois Agriculture Association	AG Insurance	9,179	6	0.20%	9,567	6	0.23%
Wal-Mart Stores, Inc.	Retail	9,015	7	0.20%	13,783	4	0.33%
C150		7,996	8	0.18%	0		
Rivian Automotive	Auto Manufacturing	7,220	9	0.16%	0		
BT Bloomington LLC Investments		7,139	10	0.16%	0		
Mitsubishi Motors Manufacturing	Auto Manufacturing	0			9,184	7	0.22%
Country Insurance & F.S	Insurance	0			13,227	5	0.32%
Intercontinental	Hotel	0			5,884	10	0.14%
Westminster Village	Retirement Center	0			6,470	9	0.16%
IMI College Hills Development LLC	Retail	0			6,571	8	0.16%
Total		\$255,870		5.65%	\$275,699		6.69%

Source: County Assessor's office

Notes:

- (1) Every effort has been made to seek out and report the largest taxpayers, However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.
- (2) The 2019 assessed valuation is the most current available.

# Heartland Community College Community College District #540

Revenue Capacity  
Property Tax Levies and Collections  
Last Ten Levy Years  
(Unaudited)

**TABLE F**

<b>Tax Levy Year</b>	<b>Fiscal Year</b>	<b>Assessed Valuation</b>	<b>Direct Tax Rate</b>	<b>Taxes Extended</b>	<b>Total Collected Through June 30, 2019</b>	<b>Collected During Year Ended June 30, 2020</b>	<b>Total Collected Through June 30, 2020</b>	<b>Percentage of Taxes Extended Collected Through June 30, 2020</b>
2019	2021	\$4,604,542,939	0.58179	\$26,725,601	\$0	\$9,237,214	\$9,237,214	34.56%
2018	2020	4,528,294,413	0.58099	26,308,945	11,317,728	14,960,842	26,278,570	99.88%
2017	2019	4,464,342,208	0.58576	26,150,292	26,063,282	0	26,063,282	99.67%
2016	2018	4,424,104,515	0.58875	26,047,041	25,988,452	0	25,988,452	99.78%
2015	2017	4,314,111,666	0.54116	23,346,592	23,309,541	0	23,309,541	99.84%
2014	2016	4,240,488,783	0.50583	21,433,078	21,337,253	0	21,337,253	99.55%
2013	2015	4,154,298,826	0.50161	20,838,636	20,775,082	0	20,775,085	99.70%
2012	2014	4,131,636,881	0.49190	20,324,387	20,132,841	0	20,132,841	99.06%
2011	2013	4,161,237,754	0.47673	19,838,409	19,798,786	0	19,798,786	99.80%
2010	2012	4,118,116,444	0.47315	19,484,868	19,502,637	0	19,502,637	100.09%

Source: Heartland Community College Comprehensive Annual Financial Reports and account records

Notes:

- (1) Heartland is not subject to tax caps and therefore, has no tax cap limit.
- (2) Due to differences in the computational methods followed by the District's six counties, portions of each which are within the District's boundaries, there may be slight differences between the final levy amounts extended by the counties and those used for financial statement purposes.
- (3) Taxes are generally due on June 1st and September 1st of the calendar year subsequent to the levy year.

# Heartland Community College Community College District #540

Revenue Capacity

Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and  
Fee Revenues Generated

Last Ten Fiscal Years

(Unaudited)

**TABLE G**

Fiscal Year	Headcount Credit Courses	Tuition and Fee Rates			ICCB S3	Tuition and Fee Revenues
		In District Tuition and Fees per Semester Hour	Out of District Tuition and Fees per Semester Hour	Out of State Tuition and Fees per Semester Hour	Total Semester Credit Hours Generated	All Funds
2020	\$4,974	\$158	\$308	\$458	84,308	\$16,725,358
2019	5,063	153	295	437	86,929	16,830,753
2018	5,193	148	285	422	91,222	16,779,683
2017	5,282	144	279	414	95,607	17,043,175
2016	5,298	142	275	408	97,279	16,907,749
2015	5,286	139	269	399	99,170	16,914,112
2014	5,215	139	269	399	100,879	17,259,646
2013	5,456	136	263	390	104,408	17,551,049
2012	5,610	131	254	377	111,560	17,844,502
2011	5,459	115	223	331	108,514	15,231,883

Sources: Heartland Community College records and Comprehensive Annual Financial Reports, IPEDS Fall 2019 enrollment and ICCB S3 Summary Report.

The tuition figures here are reflected at gross amounts, while financial statements present tuition net of scholarship allowances.

# Heartland Community College Community College District #540

Debt Capacity

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

**TABLE H**

<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>General Obligation Debt Certificates</b>	<b>Bond Premium</b>	<b>Capital Lease Obligations</b>	<b>Total Outstanding Debt</b>	<b>District #540 Estimated Actual Taxable Property Value</b>	<b>Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value</b>	<b>Population</b>	<b>Total Outstanding Debt Per Capita</b>	<b>Percentage of Total Debt to Personal Income</b>
2020	\$57,100,000	\$0	\$5,008,062	\$15,966	\$62,124,028	\$13,813,585,737	0.45%	212,818	\$291.91	1.08%
2019	58,120,000	0	5,787,045	25,739	63,932,784	13,584,883,239	0.47%	213,009	300.14	1.12%
2018	68,565,000	0	6,592,077	0	75,157,077	13,399,280,571	0.56%	214,185	350.90	1.39%
2017	70,365,000	4,710,000	1,898,512	0	76,973,512	13,272,313,545	0.58%	207,953	370.15	1.45%
2016	75,840,000	5,015,000	1,351,624	0	82,206,624	12,942,334,998	0.64%	207,953	395.31	1.60%
2015	75,635,000	5,315,000	311,750	60,920	81,322,670	12,721,466,349	0.64%	207,953	391.06	1.70%
2014	79,650,000	5,610,000	440,750	152,421	85,853,171	12,462,896,478	0.69%	208,539	411.69	1.61%
2013	78,915,000	5,890,000	0	93,816	84,898,816	12,394,910,643	0.68%	208,539	407.11	1.66%
2012	82,015,000	5,000,000	0	184,109	87,199,109	12,483,713,262	0.70%	208,539	418.14	1.74%
2011	80,580,000	1,700,000	0	267,100	82,547,100	12,354,349,332	0.67%	208,539	395.84	1.73%

Sources: College records, Comprehensive Annual Financial Reports, and ICCB Summary Profile.

Notes:

(1) Balances include current and noncurrent portions of bond principal outstanding.

(2) Details of the College's outstanding debt can be found in Note 5 in the notes to the financial statements.

(3) Population is from the ICCB Summary Profile of the IL Public Community Colleges.

# Heartland Community College

## Community College District #540

Debt Capacity

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

(Unaudited)

**TABLE I**

<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>General Obligation Debt Certificates</b>	<b>Bond Premium</b>	<b>Net General Bonded Debt</b>	<b>District #540 Estimated Actual Taxable Property Value</b>	<b>Percentage of Net General Bonded Debt to Estimated Actual Taxable Property Value</b>	<b>Population</b>	<b>Net General Bonded Debt Per Capita</b>
2020	\$57,100,000	\$0	\$5,008,062	\$62,108,062	\$13,813,585,737	0.45%	212,818	\$291.84
2019	58,120,000	0	5,787,045	63,907,045	13,584,883,239	0.47%	213,009	300.02
2018	68,565,000	0	6,592,077	75,157,077	13,399,280,571	0.56%	214,185	350.90
2017	70,365,000	4,710,000	1,898,512	76,973,512	13,272,313,545	0.58%	207,953	370.15
2016	75,840,000	5,015,000	1,351,624	82,206,624	12,942,334,998	0.64%	207,953	395.31
2015	75,635,000	5,315,000	311,750	81,261,750	12,721,466,349	0.64%	207,953	390.77
2014	79,650,000	5,610,000	440,750	85,700,750	12,462,896,478	0.69%	208,539	410.96
2013	78,915,000	5,890,000	0	85,700,750	12,394,910,643	0.68%	208,539	406.66
2012	82,015,000	5,000,000	0	84,805,000	12,483,713,262	0.70%	208,539	417.26
2011	80,580,000	1,700,000	0	87,015,000	12,354,349,332	0.67%	208,539	394.55

Sources: College records, Comprehensive Annual Financial Reports, and ICCB Summary Profile.

Notes:

(1) Balances include current and noncurrent portions of bond principal outstanding.

(2) Details of the College's outstanding debt can be found in Note 5 in the notes to the financial statements.



# Heartland Community College Community College District #540

Debt Capacity  
Legal debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)

**TABLE J**

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>Debt Limit Rate</b>	<b>Debt Limit (Assessed Value x Debt Limit Rate)</b>	<b>Net Debt Applicable to Debt Limit (1)</b>	<b>Legal Debt Margin</b>	<b>Net Debt Applicable to Debt Limit as a Percentage of Debt Limit</b>
2020	\$4,604,542,939	2.875%	132,380,609	\$62,108,062	\$70,272,547	46.92%
2019	4,528,294,413	2.875%	130,188,464	63,907,045	66,281,419	49.09%
2018	4,464,342,208	2.875%	128,349,838	75,157,077	53,192,761	58.56%
2017	4,424,104,515	2.875%	127,193,005	76,973,512	50,219,493	60.52%
2016	4,314,111,666	2.875%	124,030,710	82,206,624	41,824,086	66.28%
2015	4,240,488,783	2.875%	121,914,053	81,261,750	40,652,303	66.65%
2014	4,154,298,826	2.875%	119,436,091	85,700,750	33,735,341	71.75%
2013	4,131,636,881	2.875%	118,784,560	84,805,000	33,979,560	71.39%
2012	4,161,237,754	2.875%	119,635,585	87,015,000	32,620,585	72.73%
2011	4,118,116,444	2.875%	118,395,848	82,280,000	36,115,848	69.50%

Sources: Heartland Community College records, Comprehensive Annual Financial Reports, and McLean County records

**Notes:**

- (1) Balances include current and noncurrent portions of bond principal outstanding.
- (2) Details of the College's outstanding debt can be found in the notes to the financial statements.

Heartland Community College  
Community College District #540  
Debt Capacity  
Listing of Direct and Overlapping Bonded Debt  
Last Ten Fiscal Years  
(Unaudited)

**TABEL K**  
(Continued)

	2020			2019		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$131,360,000	100.00%	\$131,360,000	\$129,435,000	100.00%	\$129,435,000
Ford County	0	0.00%	0	0	0.00%	0
City of Bloomington	46,185,000	100.00%	46,185,000	48,985,000	100.00%	48,985,000
McLean County Public Building Commission	0	0.00%	0	0	0.00%	0
B/N Airport Authority	9,075,000	100.00%	9,075,000	9,790,000	100.00%	9,790,000
Prairie Central School District #8	0	0.00%	0	0	0.00%	0
Town of Normal	81,410,000	100.00%	81,410,000	84,320,000	100.00%	84,320,000
Village of Carlock	0	0.00%	0	0	0.00%	0
Town of Normal Special Service Area #1	0	0.00%	0	0	0.00%	0
Olympia School District #16	11,045,000	100.00%	11,045,000	13,775,000	99.18%	13,662,045
Bloomington School District #87	45,755,000	100.00%	45,755,000	49,680,000	100.00%	49,680,000
Tri-Valley School District #3	17,885,000	99.09%	17,722,754	18,235,000	98.69%	17,995,574
Heyworth School District #4	12,240,000	100.00%	12,240,000	12,515,000	100.00%	12,515,000
Ridgeview School District #19	2,280,000	53.97%	1,230,607	3,300,000	53.09%	1,752,069
Village of Heyworth	0	0.00%	0	0	0.00%	0
City of Lexington	890,000	100.00%	890,000	932,000	100.00%	932,000
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	2,880,000	25.49%	734,227	3,855,000	25.00%	963,711
Lexington School District #7	3,910,000	100.00%	3,910,000	4,420,000	100.00%	4,420,000
City of Chenoa	0	0.00%	0	0	0.00%	0
City of El Paso	0	0.00%	0	0	0.00%	0
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	0	0.00%	0	174,000	100.00%	174,000
City of Fairbury	0	0.00%	0	395,000	99.93%	394,724
City of Atlanta	494,000	100.00%	494,000	0	0.00%	0
Chenoa Public Library District	370,000	99.93%	369,730	995,000	97.11%	966,245
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	965,000	96.99%	935,925	0	0.00%	0
Lincoln Rural Fire Protection District	0	0.00%	0	345,000	94.34%	325,466
Lincoln Park District	0	0.00%	0	670,000	100.00%	670,000
Chester-East Lincoln SD #61	230,000	94.55%	217,463	2,075,000	97.61%	2,025,491
Eureka CUSD #140	690,000	100.00%	690,000	0	0.00%	0
Illini Central CUSD #189	2,055,000	97.50%	2,003,687	1,755,000	0.04%	649
Lincoln CHSD #404	0	0.00%	0	1,562,000	89.01%	1,390,305
Lincoln SD #27	1,430,000	0.04%	543	0	0.00%	0
Pontiac CCSD #429	948,200	86.98%	824,744	0	0.00%	0
Pontiac THSD #90	0	0.00%	0	0	0.00%	0
Rooks Creek CCSD #425	0	0.00%	0	0	0.00%	0
West Lincoln-Broadwell SD #92	0	0.00%	0	1,177,000	94.67%	1,114,231
Woodland CUSD #5	1,375,000	93.91%	1,291,249	5,156,000	0.11%	5,775
Flanagan-Cornell CUSD #74	4,842,000	0.13%	6,391	95,000	90.65%	86,114
Logan County	0	0.00%	0	0	0.00%	0
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	0	0.00%	0	0	0.00%	0
LeRoy CUSD #2	0	0.00%	0	6,380,000	0.38%	23,989
Clinton CUSD #15	3,015,000	0.37%	11,216	13,999,000	0.02%	2,940
LeRoy Community Fire Protection District	12,265,000	0.02%	2,698	1,605,000	0.14%	2,215
Octavia Park District	1,520,000	0.14%	2,158	0	0.00%	0
Subtotal	395,114,200		368,407,392	415,625,000		381,632,543
Heartland Community College #540				63,907,045	100.00%	63,907,045
Total	\$395,114,200		\$368,407,392	\$479,532,045		\$445,539,588

# Heartland Community College Community College District #540

## Debt Capacity

## Listing of Direct and Overlapping Bonded Debt (Continued)

## Last Ten Fiscal Years

## (Unaudited)

**TABEL K**  
(Continued)

	2018			2017		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$121,595,000	99.92%	\$121,497,724	\$136,585,000	99.92%	\$136,475,732
Ford County	0	0.00%	0	0	0.00%	0
City of Bloomington	56,085,000	100.00%	56,085,000	57,440,000	100.00%	57,440,000
McLean County Public Building Commission	0	0.00%	0	0	0.00%	0
B/N Airport Authority	10,790,000	100.00%	10,790,000	11,715,000	100.00%	11,715,000
Prairie Central School District #8	1,570,000	69.21%	1,086,597	3,050,000	69.21%	2,110,905
Town of Normal	87,145,000	100.00%	87,145,000	87,145,000	100.00%	87,145,000
Village of Carlock	15,000	100.00%	15,000	25,000	100.00%	25,000
Town of Normal Special Service Area #1	0	0.00%	0	0	0.00%	0
Olympia School District #16	10,950,000	99.97%	10,946,715	13,790,000	99.97%	13,785,863
Bloomington School District #87	53,530,000	100.00%	53,530,000	49,305,000	100.00%	49,305,000
Tri-Valley School District #3	4,480,000	99.91%	4,475,968	4,915,000	99.91%	4,910,577
Heyworth School District #4	5,725,000	100.00%	5,725,000	6,490,000	100.00%	6,490,000
Ridgeview School District #19	1,705,000	48.30%	823,515	2,515,000	48.30%	1,214,745
Village of Heyworth	0	0.00%	0	149,700	100.00%	149,700
City of Lexington	0	0.00%	0	0	0.00%	0
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	4,800,000	24.77%	1,188,960	5,700,000	24.77%	1,411,890
Lexington School District #7	4,900,000	100.00%	4,900,000	5,345,000	100.00%	5,345,000
City of Chenoa	0	0.00%	0	0	0.00%	0
City of El Paso	0	0.00%	0	0	24.77%	0
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	498,000	100.00%	498,000	498,000	100.00%	498,000
City of Fairbury	420,000	79.68%	334,656	440,000	79.68%	350,592
City of Atlanta	0	0.00%	0	0	100.00%	0
Chenoa Public Library District	0	0.00%	0	0	0.00%	0
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	0	0.00%	0	0	0.00%	0
Lincoln Rural Fire Protection District	455,000	97.64%	444,262	570,000	97.64%	556,548
Lincoln Park District	615,000	100.00%	615,000	615,000	100.00%	615,000
Chester-East Lincoln SD #61	2,075,000	99.37%	2,061,928	2,075,000	99.37%	2,061,928
Eureka CUSD #140	0	0.00%	0	0	0.00%	0
Illini Central CUSD #189	2,065,000	0.03%	620	2,575,000	0.03%	773
Lincoln CHSD #404	1,955,000	92.65%	1,811,308	2,270,000	92.65%	2,103,155
Lincoln SD #27	0	0.00%	0	0	0.00%	0
Pontiac CCSD #429	0	0.00%	0	0	0.00%	0
Pontiac THSD #90	0	0.00%	0	0	0.00%	0
Rooks Creek CCSD #425	0	0.00%	0	0	0.00%	0
West Lincoln-Broadwell SD #92	1,471,000	96.54%	1,420,103	1,754,000	96.54%	1,693,312
Woodland CUSD #5	0	0.00%	0	0	0.00%	0
Flanagan-Cornell CUSD #74	0	0.00%	0	0	0.00%	0
Logan County	0	0.00%	0	0	0.00%	0
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	0	0.00%	0	0	0.00%	0
LeRoy CUSD #2	7,185,000	0.46%	33,051	7,605,000	0.46%	34,983
Clinton CUSD #15	13,870,000	0.02%	2,774	14,625,000	0.02%	2,925
LeRoy Community Fire Protection District	1,685,000	1.22%	20,557	1,760,000	1.22%	21,472
Octavia Park District	0	0.00%	0	0	0.00%	0
Subtotal	395,584,000		365,451,738	418,956,700		385,463,100
Heartland Community College #540	75,157,077	100.00%	75,157,077	76,973,512	100.00%	76,973,512
Total	\$470,741,077		\$440,608,815	\$495,930,212		\$462,436,612

# Heartland Community College Community College District #540

## Debt Capacity

## Listing of Direct and Overlapping Bonded Debt (Continued)

## Last Ten Fiscal Years

## (Unaudited)

**TABEL K**  
(Continued)

	2016			2015		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$138,845,000	99.92%	\$138,733,924	\$171,020,000	99.92%	\$170,883,184
Ford County	0	0.00%	0	1,270,000	0.08%	1,016
City of Bloomington	66,705,000	100.00%	66,705,000	71,555,000	100.00%	71,555,000
McLean County Public Building Commission	0	0.00%	0	8,697,489	94.71%	8,237,392
B/N Airport Authority	12,615,000	100.00%	12,615,000	17,190,000	100.00%	17,190,000
Prairie Central School District #8	4,362,277	69.21%	3,019,132	5,154,923	69.21%	3,567,722
Town of Normal	83,530,000	100.00%	83,530,000	84,365,000	100.00%	84,365,000
Village of Carlock	35,000	100.00%	35,000	45,000	100.00%	45,000
Town of Normal Special Service Area #1	0	0.00%	0	0	0.00%	0
Olympia School District #16	15,755,000	99.97%	15,750,274	17,050,000	99.97%	17,044,885
Bloomington School District #87	42,955,000	100.00%	42,955,000	45,955,000	100.00%	45,955,000
Tri-Valley School District #3	5,320,000	99.91%	5,315,212	5,695,000	99.91%	5,689,875
Heyworth School District #4	6,780,000	100.00%	6,780,000	7,660,000	100.00%	7,660,000
Ridgeview School District #19	1,280,000	48.30%	618,240	1,920,000	48.30%	927,360
Village of Heyworth	149,700	100.00%	149,700	149,700	100.00%	149,700
City of Lexington	0	0.00%	0	0	0.00%	0
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	4,445,000	24.77%	1,101,027	4,445,000	24.77%	1,101,027
Lexington School District #7	5,755,000	100.00%	5,755,000	6,090,000	100.00%	6,090,000
City of Chenoa	0	0.00%	0	0	0.00%	0
City of El Paso	221,000	24.77%	54,742	509,000	24.77%	126,079
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	163,000	100.00%	163,000	493,000	100.00%	493,000
City of Fairbury	460,000	79.68%	366,528	480,000	79.68%	382,464
City of Atlanta	15,000	100.00%	15,000	30,000	100.00%	30,000
Chenoa Public Library District	0	0.00%	0	0	0.00%	0
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	0	0.00%	0	0	0.00%	0
Lincoln Rural Fire Protection District	655,000	97.64%	639,542	750,000	97.64%	732,300
Lincoln Park District	610,000	100.00%	610,000	3,600,000	100.00%	3,600,000
Chester-East Lincoln SD #61	2,075,000	99.37%	2,061,928	2,075,000	99.37%	2,061,928
Eureka CUSD #140	0	0.00%	0	0	0.00%	0
Illini Central CUSD #189	2,630,000	0.03%	789	2,890,000	0.03%	867
Lincoln CHSD #404	2,595,000	92.65%	2,404,268	3,200,000	92.65%	2,964,800
Lincoln SD #27	0	0.00%	0	670,000	100.00%	670,000
Pontiac CCSD #429	0	0.00%	0	0	0.00%	0
Pontiac THSD #90	0	0.00%	0	3,825,000	81.81%	3,129,233
Rooks Creek CCSD #425	0	0.00%	0	0	0.00%	0
West Lincoln-Broadwell SD #92	1,185,000	96.54%	1,143,999	1,325,000	96.54%	1,279,155
Woodland CUSD #5	0	0.00%	0	0	0.00%	0
Flanagan-Cornell CUSD #74	0	0.00%	0	0	0.00%	0
Logan County	0	0.00%	0	0	0.00%	0
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	0	0.00%	0	315,000	100.00%	315,000
LeRoy CUSD #2	7,535,000	0.46%	34,661	8,095,000	0.46%	37,237
Clinton CUSD #15	15,805,000	0.02%	3,161	18,860,078	0.02%	3,772
LeRoy Community Fire Protection District	1,830,000	1.22%	22,326	1,900,000	1.22%	23,180
Octavia Park District	0	0.00%	0	0	0.00%	0
Subtotal	424,310,977		390,582,453	497,279,190		456,311,176
Heartland Community College #540	82,206,624	100.00%	82,206,624	81,261,750	100.00%	81,261,750
Total	\$506,517,601		\$472,789,077	\$578,540,940		\$537,572,926

# Heartland Community College Community College District #540

## Debt Capacity

## Listing of Direct and Overlapping Bonded Debt (Continued)

## Last Ten Fiscal Years

## (Unaudited)

**TABEL K**  
(Continued)

	2014			2013		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$175,930,000	99.92%	\$175,792,254	\$179,790,000	99.96%	\$179,718,084
Ford County	1,165,000	0.08%	924	475,000	0.10%	475
City of Bloomington	79,485,000	100.00%	79,485,000	73,360,000	100.00%	73,360,000
McLean County Public Building Commission	8,697,489	94.71%	8,237,126	10,625,282	95.01%	10,095,310
B/N Airport Authority	14,695,000	100.00%	14,695,000	15,080,000	100.00%	15,080,000
Prairie Central School District #8	2,101,000	69.21%	1,454,166	3,976,248	70.17%	2,790,133
Town of Normal	78,055,000	100.00%	78,055,000	78,060,000	100.00%	78,060,000
Village of Carlock	55,000	100.00%	55,000	65,000	100.00%	65,000
Town of Normal Special Service Area #1	0	0.00%	0	4,870,000	100.00%	4,870,000
Olympia School District #16	12,530,000	99.97%	12,526,094	13,670,000	99.97%	13,665,899
Bloomington School District #87	37,795,000	100.00%	37,795,000	39,795,000	100.00%	39,795,000
Tri-Valley School District #3	4,505,000	99.91%	4,500,841	4,875,000	99.88%	4,869,150
Heyworth School District #4	6,810,000	100.00%	6,810,000	7,345,000	100.00%	7,345,000
Ridgeview School District #19	2,660,000	48.30%	1,285,742	2,220,000	82.08%	1,822,176
Village of Heyworth	15,000	100.00%	15,000	30,000	100.00%	30,000
City of Lexington	0	0.00%	0	0	0.00%	0
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	3,795,000	24.77%	939,973	3,795,000	25.10%	952,545
Lexington School District #7	5,380,000	100.00%	5,380,000	5,655,000	100.00%	5,655,000
City of Chenoa	0	0.00%	0	8,700	100.00%	8,700
City of El Paso	0	0.00%	0	0	0.00%	0
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	493,000	100.00%	493,000	175,000	100.00%	175,000
City of Fairbury	500,000	79.68%	398,406	500,000	100.00%	500,000
City of Atlanta	45,000	100.00%	45,000	60,000	100.00%	60,000
Chenoa Public Library District	0	0.00%	0	0	0.00%	0
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	0	0.00%	0	0	0.00%	0
Lincoln Rural Fire Protection District	840,000	97.64%	820,180	925,000	97.96%	906,130
Lincoln Park District	600,000	100.00%	600,000	595,000	100.00%	595,000
Chester-East Lincoln SD #61	2,075,000	99.37%	2,061,903	2,105,000	99.93%	2,103,527
Eureka CUSD #140	0	0.00%	0	0	0.00%	0
Illini Central CUSD #189	3,140,000	0.03%	967	3,375,000	0.04%	1,350
Lincoln CHSD #404	3,200,000	92.65%	2,964,943	3,480,000	90.11%	3,135,828
Lincoln SD #27	670,000	100.00%	670,000	1,085,000	100.00%	1,085,000
Pontiac CCSD #429	95,000	99.28%	94,317	350,000	99.01%	346,535
Pontiac THSD #90	900,000	81.81%	736,320	1,150,000	90.57%	1,041,555
Rooks Creek CCSD #425	0	0.00%	0	25,000	100.00%	25,000
West Lincoln-Broadwell SD #92	1,325,000	96.54%	1,279,094	1,390,000	94.58%	1,314,662
Woodland CUSD #5	0	0.00%	0	0	0.00%	0
Flanagan-Cornell CUSD #74	0	0.00%	0	0	0.00%	0
Logan County	0	0.00%	0	600,000	72.28%	433,680
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	0	0.00%	0	0	0.00%	0
LeRoy CUSD #2	8,325,000	0.46%	38,419	0	0.00%	0
Clinton CUSD #15	18,730,000	0.02%	3,331	0	0.00%	0
LeRoy Community Fire Protection District	1,900,000	1.22%	23,188	0	0.00%	0
Octavia Park District	0	0.00%	0	10,000	100.00%	10,000
Subtotal	476,511,489		437,256,188	459,520,230		449,915,739
Heartland Community College #540	85,700,750	100.00%	85,700,750	84,805,000	100.00%	84,805,000
Total	\$562,212,239		\$522,956,938	\$544,325,230		\$534,720,739

# Heartland Community College Community College District #540

## Debt Capacity

## Listing of Direct and Overlapping Bonded Debt (Continued)

## Last Ten Fiscal Years

## (Unaudited)

**TABEL K**  
(Continued)

	2012			2011		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$183,650,000	99.96%	\$183,576,540	\$193,137,884	99.96%	\$193,060,629
Ford County	580,000	0.10%	580	0	0.00%	0
City of Bloomington	77,145,000	100.00%	77,145,000	73,055,000	100.00%	73,055,000
McLean County Public Building Commission	12,563,993	95.19%	11,959,665	0	0.00%	0
B/N Airport Authority	15,460,000	100.00%	15,460,000	0	0.00%	0
Prairie Central School District #8	5,630,008	70.17%	3,950,577	4,994,576	70.12%	3,502,197
Town of Normal	78,940,000	100.00%	78,940,000	0	0.00%	0
Village of Carlock	75,000	100.00%	75,000	85,000	100.00%	85,000
Town of Normal Special Service Area #1	5,150,000	100.00%	5,150,000	80,000,000	100.00%	80,000,000
Olympia School District #16	13,205,000	99.97%	13,201,039	13,905,802	99.97%	13,901,630
Bloomington School District #87	41,580,000	100.00%	41,580,000	43,195,000	100.00%	43,195,000
Tri-Valley School District #3	5,215,000	99.88%	5,208,742	5,523,460	99.88%	5,516,832
Heyworth School District #4	7,810,000	100.00%	7,810,000	8,005,000	100.00%	8,005,000
Ridgeview School District #19	3,395,000	82.08%	2,786,616	3,500,691	82.08%	2,873,367
Village of Heyworth	45,000	100.00%	45,000	60,000	100.00%	60,000
City of Lexington	0	0.00%	0	0	0.00%	0
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	4,850,000	25.10%	1,217,350	1,460,618	25.10%	366,615
Lexington School District #7	4,470,000	100.00%	4,470,000	4,735,000	100.00%	4,735,000
City of Chenoa	17,400	100.00%	17,400	26,100	100.00%	26,100
City of El Paso	0	0.00%	0	0	0.00%	0
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	345,000	100.00%	345,000	500,000	100.00%	500,000
City of Fairbury	500,000	100.00%	500,000	0	0.00%	0
City of Atlanta	70,000	100.00%	70,000	80,000	100.00%	80,000
Chenoa Public Library District	0	0.00%	0	0	0.00%	0
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	0	0.00%	0	0	0.00%	0
Lincoln Rural Fire Protection District	1,005,000	97.96%	984,498	0	0.00%	0
Lincoln Park District	575,000	100.00%	575,000	0	0.00%	0
Chester-East Lincoln SD #61	88,000	99.93%	87,938	134,900	99.93%	134,806
Eureka CUSD #140	365,000	0.04%	146	287	0.04%	0
Illini Central CUSD #189	3,595,000	0.04%	1,438	1,352	0.04%	1
Lincoln CHSD #404	3,745,000	90.11%	3,374,620	3,599,885	90.11%	3,243,856
Lincoln SD #27	1,490,000	100.00%	1,490,000	1,855,000	100.00%	1,855,000
Pontiac CCSD #429	595,000	99.01%	589,110	821,783	99.01%	813,647
Pontiac THSD #90	1,390,000	90.57%	1,258,923	1,467,234	90.57%	1,328,874
Rooks Creek CCSD #425	50,000	100.00%	50,000	75,000	100.00%	75,000
West Lincoln-Broadwell SD #92	1,450,000	94.58%	1,371,410	1,423,487	94.58%	1,346,334
Woodland CUSD #5	0	0.00%	0	0	0.00%	0
Flanagan-Cornell CUSD #74	0	0.00%	0	0	0.00%	0
Logan County	0	0.00%	0	0	0.00%	0
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	340,000	100.00%	340,000	340,000	100.00%	340,000
LeRoy CUSD #2	0	0.00%	0	0	0.00%	0
Clinton CUSD #15	0	0.00%	0	0	0.00%	0
LeRoy Community Fire Protection District	0	0.00%	0	0	0.00%	0
Octavia Park District	0	0.00%	0	0	0.00%	0
Subtotal	475,384,401		463,631,592	441,983,059		438,099,888
Heartland Community College #540	87,015,000	100.00%	87,015,000	82,280,000	100.00%	82,280,000
Total	\$562,399,401		\$550,646,592	\$524,263,059		\$520,379,888

# Heartland Community College Community College District #540

Demographic and Economic Information

Personal Income Per Capita

Last Ten Fiscal Years

(Unaudited)

TABLE L

Year	District #540 Counties Served	Size of District (2)	District #540 Population (2)	McLean Co. Population	McLean Co. Personal Income	McLean Co. Per Capita Income	McLean Co. Unemployment Rate
2020	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	212,818	171,517	\$5,774,119,805	\$33,665	2.90%
2019	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	213,009	172,828	5,693,472,804	32,943	3.30%
2018	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	214,185	172,290	5,470,552,080	31,752	4.70%
2017	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	207,953	172,418	5,397,545,490	31,305	5.50%
2016	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	207,953	175,890	5,404,747,920	30,728	5.20%
2015	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	207,953	174,061	5,301,898,060	30,460	3.90%
2014	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	208,539	174,647	5,319,747,620	30,460	7.30%
2013	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	208,539	171,166	5,128,133,360	29,960	7.20%
2012	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	208,539	170,556	5,018,610,300	29,425	7.20%
2011	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	208,539	169,572	4,776,334,524	28,167	7.70%

Sources: Heartland Community College Comprehensive Annual Financial Reports, ICCB Summary Profile,  
U.S. Census Bureau - McLean County Personal Income, McLean County Economic Development Council's Demographic Profiles,  
and Illinois Department of Employment Security - Unemployment Rate/McLean County.

Notes:

- (1) Approximately 100% of Heartland Community College District #540 Metropolitan areas lie in McLean County.  
All other counties in District #540 are considered Non-Metropolitan.
- (2) Square miles and population data were obtained from the most recent ICCB Summary Profiles available.
- (3) McLean County population growth for FY 2009 - 2010 was based upon the projected increase in population by 2015 by the Department of Commerce  
and Economic Opportunity, Northern Illinois Planning Commission.  
McLean County population for FY 2011 was based upon the US Census Bureau's 2020 report.  
McLean County population for FY 2012 was based upon the US Department of Commerce 2012.  
McLean County population for FY 2013 and FY 2014 was based upon the ESRI and US Census Bureau population for calendar year 2012 from the B/N EDC Report.
- (4) McLean County Per Capita Income was obtained from demographic information from the US Census Bureau. McLean County Personal Income was calculated by  
multiplying the Per Capita Income by the McLean County Population.

Heartland Community College  
Community College District #540  
Demographic and Economic Information  
Principal Employers  
Last Ten Fiscal Years  
(Unaudited)

TABLE M

Employer	2020			2019			2018			2017			2016		
	Employees	Rank	District #540	Employees	Rank	District #540	Employees	Rank	District #540	Employees	Rank	District #540	Employees	Rank	District #540
			% of Population			% of Population			% of Population			% of Population			% of Population
Anderson Financial Network, Inc. (AFNI)	815	8	0.38%	830	8	0.39%	830	8	0.39%	760	8	0.37%	765	8	0.37%
Advocate Bro Menn Medical Center	1,337	5	0.62%	1,337	6	0.63%	1,305	5	0.61%	1,271	5	0.61%	1,402	5	0.67%
City of Bloomington	667	10	0.31%	715	9	0.34%	679	10	0.32%	691	10	0.33%	0		0.00%
COUNTRY Financial	2,020	3	0.94%	2,034	3	0.95%	1,972	3	0.92%	1,939	3	0.93%	1,910	3	0.92%
District 87 Schools (Bloomington)	686	9		686	10	0.32%	680	9	0.32%	0		0.00%	657	9	0.32%
Illinois State University	3,940	2	1.84%	3,319	2	1.56%	3,281	2	1.53%	3,300	2	1.59%	3,320	2	1.60%
McLean County	817	7	0.38%	846	7	0.40%	835	7	0.39%	713	9	0.34%	829	7	0.40%
Mitsubishi Motor Manufacturing				0		0.00%	0		0.00%	0		0.00%	0		0.00%
OSF St. Joseph Medical Center	1,286	6	0.60%	1,408	5	0.66%	860	6	0.40%	894	6	0.43%	1,364	6	0.66%
State Farm Insurance Companies	14,436	1	6.74%	14,200	1	6.67%	14,731	1	6.88%	14,532	1	6.99%	14,282	1	6.87%
TEK Systems				0		0.00%	0		0.00%	0		0.00%	0		0.00%
Unit 5 Schools (Normal)	1,874	4	0.87%	1,600	4	0.75%	1,761	4	0.82%	1,669	4	0.80%	1,654	4	0.80%
Growmark				0		0.00%	0		0.00%	0		0.00%	0	0	0.00%
Heritage Enterprises				0		0.00%	0		0.00%	0		0.00%	596	10	0.29%
Heartland Bank & Trust				0		0.00%	0		0.00%	763	7	0.37%	0	0	0.00%
Total	27,878		12.70%	26,975		12.67%	26,934		12.58%	26,532		12.76%	26,779		12.90%

Employer	2015			2014			2013			2012			2011		
	Employees	Rank	District #540	Employees	Rank	District #540	Employees	Rank	District #540	Employees	Rank	District #540	Employees	Rank	District #540
			% of Population			% of Population			% of Population			% of Population			% of Population
Anderson Financial Network, Inc. (AFNI)	765	9	0.37%	0		0.00%	700	10	0.34%	778	10	0.37%	900	8	0.43%
Advocate Bro Menn Medical Center	1,372	5	0.66%	791	9	0.38%	1,347	5	0.65%	1,157	6	0.55%	1,522	5	0.73%
City of Bloomington	0		0.00%	765	10	0.37%	0		0.00%	0		0.00%	743	10	0.36%
COUNTRY Financial	1,905	3	0.92%	1,949	3	0.93%	1,955	3	0.94%	2,049	3	0.98%	2,084	3	1.00%
District 87 Schools (Bloomington)	664	10	0.32%	0		0.00%	700	9	0.34%	0		0.00%	0		0.00%
Illinois State University	3,639	2	1.75%	3,289	2	1.58%	3,251	2	1.56%	3,275	2	1.57%	3,259	2	1.56%
McLean County	806	8	0.39%	812	8	0.39%	806	8	0.39%	806	9	0.39%	806	9	0.39%
Mitsubishi Motor Manufacturing	1,280	6	0.62%	1,251	5	0.60%	1,294	6	0.62%	1,270	5	0.61%	1,278	6	0.61%
OSF St. Joseph Medical Center	1,225	7	0.59%	1,012	7	0.49%	1,028	7	0.49%	832	8	0.40%	1,140	7	0.55%
State Farm Insurance Companies	14,109	1	6.78%	14,765	1	7.08%	14,935	1	7.16%	14,528	1	6.97%	14,450	1	6.93%
TEK Systems	0		0.00%	1,131	6	0.54%	0		0.00%	0		0.00%	0		0.00%
Unit 5 Schools (Normal)	1,549	4	0.74%	1,576	4	0.76%	1,674	4	0.80%	1,754	4	0.84%	1,826	4	0.88%
Growmark	0		0.00%	0		0.00%	0		0.00%	932	7	0.45%	0		0.00%
Heritage Enterprises	0		0.00%	0		0.00%	0		0.00%	0		0.00%	0		0.00%
Heartland Bank & Trust	0		0.00%	0		0.00%	0		0.00%	0		0.00%	0		0.00%
Total	27,314		13.14%	27,341		13.12%	27,690		13.29%	27,381		13.13%	28,008		13.44%

Sources: Heartland Community College Comprehensive Annual Financial Reports and Bloomington-Normal Economic Development Council.

Note: Approximately 100% of Heartland Community College District No. 540 metropolitan areas lie in McLean County. All other counties in District No. 540 are considered Nonmetropolitan for purposes of this table.



# Heartland Community College

## Community College District #540

Demographic and Economic Information  
 Property Values, Construction, and Bank Deposits  
 Last Ten Fiscal Years  
 (Dollars in Thousand)  
 (Unaudited)

**TABLE N**

<b>Fiscal Year</b>	<b>District #540 Property Value</b>	<b>McLean Co Construction</b>	<b>McLean Co. Bank Deposits</b>
2020	\$13,813,586	\$186,535	\$13,842,304
2019	13,584,883	44,166	13,926,434
2018	13,399,281	64,587	14,573,979
2017	13,272,314	136,797	13,824,988
2016	12,942,335	72,605	13,377,016
2015	12,721,466	76,518	13,362,905
2014	12,462,896	92,567	13,362,905
2013	12,394,911	48,823	12,453,121
2012	12,483,713	62,499	12,440,671
2011	12,354,349	62,284	12,415,000

Sources: Heartland Community College Comprehensive Annual Financial Reports, College Records, McLean County Economic Development Council, U.S. Census Bureau-McLean County Construction and BN Economic Development Council, and Summary of of Deposits @fdic.gov

Notes: Approximately 100% of Heartland Community College District #530 Metropolitan areas lie in McLean County. All other counties in District #540 are considered Nonmetropolitan.

# Heartland Community College

## Community College District #540

Operating Information  
 Number of Employees  
 Last Ten Fiscal Years  
 (Unaudited)

**TABLE O**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Faculty:					
Full-time	84	84	86	85	85
Part-time	1,688	175	187	179	172
<b>Total faculty</b>	<b>\$1,772</b>	<b>\$259</b>	<b>\$273</b>	<b>\$264</b>	<b>\$257</b>
Staff:					
Administrative	72	68	65	63	66
Classified	67	48	49	48	46
Professional/technical	81	93	91	94	88
<b>Total staff</b>	<b>\$220</b>	<b>\$209</b>	<b>\$205</b>	<b>\$205</b>	<b>\$200</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Faculty:					
Full-time	89	90	93	95	94
Part-time	186	187	172	232	213
<b>Total faculty</b>	<b>\$275</b>	<b>\$277</b>	<b>\$265</b>	<b>\$327</b>	<b>\$307</b>
Staff:					
Administrative	68	65	69	66	57
Classified	51	53	63	67	62
Professional/technical	89	94	96	100	98
<b>Total staff</b>	<b>\$208</b>	<b>\$212</b>	<b>\$228</b>	<b>\$233</b>	<b>\$217</b>

Sources: Heartland Community College Comprehensive Annual Financial Reports  
 and College Records

Heartland Community College  
Community College District #540  
Operating Information  
Student Credit Hours by Enrollment Categories  
Last Ten Fiscal Years  
(Unaudited)

**TABLE P**

<b>Funding Category</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Baccalaureate	64,986	66,436	69,554	68,203	69,754
Business occupational	2,009	2,155	2,365	2,580	2,513
Technical occupational	4,360	4,647	5,207	5,056	4,029
Health occupational	5,867	5,733	5,856	5,417	4,552
Remedial developmental	5,223	6,102	7,553	8,309	8,720
Adult basic education/adult secondary education	5,853	6,883	7,325	6,042	7,711
<b>Total</b>	<b>88,298</b>	<b>91,956</b>	<b>97,860</b>	<b>95,607</b>	<b>97,279</b>

<b>Funding Category</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Baccalaureate	67,943	68,374	71,611	80,036	77,170
Business occupational	2,282	3,134	3,413	3,404	3,571
Technical occupational	4,154	4,381	4,039	4,362	5,144
Health occupational	5,090	5,359	5,353	5,614	6,053
Remedial developmental	9,649	10,371	11,093	12,138	11,770
Adult basic education/adult secondary education	10,052	9,260	8,899	6,006	4,806
<b>Total</b>	<b>99,170</b>	<b>100,879</b>	<b>104,408</b>	<b>111,560</b>	<b>108,514</b>

Source: College Records

# Heartland Community College

## Community College District #540

Operating Information  
 Student Enrollment Demographic Statistics  
 Last Ten Fiscal Years  
 (Unaudited)

**TABLE Q**

<b>Fiscal Year</b>	<b>Fall Enrollment</b>	<b>Full-Time Equivalent</b>	<b>Male</b>	<b>Female</b>	<b>Full-Time</b>	<b>Part-Time</b>	<b>Average Class Size</b>	<b>Average Class Size and Labs</b>
2020	4,974	2,978	2,182	2,792	1,832	3,142	16.80	190
2019	5,063	3,055	2,270	2,793	1,884	3,179	16.64	193
2018	5,193	3,241	2,401	2,792	2,127	3,066	17.10	191
2017	5,282	3,219	2,318	2,655	2,153	3,129	17.21	179
2016	5,298	3,477	2,375	2,923	2,168	3,130	16.72	179
2015	286	3,418	2,413	2,873	2,073	3,213	16.70	179
2014	5,215	3,319	2,414	2,801	2,241	2,941	18.97	179
2013	5,456	3,459	2,529	2,927	2,452	3,004	18.01	179
2012	5,610	3,632	2,616	2,994	2,591	3,019	18.42	179
2011	5,459	3,508	2,545	2,914	2,599	2,860	17.30	179

<b>Fiscal Year</b>	<b>Continuing Students</b>	<b>First Time College Level Students</b>	<b>Nondegree Seeking</b>	<b>Transfer Students</b>	<b>High School Students</b>	<b>In District Residents</b>	<b>Median Age</b>	<b>Degrees Conferred</b>
2020	1,756	756	1,569	415	843	3,989	20	1,195
2019	1,875	740	1,670	445	830	3,991	21	1,143
2018	2,056	748	1,214	88	615	4,082	21	1,103
2017	2,145	734	991	538	616	4,129	21	1,088
2016	2,606	498	1,077	550	552	4,215	21	696
2015	2,485	861	960	332	531	4,692	21	639
2014	3,435	783	523	474	141	4,288	21	700
2013	2,532	1,019	824	663	210	4,341	21	654
2012	2,568	1,062	868	709	NA	4,346	21	723
2011	2,514	1,019	870	668	NA	4,192	21	718

Source: College Records, ICCB E1 and A2 Reports, and IPEDS Fall Enrollment Report.  
 NA - data not available

# Heartland Community College

## Community College District #540

Operating Information  
Capital and Other Assets Statistics  
Last Ten Fiscal Years  
(Unaudited)

**TABLE R**

	2020	2019	2018	2017	2016
Net capital assets:					
Land	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528
Furniture and equipment	4,337,714	4,622,152	4,502,625	4,414,574	4,936,327
Buildings	84,527,813	87,552,254	90,254,397	93,325,449	96,325,700
Infrastructure	6,819,279	6,741,336	7,562,628	8,298,524	9,065,358
Other assets (tower leases)	231,671	288,705	345,739	152,027	1,685,453
Construction in progress	495,524	402,841	79,346	102,958	102,958
Total net capital assets	\$100,893,529	\$104,088,816	\$107,226,263	\$110,775,060	\$116,597,324

Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	4,600,676	4,544,453	4,491,303	4,533,451	4,587,293
Amortization expense (tower leases)	57,034	24,328	24,328	13,426	13,426

	2015	2014	2013	2012	2011
Net capital assets:					
Land	\$4,481,528	\$4,368,661	\$4,368,661	\$4,368,661	\$4,368,661
Furniture and equipment	5,312,171	5,816,802	6,322,035	6,880,156	2,278,654
Buildings	99,325,951	102,264,528	103,141,471	106,121,515	106,546,605
Infrastructure	9,887,357	10,080,223	13,001,026	11,779,288	9,777,203
Other assets (tower leases)	178,879	192,305	205,732	219,158	232,584
Construction in progress	102,958	564,957	139,573	84,849	281,167
Total net capital assets	\$119,288,844	\$123,287,476	\$127,178,498	\$129,453,627	\$123,484,874

Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	4,638,829	4,710,573	4,722,293	4,430,553	3,619,928
Amortization expense (tower leases)	13,426	13,426	13,426	0	4,916

Source: College Records

Heartland Community College  
Community College District #540  
Operating Information  
Capital Asset Statistics - School Building Information  
Last Ten Years  
(Unaudited)

TABLE S

Capital Asset Type	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Land - acres	145.05	145.05	145.05	145.05	145.05	142.45	142.45	142.45	142.45	45.00
Furniture and equipment - No of Units:										
Education	93	92	92	96	97	110	112	117	116	123
Operations and maintenance	23	23	23	18	18	19	19	18	14	12
Operations and maintenance restricted	64	64	64	65	65	65	67	68	68	85
Restricted purposes	349	327	291	274	266	244	230	219	193	185
Liability, protection & settlement	19	19	19	11	11	8	7	7	7	6
Total furniture and equipment units	548	525	489	464	457	446	435	429	398	411
Buildings - square feet:										
Instructional commons building	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666
Instructional commons north building	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350
Astroth continuing education center	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751
Child development lab	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100
Fitness and recreation center	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784
Receiving and storage building	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556
Physical plant building	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436
Community commons building	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191
Student commons building	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182
Parkside project building	1,134	1,134	1,134	1,134	1,134	1,134	0	0	0	0
Workforce development center	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425
Total building square footage	525,575	525,575	525,575	525,575	525,575	525,575	524,441	524,441	524,441	524,441
Infrastructure - No. of improvements:										
Education	1	1	1	1	1	1	0	0	0	0
Operations and maintenance	15	14	12	11	11	11	9	9	8	6
operations and maintenance restricted	24	22	19	18	17	17	13	12	11	11
Auxiliary	1	1	1	1	1	1	1	1	1	1
Restricted purposes	10	8	8	8	8	8	7	6	4	2
Liability, protection & settlement	1	1	1	1	1	0	0	0	0	0
Total infrastructure improvements	52	47	42	40	39	38	30	28	24	20
Construction in progress - No of buildings/projects:										
Building/projects	6	8	4	2	2	2	4	2	2	4
Capital assets disposed - No. of units	3	0	17	1	15	8	13	0	28	3

Source: College records

Heartland Community College  
Community College District #540

Operating Information

Equalized Assessed Valuations and Taxes Extended and Collected

Last Ten Years

(Unaudited)

TABLE T

	2019 Levy	2018 Levy	2017 Levy	2016 Levy	2015 Levy	2014 Levy	2013 Levy	2012 Levy	2011 Levy	2010 Levy
Equalized assessed valuation:										
DeWitt County	\$13,512,358	\$12,659,114	\$11,953,163	\$11,369,364	\$10,948,245	\$10,451,830	\$9,985,298	\$9,661,719	\$9,257,216	\$8,821,882
Ford County	287,850	258,270	244,000	223,770	219,550	205,650	196,500	187,310	179,260	171,980
Livingston County	352,536,420	342,122,329	331,881,287	325,462,512	313,498,012	300,293,602	302,920,748	304,334,001	304,891,479	298,191,608
Logan County	380,981,208	365,751,847	359,332,526	357,942,786	351,084,777	339,880,292	322,332,191	314,407,415	310,343,406	311,309,611
McLean County	3,755,926,691	3,708,384,369	3,663,250,300	3,632,459,522	3,542,390,690	3,494,423,465	3,424,724,043	3,410,957,250	3,447,174,824	3,411,002,045
Tazewell County	101,298,412	99,118,484	97,680,932	96,640,561	95,970,392	95,233,944	94,140,046	92,089,186	89,391,569	88,619,318
Total	\$4,604,542,939	\$4,528,294,413	\$4,464,342,208	\$4,424,098,515	\$4,314,111,666	\$4,240,488,783	\$4,154,298,826	\$4,131,636,881	\$4,161,237,754	\$4,118,116,444
Tax rates (per \$100 of equalized assessed valuation):										
Educational Fund	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500
Operations and Maintenance Fund	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000
Audit Fund	0.00284	0.00309	0.00337	0.00324	0.00316	0.00307	0.00314	0.00350	0.00327	0.00300
Liability, Protection and Settlement Fund	0.05813	0.05967	0.06014	0.05809	0.05551	0.05649	0.06092	0.06770	0.05901	0.05513
Bond and Interest Fund	0.22703	0.29323	0.29165	0.22198	0.19279	0.17681	0.17880	0.16860	0.15971	0.16256
Operations and Maintenance Fund (Restricted)	0.00329	0.00000	0.00549	0.00565	0.00116	0.00118	0.00094	0.00061	0.00264	0.00096
Equity Tax	0.06550	0.00000	0.00000	0.07470	0.06530	0.04310	0.03281	0.02650	0.02710	0.02650
Total	0.58179	0.58099	0.58565	0.58866	0.54292	0.50565	0.50161	0.49191	0.47673	0.47315
Taxes extended:										
Educational Fund	\$8,019,993	\$7,924,505	\$7,816,599	\$7,742,172	\$7,549,695	\$7,420,855	\$7,270,023	\$7,230,365	\$7,282,166	\$7,206,704
Operations and Maintenance Fund	2,291,427	2,264,144	2,232,171	2,212,049	2,157,053	2,120,244	2,077,149	2,065,818	2,080,619	2,059,058
Audit Fund	130,153	140,000	150,491	143,325	136,500	130,000	130,000	142,704	135,909	123,554
Liability, Protection and Settlement Fund	2,664,012	2,702,100	2,685,100	2,570,000	2,395,000	2,395,000	2,530,799	2,797,118	2,456,000	2,270,000
Bond and Interest Fund	10,404,451	13,278,220	13,020,240	9,820,175	8,317,214	7,497,650	7,428,025	6,967,310	6,646,020	6,694,465
Operations and Maintenance Fund (Restricted)	150,776	0	245,000	250,000	50,000	50,000	38,800	25,355	110,000	39,600
Equity Tax	3,001,769	0	0	3,304,802	2,817,118	1,827,651	1,363,840	1,095,717	1,127,695	1,091,301
Total	\$26,662,581	\$26,308,969	\$26,149,601	\$26,042,523	\$23,422,580	\$21,441,400	\$20,838,636	\$20,324,387	\$19,838,409	\$19,484,682

Heartland Community College  
Community College District #540  
Operating Information  
Summary of Taxes Receivable and Tax Collections  
Year ended June 30, 2020  
(Unaudited)

TABLE U

	2019 Levy	2018 Levy
Assessed valuations	\$4,604,542,939	\$4,528,294,413
Combined rate per \$100	0.58179	0.58099
Taxes extended	\$26,662,581	\$26,308,945
Total collected to June 30, 2018	\$0	\$0
Collected during year ended June 30, 2019	9,237,214	11,317,728
Total collected to June 30, 2019	\$9,237,214	\$11,317,728
Write-offs	\$0	\$0
Balance at June 30, 2019	\$17,425,367	\$14,991,217
Percent collected through June 30, 2019	34.64%	43.02%
Balance by funds:		
Education	7,254,707	
Operations and maintenance	1,508,253	
Operations and maintenance restricted	98,404	
Bond and Interest	6,800,095	
Audit	84,913	
Liability, protection, and settlement	1,741,164	
Total	\$17,487,536	



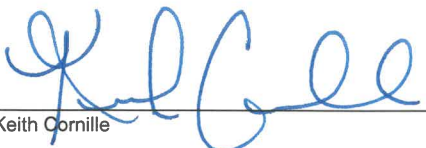
## **SUPPLEMENTAL INFORMATION SECTION**

**CERTIFICATION OF CHARGEBACK REIMBURSEMENT  
FOR FISCAL YEAR 2021  
Prepared: September 24, 2020**

LINE NO.	FUND/DESCRIPTION	NON-CAPITAL OPER. EXPENSES
1	EDUCATION FUND	\$27,278,139
2	OPER & MAINT FUND	2,149,919
3	PBC O&M FUND	
4	BOND AND INTEREST	1,935,330
5	PBC RENTAL FUND	
6	RESTRICTED PURPOSES	21,996,543
7	AUDIT FUND	136,768
8	LIABILITY, PROTECTION, SET	2,571,024
9	AUXILIARY ENTERPRISES (subsidy only)	0
10	TOTAL NON-CAPITAL EXPENDS	\$56,067,723
11	DEPRECIATION ON CAPITAL OUTLAY FROM SOURCES OTHER THAN STATE/FEDERAL	88,615
12	TOTAL COSTS INCLUDED	\$56,156,338
13	TOTAL CERTIFIED SEMESTER CREDIT HOURS FOR FY 2020	88,296
14	PER CAPITA COST	\$636
15	ALL FY2020 STATE/FEDERAL OPERATING GRANTS FOR NON-CAPITAL EXPENDITURES, EXCEPT ICCB GRANTS	\$10,513,928
16	FY 2020 STATE/FEDERAL GRANTS PER SEMESTER CREDIT HOUR	\$119
17	DISTRICT'S AVERAGE ICCB FY 2020 GRANT RATE	\$35
18	DISTRICT'S STUDENT TUITION AND FEE RATE PER SEMESTER CREDIT HOUR FOR FY2021	\$163
	CHARGEBACK REIMBURSEMENT PER SEMESTER CREDIT HOUR	\$319

Approved:   
Vice President, Finance and Administration - Letisha Trepac

Date: 10-1-2020

Approved:   
President - Keith Cornille

Date: 10/1/20

Heartland Community College  
Community College District #540  
Consolidated Year-End Financial Report  
For the year ended June 30, 2020

---

CSFA Number	Program Name	State	Federal	Other	Total
586-18-0409	Child and Adult Care Food Program	\$0	\$10,182	\$0	\$10,182
588-00-1448	Public Assistance Grant	0	36,699	0	36,699
601-00-1591	Nurse Educator Fellowship	10,000	0	0	10,000
684-00-0465	Career and Technical Education	0	168,561	0	168,561
684-00-0818	Illinois Veteran's Grant	136,502	0	0	136,502
684-00-0820	Career and Technical Education Formula Grants	164,120	0	0	164,120
684-00-0824	Adult Education - State Basic and State Performance	364,810	0	0	364,810
684-00-0825	Base Operating Grants	2,883,440	0	0	2,883,440
684-00-0826	Equalization Grant	50,000	0	0	50,000
684-00-1574	Perkins CTE Leadership	0	38,201	0	38,201
684-01-1625	Adult Education Basic Grants to States - Federal	0	245,399	0	245,399
684-01-1625	Performance Funding Grant (ICCB)	62,065	0	0	62,065
684-01-1670	Innovative Bridge and Transition Grant	192,596	0	0	192,596
691-00-1381	Monetary Award Program	851,278	0	0	851,278
	Other grant program and activities	0	9,553,681	0	9,553,681
	All other costs not allocated	0	0	47,718,453	47,718,453
Total		\$4,714,811	\$10,052,723	\$47,718,453	\$62,485,987

**ILLINOIS COMMUNITY COLLEGE BOARD (ICCB)  
STATE GRANTS SECTION**

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

Board of Trustees  
Heartland Community College  
Community College District #540  
Normal, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants of Heartland Community College, Community College District #540 (the "College"), which comprise of the statement of net position as of and for the year ended June 30, 2020, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between the College and the State of Illinois and Illinois Community College Board (ICCB).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Adult Education and Family Literacy Grants of Heartland Community College District #540 as of June 30, 2020, 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 Heartland Community College, Community College District #540 as of June 30, 2020, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

## **Other 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.

## **Compliance**

In connection with our audit, we discovered an instance of noncompliance as described in the schedule of ICCB grant programs findings and responses as item 2020-001. However, nothing came to our attention that caused us to believe that the College failed to materially comply with the provisions of laws, regulations, contracts and grants between the College and the State of Illinois and the Illinois Community College Board (ICCB). However, our audit was not directed primarily toward obtaining knowledge of all such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the College's noncompliance with the above referenced laws, regulations, contracts and grants. We also believe that the College is materially in compliance with the provisions of laws, contracts, and ICCB policy guidelines with respect to restricted grants.

## **College's Response to Findings**

The College's response to the finding identified in our audit is described in the accompanying schedule of ICCB grant programs findings and responses. The College's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*Wipfli LLP*

Sterling, Illinois  
October 14, 2020

Heartland Community College  
Community College District #540  
Adult Education and Family Literacy Grant  
Statement of Net Position  
For the year ended June 30, 2020

---

<b>Assets</b>	<b>State Basic</b>	<b>Performance</b>	<b>Total</b>
Receivable	\$24,932	\$13,104	\$38,036
<b>Liabilities</b>			
Due to District	\$24,932	\$13,104	\$38,036
Net Position	\$0	\$0	\$0

See Accompanying Note to ICCB Grant Programs Financial Statements.

# Heartland Community College

## Community College District #540

Adult Education and Family Literacy Grant

Statement of Revenues, Expenditures, and Changes in Net Position

Year ended June 30, 2020

	State Basic	Performance	Total
Revenue -			
State sources	\$239,518	\$125,292	\$364,810
Expenditures by program:			
All other instructional types	182,950	0	182,950
Social work services	14,219	0	14,219
Guidance services	12,748	0	12,748
Assessment and testing	8,751	0	8,751
Literacy services	1,445	0	1,445
Subtotal instructional and student services	220,113	0	220,113
Improvement of instructional services	570	12,092	12,662
General administration	1,709	65,523	67,232
Data and information services	17,126	47,677	64,803
Subtotal program support	19,405	125,292	144,697
Total expenditures	239,518	125,292	364,810
Excess of revenue over expenditures	0	0	0
Net position, beginning of year	0	0	0
Net position, end of year	\$0	\$0	\$0



Heartland Community College  
Community College District #540

Adult Education and Family Literacy Grant

Expenditure Amounts and Percentages for ICCB Grant Funds Only

Year ended June 30, 2020

---

	<b>Audited Expenditure Amount</b>	<b>Actual Expenditure Percentage</b>
State Basic		
Instruction (45% minimum required)	182,950	76%
General administration (20% maximum allowed)	19,405	8%

## **ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS**

State Basic: Grant awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and over or persons under the age of 21 and not otherwise in attendance in public school for the purpose of providing adults in the community, and other instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high schools and for Americanization and General Education Development Review classes. Included in this grant are funds for support services, such as student transportation and childcare facilities or provision.

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

**Note 1     Summary of Significant Accounting Policies**

**General**

The accompanying statements include only those transactions resulting from the ICCB Adult Education and Family Literacy Grants of the College. These transactions have been accounted for in the Restricted Purposes Fund.

**Basis of Accounting**

The statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

**Fixed Assets**

Fixed asset purchases are recorded as capital outlay and not capitalized. 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.

Heartland Community College  
Community College District #540  
Schedule of ICCB Grant Programs Findings and Responses

---

**Finding 2020-001:**

Criteria – The Adult Education and Family Literacy Grants follow the 34 CFR Education Department General Administrative Regulations (EDGAR). As part of EDGAR, elements of 2 CFR Part 200 (Uniform Guidance) are included in the regulations required to be adhered to. According to 2 CFR 200.403(a), a cost must “be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles”.

Condition – The College charged \$43.92 of party supplies for a Thanksgiving Party for Adult Education students to the Adult Education and Family Literacy – State Performance Grant.

Cause – Illinois Community College Board does not believe that the purchase of supplies for any type of food event qualifies as “necessary and reasonable” for the performance of the grant.

Effects or Potential Effects – The College charged unallowable costs to the State Performance Grant.

Auditor’s Recommendation – Management should return \$43.92 to the Illinois Community College Board.

View of responsible officials and planned corrective actions - Heartland Community College (HCC) acknowledges Wipfli’s GAS finding (referenced above) regarding the criteria of the Adult Education and Family Literacy Grants following the 34 CFR Education Department General Administrative Regulations (EDGAR) . HCC will implement all EDGAR criteria in the future and has corrected the expenditure in our fiscal year 2020 general ledger. HCC will correct the issue by submitting a payment to the Illinois Community College Board for \$43.92.

Respectfully,

Sharon McDonald, CPA, Controller  
Heartland Community College

**INDEPENDENT ACCOUNTANT'S REPORT ON ENROLLMENT DATA  
AND OTHER BASES UPON WHICH CLAIMS ARE FILED**

Board of Trustees  
Heartland Community College  
Community College District #540  
Normal, Illinois

We have examined management of Heartland Community College, Community College District #540's (the "College") assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Heartland Community College, Community College District #540, during the period July 1, 2019 through June 30, 2020. The College's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the College's compliance with the specified requirement based on our examination.

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

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

In our opinion, management's assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Heartland Community College, Community College District #540, is fairly stated, in all material respects.

*Wipfli LLP*

Sterling, Illinois  
October 14, 2020

Heartland Community College  
Community College District #540

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

Total Reimbursable Semester Credit Hours by Term								
(Notes 1 and 2) Categories	Summer		Fall		Spring		(Note 3) Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	7,474.0	0.0	29,667.5	0.0	27,844.0	0.0	64,985.5	0.0
Business Occupational	238.0	0.0	587.0	224.0	888.0	71.5	1,713.0	295.5
Technical Occupational	187.0	0.0	1,638.0	0.0	2,534.5	0.0	4,359.5	0.0
Health Occupational	456.0	0.0	1,791.5	393.0	2,986.0	240.0	5,233.5	633.0
Remedial Developmental	426.0	0.0	3,117.0	0.0	1,680.0	0.0	5,223.0	0.0
Adult Basic Education/ Adult Secondary Education	27.0	170.0	1,960.5	1,165.0	806.0	1,724.5	2,793.5	3,059.5
Total credit hours certified	8,808.0	170.0	38,761.5	1,782.0	36,738.5	2,036.0	84,308.0	3,988.0

	Attending In-District		Attending Out-of-District on Chargeback or Contractual Agreement	Total
	Unrestricted	Restricted		
Semester credit hours (all terms)	67,205.5	3,573.5	0.0	70,779.0
	Dual Credit		Dual Enrollment	
Reimbursable Semester Credit Hours(All Terms)	10,126.0		446.0	

District equalized assessed valuation

\$4,528,288,413

Signatures

  
Vice President, Finance and Administration

  
Chief Executive Officer

Note 1: Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements.

Note 2: Restricted credit hours are supported with more than 50% of restricted sources of funding.

Note 3: Total of unrestricted and restricted should equal the S - 3 record totals.

Heartland Community College  
Community College District #540

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed - Continued  
Year ended June 30, 2020

Reconciliation of Total Semester Credit Hours

	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Categories						
Baccalaureate	64,985.50	64,985.50	-	-	-	-
Business Occupational	1,713.00	1,713.00	-	295.50	295.50	-
Technical Occupational	4,359.50	4,359.50	-	-	-	-
Health Occupational	5,233.50	5,233.50	-	633.00	633.00	-
Remedial Developmental	5,223.00	5,223.00	-	-	-	-
Adult Basic Education/ Adult Secondary Education	2,793.50	2,793.50	-	3,059.50	3,059.50	-
	84,308.00	84,308.00	-	3,988.00	3,988.00	-

Reconciliation of In-District/Chargeback and Cooperative/ Contractual Agreement Credit Hours

	Total Attending	Total Attending as Certified to the ICCB	Difference
In-district residents	70,779.00	70,779.00	-
Out-of-district on chargeback or contractual agreement	-	-	-
Total	70,779.00	70,779.00	-

	Total Reimbursable	Total Reimbursable Certified to the ICCB	Difference
Dual Credit	10,126.0	10,126.0	0.0
Dual Enrollment	446.0	446.0	
	0.0	0.0	0.0
Total	10,572.0	10,572.0	0.0

	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Categories			
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupational	-	-	-
Health Occupational]	-	-	-
Remedial Developmental	-	-	-
Adult Basic Education/ Adult Secondary Education	-	-	-
Total	-	-	-

# Heartland Community College

## Community College District #540

### Documentation of Residency Verification Steps (Unaudited)

---

Every credit student must submit an application to the College 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 Records Department 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 enrolment 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 changes in our online system.

The student's signature on the forms mentioned above indicates that he/she is able to produce appropriate documentation to certify 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



## **UNIFORM FINANCIAL STATEMENT SECTION**

### **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 College'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 Fixed Assets and 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

# Heartland Community College

## Community College District #540

Uniform Financial Statement No. 1

All Funds Summary

Year ended June 30, 2020

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)
Fund balance at July 1, 2019	\$10,575,434	\$5,054,718	\$574,120
Revenues:			
Local taxes	7,904,909	3,118,475	0
All other local government	0	0	0
ICCB grants	3,159,625	0	0
All other state revenue	0	0	0
Federal revenue	0	0	0
Student tuition and fees	15,446,868	0	0
On-behalf CIP	0	0	0
On-behalf SURS	0	0	0
All other revenue	1,266,482	76,352	13,185
Total revenue	27,777,884	3,194,827	13,185
Expenditures:			
Instruction	12,726,929	0	0
Academic support	1,347,580	0	0
Student services	2,488,062	0	0
Public service/continuing education	1,632,982	0	0
Auxiliary services	0	(25,464)	0
Operation and maintenance	506	2,061,910	274,601
Institutional support	5,911,765	81,610	2,778,101
Scholarships, student grants, and waivers	3,162,213	0	0
Total expenditures	27,270,037	2,118,056	3,052,702
Net transfers	(379,005)	(983,368)	3,778,102
Fund balance June 30, 2020	\$10,704,276	\$5,148,121	\$1,312,705

# Heartland Community College

## Community College District #540

Uniform Financial Statement No. 1

All Funds Summary (Continued)

Year ended June 30, 2020

	Bond and Interest Fund	Auxiliary Enterprise Fund	Restricted Purpose Fund
Fund balance at July 1, 2019	\$1,241,736	\$186,921	\$4,140,824
Revenues:			
Local taxes	13,276,246	0	0
All other local government	0	0	0
ICCB grants	0	0	693,865
All other state revenue	0	0	989,255
Federal revenue	0	10,182	10,042,541
Student tuition and fees	0	1,311,541	0
On-behalf CIP	0	0	765,404
On-behalf SURS	0	0	13,779,219
All other revenue	87,513	583,056	95,070
Total revenue	13,363,759	1,904,779	26,365,354
Expenditures:			
Instruction	0	0	9,556,662
Academic support	0	261,815	990,382
Student services	0	0	1,891,610
Public service/continuing education	0	0	804,860
Auxiliary services	0	1,498,840	785,777
Operation and maintenance	0	0	2,128,229
Institutional support	1,935,331	2,307	13,317,756
Scholarships, student grants, and waivers	0	618,808	9,724,281
Total expenditures	1,935,331	2,381,770	39,199,557
	(11,476,167)	320,184	8,796,886
Fund balance June 30, 2020	\$1,193,997	\$30,114	\$103,507

# Heartland Community College

## Community College District #540

Uniform Financial Statement No. 1

All Funds Summary (Continued)

Year ended June 30, 2020

	Working Cash Fund	Audit Fund	Liability Protection Funds	Total
Fund balance at July 1, 2019	\$3,900,000	\$108,371	\$433,253	\$26,215,377
Revenues:				
Local taxes	0	140,026	2,698,878	27,138,534
All other local government	0	0	0	0
ICCB grants	0	0	0	3,853,490
All other state revenue	0	0	0	989,255
Federal revenue	0	0	0	10,052,723
Student tuition and fees	0	0	0	16,758,409
On-behalf CIP	0	0	0	765,404
On-behalf SURS	0	0	0	13,779,219
All other revenue	56,632	1,680	23,175	2,203,145
Total revenue	56,632	141,706	2,722,053	75,540,179
Expenditures:				
Instruction	0	0	156,366	22,439,957
Academic support	0	0	121,828	2,721,605
Student services	0	0	12,199	4,391,871
Public service/continuing education	0	0	4,181	2,442,023
Auxiliary services	0	0	117,847	2,377,000
Operation and maintenance	0	0	1,023,749	5,488,995
Institutional support	0	136,768	1,134,633	25,298,271
Scholarships, student grants, and waivers	0	0	0	0
	0	0	0	13,505,302
Total expenditures	0	136,768	2,570,803	78,665,024
	(56,632)	0	0	0
Fund balance June 30, 2020	\$3,900,000	\$113,309	\$584,503	\$23,090,532

# Heartland Community College

## Community College District #540

Uniform Financial Statement No. 2  
Summary of Capital Assets and Debt  
Year ended June 30, 2020

	Balance June 30, 2019	Additions	Transfers & Deletions	Balance June 30, 2020
Capital assets:				
Land and site improvements	\$4,481,528	\$0	\$0	\$4,481,528
Construction in progress	402,841	434,898	(342,215)	495,524
Furniture and equipment	15,045,326	366,857	(33,499)	15,378,684
Buildings, additions, and improvements	121,213,674	0	0	121,213,674
Infrastructure	18,292,357	660,668	342,215	19,295,240
Total fixed assets	159,435,726	1,462,423	(33,499)	160,864,650
Accumulated depreciation	55,635,615	4,600,676	(33,499)	60,202,792
Net capital assets	\$103,800,111	(\$3,138,253)	\$0	\$100,661,858
Fixed debt:				
General obligation bonds	\$58,120,000	\$10,135,000	(\$11,155,000)	\$57,100,000
Capital lease obligations	25,739	0	(9,773)	15,966
OPEB liability	17,967,825	355,839	0	18,323,664
Total fixed liabilities	\$76,113,564	\$10,490,839	(\$11,164,773)	\$97,769,176

# Heartland Community College

## Community College District #540

Uniform Financial Statement No. 3  
Operating Fund Revenue and Expenditures  
Year ended June 30, 2020

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government revenue:			
Local taxes	\$7,904,909	\$2,258,511	\$10,163,420
Corporate personal property replacement tax	0	859,964	859,964
Total local government	7,904,909	3,118,475	11,023,384
State government:			
ICCB base operating grant	2,883,440	0	2,883,440
ICCB equalization grant	50,000	0	50,000
ICCB career and technical education	164,120	0	164,120
ICCB performance grant	62,065	0	62,065
Total state government	3,159,625	0	3,159,625
Federal government - Department of Education	0		0
Student tuition and fees:			
Tuition	14,926,172	0	14,926,172
Fees	520,696	0	520,696
Total student tuition and fees	15,446,868	0	15,446,868
Other sources:			
Sales and service fees	748,672	0	748,672
Facilities revenue	107,544	0	107,544
Investment revenue	209,207	74,787	283,994
Other	201,059	1,565	202,624
Total other revenue	1,266,482	76,352	1,342,834
Total revenues	\$27,777,884	\$3,194,827	\$30,972,711

# Heartland Community College

## Community College District #540

Uniform Financial Statement No. 3  
Operating Fund Revenue and Expenditures  
Year ended June 30, 2020

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures by program:			
Instruction	\$12,726,929	\$0	\$12,726,929
Academic support	1,347,580	0	1,347,580
Student services	2,488,062	0	2,488,062
Public service/continuing education	1,632,982	0	1,632,982
Auxiliary services	0	(25,464)	(25,464)
Operations and maintenance	506	2,061,910	2,062,416
Institutional support	5,911,765	81,610	5,993,375
Scholarships, grants, waivers	3,162,213	0	3,162,213
Total operating expenditures by program	27,270,037	2,118,056	29,388,093
Adjusting nonoperating items - Net transfers	379,005	983,368	1,362,373
Total adjusted expenditures	\$27,649,042	\$3,101,424	\$30,750,466
Operating expenditures by object:			
Salaries	18,603,001	531,218	19,134,219
Employee benefits	2,949,925	111,935	3,061,860
Contractual services	747,318	432,919	1,180,237
General materials and supplies	1,015,783	55,863	1,071,646
Library materials**	28,134	0	28,134
Conference and meeting expenses	306,571	24,979	331,550
Fixed charges	192,248	228,975	421,223
Utilities	703	764,029	764,732
Capital outlay	(8,145)	(31,862)	(40,007)
Other	3,462,633	0	3,462,633
Student grants and scholarships**	3,181,472	0	3,181,472
Total operating expenditures by object	27,270,037	2,118,056	29,388,093
Adjusting nonoperating items - Net transfers	379,005	983,368	1,362,373
Total adjusted expenditures	\$27,649,042	\$3,101,424	\$30,750,466

\*\* These items are for informational purposes only and not included in the total expenditure by object code.



Heartland Community College  
Community College District #540  
Uniform Financial Statement No. 4  
Restricted Purposes Fund Revenues and Expenditures  
Year ended June 30, 2020

Revenue by source -	
Local government	\$0
State government:	
ICCB - Adult Education	364,766
ICCB - other	329,099
Illinois student assistance commission	851,277
On-behalf - CIP	765,404
On-behalf - SURS	13,779,219
Other	137,978
Total state government	16,227,743
Federal government:	
Department of Education	9,901,152
Department of Labor	54,053
Other	87,336
Total federal government	10,042,541
Other sources:	
Tuition and fees	0
Other	95,070
Total other sources	95,070
Total restricted purposes fund revenues	\$26,365,354
Expenditures by program:	
Instruction	9,556,662
Academic support	990,382
Student services	1,891,610
Public service/continuing education	804,860
Auxiliary services	785,777
Operations and maintenance	2,128,229
Institutional support	13,317,756
Scholarships, grants, and waivers	9,724,281
Total restricted purposes fund expenditures	\$39,199,557
Expenditures by object:	
Salaries	1,262,734
Employee benefits (including SURS and CIP on-behalf)	15,589,352
Contractual services	1,670,616
Student financial aid	9,724,281
General materials and supplies	993,506
Library materials*	2,371
Travel and conference/meeting expenses	32,031
Fixed charges	8,640,990
Utilities	0
Capital outlay	1,199,459
Other	86,588
Scholarships, grants, waivers*	9,647,281
Total restricted purposes fund expenditures	\$39,199,557

\* This item is for informational purposes only and not included in the total expenditure by object code.

# Heartland Community College

## Community College District #540

Uniform Financial Statement No. 5

Current Funds\* Expenditures by Activity

Year ended June 30, 2020

---

Instruction -	
Instructional programs	\$14,561,486
Other	7,878,471
Total Instruction	22,439,957
Academic support:	
Library center	450,991
Instructional materials center	17,647
Educational media services	100,102
Academic computing support	21,720
Academic administration and planning	349,671
Other	1,781,474
Total academic support	2,721,605
Student services support:	
Admissions and records	522,751
Counseling and career services	201,265
Financial aid administration	365,673
Other	3,302,182
Total student services support	4,391,871
Public service/continuing education:	
Community education	1,432,997
Customized training (instructional)	195,699
Community services	21,661
Other	791,666
Total public service/continuing education	2,442,023
Auxiliary services	2,377,000

# Heartland Community College

## Community College District #540

Uniform Financial Statement No. 5

Current Funds\* Expenditures by Activity

Year ended June 30, 2020

---

Operations and maintenance of plant:

Maintenance	738,461
Custodial services	526,401
Grounds	81,184
Campus security	422,467
Transportation	62,229
Utilities	643,184
Administration	443,660
Other	2,296,808

---

Total operations and maintenance of plant	5,214,394
---	-----------

---

Institutional support:

Executive management	1,136,573
Fiscal operations	635,195
Community relations	904,846
Administrative support services	271,630
Board of Trustees	23,440
General Institutional	10,399,672
Institutional research	337,603
Administrative data processing	2,906,669
Other	3,969,211

---

Total institutional support	20,584,839
-----------------------------	------------

---

Scholarships, students grants, and waivers	13,505,302
--	------------

---

Total current funds expenditures	\$73,676,991
----------------------------------	--------------

---

---

\*Current funds include the Education; Operations and Maintenance; Auxiliary Enterprises;  
Restricted Purposes; Audit; Liability, Protection, and Settlement Funds

## **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  
Heartland Community College  
Community College District #540  
Normal, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Heartland Community College, Community College District #540 (the "College"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 14, 2020. Our report includes a reference to other auditors who audited the financial statements of Heartland Community College Foundation, as described in our report on the College's financial statements. The financial statements of Heartland 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 compliance and other matters associated with Heartland Community College Foundation or that are reported on separately by those auditors who audited the financial statements of Heartland Community College Foundation.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness the College'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wipfli LLP*

Sterling, Illinois  
October 14, 2020

# Heartland Community College Community College District #540 Normal, Illinois

## Federal Compliance Audit Report

For the fiscal year ended June 30, 2020







**Table of Contents**

**Independent Auditor’s Report on Compliance for Each Major  
Program and on Internal Control Over Compliance Required by  
the Uniform Guidance ..... 1 - 3**

Schedule of Expenditures of Federal Awards ..... 4

Notes to Schedule of Expenditures of Federal Awards ..... 5

Schedule of Findings and Questioned Costs.....6 - 7

Corrective Action Plan for Current Year Findings..... 8

Summary Schedule of Prior Audit Findings ..... 9

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

Board of Trustees  
Heartland Community College  
Community College District #540  
Normal, Illinois

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

We have audited Heartland Community College – Community College District #540's (the "College") compliance with the types of compliance requirements described 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, 2020. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility for Compliance***

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the College's compliance.

## Opinion on Each Major Federal Program

In our opinion, Heartland Community College - Community College District #540 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major or federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

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

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

### **Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities and the discretely presented component unit of Heartland Community College - Community College District #540, as of and for the year ended June 30, 2020, and have issued our report thereon dated, January 29, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wipfli LLP*

Sterling, Illinois  
January 29, 2021

Heartland Community College  
Community College District #540  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Award Notification Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed-through Illinois State Board of Education				
Child and Adult Food Care Program	10.558	20XX-4226-0	\$10,182	\$0
<b>U.S. Department of Labor:</b>				
Passed-through Career Link				
WIOA Youth Activities				
Drop Out Recovery Grant	17.259	OOOSY2015-1	54,053	0
<b>National Science Foundation</b>				
Passed-through Illinois Wesleyan University				
Education and Human Resources				
NexSTEM	47.076	NSF DUE 1742224	50,638	0
<b>U.S. Department of Education</b>				
Passed-through Illinois Community College Board:				
Adult Education - Basic Grants to States:				
Federal Adult Education-Basic	84.002	54001	171,443	0
EL/Civics Program	84.002	54001	73,956	0
Subtotal Adult Education Federal Grants from ICCB			245,399	0
Direct award:				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant	(M) 84.007	P007AXX8129	169,540	0
Federal Work Study Program	(M) 84.033	P033AXX8129	88,149	0
Federal Pell Grant Program	(M) 84.063	P063PXX4678	4,898,824	0
Federal Direct Loans	(M) 84.268	P268KXX4678	2,944,363	0
Subtotal Student Financial Aid Cluster (Direct)			8,100,876	0
Direct award:				
TRIO - Student Support Services	84.042	P042A151629	254,819	0
Passed-through Illinois Community College Board:				
Career and Technical Education - Basic Grants to States:				
Perkins Title II Postsecondary/Adult	84.048	CTE54012	168,561	0
Perkins Leadership Grant	84.048	CTE54012	38,201	0
Subtotal Vocational Educational Basic Grants to States			206,762	0
COVID-19 - Education Stabilization Fund				
Higher Education Emergency Relief Fund - Student	(M) 84.425E	P425E202207	685,455	0
Higher Education Emergency Relief Fund - Institutional	(M) 84.425F	P425F202289	407,840	0
Subtotal COVID-19 - Education Stabilization Fund			1,093,295	0
Total U.S. Department of Education			9,901,151	0
<b>U.S. Department of Homeland Security</b>				
Passed-through Illinois Emergency Management Agency				
Disaster Grants - Public Assistance				
(Presidentially Declared Disasters)				
Public Assistance Grant	97.036	4489DR-IL	36,699	0
Total expenditures of federal awards			\$10,052,723	\$0

(M) Denotes major program

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

# Heartland Community College

## Community College District #540

### Notes to Schedule of Expenditures of Federal Awards

---

#### **Note 1     Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Heartland Community College Community College District #540 (the College) under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### **Note 2     Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

As of and during the year ended June 30, 2020, the College did not receive any noncash federal assistance, federal insurance, or loan guarantees.

#### **Note 3     Direct Loan Programs**

During the fiscal year ended June 30, 2020, students and their parents were awarded \$2,944,363 of federal guaranteed loans under the Federal Direct Student Loan Program (programs include Stafford Loans, Parents' Loans for Undergraduate Students, and Unsubsidized Stafford Loans).

The College is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances relating to these loan programs are not included in the College's basic financial statements.

#### **Note 4     Non-cash Assistance**

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2020.

#### **Note 5     Indirect Cost Rate**

The College has elected to use its 10% de minimis indirect cost rate allowed under Uniform Guidance.

# Heartland Community College

## Community College District #540

### Schedule of Findings and Questioned Costs

---

#### **Section I – Summary of Auditor’s Results**

##### **Financial Statements**

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

Noncompliance material to financial statements noted?

Unmodified		
Yes	X	No
Yes	X	None reported
Yes	X	None reported

##### **Federal Awards**

Type of auditor’s report issued on compliance for majors programs:

Unmodified

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

Unmodified		
Yes	X	No
X Yes		None reported
X Yes		No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.007, 84.033, 84.063, 94.268 .....Student Financial Aid Cluster

84.425.....COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

X Yes No

# Heartland Community College

## Community College District #540

### Schedule of Findings and Questioned Costs

---

#### Section II – Financial Statement Findings

None

#### Section III – Federal Award Findings and Questioned Costs

##### Finding 2020-001: Reporting

COVID-19 Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF)  
CFDA No. 84.425  
Department of Education Direct Award  
Grant period: April 25, 2020 through May 6, 2021

**Questioned costs:** \$0

**Condition:** The College does not maintain prior reporting. When they update their website, the old information is replaced. We were unable to determine whether the information presented on the initial student report was accurate or timely. However, the College was notified by the Department of Education that as of July 8, 2020, they were properly reporting the 6 of the 7 student reporting requirements. The College was not reporting the number of eligible students.

**Criteria:** The student reporting requirements and posting due dates for Section 18004(a)(1) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) were disclosed in the Federal Student Aid (IFAP) Electronic Announcement dated May 6, 2020.

**Cause:** The HEERF program was a new grant for the Department of Education. During implementation, there were multiple forms of guidance issued by the Department of Education subsequent to fiscal year-end. The College was unaware that these reports needed to be retained for audit purposes as the OMB Compliance Supplement Addendum COVID-19 audit guide was not released until December 2020.

**Effect:** We were unable to test compliance with reporting for the HEERF program as required by the Department of Education.

**Recommendation:** We recommend the College to save all reports for the student and institutional grants on their website until the audits over that period are complete.

**View of responsible officials:** Management acknowledges the finding and has prepared a corrective action plan.





HEARTLAND  
COMMUNITY COLLEGE

## **Corrective Action Plan for Current Year Findings**

### **2020-001 – Reporting**

COVID-19 Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF)

CFDA No. 84.425

Department of Education Direct Award

Grant Period: April 25, 2020 through May 6, 2021

### **Corrective Action Plan**

The College will maintain all reported information on their website along with updated information beginning now – 1/27/2021. The College did not report the number of eligible students for the HEERF Student Emergency Relief Funding until notification by the Department of Education in July of 2020. Since that time the College has reported the number of eligible students for the HEERF Student Emergency Relief Funding.

**Person(s) Responsible:** Sharon McDonald

**Timing for Implementation:** January 27, 2021

Sharon McDonald, Controller

Letisha Trepac, Vice President, Finance and Administration

Heartland Community College  
Community College District #540  
Summary Schedule of Prior Audit Findings

---

**Section IV – Prior Year Findings**

None