

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

Heartland Community College

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



HEARTLAND
COMMUNITY COLLEGE

**HEARTLAND COMMUNITY COLLEGE, ILLINOIS
COMMUNITY COLLEGE DISTRICT #540
1500 W. Raab Rd.
Normal, IL 61761**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2022 AND 2021**

Prepared by:

Letisha Trepac
Vice President, Finance and Administration

Justin Knorr
Controller

Heartland Community College
Community College District #540
Years Ended June 30, 2022 and 2021

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INTRODUCTORY SECTION



January 25, 2023

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 *Annual Comprehensive Financial Report (ACFR)* for the Fiscal Year ended June 30, 2022. Heartland is committed to providing access and supporting the success of all students and citizens of District 540. The 2022 ACFR provides evidence that the College is well positioned to serve its communities as a leader in higher education and a responsible financial steward.

The COVID-19 pandemic has challenged and changed our day-to-day activities. Throughout the public health crisis, Heartland remained open, continuing to offer courses and serve our students and community, all while remaining fiscally responsible and maintaining our financial stability. As we emerge from the pandemic, Heartland is not only maintaining its operations, but is embarking on new growth and sustainability initiatives to better position the College for years to come.

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 as well as 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, ensuring 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



January 25, 2023

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

The Annual Comprehensive Financial Report of Heartland Community College District No. 540, Normal, Illinois, as of and for the fiscal year ended June 30, 2022 is hereby submitted. The report 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, 2022. 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 213,000 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 access and 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, equitable, innovative learning opportunities and resources that enrich our community.

Foundational Value Statements and College-Wide Priorities and Goals

The five 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 individual.
2. We are all partners in the success of the organization, boldly embracing current and future opportunities that will empower our students and communities to fully actualize their potential.
3. We create a collegial and welcoming culture by taking collective responsibility in the creation, protection, and enhancement of an equitable, diverse, and inclusive campus community.
4. We practice ethical decision-making, professionalism, transparency, and responsible stewardship of environmental, financial, and community resources to promote a sustainable future.
5. We cultivate College quality through continuous improvement and professional development.

Heartland Community College strives to foster a culture of inclusive and data-informed continuous improvement to attain the following college-wide priorities and goals:

Promote Student Access and Success

- Increase percentage of students progressing toward and completing their educational and career goals.
- Increase undergraduate enrollments in areas identified in the College's Strategic Enrollment Management Plan.
- Reduce opportunity gaps and achievement gaps among student populations.
- Improve student satisfaction.
- Increase student achievement of the College's Essential Competencies.

Create and Model a Systemic Culture of Equity, Diversity and Inclusion

- Reduce barriers to access and equity.
- Model antiracist practices within and beyond the college community.
- Increase the percentage of employees and students participating in EDI oriented professional development, social awareness, and community engagement opportunities.

Ensure Resource Stewardship

- Improve employee satisfaction.
- Fulfill institutional need for diverse recruiting, hiring, retention, and advancement.
- 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.
- Establish and sustain diverse community partnerships to share resources and build reciprocal support networks.

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 September 2021. Although the 2021 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 Finance and Administration unit is responsible for directing the College's fiscal, human resources, business services, information technology, security, and facilities operations. Managing resources with strict attention to dynamic facility, funding, technology, and staffing requirements has been the primary goal of the unit. Financial resource management has 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 2021 and 2022 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 \$52.5 million in fiscal year 2013 to \$67.7 million in fiscal year 2022. The College's net position in 2022 is about \$15.2 million more than 2013 and net position improved from 2021 to 2022 by approximately \$8.7 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 June 2022 was 4.5 percent (the lowest the rate has been since the start of the COVID-19 pandemic).

The State's employment growth numbers reflect the trend across the rest of the Nation as employment begins to bounce back after the decline in the previous year because of the COVID-19 pandemic. Illinois has gained 4.6% of employment growth over the last year, from June 2021 to June 2022, as reported by the US Bureau of Labor Statistics. Illinois' Labor Force participation rate has increased from 62.6 in June of 2021 to 64.6 in June of 2022.

The Illinois Department of Employment Security published an Illinois Labor Force Participation Progress Report in 2020. 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 2023 State Budget was appropriated in a timely fashion by the State of Illinois. Heartland Community College (HCC) FY 2023 Budget included anticipated State revenue of 100% of the College's State appropriation. The College did levy an equity tax in 2021 and this, too, is reflected in the Fiscal Year 2023 Budget. The College has continued its focus on multi-year budgetary strategic planning.

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, Rivian Automotive, COUNTRY Financial, Normal School District #5, Carle Bro Menn Medical Center, City of Bloomington, 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 20,683 undergraduate students in Fall of 2022 per their website) and Illinois Wesleyan University in Bloomington (with an enrollment of approximately 1,653 students in Fall of 2021 per their website), and Lincoln Christian University, a private four-year institution of about 600 students. Several cooperative arrangements and educational alliances have been established with some of these institutions, as well as with some peer Illinois community colleges.

Median household income for McLean County was \$68,037, making it one of the highest counties in the State. The most recent population of the County was 170,889. The current population of the entire district is 210,243. These economic growth indicators bode well for the community and for Heartland Community College.

Tax Base

The Heartland Community College District 2021 tax levy base of \$4,879,989,263 increased by 3.71 percent from the 2020 tax base. This followed an increase of 2.19 percent in the previous year. Residential and commercial growth is expected to continue, with a projected increase exceeding five percent in the 2021 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 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 2022, local property taxes accounted for 37.4 percent of total revenues. Local support represents 43.4 percent of total operating fund revenues in the fiscal year 2023 budget.

Net Position and Liquidity

The College's net position at the end of fiscal year 2022 increased to \$67.7 million as compared to fiscal year 2021's restated ending net position of \$59.0 million. Net position was 106.0 percent of total fiscal year 2022 operating expenses. Liquidity is strong, with \$77.1 million of cash and short-term investments at year end.

College Enrollment

Credit hour enrollment increased by 7 percent during fiscal year 2022 as compared to a 6 percent decline in 2021. This year was the first increase in enrollment compared to the previous eight consecutive years with 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.

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 2023 budget was predicated on credit hours remaining consistent from fiscal year 2022's actual credit hours. We believe the enrollment declines during 2021 and the eight 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 and online instruction due to the COVID-19 pandemic. The College is optimistic that the increase seen in fiscal year 2022 will continue based on the rollout of the SEM plan. Many of our peer institutions continued to experience declines in enrollment this year as in previous years, whereas we saw an increase of 7.

A net increase of \$5.00 per credit hour was made to the in-district tuition and universal fees rate between fiscal year 2022 and fiscal year 2023. Heartland's FY2022 per credit hour in-district tuition and fees rate of \$169.00 was ranked as #8 (from the highest) among other Illinois community colleges.

The District received a total of \$602,005 in Adult Education grants for fiscal year 2022. This was a decrease of \$27,672 from fiscal year 2021's Adult Education grants.

In fiscal year 2022, overall revenues in the College's continuing education programs increased from fiscal year 2021 mainly due to increase of course offerings and the increased ability to provide more opportunities in person as the College rebounds from the COVID-19 pandemic. Sales and service fees from continuing education programs were \$1,010,299 in fiscal year 2022 as compared to \$681,293 in 2021, which was an increase of \$329,006. Future year revenues are forecasted to increase approximately 5%.

The ethnicity of Heartland's students for Fall 2022 reflects that of the District in that approximately 68.0 percent of the students are White Non-Hispanic. Heartland's enrollments were slightly more diverse this Fall compared to last Fall, with increases in Black students of 1.4%, and increases in Hispanic students of 0.7%. The Fall 2022 unduplicated headcount has increased 2.0% over Fall of 2021. Approximately 40 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 48.9 % higher in 2022 compared to 2021. Federal grants accounted for 22.7 percent of the College's total revenues during fiscal year 2022 as compared to 16.3 percent in 2021. During fiscal year 2022, the College spent \$6.2 million of the Higher Education Emergency Relief Funding to aid with student and institutional relief for expenses related to the COVID-19 pandemic. Federal financial aid dollars for student awards and loans accounted for approximately \$6.3 million (or 44.5 percent) of the federal total.

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 decreased from \$10.0 million at the end of fiscal year 2021 to \$9.6 million in 2022. The Foundation also awarded \$428,106 in student scholarships during fiscal year 2022.

DEBT ADMINISTRATION

The College had general bonded debt of \$73,992,161 as of June 30, 2022 and \$63,181,127 as of June 30, 2020. The \$10,811,034 increase from 2021 to 2022 is the result of several different factors including: (1) principal payments totaling \$8,585,000 (reducing debt); (2) amortization of bond premiums totaling approximately \$889,190 (reducing debt); and (3) issuance of \$17,835,000 general obligation bonds along with bond premiums of \$2,450,214. The new bond proceeds will be used to fund the College's new agriculture complex 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 2021 assessed valuation of \$4,879,989,263 results in a legal debt limit of \$140,299,691. 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 2018-2022, these indicators compare as follows:

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Debt/EAV</u>	<u>Obligation Debt Per Capita</u>
2022	\$73,992,161	1.5 percent	\$351.94
2021	\$63,181,127	1.3 percent	\$296.88
2020	\$62,108,062	1.3 percent	\$291.84
2019	\$63,907,045	1.4 percent	\$300.02
2018	\$75,157,077	1.7 percent	\$350.90

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 Consolidated Annual Financial Report for the fiscal year ended June 30, 2021. 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 Consolidated Annual Financial Report whose contents conform to program standards. The Consolidated Annual Financial Report 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, 2022 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,

A handwritten signature in cursive script, reading "Letisha K. Trepac", is written over a horizontal line.

Letisha K. Trepac
Vice President, Finance and Administration

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

PRINCIPAL OFFICIALS

Board of Trustees

	<u>Position</u>	<u>Term Expiration</u>
Jeffrey Flessner	Chair	2025
Janet M. Hood	Vice-Chair	2025
Rebecca Ropp	Secretary	2027
Mary E. Campbell	Trustee	2023
Joshua Crockett	Trustee	2027
Cecelia Long	Trustee	2023
Thomas Whitt	Trustee	2025
Rodney Billerbeck II	Student Trustee	2023

Officers of the College

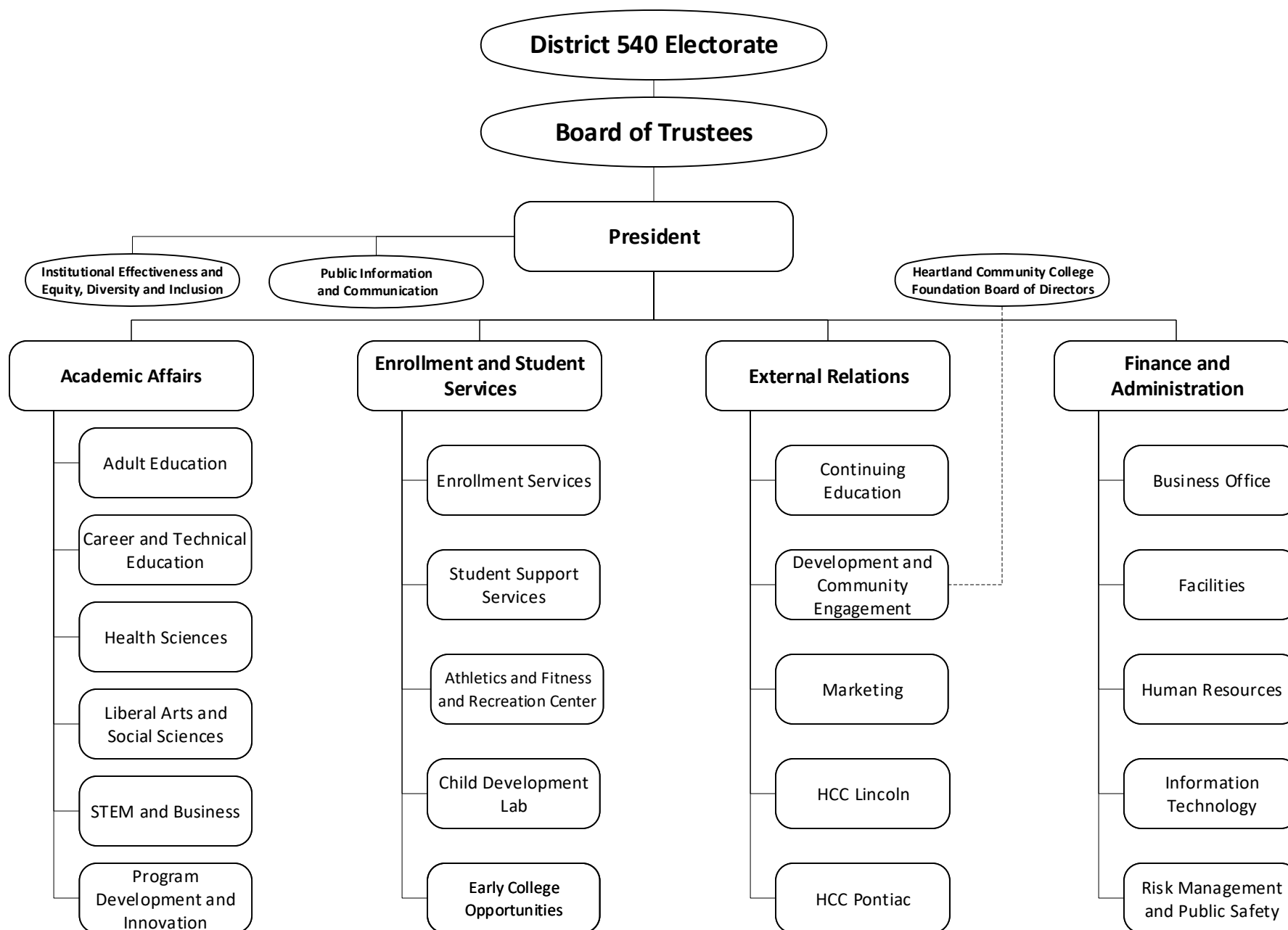
Keith Cornille	President
Letisha Trepac	Vice President, Finance and Administration
Kelli Hill	Vice President, External Relations
Rick Pearce	Provost and Vice President, Academic Affairs
Sarah Diel-Hunt	Vice President, Enrollment and Student Success

Officials Issuing Report

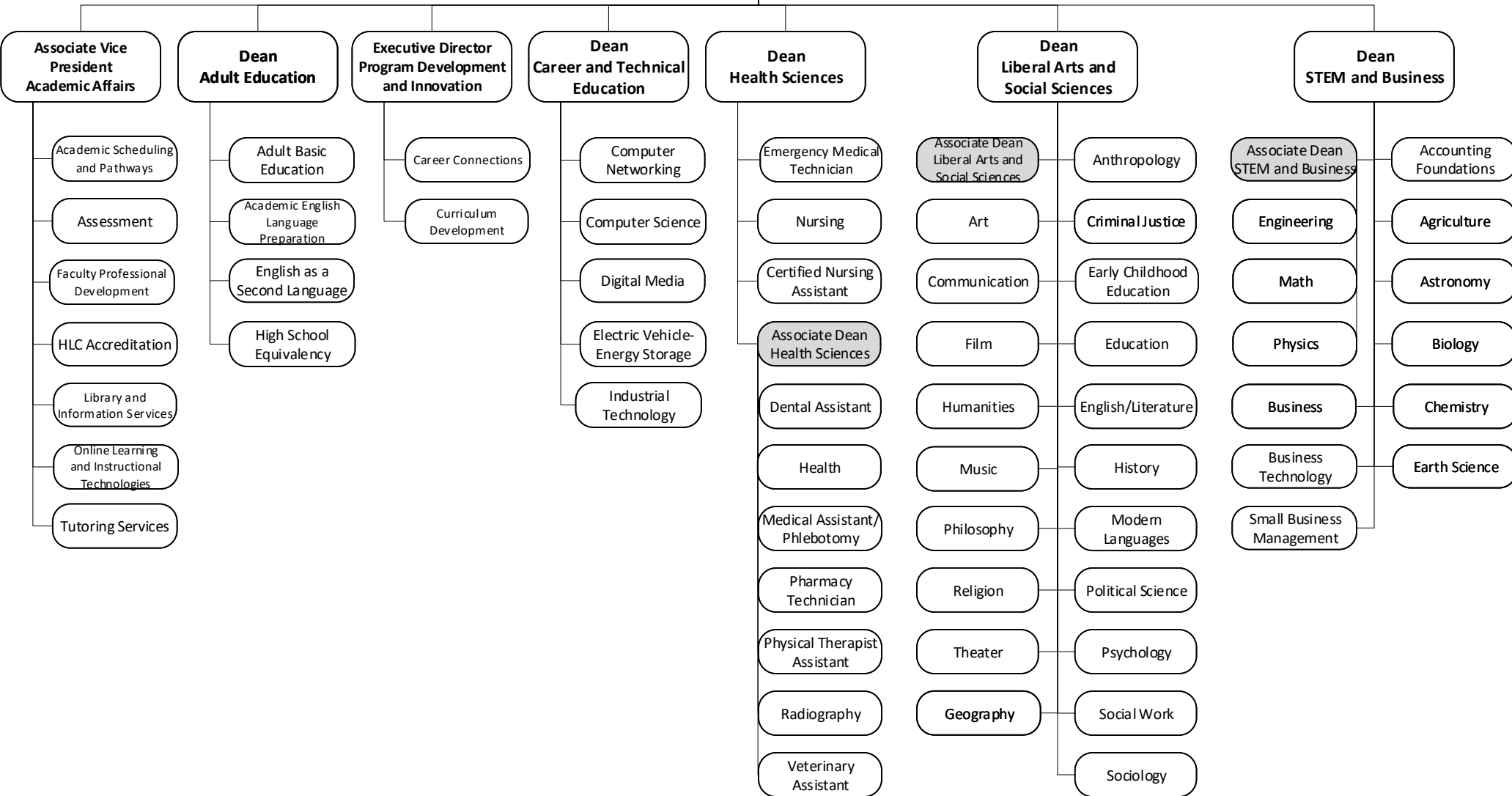
Justin Knorr	CPA, Controller
Shelley Marquis	Assistant Controller
Bridget Miller	Director, Accounting Services

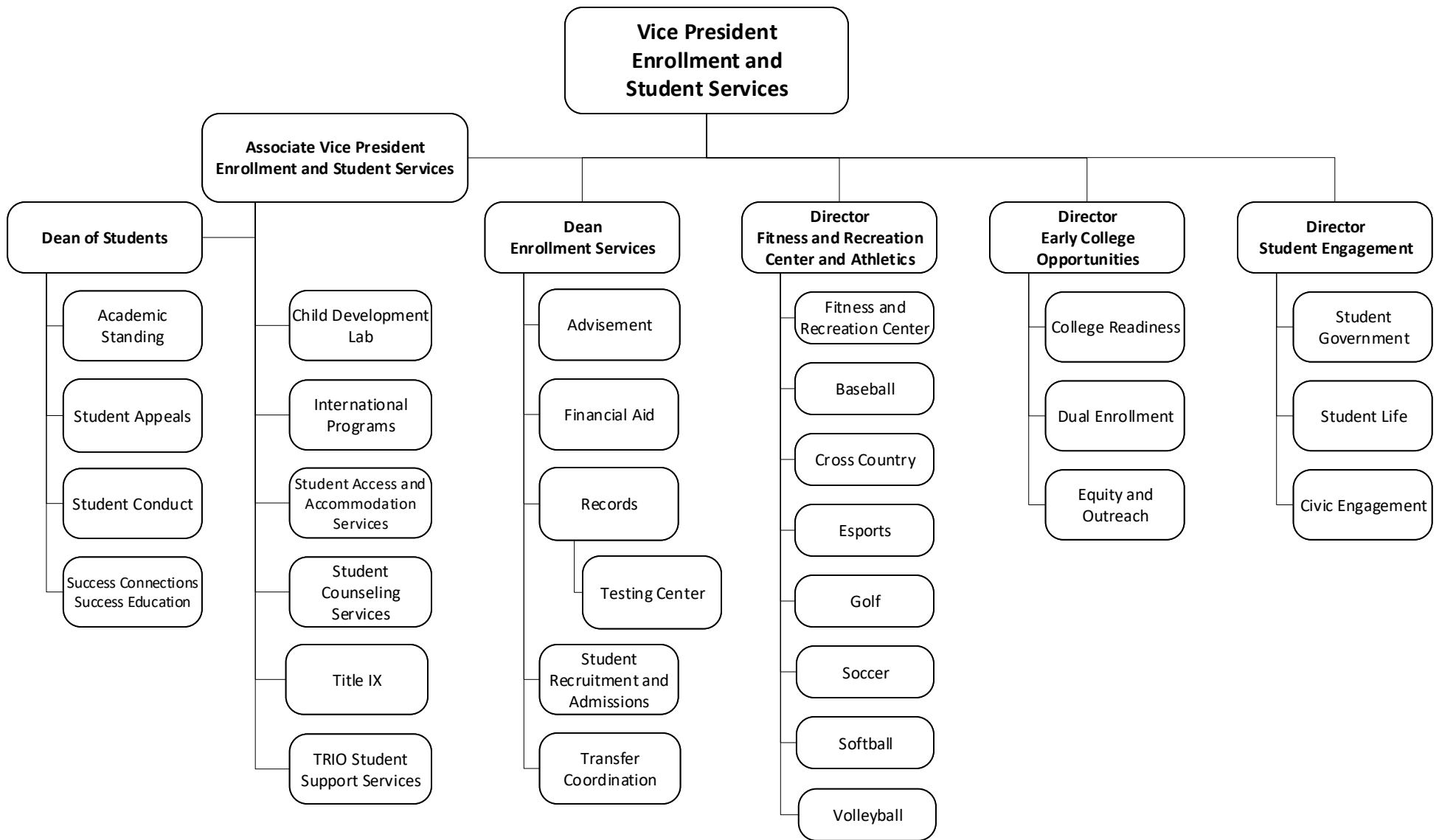
Department Issuing Report

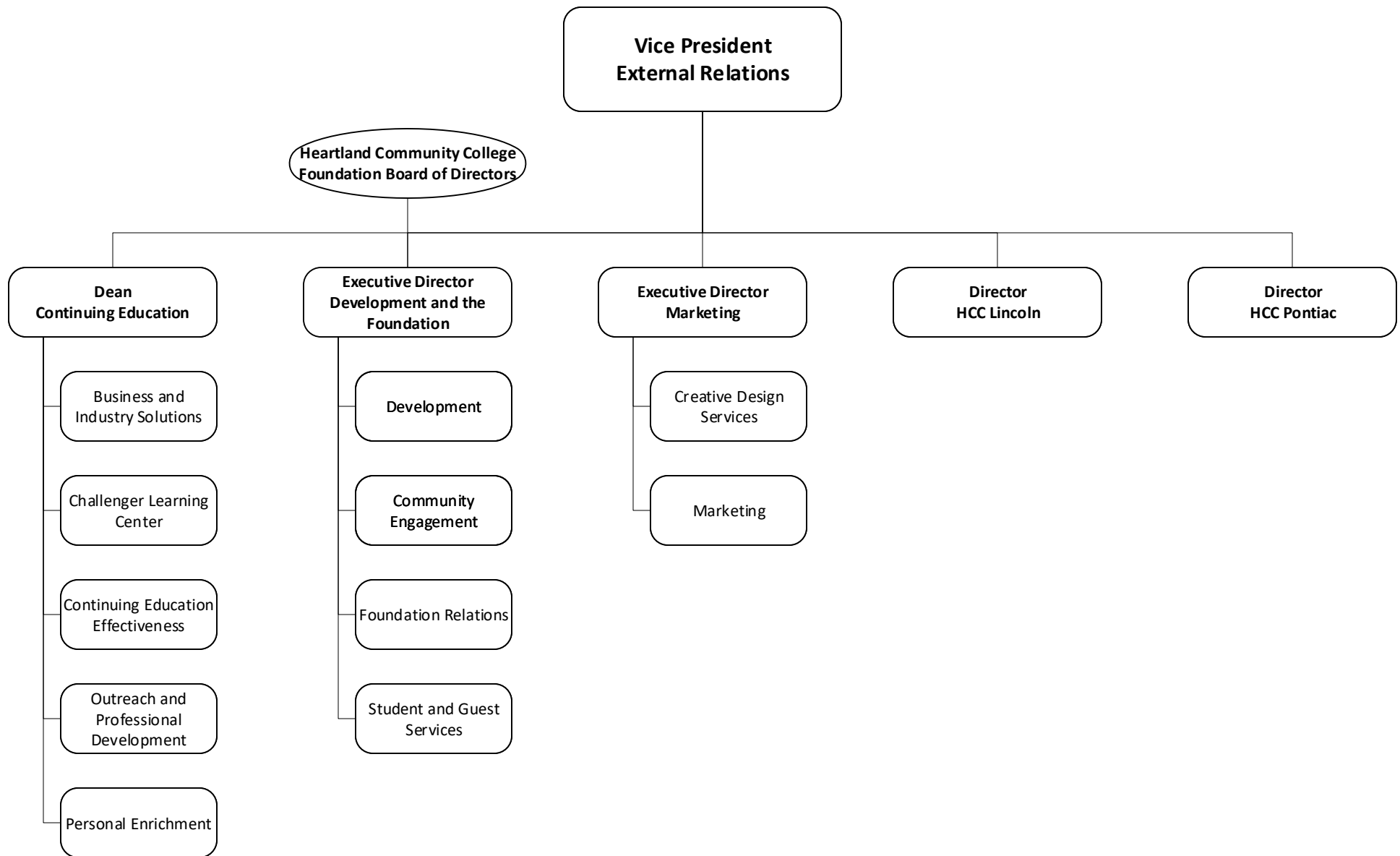
Business Services Division

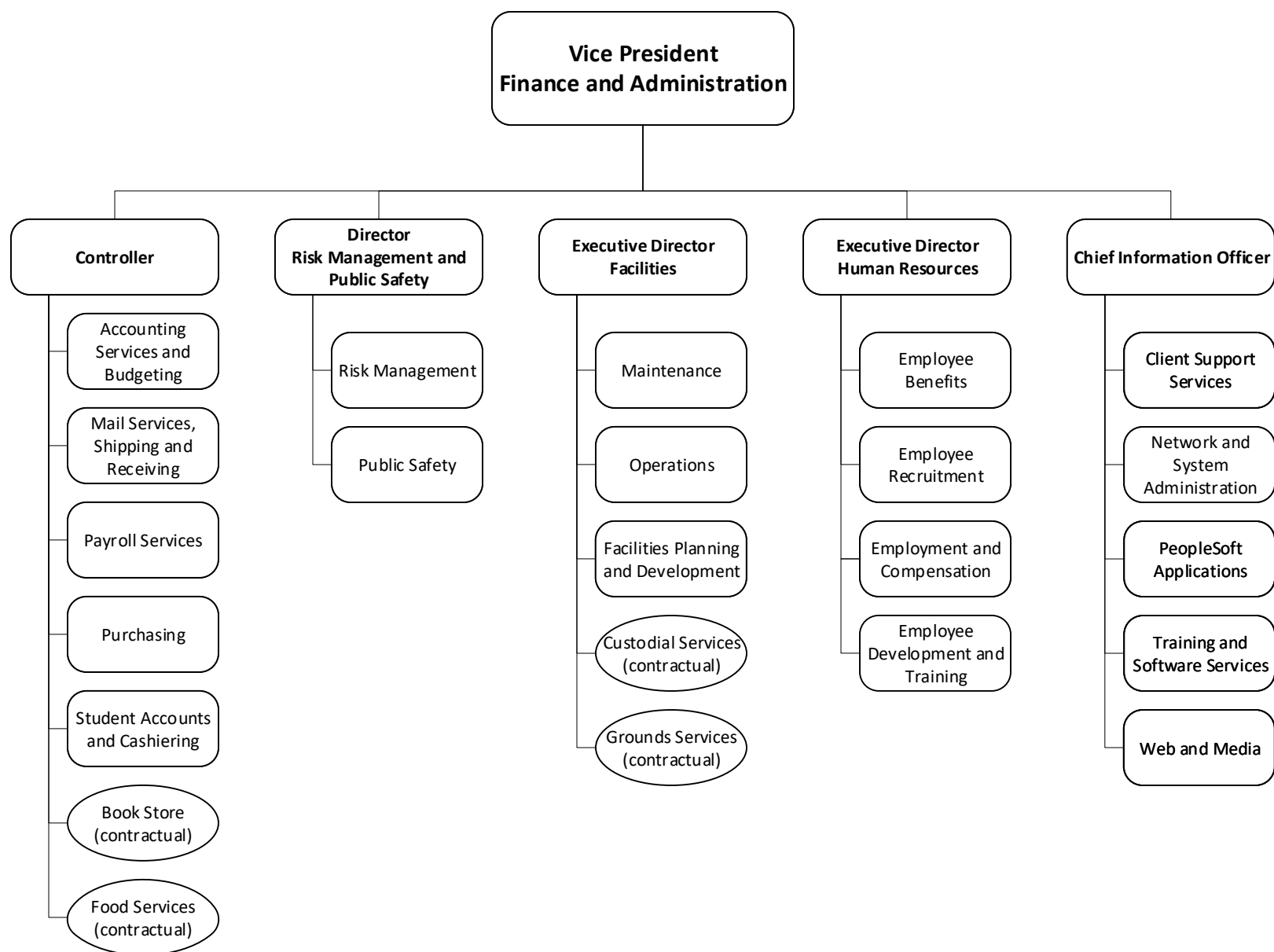


Provost and Vice President Academic Affairs











Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Heartland Community College
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Heartland Community College – Community College District 540 (the College), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Heartland Community College – Community College District 540, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Heartland Community College Foundation, a discretely presented nonprofit component unit of the College, which represents 100% of the assets, net assets, and revenues of the discretely presented component unit as of June 30, 2022 and 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for Heartland Community College Foundation is based solely on the report of the other auditors.

Basis of Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the College adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023, 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
January 25, 2023

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, 2022 and 2021. 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 \$67,692,699 as of June 30, 2022. Of this amount, \$56,414,220 is invested in capital assets, \$3,900,000 is restricted for working cash, \$13,786,509 is restricted for capital projects, \$670,675 is restricted for other specific purposes, and (\$7,078,705) 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, and (3) other educational sales and service fees. Total operating revenues for the year ended June 30, 2022 were \$9,476,288. 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, 2022 were \$63,077,854.

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, 2022 were \$63,857,923.

The difference between total operating revenues of \$9,476,288 and total operating expenses of \$63,857,923 produced an operating loss of (\$54,381,635) for the year ended June 30, 2022. Net nonoperating revenue of \$63,077,854 offset this loss and resulted in an overall increase in net position of \$8,696,219.

In fiscal year 2021, a prior period adjustment of (\$89,971) was made due to the College's implementation of Governmental Accounting Standards Board (GASB) Statement No. 87. This statement requires the College to recognize a lease liability and a right-to-use asset for leases previously defined as operating leases.

Following are comparative analyses of net position and operating results for fiscal years 2022, 2021, and 2020.

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, 2022, 2021 and 2020
(in thousands)

	2022	Restated 2021	Increase (Decrease) 2022-2021	Percent Change	Restated 2020	Increase (Decrease) 2021-2020	Percent Change
Current assets	\$100,270	\$80,414	\$19,856	24.7%	\$66,323	\$14,091	21.2%
Non-current assets							
Long-term investments	0	0	0	0.0%	505	(505)	-100.0%
Capital assets, net of depreciation and amortization	100,747	100,180	567	0.6%	102,127	(1,947)	-1.9%
Total assets	<u>201,017</u>	<u>180,594</u>	<u>20,423</u>	11.3%	<u>168,955</u>	<u>11,639</u>	6.9%
Deferred outflows of resources	<u>1,619</u>	<u>2,076</u>	<u>(457)</u>	-22.0%	<u>2,010</u>	<u>66</u>	3.3%
Total assets and deferred outflows of resources	<u>\$202,636</u>	<u>\$182,670</u>	<u>\$19,966</u>	10.9%	<u>\$170,965</u>	<u>\$11,705</u>	6.8%
Current liabilities	\$17,915	\$18,442	(\$527)	-2.9%	\$15,097	\$3,345	22.2%
Non-current liabilities	83,880	74,051	9,829	13.3%	73,422	629	0.9%
Total liabilities	<u>101,795</u>	<u>92,493</u>	<u>9,302</u>	10.1%	<u>88,519</u>	<u>3,974</u>	4.5%
Deferred inflows of resources	<u>33,148</u>	<u>31,180</u>	<u>1,968</u>	6.3%	<u>29,710</u>	<u>1,470</u>	4.9%
Net position							
Net investment in capital assets	56,414	52,851	3,563	6.7%	49,684	3,167	6.4%
Restricted	18,357	10,142	8,215	81.0%	6,171	3,971	64.3%
Unrestricted	(7,078)	(3,996)	(3,082)	77.1%	(3,119)	(879)	28.2%
Total net position	<u>67,693</u>	<u>58,997</u>	<u>8,696</u>	14.7%	<u>52,736</u>	<u>6,261</u>	11.9%
Total liabilities, deferred inflows of resources and net position	<u>\$202,636</u>	<u>\$182,670</u>	<u>\$19,966</u>	10.9%	<u>\$170,965</u>	<u>\$11,705</u>	6.8%

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 2022 and 2021, the current assets and current liabilities were adjusted to reflect only unearned revenue and related student accounts receivable for student payments received for Fall 2022 and 2021 as of June 30, 2022 and 2021 respectively.

Heartland Community College

Community College District #540

Management Discussion and Analysis

Fiscal Year 2022 Compared to Fiscal Year 2021

The College's net position at June 30, 2022 was \$67,692,699, and at June 30, 2021 was \$58,996,480, an increase of \$8,696,219 or 14.7%. The College had a current ratio of 2.00 at June 30, 2022 as compared to 1.66 at June 30, 2021. 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 2.00 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 \$19,856,955 or 24.7% at June 30, 2022 when compared to June 30, 2021. There were some significant fluctuations between the various categories of current assets. Cash increased \$11,632,127 or 61.0% from \$19,061,993 in 2021 to \$30,694,120 in 2022. Short term investments increased by \$8,234,067 or 21.6% from \$38,156,601 in 2021 to \$46,390,668 in 2022. Total accounts receivable decreased by \$186,527. There was an increase of \$389,604 or 2.5% in property tax receivable from \$15,764,053 in 2021 to \$16,153,657 in 2022. Student receivables increased by \$459,947, or 44.0% due to the timing of receiving payments. Government receivables decreased by \$1,046,163 or -22.0%. A significant portion of government receivables at June 30, 2021 was due from Higher Education Emergency Relief Funds (HEERF) and the amount of HEERF due to the College at June 30, 2021 was higher than the amount due at June 30, 2022. Other receivables increased by \$10,085 or 2.4%. Accrued interest increased \$57,330 or 403.3% due to higher interest rates and an increase in investments. Prepaid items increased \$182,472 or 18.0%, and other current assets decreased \$62,514 or -32.4%.

Noncurrent assets have increased by \$566,961 or 0.6%. Net capital assets increased due to the current year acquisitions offset with the annual increase in accumulated depreciation.

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust or grant contributions in the current year increased by \$3,969 from fiscal year 2021. Also included in deferred outflows of resources for fiscal year 2022 are the deferred charges on the refunding bond issues. The additional deferred charges on the refunding issue in 2022 and the amortization of the deferred charges of all refunding issues resulted in a decrease of \$178,995 to the deferred charges on refunding. Deferred outflows related to the OPEB liability decreased by \$282,399 in fiscal year 2022. Deferred outflows of resources had an overall decrease of \$457,425 from fiscal year 2021.

Heartland Community College

Community College District #540

Management Discussion and Analysis

Fiscal Year 2022 Compared to Fiscal Year 2021 (continued)

Current liabilities have decreased by \$526,717 or -2.9% due to the combined effects of various factors. These factors were: (1) an increase of \$174,091 in accounts payables; (2) an increase of \$350,013 in accrued liabilities of payroll accruals; (3) an increase of \$166,615 in accrued interest payable due to debt service scheduling; (4) an increase of \$934,400 in unearned student tuition and fees due to a reduction in the number of students paying for tuition in advance; (5) a decrease in other unearned revenue of \$1,985,764 related to the institutional portion of the HEERF grant; (6) a decrease of \$38,958 for accrued compensated absences; (7) an increase in lease obligations of \$54,084; (8) a decrease of \$167,208 in the current portion of bonds payable; and (9) a decrease of \$13,990 in the other liabilities.

Total noncurrent liabilities increased by \$9,829,781 or 13.3% from the 2021 balance as a result of several factors: (1) the accrued compensated absences decreased noncurrent liability by \$38,957; (2) the OPEB noncurrent liability decreased by \$1,224,117; (3) the bond and debt certificate principal payments made, the bond principal reclassification to current liability, and the new Series 2022 general obligation bond increased noncurrent liability by \$10,978,242; and (4) the lease obligations increased by \$114,613.

Total deferred inflows of resources increased by \$1,967,208 or 6.3% from 2021 balances. Deferred inflows related to OPEB increased by \$917,398 and the subsequent year's property taxes increased by \$1,049,810.

Fiscal Year 2021 Compared to Fiscal Year 2020

The College's net position at June 30, 2021 was \$58,996,480, and at June 30, 2020 was \$52,735,881 (restated), an increase of \$6,260,599 or 11.9%. The College had a current ratio of 1.66 at June 30, 2021 as compared to 1.53 at June 30, 2020. 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 1.66 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 \$14,090,467 or 21.2% at June 30, 2021 when compared to June 30, 2020. There were some significant fluctuations between the various categories of current assets. Cash increased \$4,751,073 or 33.2% from \$14,310,920 in 2020 to \$19,061,993 in 2021. Short term investments increased by \$8,561,557 or 28.9% from \$29,595,044 in 2020 to \$38,156,601 in 2021. Total accounts receivable increased by \$725,485. There was a decrease of \$1,723,483 or -9.9% in property tax receivable from \$17,487,536 in 2020 to \$15,764,053 in 2021 due to McLean County Government changing the payment due dates of property taxes by two weeks later in the month. Student receivables decreased by \$850,347, or -44.9% due to recording deferred tuition differently in 2021. Government receivables increased by \$3,123,220 or 192.3% mainly due to new funding available in fiscal year 2021 and not available in fiscal year 2020. New funding included Higher Education Emergency Relief Funds (HEERF) receivables due of approximately \$3,440,000. Other receivables increased by \$176,095 or 73.8%. Accrued interest decreased \$32,048 or -69.3% due to lower interest rates and a decrease in investments. Prepaid items increased \$158,375 or 18.5%, and other current assets decreased \$73,975 or -27.7%.

Heartland Community College

Community College District #540

Management Discussion and Analysis

Fiscal Year 2021 Compared to Fiscal Year 2020 (continued)

Noncurrent assets have decreased by \$2,452,205 or -2.4% due to the \$1,947,109 decrease in net capital assets and a \$505,096 decrease in long-term investments. Net capital assets decreased due to the annual increase in accumulated depreciation. Long-term investments decreased during fiscal year 2021 due to short term investments increasing.

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust or grant contributions in the current year increased by \$4,206 from fiscal year 2020. Also included in deferred outflows of resources for fiscal year 2021 are the deferred charges on the refunding bond issues. The additional deferred charges on the refunding issue in 2021 and the amortization of the deferred charges of all refunding issues resulted in a decrease of \$198,463 to the deferred charges on refunding. Deferred outflows related to the OPEB liability increased \$260,030 in fiscal year 2021. Deferred outflows of resources had an overall increase of \$65,773 from fiscal year 2020.

Current liabilities have increased by \$3,344,545 or 22.2% due to the combined effects of various factors. These factors were: 1) an increase of \$35,381 in accounts payables; (2) a decrease of \$17,370 in accrued liabilities of payroll accruals; (3) a decrease of \$15,807 in accrued interest payable due to debt service scheduling; (4) a decrease of \$400,930 in unearned student tuition and fees due to a reduction in the number of students paying for tuition in advance; (5) an increase in other unearned revenue of \$3,319,250 related to the institutional portion of the HEERF grant; (6) an increase of \$94,685 for accrued compensated absences; (7) an increase in lease obligations of \$33,438; (8) an increase of \$312,839 in the current portion of bonds payable; and (9) a decrease of \$16,941 in the other liabilities.

Total noncurrent liabilities increased by \$629,053 or 0.9% from the 2020 balance as a result of several factors: (1) the accrued compensated absences increased noncurrent liability by \$94,684; (2) the OPEB noncurrent liability decreased by \$186,591; (3) the bond and debt certificate principal payments made, the bond principal reclassification to current liability, and the new Series 2021 general obligation bond increased noncurrent liability by \$760,226; and (4) the lease obligations decreased by \$39,266 due to the implementation of GASB Statement No. 87.

Total deferred inflows of resources increased by \$1,469,837 or 4.9% from 2020 balances. Deferred inflows related to OPEB increased by \$969,196 and the subsequent year's property taxes increased by \$500,641.

Heartland Community College

Community College District #540

Management Discussion and Analysis

Operating Results for the Years Ended June 30, 2022, 2021 and 2020 (in thousands)

	2022	Restated 2021	Increase (Decrease) 2022-2021	Percent Change	Restated 2020	Increase (Decrease) 2021-2020	Percent Change
Operating revenues							
Net tuition and fees	\$7,886	\$8,334	(\$448)	-5.4%	\$9,118	(\$784)	-8.6%
Other	1,590	917	673	73.4%	1,140	(223)	-19.6%
Total operating revenues	9,476	9,251	225	2.4%	10,258	(1,007)	-9.8%
Less operating expenses	64,071	61,446	2,625	4.3%	60,738	708	1.2%
Operating (loss)	(54,595)	(52,195)	(2,400)	4.6%	(50,480)	(4,048)	8.0%
Non-operating revenues (expenses)							
Property taxes	27,105	26,717	388	1.5%	26,278	439	1.7%
State grants and contracts	9,332	5,786	3,546	61.3%	5,705	81	1.4%
State on-behalf contribution	10,357	15,389	(5,032)	-32.7%	14,545	844	11.6%
Federal grants and contracts	16,889	11,346	5,543	48.9%	10,053	1,293	12.9%
Investment income	38	40	(2)	-5.0%	561	(521)	-92.9%
Other revenue	1,188	771	417	54.1%	509	262	100.0%
Interest expense	(1,569)	(1,536)	(33)	2.1%	(1,688)	152	-9.0%
Amortization expense	(49)	(57)	8	-14.0%	(57)	0	0.0%
Total net non-operating revenue	63,291	58,456	4,835	8.3%	55,906	2,550	4.6%
Change in net position	8,696	6,261	2,435	38.9%	5,426	(2,505)	-46.2%
Net position, beginning of year	58,997	52,736	6,261	11.9%	47,376	5,360	11.3%
Prior Period Adjustment	0	0	0	0.0%	(66)	66	-100.0%
Net Position-Begin of Year Restated	58,997	52,736	6,261	11.9%	47,310	4,736	10.0%
Net position, end of year	\$67,693	\$58,997	\$8,696	14.7%	\$52,736	\$6,261	11.9%
Total revenues	\$74,385	\$69,300	\$5,085	7.3%	\$67,909	\$1,391	2.0%
Total expenses	\$65,689	\$63,039	\$2,650	4.2%	\$62,483	\$556	0.9%

Fiscal Year 2022 Revenues Compared to Fiscal Year 2021

For fiscal year 2022, total revenues were \$74,384,737, an increase of \$5,084,576 or 7.3% from 2021 total revenues. Operating revenues increased by \$225,700 or 2.4% from 2021 to 2022. Student tuition and fees, net of scholarship allowances, decreased by \$447,624 or -5.4%. Although credit hours increased from 2022 compared to 2021 and scholarship allowances also increased by \$1,293,896 from 2022 to 2021. Auxiliary revenues increased by \$245,686 or 108.2%. Other operating revenues decreased by \$427,638 or 62.0% due to an increase in community education fees of \$329,006.

Heartland Community College

Community College District #540

Management Discussion and Analysis

Fiscal Year 2022 Revenues Compared to Fiscal Year 2021 (continued)

Total net nonoperating revenues increased by \$4,621,386 or 7.9% over 2021 nonoperating revenues due to several variable factors. The largest increase of \$5,542,824 or 48.9% was the federal grants and contracts. Due to the COVID-19 impact, the College has been awarded and will continue to receive approximately \$8,817,476 in total for HEERF Institutional Relief and \$6,275,908 in total for HEERF Student Relief. The State of Illinois contribution had a revenue decrease of \$5,032,712 or -32.7% from 2022 to 2021.

Property tax revenue increased by \$387,820 due to EAV increases.

Total state grants and contracts increased by \$3,545,795 or 61.3. Corporate Personal Property Replacement Tax increased \$1,392,505 from 2021. During 2022, the State of Illinois Department of Commerce and Economic Opportunity provided approximately \$1 million in state grants. The Illinois Community College Board awarded the College with over \$500,000 through its Workforce Equity Initiative Grant and its CRSS Success Grant. These were all new award for the College during fiscal year 2022.

For fiscal year 2022, total expenses were \$65,688,518 resulting in an increase of \$2,648,956 or 4.2% from 2021. Scholarships, Grants, and Waiver expense had an increase from 2021 of \$1,839,842. The institution had decreased expenditures of approximately \$1,060,817 less than 2021 due to the COVID-19 pandemic and will be reimbursed by the HEERF institutional relief funding. Student activity and athletic waivers increased by approximately \$90,000 from 2021, College NOW waivers increase by approximately \$150,000 and waivers generated from grants increased by approximately \$230,000.

Net position increased by \$8,696,219 or 14.7% from 2021.

Fiscal Year 2021 Revenues Compared to Fiscal Year 2020

For fiscal year 2021, total revenues were \$69,300,161, an increase of \$1,390,572 or 2.0% from 2020 total revenues. Operating revenues decreased by \$1,007,536 or -9.8% from 2020 to 2021. Student tuition and fees, net of scholarship allowances, decreased by \$784,006 or -8.6%. Credit hours did decline by approximately 4.0% from 2021 compared to 2020 and scholarship allowances decreased by \$548,588 from 2021 to 2020. Auxiliary revenues decreased by \$164,914 or -42.1% due to a decrease in other sales and service fees of \$148,621. Other operating revenues decreased by \$58,616 or -7.8% due to a decrease in community education fees of \$101,987.

Heartland Community College

Community College District #540

Management Discussion and Analysis

Fiscal Year 2021 Revenues Compared to Fiscal Year 2020 (continued)

Total net nonoperating revenues increased by \$2,549,988 or 4.6% over 2020 nonoperating revenues due to several variable factors. The largest increase of \$1,293,332 or 12.9% was the federal grants and contracts. Due to the COVID-19 impact, the College will receive approximately \$8,817,476 for HEERF Institutional Relief and \$6,275,908 for HEERF Student Relief, and \$86,400 for INCCRRA Child Are Restoration Grant. The State of Illinois contribution had a revenue increase of \$844,707 or 5.8% from 2021 to 2020.

Property tax revenue increased by \$438,658 due to EAV increases.

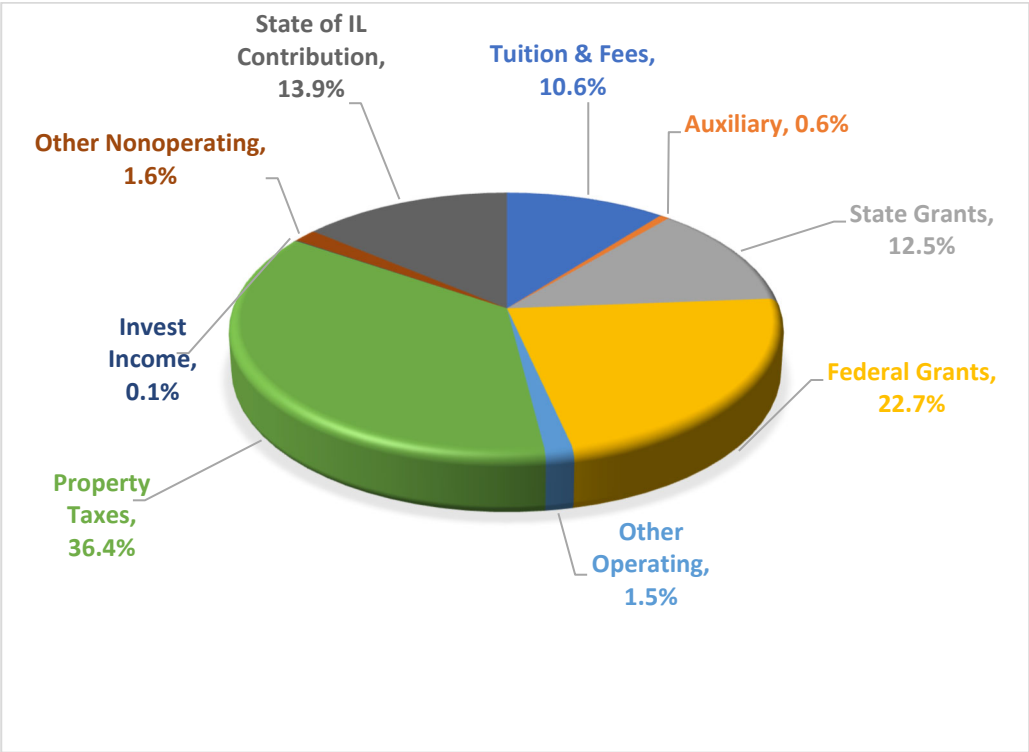
Total state grants and contracts increased by \$81,182 or 1.4%. Corporate Personal Property Replacement Tax increased \$338,220. During 2021, the ICCB Base Operating Grant increased approximately \$100,250 more than 2020's revenue. Other state grants and contracts having increased revenues in 2021 were ICCB Adult Ed Grant increases of approximately \$17,118; ICCB Vocational Educational Grant of approximately \$6,000; ECE Grant increases of \$111,880; ICCB Accountability and Transparency Grant increase of \$49,518, ICCB CTE Math Grant increase of \$14,400 and an INCCRRA CCRG Grant increases of \$86,200 along with a decrease in ISAC Monetary Award Grants of approximately \$33,004 and Innovative Bridge Grant of \$192,596.

For fiscal year 2021, total expenses were \$63,039,562 resulting in an increase of \$556,295 or 0.9% from 2020. Scholarships, Grants, and Waiver expense had an increase from 2020 of \$481,637 HEERF student relief expenditures due to the COVID-19 pandemic. The institution had decreased expenditures of approximately \$78,000 less than 2020 due to the COVID-19 pandemic and will be reimbursed by the HEERF institutional relief funding. Student activity and athletic waivers increased by approximately \$170,000 from 2020 and veteran waivers decreased by approximately \$61,000 from 2020.

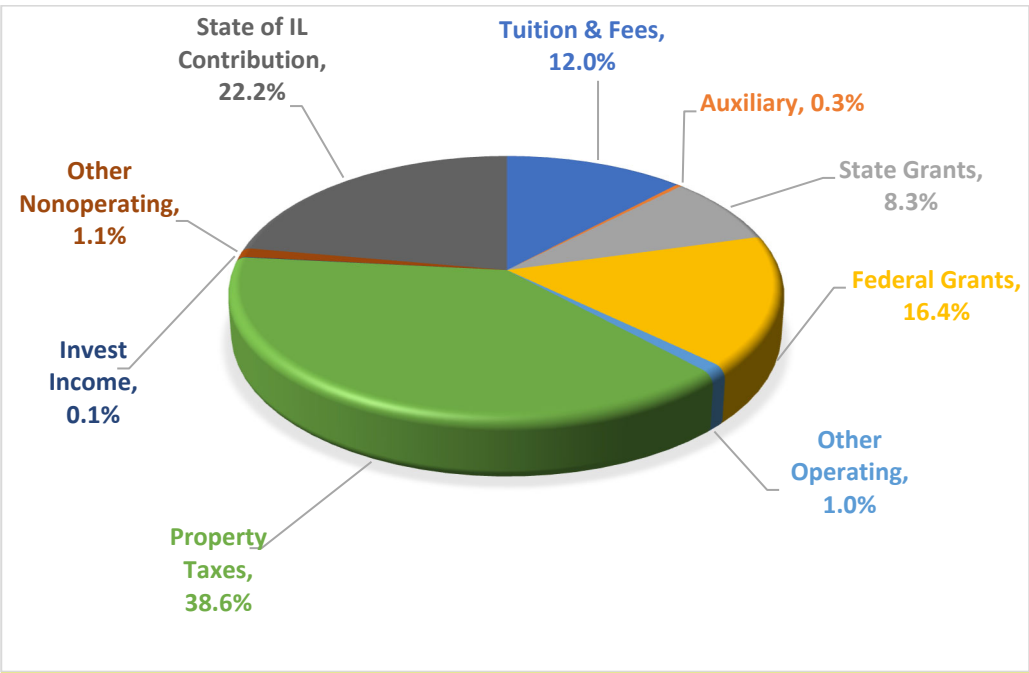
Net position increased by \$6,260,599 or 11.9% in 2021.

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

Following is a graphic illustration of revenues by source for fiscal year 2022:



For purposes of comparison, following is a graphic illustration of revenues by source for fiscal year 2021:



Heartland Community College

Community College District #540

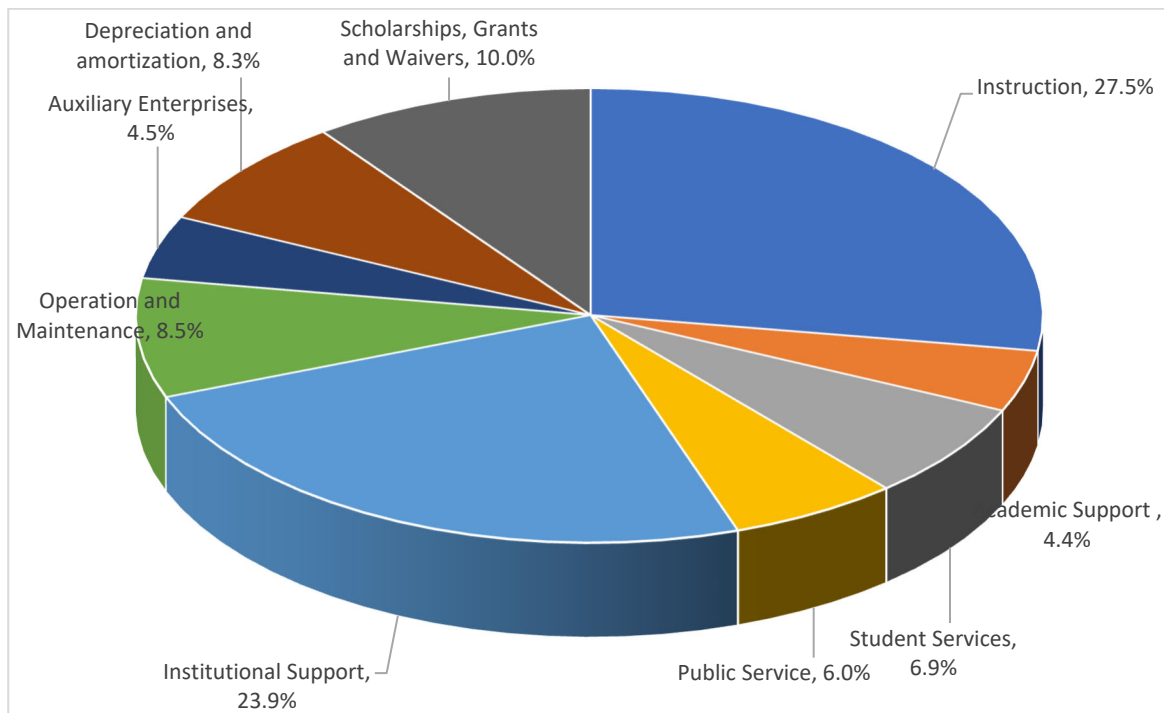
Management Discussion and Analysis

Following is a comparative analysis of operating expense by program:

Operating Expenses by Program
For the Years Ended June 30, 2022, 2021 and 2020
(in thousands)

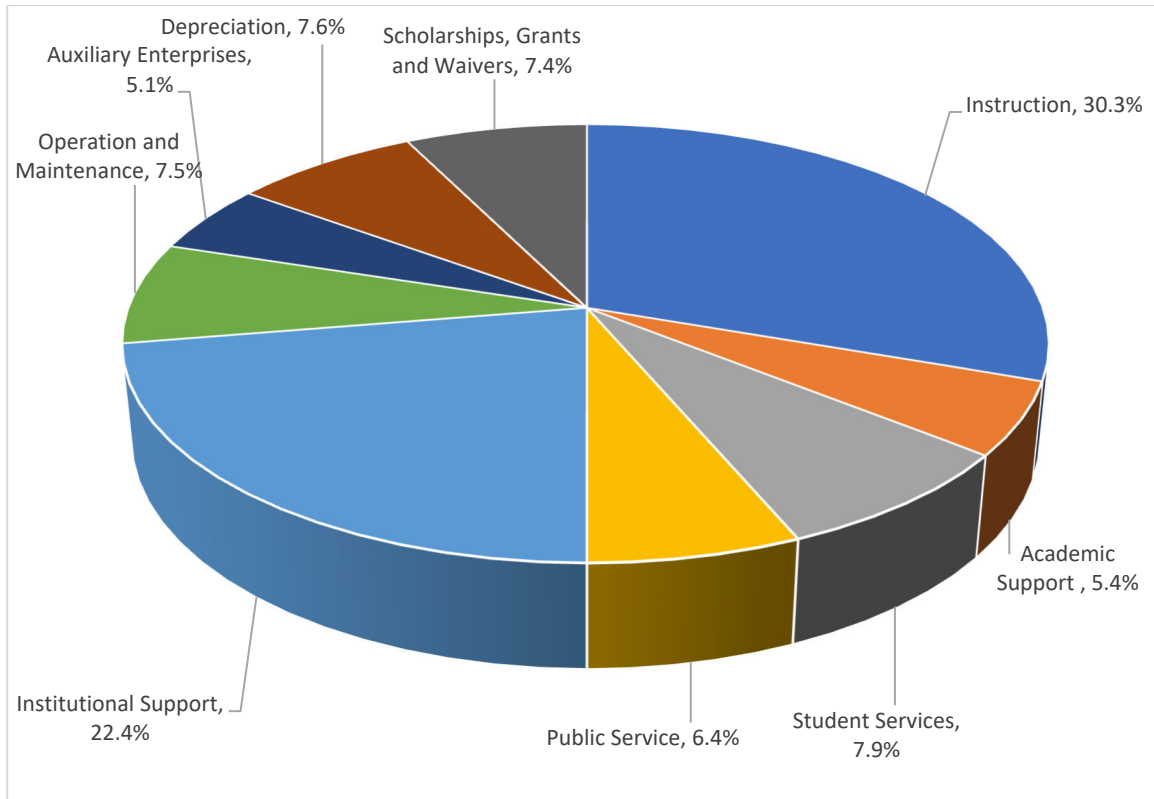
Program	2022	Restated 2021	Increase (Decrease) 2022-2021	Percent Change	Restated 2020	Increase (Decrease) 2021-2020	Percent Change
Instruction	\$17,575	\$18,636	(\$1,061)	-5.7%	\$20,683	(\$2,047)	-9.9%
Academic support	2,797	3,306	(509)	-15.4%	2,847	459	16.1%
Student services	4,378	4,826	(448)	-9.3%	4,593	233	5.1%
Public service	3,833	3,919	(86)	-2.2%	3,416	503	14.7%
Auxiliary enterprises	2,874	3,123	(249)	-8.0%	3,054	69	2.3%
Operation and maintenance of plant	5,421	4,438	983	22.1%	4,128	310	7.5%
Institutional support	15,556	13,802	1,754	12.7%	12,121	1,681	13.9%
Scholarships, grants and waivers	6,402	4,562	1,840	40.3%	5,137	(575)	-11.2%
Depreciation and amortization	5,235	4,834	401	8.3%	4,759	75	1.6%
Total	<u>\$64,071</u>	<u>\$61,446</u>	<u>\$2,625</u>	<u>4.3%</u>	<u>\$60,738</u>	<u>\$708</u>	<u>1.2%</u>

The pie chart following shows the operating expenses by program for fiscal year 2022 as a percentage of total expenses. Direct services to students accounted for 59.3% of total expenses. Direct services to students include: instruction at 27.5%, academic support at 4.4%, student services at 6.9%, public services at 6.0%, scholarships, grants, and waivers at 10.0%, and auxiliary enterprises at 4.5%. Indirect services to students accounted for 40.7% of total expenses. Indirect services to students include: operations and maintenance of plant at 8.5%, institutional support at 23.9% and depreciation and amortization at 8.3%.



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 2021 as a percentage of total expenses:



Capital Assets

As of June 30, 2022, the College's capital assets totaled \$171,698,578. Capital assets net of accumulated depreciation and amortization of \$70,951,852 total \$100,746,726. The increase in net capital assets of June 30, 2022 is due current year additions of \$5,802,540 offset by current year depreciation and amortization expense of \$5,235,579. Additional information regarding capital assets can be found in Capital Assets – Note 3 to the financial statements.

Heartland Community College

Community College District #540

Management Discussion and Analysis

The following is an analysis of capital assets:

Capital Assets
For the Years Ended June 30, 2022, 2021 and 2020
(in thousands)

	2022	Restated 2021	Increase (Decrease) 2022-2021	Percent Change	Restated 2020	Increase (Decrease) 2021-2020	Percent Change
Capital assets not being depreciated							
Land	\$4,481	\$4,481	\$0	0.0%	\$4,481	\$0	0.0%
Construction-in-progress	3,326	503	2,823	561.2%	496	7	1.4%
Capital Assets being depreciated							
Furniture and equipment	18,678	17,160	1,518	8.8%	15,379	1,781	11.6%
Buildings	124,193	123,550	643	0.5%	123,392	158	0.1%
Infrastructure	21,020	20,227	793	3.9%	19,295	932	4.8%
Total	171,698	165,921	5,777	3.5%	163,043	2,878	1.8%
Less accumulated depreciation/ amortization	(70,951)	(65,741)	(5,210)	7.9%	(60,916)	(4,825)	7.9%
Net capital assets	<u>\$100,747</u>	<u>\$100,180</u>	<u>\$567</u>	0.6%	<u>\$102,127</u>	<u>(\$1,947)</u>	-1.9%

Debt Administration

In November 2021, the College issued \$20,055,000 limited tax General Obligation Debt Certificates, Series 2021A. These certificates were paid in full and retired in February 2022 when the College issued General Obligation Community College Bonds, Series 2022.

The College issued General Obligation Community College Bonds, Series 2022, in the amount of \$17,835,000 during February 2022. Proceeds were used to retire General Obligation Debt Certificates Series 2021A 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 \$8,585,000 in bond and debt certificate principal. All bond premiums were amortized and reduced by \$889,180, increases to bond premiums were \$2,450,214. Compensated absences for employee vacations decreased by a net amount of \$77,915 or -5.1%. Additional information regarding long-term debt can be found in Long-Term Liabilities (Note 4).

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 2022, the College's OPEB liability decreased by \$1,224,117 or -6.7%. 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:

Long Term Debt
For the Years Ended June 30, 2022, 2021 and 2020
(in thousands)

	2022	Restated 2021	Increase (Decrease) 2022-2021	Percent Change	Restated 2020	Increase (Decrease) 2021-2020	Percent Change
Long-term debt							
General obligation bonds and debt certificates	\$67,555	\$58,305	\$9,250	15.9%	\$57,100	\$1,205	2.1%
Bond premium	6,437	4,876	1,561	32.0%	5,008	(132)	-2.6%
Lease obligations	1,734	1,565	169	10.8%	1,571	(6)	-0.4%
Compensated absences	1,437	1,515	(78)	-5.1%	1,325	190	14.3%
OPEB liability	16,913	18,137	(1,224)	-6.7%	18,324	(187)	-1.0%
Total	<u>\$94,076</u>	<u>\$84,398</u>	<u>\$9,678</u>	11.5%	<u>\$83,328</u>	<u>\$1,070</u>	1.3%

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 Justin R. Knorr, CPA, Controller. College budgets and audited financial reports are also available on the College website at: www.hearland.edu/about/financials.html.

Other

After 2022 fiscal year-end and during the month of November 2021, the College will issue \$12,030,000 in general obligation debt certificates. Planned projects supported through this financing include the development of the new Agricultural Complex, the renovation and addition to the SCB to accommodate CTE offerings and the Manufacturing Training Academy, other projects should resources be available, and to pay costs associated with the issuance of the debt. The College intends to issue approximately \$12,000,000 General Obligation Community College Bonds, Series 2022, within three months to pay the debt 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, 2022 and 2021

	Primary Government College		Component Unit Foundation	
		Restated		
ASSETS	2022	2021	2022	2021
Current assets:				
Cash and cash equivalents	\$30,694,120	\$19,061,993	\$347,064	\$266,871
Short-term investments	46,390,668	38,156,601	9,033,246	9,789,958
Accounts receivable:				
Property taxes	16,153,657	15,764,053	0	0
Student tuition and fees, net of allowance	1,504,995	1,045,048	0	0
Government	3,701,513	4,747,676	0	0
Other receivables	424,879	414,794	365,006	169
Accrued interest receivable	71,545	14,215	15,223	13,888
Prepaid items	1,198,424	1,015,952	14,521	22,309
Other current assets	130,689	193,203	0	0
Total current assets	100,270,490	80,413,535	9,775,060	10,093,195
Noncurrent assets:				
Capital assets, not being depreciated	7,807,724	4,984,051	0	0
Capital assets, net of depreciation and amortization	92,939,002	95,195,714	0	0
Total noncurrent assets	100,746,726	100,179,765	0	0
Total assets	201,017,216	180,593,300	9,775,060	10,093,195
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	710,253	889,248	0	0
Deferred outflows related to OPEB	856,331	1,138,730	0	0
Subsequent year's pension expense related to federal, trust, or grant contributions in the current year	52,070	48,101	0	0
Total deferred outflows of resources	1,618,654	2,076,079	0	0
Total assets and deferred outflows of resources	202,635,870	182,669,379	9,775,060	10,093,195

See Notes to Financial Statements.

Heartland Community College

Community College District #540

Statements of Net Position
June 30, 2022 and 2021

	Primary Government College		Component Unit Foundation	
	2022	Restated 2021	2022	2021
LIABILITIES				
Current liabilities:				
Accounts payable	1,438,725	1,264,634	141,431	41,689
Accrued liabilities	1,502,885	1,152,872	0	0
Accrued interest payable	390,203	223,588	0	0
Unearned revenue:				
Student tuition and fees	2,941,417	2,007,017	0	0
Other	1,442,152	3,427,916	0	0
Accrued compensated absences	718,319	757,277	0	0
Lease obligations	247,698	193,614	0	0
Bonds, net	9,229,050	9,396,258	0	0
Other liabilities	4,576	18,566	0	0
Total current liabilities	17,915,025	18,441,742	141,431	41,689
Noncurrent liabilities:				
Accrued compensated absences	718,319	757,276	0	0
Bonds, net	64,763,111	53,784,869	0	0
Lease obligations	1,486,125	1,371,512	0	0
Net OPEB liability	16,912,956	18,137,073	0	0
Total noncurrent liabilities	83,880,511	74,050,730	0	0
Total liabilities	101,795,536	92,492,472	141,431	41,689
DEFERRED INFLOWS OF RESOURCES				
Subsequent year's property taxes	28,275,200	27,225,390	0	0
Deferred inflows related to OPEB	4,872,435	3,955,037	0	0
Total deferred inflows of resources	33,147,635	31,180,427	0	0
NET POSITION				
Net investment in capital assets	56,414,220	52,851,217	0	0
Restricted for:				
Capital projects	13,786,509	5,548,483	0	0
Working cash	3,900,000	3,900,000	0	0
Specific purposes	670,675	692,841	7,996,193	6,705,918
Unrestricted	(7,078,705)	(3,996,061)	1,637,436	3,345,588
Total net position	\$67,692,699	\$58,996,480	\$9,633,629	\$10,051,506

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, 2022 and 2021

	Primary Government College		Component Unit Foundation	
	2022	Restated 2021	2022	2021
Operating revenues:				
Student tuition and fees (net of scholarship allowances \$8,492,698 for 2022; \$7,198,802 for 2021)	\$7,885,938	\$8,333,562	\$0	\$0
Auxiliary enterprises revenue	472,656	226,970	0	0
Annual campaign/gifts	0	0	1,470,765	740,706
Fundraising	0	0	204,181	179,583
Other operating revenues	1,117,694	690,056	253,427	239,168
Total operating revenue	9,476,288	9,250,588	1,928,373	1,159,457
Operating expenses:				
Instruction	17,575,049	18,635,866	0	0
Academic support	2,797,470	3,305,871	0	0
Student services	4,377,672	4,826,407	0	0
Public services	3,833,108	3,918,946	0	0
Auxiliary enterprises	2,873,624	3,123,372	0	0
Operations and maintenance	5,420,707	4,437,654	0	0
Institutional support	15,556,134	13,801,782	0	0
Scholarships, student grants, and waivers	6,401,705	4,561,863	428,106	365,666
Depreciation and amortization	5,235,579	4,834,696	0	0
General and administrative	0	0	653,685	496,121
Fundraising	0	0	64,135	60,992
Total operating expenses	64,071,048	61,446,457	1,145,926	922,779
Operating income (loss)	(54,594,760)	(52,195,869)	782,447	236,678
Nonoperating revenues (expenses):				
Property taxes	27,105,047	26,717,227	0	0
State grants and contracts	9,331,606	5,785,811	0	0
State on-behalf contributions for pension and OPEB	10,356,618	15,389,330	0	0
Federal grants and contracts	16,888,879	11,346,055	0	0
Investment income	38,589	40,050	(1,200,324)	1,993,118
Other revenue	1,187,710	771,100	0	0
Interest expense	(1,568,946)	(1,536,071)	0	0
Amortization expense on other assets	(48,524)	(57,034)	0	0
Total nonoperating revenues (expenses)	63,290,979	58,456,468	(1,200,324)	1,993,118
Change in net position	8,696,219	6,260,599	(417,877)	2,229,796
Net position - beginning of year, as restated	58,996,480	52,735,881	10,051,506	7,821,710
Net position - end of year	\$67,692,699	\$58,996,480	\$9,633,629	\$10,051,506

See Notes to Financial Statements.

Heartland Community College

Community College District #540

Statements of Cash Flows

Years ended June 30, 2022 and 2021

	2022	Restated 2021
Cash flows from operating activities:		
Tuition and fees	\$16,780,642	\$15,883,757
Payment to suppliers	(19,066,548)	(14,423,350)
Payments to employees	(22,775,170)	(21,669,844)
Payments to students for scholarships	(14,894,403)	(11,760,665)
Other	1,662,797	1,015,050
Net cash provided (used) by operating activities	(38,292,682)	(30,955,052)
Cash flows from noncapital financing activities:		
Property taxes	27,765,253	28,941,350
State, federal and local grants and contracts	26,458,509	17,922,901
Direct lending receipts	1,846,232	2,117,299
Direct lending payments	(1,846,232)	(2,117,299)
Net cash provided (used) by noncapital financing activities	54,223,762	46,864,251
Cash flows from capital and related financing activities:		
Purchases of capital assets	(5,802,539)	(2,729,727)
Proceeds from bond issuance	17,835,000	9,550,000
Premium on bond issuance	2,450,214	633,742
Principal payments on bonds payable	(8,585,000)	(8,345,000)
Interest payments on long-term debt	(2,112,516)	(2,119,092)
Proceeds from lease	376,743	0
Principal payments on leases	(208,046)	(163,686)
Net cash provided (used) by capital and related financing activities	3,953,856	(3,173,763)
Cash flows from investing activities:		
Interest received	(18,741)	72,098
Proceeds from maturities of investments	28,100,781	3,881,402
Purchases of investments	(36,334,849)	(11,937,863)
Net cash provided (used) by investing activities	(8,252,809)	(7,984,363)
Net increase in cash and cash equivalents	11,632,127	4,751,073
Cash and cash equivalents - beginning of year	19,061,993	14,310,920
Cash and cash equivalents - end of year	\$30,694,120	\$19,061,993

See Notes to Financial Statements.

Heartland Community College

Community College District #540

Statements of Cash Flows (Continued)

Years ended June 30, 2022 and 2021

	2022	Restated 2021
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	(\$54,594,760)	(\$52,195,869)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization on capital assets	5,284,103	4,834,696
State on-behalf payments for fringe benefits	10,356,618	15,389,330
Changes in deferred outflows of resources	278,430	(264,236)
Changes in deferred inflows of resources	917,398	969,196
Changes in assets and liabilities:		
Receivables	(459,947)	850,347
Prepaid items	(182,472)	(84,400)
Other	(34,534)	(171,999)
Accounts payable	174,091	35,381
Accrued liabilities	336,023	(17,370)
OPEB liability	(1,224,117)	(186,591)
Deferred tuition and fees	861,953	(400,930)
Deferred other revenue	72,447	98,024
Accrued compensated absences	(77,915)	189,369
Net cash (used) by operating activities	(\$38,292,682)	(\$30,955,052)
Supplemental disclosures of noncash operating activities:		
State of Illinois contributions provided	\$10,356,618	\$15,389,330
State of Illinois contributions paid	\$10,356,618	\$15,389,330
Equipment purchased through lease	\$376,743	\$157,859

See Notes to Financial Statements.

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, 2022 and 2021 were \$428,106 and \$365,666, 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.

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.

Note 1 Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 \$320,000 as of June 30, 2022 and 2021, respectively.

Prepaid Items

Prepaid items represent current expenditures which benefit future periods.

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.

Heartland Community College

Community College District #540

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

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 2021 become due and payable in two installments (June and September 2022). In accordance with board resolution, property taxes extended for the 2020 tax year and collected in 2021 are recorded as revenue in fiscal year 2022. 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 2021 tax year and collected in 2022 are recorded as deferred inflows of resources in fiscal year 2022.

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

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.

Note 1 Summary of Significant Accounting Policies (continued)

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.

Leases

The College is a lessee in multiple noncancelable leases. If the contract provides the College the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments are provided or can be calculated using an index or a rate.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the College's incremental borrowing rate. The College uses the incremental borrowing rate based on the information available at the commencement date for all leases. The College's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU assets for leases are amortized on a straight-line basis over the lease term.

Note 1 Summary of Significant Accounting Policies (continued)

Leases (continued)

For all underlying classes of assets, the College has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the College is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense.

For all underlying classes of assets, the College separates lease and non-lease components of an agreement to determine the lease payment.

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 2022 and 2021, the State made contributions of \$10,356,618 and \$15,389,330, respectively.

Deferred Outflows of Resources

Deferred outflows represent a consumption of net assets that applies to future periods. 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

Deferred inflows represent an acquisition of net assets that applies to future periods. 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.

Note 1 Summary of Significant Accounting Policies (continued)

Pensions

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

Other Post-Employment ("OPEB") Obligations

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

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.

Note 1 Summary of Significant Accounting Policies (continued)

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, 2022 and 2021, the College had \$25,276,092 and \$14,960,634, 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.

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*.

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Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 classifications. Such reclassifications in the accompanying financial statements had no effect on previously reported change in net position.

New Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. The statement enhances the relevance and consistency of reporting for the College's leasing activities by establishing requirements for lease accounting based on the principle that leases are financings of underlying right-to-use assets. A lessee is required to recognize a lease liability and a right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The College adopted this guidance retroactively for the year ended June 30, 2022. The adoption of this guidance resulted in a restatement of the beginning net position for the year ended June 30, 2021. See Note 14 for the details of the restatement.

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, 2022 and 2021, the bank balance of the College's deposits, which primarily consists of demand deposits, was \$31,360,232 and \$19,241,009, respectively. At June 30, 2022 and 2021, all deposits were covered by federal depository insurance or by collateral held by the College's agent in the College's name.

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

	Carrying Amount	
	2022	2021
Cash on hand	\$510	\$2,190
Deposits with financial institutions	30,693,610	19,060,898
Total	\$30,694,120	\$19,061,993

Heartland Community College
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Notes to Financial Statements

Note 2 Deposits and Investments (continued)

Investments

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

	2022	2021
Local government investment pools	\$12,625,330	\$36,409,783
Certificate of deposit	1,494,900	1,746,818
U.S. government agency securities	32,270,442	0
	\$46,390,672	\$38,156,601

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:

	2022				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Local government investment pools	\$12,625,330	\$12,625,330	\$0	\$0	\$0
Certificate of deposit	1,494,900	1,494,802	98	0	0
U.S. government agency securities	32,270,442	32,270,442	0	0	0
Total	\$46,390,672	\$46,390,574	\$98	\$0	\$0

	2021				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Local government investment pools	\$36,409,783	\$36,409,783	\$0	\$0	\$0
Certificate of deposit	1,746,818	1,746,818	0	0	0
Total	\$38,156,601	\$38,156,601	\$0	\$0	\$0

Heartland Community College
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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:

	2022					
	Total	AAA	AA	A	BBB	Unrated
Local government investment pools	\$12,625,330	\$12,625,330	\$0	\$0	\$0	\$0
Certificate of deposit	1,494,900	0	0	0	0	1,494,900
U.S. government agency securities	32,270,442	0	32,270,442	0	0	0
Total	\$46,390,672	\$12,625,330	\$32,270,442	\$0	\$0	\$1,494,900

	2021					
	Total	AAA	AA	A	BBB	Unrated
Local government investment pools	\$36,409,783	\$36,409,783	\$0	\$0	\$0	\$0
Certificate of deposit	1,746,818	0	0	0	0	1,746,818
Total	\$38,156,601	\$36,409,783	\$0	\$0	\$0	\$1,746,818

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, 2022, 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.

Heartland Community College
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Notes to Financial Statements

Note 2 Deposits and Investments (continued)

Fair Value Measurement (continued)

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.

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

	2022			
	Level 1	Level 2	Level 3	Total
U.S. Government agency securities	\$0	\$32,341,185	\$0	\$32,341,185

	2021			
	Level 1	Level 2	Level 3	Total
U.S. Government agency securities	\$0	\$0	\$0	\$0

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Notes to Financial Statements

Note 3 Capital Assets

The following tables present the changes in the various capital asset categories for fiscal years 2022 and 2021.

	Restated Balance June 30, 2021	Additions	Transfers & Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$4,481,528	\$0	\$0	\$4,481,528
Construction-in-progress	502,523	2,933,489	(109,816)	3,326,196
Total capital assets not being depreciated	4,984,051	2,933,489	(109,816)	7,807,724
Capital assets being depreciated:				
Furniture and equipment	17,159,805	1,543,509	(25,311)	18,678,003
Buildings	121,213,674	0	266,415	121,480,089
Infrastructure	20,227,530	948,799	(156,599)	21,019,730
Total capital assets being depreciated	158,601,009	2,492,308	84,505	161,177,822
Less accumulated depreciation:				
Furniture and equipment	(11,841,543)	(1,126,748)	7,189	(12,961,102)
Buildings	(39,710,302)	(3,035,512)	(2,448,145)	(45,193,959)
Infrastructure	(13,314,447)	(860,194)	2,466,267	(11,708,374)
Total accumulated depreciation	(64,866,292)	(5,022,454)	25,311	(69,863,435)
Net capital assets being depreciated	93,734,717	(2,530,146)	109,816	91,314,387
Net capital assets	98,718,768	403,343	0	99,122,111
Lease assets:				
Building	2,336,289	376,743	0	2,713,032
Accumulated amortization	(875,292)	(213,125)	0	(1,088,417)
Total lease assets, net	1,460,997	163,618	0	1,624,615
Capital assets, net	100,179,765	566,961	0	100,746,726

Heartland Community College
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Notes to Financial Statements

Note 3 Capital Assets (continued)

	Restated Balance June 30, 2020	Additions	Transfers & Deletions	Restated Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$4,481,528	\$0	\$0	\$4,481,528
Construction-in-progress	495,524	806,684	(799,685)	502,523
Total capital assets not being depreciated	4,977,052	806,684	(799,685)	4,984,051
Capital assets being depreciated:				
Furniture and equipment	15,378,684	1,595,673	185,448	17,159,805
Buildings	121,213,674	0	0	121,213,674
Infrastructure	19,295,240	327,370	604,920	20,227,530
Total capital assets being depreciated	155,887,598	1,923,043	790,368	158,601,009
Less accumulated depreciation for:				
Furniture and equipment	(11,040,970)	(809,890)	9,317	(11,841,543)
Buildings	(36,685,861)	(3,024,441)	0	(39,710,302)
Infrastructure	(12,475,961)	(838,486)	0	(13,314,447)
Total accumulated depreciation	(60,202,792)	(4,672,817)	9,317	(64,866,292)
Net capital assets being Depreciated	95,684,806	(2,749,774)	799,685	93,734,717
Net capital assets	\$100,661,858	(\$1,943,090)	\$0	\$98,718,768
Lease assets:				
Building	2,178,430	157,859	0	2,336,289
Accumulated amortization	(713,414)	(161,878)	0	(875,292)
Total lease assets, net	1,465,016	(4,019)	0	1,460,997
Capital assets, net	102,126,874	(1,947,109)	0	100,179,765

Heartland Community College

Community College District #540

Notes to Financial Statements

Note 4 Long-Term Liabilities

Long-term liability for the years ended June 30, 2022 and 2021 is as follows:

	Restated Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Balance Due Within One Year
General obligation bonds	\$58,305,000	\$17,835,000	(\$8,585,000)	\$67,555,000	\$8,210,000
Bond premium	4,876,127	2,450,214	(889,180)	6,437,161	1,019,050
Lease obligations	1,565,126	376,743	(208,046)	1,733,823	247,698
Compensated absences	1,514,553	985,130	(1,063,045)	1,436,638	718,319
Total	\$66,260,806	\$21,647,087	(\$10,745,271)	\$77,162,622	\$10,195,067

	Restated Balance June 30, 2020	Additions	Deletions	Restated Balance June 30, 2021	Balance Due Within One Year
General obligation bonds	\$57,100,000	\$9,550,000	(\$8,345,000)	\$58,305,000	\$8,585,000
Bond premium	5,008,062	633,742	(765,677)	4,876,127	811,258
Lease obligations	1,570,953	157,859	(163,686)	1,565,126	193,614
Compensated absences	1,325,184	899,785	(710,416)	1,514,553	757,277
Total	65,004,099	\$11,241,386	(\$9,984,779)	\$66,260,806	\$10,347,149

Accrued compensated absences (earned vacation leave) at June 30, 2022 and 2021 is \$1,436,638 and \$1,514,553, respectively, and is expected to be paid out ratably or taken over the next two years.

General Obligation Bonds

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
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Notes to Financial Statements

Note 4 Long-Term Liabilities (continued)

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

Year Ending June 30,	Principal	Interest	Total
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
Total	\$8,525,000	\$700,875	\$9,225,875

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:

Year Ending June 30,	Principal	Interest	Total
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
Total	\$8,660,000	\$903,000	\$9,563,000

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.

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.

Heartland Community College
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Notes to Financial Statements

Note 4 Long-Term Liabilities (continued)

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

Year Ending June 30,	Principal	Interest	Total
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	0	649,500	649,500
2027	6,335,000	491,125	6,826,125
2028	6,655,000	166,375	6,821,375
Total	\$19,440,000	\$3,444,450	\$22,884,450

The Series 2017B refunding and the 2017C refunding, which was retired during fiscal year 2020, 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 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 percent used for capitalized assets was 31.98%.

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

Year Ending June 30,	Principal	Interest	Total
2023	\$2,435,000	\$60,985	\$2,495,985
2024	2,115,000	19,352	2,134,352
Total	\$4,550,000	\$80,337	\$4,630,337

In February 2021, the College issued General Obligation Community College Bonds, Series 2021, in the amount of \$9,550,000 due on December 1, 2021 through December 1, 2028 with an interest rate of 2.00%. Proceeds of the bonds were used for capital improvements and to pay certain costs associated with the issuance of the bonds. As of June 30, 2022, \$7,824,454 of the proceeds were unspent and 19.19% of the amount spent was on capitalized assets.

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Notes to Financial Statements

Note 4 Long-Term Liabilities (continued)

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

Year Ending June 30,	Principal	Interest	Total
2023	\$0	\$170,900	\$170,900
2024	590,000	165,000	755,000
2025	925,000	149,850	1,074,850
2026	930,000	131,300	1,061,300
2027	480,000	117,200	597,200
2028-2029	5,620,000	159,100	5,779,100
Total	\$8,545,000	\$893,350	\$9,438,350

In February 2022, the College issued General Obligation Community College Bonds, Series 2022, in the amount of \$17,835,000 due on December 1, 2022 through December 1, 2033 with interest rates ranging from 3.00% to 5.00%. Proceeds of the bonds were used for capital improvements and to pay certain costs associated with the issuance of the bonds. As of June 30, 2022, \$17,451,638 of the proceeds were unspent and 28.29% of the amount spent was on capitalized assets.

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

Year Ending June 30,	Principal	Interest	Total
2023	\$370,000	\$859,267	\$1,229,267
2024	0	653,900	653,900
2025	0	653,900	653,900
2026	0	653,900	653,900
2027	0	653,900	653,900
2028-2032	10,640,000	2,647,025	13,287,025
2033-2034	6,825,000	175,875	7,000,875
Total	\$17,835,000	\$6,297,767	\$24,132,767

In fiscal year 2020, the College obtained radiography equipment under a capital lease, which expired in fiscal year 2022. The total equipment acquired under the lease is \$30,866 and the accumulated depreciation at June 30, 2022 is \$20,482. The interest rate on the lease is 6.834%.

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Note 4 Long-Term Liabilities (continued)

Leases

Lease agreement dated October 2014 in the original principal amount of \$1,044,295, due in monthly installments of \$5,207 from October 2014 through December 2014 and \$9,497 from January 2015 through December 2024, including imputed interest at 2.00%, collateralized by building space (lease assets). The annual debt service requirement is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$109,410	\$4,554	\$113,964
2024	111,618	2,346	113,964
2025	56,651	331	56,982
Totals	\$277,679	\$7,231	\$284,910

Lease agreement dated April 2018 in the original principal amount of \$879,350, due in monthly installments of \$4,365 April 2018 through March 2020, \$5,631 April 2020 through March 2023, \$5,800 April 2023 through March 2026, \$5,974 April 2026 through March 2029, \$6,154 April 2029 through March 2032, \$6,339 April 2032 through March 2035 and \$6,530 April 2035 through March 2038, including imputed interest at 2.20%, collateralized by building space (lease assets). The annual debt service requirement is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$47,103	\$20,976	\$68,079
2024	49,690	19,910	69,600
2025	50,795	18,805	69,600
2026	52,447	17,675	70,122
2027	55,198	16,490	71,688
2028-2032	302,773	63,242	366,015
2033-2037	358,527	26,970	385,497
2038	58,234	535	58,769
Totals	\$974,767	\$184,603	1,159,370

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Notes to Financial Statements

Note 4 Long-Term Liabilities (continued)

Lease agreement dated June 2021 in the original principal amount of \$157,859, due in monthly installments of \$3,510 June 2021 through May 2022, \$3,591 June 2022 through May 2023, \$3,663 June 2023 through May 2024, and \$3,736 June 2024 through May 2025, including imputed interest at 5.00%, collateralized by building space (lease assets). The annual debt service requirement is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$38,074	\$5,090	\$43,164
2024	40,905	3,122	44,027
2025	40,087	1,009	41,096
Totals	\$119,066	\$9,221	\$128,287

Lease agreement dated April 2022 in the original principal amount of \$376,743, due in monthly installments of \$5,835, including imputed interest at 5.00%, collateralized by building space (lease assets). The annual debt service requirement is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$53,111	\$16,909	\$70,020
2024	55,828	14,192	70,020
2025	58,684	11,336	70,020
2026	61,686	8,334	70,020
2027	64,842	5,178	70,020
2028	68,160	1,860	70,020
Totals	\$362,311	\$57,809	\$420,120

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Notes to Financial Statements

Note 4 Long-Term Liabilities (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2022, including interest, are as follows:

Year Ending June 30	General Obligation Bonds	Leases	Total Principal	Interest	Total Principal and Interest
2023	\$8,210,000	\$247,698	\$8,457,698	\$2,575,231	\$11,032,929
2024	8,335,000	258,041	8,593,041	2,088,222	10,681,263
2025	7,125,000	206,217	7,331,217	1,817,881	9,149,098
2026	7,330,000	114,133	7,444,133	1,572,434	9,016,567
2027	6,815,000	120,040	6,935,040	1,283,893	8,218,933
2028-2032	22,915,000	370,933	23,285,933	3,037,602	26,323,535
2033-2037	6,825,000	358,527	7,183,527	202,845	7,386,372
2038	0	58,234	58,234	535	58,769
Total	\$67,555,000	\$1,733,823	\$69,288,823	\$12,578,643	\$81,867,466

At June 30, 2022, the legal debt limit was \$140,299,691 based on a statutory limit of 2.875% of assessed valuation of \$4,879,989,263. At June 30, 2021, the legal debt limit was \$135,282,281 based on a statutory limit of 2.875% of assessed valuation of \$4,705,470,640. The remaining legal debt limit as of June 30, 2022 and 2021 was \$64,573,707 and \$70,536,028, respectively.

Note 5 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 Annual Comprehensive Financial Report (ACFR) 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.

Note 5 Defined Benefit Pension Plan (continued)

General Information about the Pension Plan (continued)

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 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, 2021 can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

Contributions. The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2021 and fiscal year 2022, respectively, was 12.70% and 12.32% of employee payroll. The normal cost is equal to the value of current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State’s General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

Note 5 Defined Benefit Pension Plan (continued)

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

Net Pension Liability.

The net pension liability (NPL) was measured as of June 30, 2021 and June 30, 2020. SURS defined benefit plan reported a NPL of \$28,528,477,079 at June 30, 2021 and \$30,619,504,321 at June 30, 2020.

Employer Proportionate Share of Net Pension Liability.

The amount of the proportionate share of the NPL to be recognized for the College in fiscal year 2021 is \$0 and for fiscal year 2020 it was \$0. The proportionate share of the State's NPL associated with the College at June 30, 2021 is \$126,672,429 or 0.4440% and at June 30, 2020 was \$135,957,642 or 0.4440%. This amount should not be recognized in the College's financial statements. The NPL and total pension liability as of June 30, 2021 was determined based on the June 30, 2020 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2020.

Defined Benefit Pension Expense.

At June 30, 2021 and June 30, 2020, SURS defined benefit plan reported a collective net pension expense of \$2,342,460,058 and \$3,364,411,021, respectively.

Employer Proportionate Share of Defined Benefit Pension Expense

The employer proportionate share of collective defined benefit expense should be recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2021 and 2020, respectively. As a result, the College recognized revenue and defined benefit pension expense of \$10,401,015 and \$14,976,148 from this special funding situation during the years ended June 30, 2022 and June 30, 2021, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Defined Benefit Pensions

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

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Notes to Financial Statements

Note 5 Defined Benefit Pension Plan (continued)

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

Fiscal Year Ended June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$113,467,689	\$0
Changes in assumption	776,968,084	0
Net difference between projected and actual earnings on pension plan investments	0	2,283,514,660
Total	\$890,435,773	\$2,283,514,660

Fiscal Year Ended June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$170,987,483	\$0
Changes in assumption	473,019,629	0
Net difference between projected and actual earnings on pension plan investments	474,659,178	0
Total	\$1,118,666,290	\$0

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

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2022	\$34,095,451
2023	(197,005,703)
2024	(538,343,058)
2025	(691,825,577)
Total	(\$1,393,078,887)

Note 5 Defined Benefit Pension Plan (continued)

College's Deferral of Fiscal Year 2022 and 2021 Contributions

The College paid \$52,070 and \$48,101 in federal, trust or grant contributions to SURS defined benefit pension plan during the fiscal years ended June 30, 2022 and June 30, 2021, respectively. These contributions were made subsequent to the pension liability date of June 30, 2021 and June 30, 2020, and are recognized as deferred outflows of resources as of June 30, 2022 and June 30, 2021.

Assumptions and Other Inputs

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

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

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

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

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Notes to Financial Statements

Note 5 Defined Benefit Pension Plan (continued)

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	41.0%	6.30%
Stabilized Growth		
Credit Fixed Income	14.0%	1.82
Core Real Assets	50.0%	3.92
Options Strategies	6.0%	4.20
Non-Traditional Growth		
Private Equity	7.5%	10.45
Non-Core Real Assets	2.5%	8.83
Inflation Sensitive		
U.S. TIPS	6.0%	(0.22)
Principal Protection		
Core Fixed Income	80.0%	(0.81)
Crisis Risk Offset		
Systematic Trend Following	3.5%	3.45
Alternative Risk Premia	3.0%	2.30
Long Duration	3.5%	0.91
Total	100%	4.43%
Inflation		2.25%
Expected Arithmetic Return		6.68%

Discount Rate. A single discount rate of 6.12% and 6.49% at June 30, 2021 and June 30, 2020, 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 6.50% and 6.75% at June 30, 2021 and June 30, 2020, respectively, and a municipal bond rate of 1.92% and 2.45% at June 30, 2021 and June 30, 2020, respectively (based on the Fidelity 20-Year GO AA Index as of June 30, 2021). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

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Notes to Financial Statements

Note 5 Defined Benefit Pension Plan (continued)

Sensitivity of SURS Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.12% and 6.49% at June 30, 2021 and June 30, 2020, respectively, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

June 30, 2021		
1% Decrease	Current Single Discount	1% Increase
5.12%	Rate Assumption	7.12%
	6.12%	
\$35,000,704,353	\$28,528,477,079	\$23,155,085,730
June 30, 2020		
1% Decrease	Current Single Discount	1% Increase
5.49%	Rate Assumption	7.49%
	6.49%	
\$36,893,469,884	\$30,619,504,321	\$25,441,837,592

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

Note 6 Defined Contribution Pension Plan

General Information about the Pension Plan

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

Note 6 Defined Contribution Pension Plan (continued)

General Information about the Pension Plan (continued)

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

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

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

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense

For the year ended June 30, 2021, the State's contributions to the RSP on behalf of individual employers totaled \$76,280,832. Of this amount, \$70,403,460 was funded via an appropriation from the State and \$5,877,372 was funded from previously forfeited contributions. For the year ended June 30, 2020, the State's contributions to the RSP on behalf of individual employers totaled \$74,418,691. Of this amount, \$68,874,215 was funded via an appropriation from the State and \$5,544,476 was funded from previously forfeited contributions.

Note 6 Defined Contribution Pension Plan (continued)

Employer Proportionate Share of Defined Contribution Pension Expense

The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2021. The College's share of pensionable contributions was 0.3921% at June 30, 2021 and 0.3995% at June 30, 2020. As a result, the College recognized revenue and defined contribution pension expense of \$299,067 from this special funding situation during the year ended June 30, 2022, of which \$23,043 constituted forfeitures. As a result, the College recognized revenue and defined contribution pension expense of \$297,325 from this special funding situation during the year ended June 30, 2021, of which \$22,152 constituted forfeitures.

Note 7 Other Post-Employment Benefits

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

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

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

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.

Note 7 Other Post-Employment Benefits (continued)

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, 2021 and June 30, 2020. CIP reported a net OPEB liability at June 30, 2021 of \$1,735,532,863 and at June 30, 2020 of \$1,822,763,538.

Employer Proportionate Share of Net OPEB Liability. The amount of the proportionate share of the net OPEB liability to be recognized for the College in fiscal year 2022 is \$16,912,956 or 0.9745%, and for fiscal year 2021 is \$18,137,073 or 0.9950%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was a decrease of 0.0205%. The proportionate share of the State's net OPEB liability associated with the College at June 30, 2021 and June 30, 2020 was \$16,912,956 or 0.9745% and \$18,137,037 or 0.9950%, respectively. The total proportionate share of the net OPEB liability associated with the College at June 30, 2021 and June 30, 2020 was \$33,825,912 and \$36,274,110, respectively. The net OPEB liability and total OPEB liability as of June 30, 2021 was determined based on the June 30, 2020 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net OPEB liability is the actual reported OPEB contributions made to CIP during fiscal year 2021.

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Note 7 Other Post-Employment Benefits (continued)

OPEB Expense. At June 30, 2022 and June 30, 2021, CIP reported a collective net OPEB expense (income) of (\$8,291,172) and \$38,455,955, 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 2021 and 2020, respectively. As a result, the College recognized on-behalf revenue and expense of (\$44,397) and \$413,182 for the fiscal years ended June 30, 2022 and June 30, 2021, respectively. Additionally, the College recognized OPEB expense (revenue) of (\$24,320) and \$522,575 for the fiscal years ended June 30, 2022 and June 30, 2021.

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.

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

Fiscal Year Ended June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$107,031	\$1,236,137
Changes in assumption	0	3,230,910
Net difference between projected and actual earnings on OPEB plan investments	0	487
Changes in proportion and differences between employer contributions and share of contributions	654,065	404,901
Total deferred amounts to be recognized in pension expense in future periods	761,096	4,872,435
OPEB contributions made subsequent to the measurement date	95,235	0
Total	\$856,331	\$4,872,435

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Note 7 Other Post-Employment Benefits (continued)

Fiscal Year Ended June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$164,760	\$1,015,095
Changes in assumption	0	2,899,454
Net difference between projected and actual earnings on OPEB plan investments	0	768
Changes in proportion and differences between employer contributions and share of contributions	883,361	39,720
Total deferred amounts to be recognized in pension expense in future periods	1,048,121	3,955,037
OPEB contributions made subsequent to the measurement date	90,609	0
Total	\$1,138,730	\$3,955,037

The College reported \$95,235 and \$90,609 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, 2023 and June 30, 2022, 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:

Year ended June 30:	Net Deferred Inflows of Resources
2023	(\$685,223)
2024	(685,223)
2025	(685,223)
2026	(685,223)
2027	(685,223)
2028	(685,224)
Total	(\$4,111,339)

Note 7 Other Post-Employment Benefits (continued)

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Healthcare cost trend rates	Trend used for fiscal year 2022 based on premium increases. For fiscal years ending on and after 2023, trend starts at 8.00% for non-Medicare costs and post-Medicare costs, and gradually decreases to an ultimate trend of 4.25%.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table. For disabled annuitants, mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 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, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2014 to June 30, 2017.

Note 7 Other Post-Employment Benefits (continued)

Discount Rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's index "20-year Municipal GO AA Index" has been selected. The discount rates are 1.92% as of June 30, 2021, and 2.45% as of June 30, 2020. The decrease in the single discount rate from 2.45% to 1.92% caused the total OPEB liability to increase by approximately \$114.7 million from 2020 to 2021.

Sensitivity of Net OPEB Liability to Changes in the Single Discount Rate

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 1.92% and 2.45% at June 30, 2021 and June 30, 2020, 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:

Sensitivity of Net OPEB Liability as of June 30, 2021 to the Single Discount Rate Assumption			
	1% Decrease (0.92%)	Current Single Discount Rate Assumption (1.92%)	1% Increase (2.92%)
Net OPEB liability	\$19,268,829	\$16,912,956	\$14,878,449
Sensitivity of Net OPEB Liability as of June 30, 2020 to the Single Discount Rate Assumption			
	1% Decrease (1.45%)	Current Single Discount Rate Assumption (2.45%)	1% Increase (3.45%)
Net OPEB liability	\$20,665,863	\$18,137,073	\$15,956,403

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 2023 decreasing to an ultimate trend rate of 4.25% in 2038.

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

	Healthcare Cost Trend		
	1% Decrease (a)	Rates Assumption	1% Increase (b)
Net OPEB liability	\$13,936,009	\$16,912,956	\$20,899,975

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

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

	Healthcare Cost Trend		
	1% Decrease (a)	Rates Assumption	1% Increase (b)
Net OPEB liability	\$15,028,387	\$18,137,073	\$22,260,616

- (b) One percentage point decrease in healthcare trend rates are 7.25% in 2022 decreasing to an ultimate trend rate of 3.25% in 2037.
- (b) One percentage point increase in healthcare trend rates are 9.25% in 2022 decreasing to an ultimate trend rate of 5.25% in 2037.

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 \$3,976,425 over an annual liability period.

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Notes to Financial Statements

Note 8 Risk Management (continued)

The reserve for health care costs reported in the fund at June 30, 2022 and 2021, is based on the requirements of GASB, 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.

	2022	2021
Reserve for health care costs at July 1	\$474,573	\$442,871
Claims incurred during the period	4,479,846	3,865,999
Payments on claims	(4,338,073)	(3,834,297)
Reserve for health care costs at June 30	\$616,346	\$474,573

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, 2022 and 2021, respectively.

Note 9 Restricted Net Position

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

	2022	2021
Capital projects	\$13,786,509	\$5,548,483
Working Cash	\$3,900,000	\$3,900,000
Restricted for:		
Audit	\$107,484	\$118,060
Liability, Protection, & Settlement	563,191	752,683
	\$670,675	\$692,841

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 or 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.

Note 9 Restricted Net Position (continued)

At June 30, 2022 and 2021, the College had (\$7,078,701) and (\$3,996,061), respectively, of unrestricted net position. Of these balances, the College has \$1,109,833 and \$1,420,040 designated for payment of self-insurance claims at June 30, 2022 and 2021, 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, 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.

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 municipalities within the College's district is \$662,471 and \$645,455 for fiscal years 2022 and 2021, 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.

Construction Commitments. In April 2022, the College entered into a professional services agreement with River City Construction, LLC to construct the Agricultural Complex for \$19,394,000. As of June 30, 2022, total costs incurred are approximately \$1,441,897. The estimated completion date for this project is fiscal year 2023.

Heartland Community College

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Notes to Financial Statements

Note 11 Contingencies (continued)

In August 2022, the College entered into a professional services agreements with Johnco Construction, Inc. and Demonica Kemper Architects, LLC to construct the CTE addition and remodel and with for \$13,644,000. As of June 30, 2022 total costs incurred are approximately \$936,049, which was for the architecture costs to date. The estimated completion date for this project is fiscal year 2023.

Note 12 Component Unit – Foundation

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

The Foundation is a private nonprofit organization that reports its financial results under applicable FASB statements.

Organization

The Heartland Community College Foundation (the "Foundation"), located in Normal, Illinois, was incorporated under the laws of the State of Illinois as a not-for-profit organization. The primary function of the Foundation is to assist in developing and increasing the facilities and programs of Heartland Community College for broader educational opportunities for its students, alumni, faculty and staff, and the citizens of the community college district, the State of Illinois and the United States of America. Another function is to raise funds for student scholarships. This is done by encouraging gifts of money, property, works of art, and other materials having educational, artistic or historical value.

Basis of Accounting

The Foundation's records are maintained on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Basis of Presentation

Under Accounting Standards Codification ("ASC") 958, the Foundation is required to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions – Assets presently available for use by the Foundation at the discretion of the Board.

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Notes to Financial Statements

Note 12 Component Unit – Foundation (continued)

With donor restrictions – Assets which are subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time, or with a donor-imposed restriction that stipulates that resources be maintained permanently, but permits the Foundation to use up or expend part or all of the income (or other economic benefits) derived from the donated assets.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect, net of any allowance for doubtful accounts. The Foundation estimates the allowance by reviewing the status of all accounts receivable. There was no allowance for doubtful accounts as of June 30, 2022.

Fund Accounting

The accounts of Heartland Community College Foundation are maintained in accordance with the principles of fund accounting. Fund accounting is a procedure by which resources for various purposes are classified for accounting and reporting into funds that are in accordance with specified activities or objectives. This enables the Foundation to ensure observance of limitations and restrictions placed on the use of the resources available. Separate accounts are maintained for each fund. In the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Funds

Unrestricted funds consist of those funds over which the Foundation's Board retains full control to use in achieving any of its authorized purposes. Restricted funds are restricted by donors and can be utilized only in accordance with the purposes established by the related donor.

Revenue Recognition

Funds that are not restricted by their sources are recognized as revenue as they are received. Funds that are restricted by their sources are recorded as additions to the fund balances of the appropriate fund groups. Restricted funds are then recorded as revenue during the period in which they are expended. All other revenue is recognized in the period to which it relates. The Foundation's performance obligation for fundraising events and other income is recognized as goods are sold or services provided, and the related revenue is recognized immediately or in the month of performance.

Heartland Community College
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Notes to Financial Statements

Note 12 Component Unit – Foundation (continued)

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period that the unconditional promise is received. Contributions received with donor-imposed restrictions and related gains and income that are met in the same year as received are reported as revenues without donor restrictions. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Foundation reports gifts of land, buildings, investment securities, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

During the year ended June 30, 2022, the Foundation received \$253,427 of in-kind contributions (goods and services) and \$-0- of contributed investments, which is included in the statement of activities.

Investments

Investments in marketable securities with readily determinable fair values are reported at fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Certificate of Deposit

Certificates of deposit are carried at cost.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

The Foundation considers cash on hand and on deposit with banks to be cash.

Financial Instruments

The carrying value of financial instruments have been determined through quoted market prices or present value techniques to approximate the amounts recorded in the statement of financial position.

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

Note 12 Component Unit – Foundation (continued)

Investments:

Investments in marketable securities are carried at fair value based on quoted prices in active markets and consist of the following at June 30:

	Fair Values	
	2022	2021
Common stock	\$1,352,748	\$1,620,640
Exchange traded funds	1,601,617	2,039,187
Mutual funds	4,178,195	4,040,544
Corporate bonds	1,867,442	2,057,092
Certificate of deposit	33,244	32,495
Total	\$ 9,033,246	\$ 9,789,958

For the year ended June 30, 2022, investments expenses were \$44,772. The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$91,447	\$68,419	\$159,866
Realized gain (loss) on investments	288,149	234,757	522,906
Unrealized gain (loss) on investments	(1,883,096)	0	(1,883,096)
Total	(\$1,503,500)	\$303,176	(\$1,200,324)

For the year ended June 30, 2021, investments expenses were \$31,887. The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$50,413	\$89,260	\$139,673
Realized gain (loss) on investments	132,498	166,564	299,062
Unrealized gain (loss) on investments	1,568,239	(13,856)	1,554,383
Total	\$1,751,150	\$241,968	\$1,993,118

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

Note 12 Component Unit – Foundation (continued)

Fair Value Measurement:

The Foundation has determined the fair value of certain assets and liabilities through application of ASC 820. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets.

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.

Common stocks, exchange traded funds, 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. Corporate and municipal bonds are valued based on either the most recent observable trade and/or external quotes.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2022, are as follows:

	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Common stock	\$1,352,748	\$1,352,748	\$0	\$0
Exchange traded funds	1,601,617	1,601,617	0	0
Mutual funds	4,178,195	4,178,195	0	0
Corporate bonds	1,867,442	0	1,867,442	0
	\$9,000,002	\$7,132,560	\$1,867,442	\$0

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

Note 12 Component Unit – Foundation (continued)

Fair values of assets and liabilities measured on a recurring basis at June 30, 2021, are as follows:

	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Common stock	\$1,620,640	\$1,620,640	\$0	\$0
Exchange traded funds	2,039,187	2,039,187	0	0
Mutual funds	4,040,544	4,040,544	0	0
Corporate bonds	2,057,092	0	2,057,092	0
	\$9,757,463	\$7,700,371	\$2,057,092	\$0

Net Assets with Donor Restrictions:

The Foundation's net assets with donor restrictions at June 30:

	2022	2021
Subject to expenditure for specified purpose:		
Student scholarships and institutional support currently available	\$7,336,193	\$6,085,918
Perpetual endowments	660,000	620,000
Net assets with donor restrictions	\$7,996,193	\$6,705,918

Note 13 Impact of Pending Accounting Pronouncements:

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, 2021. 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, 2022. The College has not determined the effect of this Statement.

Note 13 Impact of Pending Accounting Pronouncements (continued):

GASB Statement No. 92, *Omnibus 2021*, improves the consistency of several practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The 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, 2022. 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.

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

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

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

Heartland Community College

Community College District #540

Notes to Financial Statements

Note 14 Restatement:

During the fiscal year, the College made a prior period adjustments to the financial statements to implement GASB Statement No. 87 related to leases in compliance with accounting principles generally accepted in the United States.

	Statements of Net Position	
	June 30, 2022	June 30, 2021
Net Position, beginning of year, as previously reported	\$59,095,105	\$52,825,852
GASB Statement No. 87 implementation	(98,625)	(89,971)
Net position, beginning of year, as restated	\$58,996,480	\$52,735,881

Note 15 Subsequent Events:

In August 2022, the College approved the construction and renovation of College facilities and infrastructure, an addition to house the Electric Vehicle and Energy Storage (EVEs) programs, and a renovation of the student commons building for HVAC, robotic, renewable/sustainable energy, digital media programs, learning spaces, and offices for a total cost not to exceed \$17,500,000. Also in August 2022, the College signed a related contract for the Advance Manufacturing & Technology Center addition portion of the project to Johnco Construction, Inc. in an amount not to exceed \$13,644,000.

In October 2022, the College issued Taxable Obligation Debt Certificates in the amount of \$12,030,000 for the purpose of paying the cost of purchasing real or personal property, or both, in and for the Community College District.

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)

MEASUREMENT DATE JUNE 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%	0%	0%		
Proportion amount of the collective net pension liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$126,672,429	\$136,297,922	\$127,028,875	\$120,893,566	\$110,893,773	\$113,066,447	\$104,463,724	\$96,989,820		
College DB covered payroll	\$15,940,665	\$16,555,605	\$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 the DB covered payroll	794.65%	823.27%	791.82%	766.99%	719.32%	716.63%	652.23%	600.46%		
SURS plan net position as a percentage of total pension liability	45.45%	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%	44.39%		

Note: The 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)

FISCAL YEAR ENDING JUNE 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Federal, trust, grant and other contribution	\$52,070	\$48,101	\$43,895	\$41,114	\$36,248	\$36,952	\$38,040	\$49,214		
Contribution in relation to required contribution	52,070	48,101	43,895	41,114	36,248	36,952	38,040	49,214		
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
College covered payroll	19,047,280	18,121,716	18,301,729	17,418,804	16,645,814	16,265,763	16,016,358	16,152,552		
Contribution as a percentage of covered payroll	0.27%	0.27%	0.24%	0.24%	0.22%	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)

MEASUREMENT DATE JUNE 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net OPEB liability	0.97%	0.99%	0.97%	0.95%	0.94%					
Proportion amount of the collective net OPEB liability	\$16,912,956	\$18,137,073	\$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	\$16,912,956	\$18,137,037	\$18,323,664	\$17,967,825	\$16,870,542					
Total collective net OPEB liability associated with the College	\$33,825,912	\$36,274,110	\$36,647,328	\$35,933,650	\$33,966,254					
College covered payroll	\$15,940,665	\$16,555,605	\$16,042,665	\$15,762,164	\$15,416,548					
Proportion of collective net OPEB liability associated with the College as a percentage of covered-employee payroll	212.20%	219.10%	228.44%	227.97%	220.32%					
College insurance plan net position as a percentage of total OPEB liability	6.38%	-5.07%	-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)

FISCAL YEAR ENDING JUNE 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$95,235	\$90,609	\$91,150	\$83,229	\$81,331					
Contribution in relation to the required statutorily	95,235	90,609	91,150	83,229	81,331					
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0					
College covered payroll	\$19,047,280	\$18,121,716	\$18,301,729	\$16,645,814	\$16,265,763					
Contribution as a percentage of covered payroll	0.50%	0.50%	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, 2021.

Note 2 Changes of Pension Assumptions:

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

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects maintaining an assumed real rate of return of 4.25 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Early retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for members, while maintaining a pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

Note 3 Changes of OPEB Benefit Terms:

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

Note 4 Changes of OPEB Assumptions:

In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of CIP. An experience review for the years June 30, 2014 to June 30, 2017, resulting in the adoption of new assumptions as of June 30, 2020. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2019:

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

**STATISTICAL SECTION
(UNAUDITED)**

This part of the College's annual comprehensive 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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.	77 - 78
Revenue Capacity These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax.	79 - 84
Debt Capacity 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.	85 - 92
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader Understand the environment within which the College's financial activities take place.	93 - 95
Operating Information 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	96 - 102

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

	2022	Restated 2021	Restated 2020	2019	2018	2017	2016	2015	2014	2013
Net position:										
Net investment in capital assets	\$56,414,220	\$52,851,217	\$49,683,886	\$44,930,780	\$38,906,902	\$37,316,749	\$38,389,218	\$39,912,827	\$41,635,091	\$46,573,950
Restricted for:										
Capital projects	13,786,509	5,548,483	1,574,886	502,200	783,488	314,078	374,520	1,677	337,411	651,580
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	670,675	692,841	695,822	532,980	85,454	59,079	84,604	157,210	280,128	142,602
Unrestricted	(7,078,705)	(3,996,061)	(3,118,713)	(3,323,604)	(1,847,114)	10,267,764	5,287,902	4,898,401	4,496,632	1,230,631
Total net position	\$67,692,699	\$58,996,480	\$52,735,881	\$46,542,356	\$41,828,730	\$51,857,670	\$48,036,244	\$48,870,115	\$50,649,262	\$52,498,763

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

	2022	Restated 2021	Restated 2020	2019	2018	2017	2016	2015	2014	2013
Operating revenues:										
Student tuition and fees, net of scholarship	\$7,885,938	\$8,333,562	\$9,117,568	\$9,327,146	\$9,462,627	\$10,691,518	\$10,200,728	\$9,322,824	\$11,796,677	\$10,529,999
Auxiliary enterprises revenue	472,656	226,970	391,884	768,253	594,268	399,237	1,131,570	724,995	637,986	856,864
Other operating revenues	1,117,694	690,056	748,672	1,316,469	1,810,539	3,385,406	2,586,882	2,820,351	2,510,642	3,898,229
Total operating revenues	9,476,288	9,250,588	10,258,124	11,411,868	11,867,434	14,476,161	13,919,180	12,868,170	14,945,305	15,285,092
Operating expenses:										
Instruction	17,575,049	18,635,866	20,683,254	20,994,946	20,948,645	13,155,043	13,525,124	13,806,722	13,665,862	13,616,377
Academic support	2,797,470	3,305,871	2,846,997	3,297,800	2,886,808	2,021,859	2,409,502	2,406,802	2,323,736	2,672,241
Student services	4,377,672	4,826,407	4,593,127	4,083,017	4,164,319	2,656,640	2,811,517	2,767,179	2,569,575	2,578,637
Public services	3,833,108	3,918,946	3,416,121	2,760,888	2,683,517	3,762,448	3,135,985	3,190,156	3,719,162	5,116,227
Auxiliary enterprises	2,873,624	3,123,372	3,053,781	2,065,873	1,812,020	1,146,451	1,206,794	1,191,842	1,145,145	1,237,178
Operations and maintenance	5,420,707	4,437,654	4,298,435	4,230,835	4,149,497	3,331,613	3,419,832	3,622,478	3,525,130	3,454,321
Institutional support	15,556,134	13,801,782	12,120,355	11,488,638	11,380,938	7,148,890	8,144,174	9,287,265	8,600,653	9,165,271
Scholarships, student grants, and waivers	6,401,705	4,561,863	5,137,089	4,411,930	5,713,095	5,442,292	5,709,869	5,439,759	6,988,876	4,854,931
Depreciation	5,235,579	4,834,696	4,600,676	4,544,453	4,491,303	4,533,451	4,587,293	4,638,829	4,710,573	4,722,293
SURS contribution paid by state	0	0	0	0	0	11,174,726	8,770,788	7,345,516	6,703,401	6,493,851
Total operating expenses	64,071,048	61,446,457	60,749,835	57,878,380	58,230,142	54,373,413	53,720,878	53,696,548	53,952,113	53,911,327
Operating loss	(54,594,760)	(52,195,869)	(35,947,088)	(46,466,512)	(46,362,708)	(39,897,252)	(39,801,698)	(40,828,378)	(39,006,808)	(38,626,235)
Nonoperating revenues (expenses):										
Property taxes	27,105,047	26,717,227	26,278,569	26,055,936	25,986,941	23,215,681	21,376,417	20,986,413	19,985,064	19,798,786
State grants and contracts	9,331,606	5,785,811	5,702,753	4,708,139	6,990,691	2,267,189	2,064,036	4,296,628	4,261,307	4,273,349
SURS contribution provided by state	10,356,618	15,389,330	14,544,623	13,031,001	12,075,075	11,174,726	8,770,788	7,345,516	6,703,401	6,493,851
Federal grants and contracts	16,888,879	11,346,055	10,052,723	8,558,424	9,595,893	9,797,926	9,921,617	9,942,770	9,962,457	9,840,696
Investment income	38,589	40,050	561,598	789,320	387,659	164,482	44,419	24,227	44,931	16,910
Local grants and contracts	1,187,710	771,100	511,199	0	0	0	0	0	0	0
Interest expense	(1,568,946)	(1,536,071)	(1,653,184)	(1,949,256)	(1,839,089)	(2,887,900)	(3,194,707)	(3,532,897)	(3,766,198)	(3,692,292)
Amortization expense	(48,524)	(57,034)	(57,034)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)
Loss on disposal of asset	0	0	0	0	0	0	(1,320)	0	(20,229)	0
Total nonoperating revenues, net	63,290,979	58,456,468	41,396,624	51,180,138	53,183,744	43,718,678	38,967,824	39,049,231	37,157,307	36,717,874
Capital contributions	0	0	0	0	0	0	0	0	0	0
Change in net position	8,696,219	6,260,599	5,449,536	4,713,626	6,821,036	3,821,426	(833,874)	(1,779,147)	(1,849,501)	(1,908,361)
Beginning of year, as restated	58,996,480	52,735,881	47,376,316	41,828,730	35,007,694	48,036,244	48,870,115	50,649,262	52,498,763	54,407,124
End of year	\$67,692,699	\$58,996,480	\$52,825,852	\$46,542,356	\$41,828,730	\$51,857,670	\$48,036,241	\$48,870,115	\$50,649,262	\$52,498,763

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

Tax Levy Year	Assessed Value	Estimated Actual Value
2021	\$4,879,989,263	\$14,639,967,789
2020	4,705,470,640	14,116,411,920
2019	4,604,536,939	13,813,610,817
2018	4,528,294,413	13,584,883,239
2017	4,464,342,208	13,393,026,624
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

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)

Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railroad Property	Other Property	Total Taxable Assessed Value	Total Direct Tax Rate
2021	\$2,851,316,163	\$1,167,875,350	\$72,736,970	\$649,278,003	\$27,675,088	\$111,107,689	4,879,989,263	0.57806
2020	2,786,751,788	1,150,241,284	64,573,362	614,084,571	25,290,712	64,528,923	4,705,470,640	0.57772
2019	2,764,079,868	1,131,429,058	63,820,671	585,988,785	24,597,512	34,621,045	4,604,536,939	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	0.49191

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

Taxing Bodies	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
McLean County	0.91404	0.91390	0.91509	0.92082	0.91052	0.91399	0.91836	0.90133	0.90375	0.91165
Town of Normal	1.02710	1.02599	1.03263	1.02714	1.04145	0.95891	0.92500	0.91581	0.89427	0.76272
Normal Library	0.43207	0.43367	0.43648	0.44349	0.44962	0.45260	0.45049	0.44185	0.44646	0.43971
Normal Township	0.22822	0.23224	0.23312	0.23007	0.23281	0.23079	0.22786	0.22800	0.22296	0.16692
Normal Road and Bridge	0.08093	0.07848	0.09006	0.09177	0.09291	0.09589	0.09571	0.09346	0.09101	0.09070
Normal School District #5	5.61440	5.64704	5.35541	5.39197	5.03610	5.01469	5.05827	5.02707	5.00704	4.88412
Bloomington/Normal Water District	0.18052	0.18679	0.18835	0.18651	0.18466	0.17931	0.17446	0.17216	0.17011	0.16402
Bloomington/Normal Airport Authority	0.14267	0.14549	0.14367	0.09943	0.11937	0.12442	0.13572	0.13655	0.12736	0.12745
City of Bloomington	1.08580	1.09367	1.09010	1.08603	1.07967	1.08363	1.07729	1.06782	1.06121	1.05990
City of Bloomington Township	0.12213	0.12463	0.12503	0.12594	0.12660	0.12166	0.12433	0.12541	0.12243	0.14145
Bloomington School District #87	5.17240	5.17089	5.14481	5.15520	5.15321	5.13998	5.15877	4.95303	4.83486	4.72322
Bloomington Library	0.30457	0.26317	0.26230	0.26081	0.25959	0.25296	0.25098	0.25323	0.25811	0.25620
Bloomington Cemetery	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total overlapping rate	15.30485	15.31596	15.01705	15.01918	14.68651	14.56883	14.59724	14.31572	14.13957	13.72806
Heartland Community College	0.57806	0.57772	0.58179	0.58099	0.58576	0.58875	0.54116	0.50583	0.50161	0.49191
Total rate	15.88291	15.89368	15.59884	15.60017	15.27227	15.15758	15.13840	14.82155	14.64118	14.21997

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	2021 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation	2012 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation
State Farm Insurance Company	Insurance	\$168,606	1	3.45%	\$171,830	1	4.16%
EDP Renewables North America	Energy	\$30,651	2	0.63%	0		
Bloomington Grove Wind Energy	Energy	40,543	3	0.83%	0		
White Oak Energy LLC	Energy	14,367	4	0.29%	0		
Rivian Automotive	Auto Manufacturing	13,435	5	0.28%	0		
Westminster Village	Retirement Center	12,315	6	0.25%	6,029	9	0.15%
Illinois Agriculture Association	AG Insurance	9,179	7	0.19%	9,280	6	0.22%
Wal-Mart Stores, Inc.	Retail	9,100	8	0.19%	12,891	4	0.31%
Eastland Mall LLC % CBL & Associates Mgt. Inc.	Retail Mall	8,300	9	0.17%	17,138	2	0.41%
High Trail Wind Farm	Energy	8,280	10	0.17%	12,070	5	0.29%
Nextra Energy Resources	Clean Energy Services	0			16,455	3	0.40%
Mitsubishi Motors Manufacturing	Auto Manufacturing	0			7,471	7	0.18%
Wingover Apts	Housing	0			6,521	8	0.16%
Brookridge Apartments LLC	Housing	0			5,904	10	0.14%
Total		\$314,776		6.45%	\$265,589		6.42%

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 2021 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

Tax Levy Year	Fiscal Year	Assessed Valuation	Direct Tax Rate	Taxes Extended	Total Collected Through June 30, 2021	Collected During Year Ended June 30, 2022	Total Collected Through June 30, 2022	Percentage of Taxes Extended Collected Through June 30, 2022
2021	2023	4,879,989,263	0.57806	28,292,137	0	12,121,542	12,121,542	42.84%
2020	2022	4,705,470,640	0.57772	27,225,373	11,461,337	15,643,711	27,105,048	99.56%
2019	2021	4,604,536,939	0.58179	26,724,774	26,717,227	0	26,717,227	99.97%
2018	2020	4,528,294,413	0.58099	26,308,969	26,278,570	0	26,278,570	99.88%
2017	2019	4,464,342,208	0.58576	26,145,601	26,063,282	0	26,063,282	99.69%
2016	2018	4,424,104,515	0.58875	26,042,524	25,988,452	0	25,988,452	99.79%
2015	2017	4,314,111,666	0.54116	23,422,580	23,309,541	0	23,309,541	99.52%
2014	2016	4,240,488,783	0.50583	21,441,400	21,337,253	0	21,337,253	99.51%
2013	2015	4,154,298,826	0.50161	20,838,637	20,775,082	0	20,775,085	99.70%
2012	2014	4,131,636,881	0.49191	20,324,387	20,132,841	0	20,132,841	99.06%

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
2022	4,697	\$174	\$335	\$496	88,542	\$16,378,636
2021	4,485	163	318	473	82,649	15,475,504
2020	4,974	158	308	458	88,296	16,725,358
2019	5,063	153	295	437	91,951	16,830,753
2018	5,193	148	285	422	97,860	16,779,683
2017	5,282	144	279	414	95,606	17,043,175
2016	5,298	142	275	408	97,278	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

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

Fiscal Year	General Obligation Bonds (1)	General Obligation Debt Certificates	Bond Premium	Lease Obligations	Total Outstanding Debt	District #540 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	Population	Total Outstanding Debt Per Capita	Percentage of Total Debt to Personal Income
2022	\$67,555,000	\$0	\$6,437,161	\$1,733,823	\$75,725,984	14,639,967,789	0.52%	210,243	360.18	1.28%
2021	58,305,000	0	4,876,127	1,565,126	64,746,253	14,116,411,920	0.46%	212,818	304.23	1.16%
2020	57,100,000	0	5,008,062	15,966	62,124,028	13,813,610,817	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	13,393,026,624	0.56%	214,185	350.90	1.37%
2017	70,365,000	4,710,000	1,898,512	0	76,973,512	13,272,313,545	0.58%	214,185	359.38	1.43%
2016	75,840,000	5,015,000	1,351,624	0	82,206,624	12,942,334,998	0.64%	207,953	395.31	1.52%
2015	75,635,000	5,315,000	311,750	60,920	81,322,670	12,721,466,349	0.64%	207,953	391.06	1.53%
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%

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 4 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

Fiscal Year	General Obligation Bonds (1)	General Obligation Debt Certificates	Bond Premium	Net General Bonded Debt	District #540 Estimated Actual Taxable Property Value	Percentage of Net General Bonded Debt to Estimated Actual Taxable Property Value	Population	Net General Bonded Debt Per Capita
2022	\$ 67,555,000	\$0	\$ 6,437,161	\$ 73,992,161	\$ 14,639,967,789	0.51%	\$ 210,243	\$ 351.94
2021	58,305,000	0	4,876,127	63,181,127	14,116,411,920	0.45%	212,818	296.88
2020	57,100,000	0	5,008,062	62,108,062	13,813,610,817	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	13,393,026,624	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%	214,185	359.38
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	84,805,000	12,394,910,643	0.68%	208,539	406.66

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 4 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

Fiscal Year	Assessed Value	Debt Limit Rate	Debt Limit (Assessed Value x Debt Limit Rate)	Net Debt Applicable to Debt Limit (1)	Legal Debt Margin	Net Debt Applicable to Debt Limit as a Percentage of Debt Limit
2022	4,879,989,263	2.875%	140,299,691	\$75,725,984	\$64,573,707	53.97%
2021	4,705,470,640	2.875%	135,282,281	64,746,253	70,536,028	47.86%
2020	4,604,536,939	2.875%	132,380,437	62,124,028	70,256,409	46.93%
2019	4,528,294,413	2.875%	130,188,464	63,932,784	66,255,680	49.11%
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	81,322,670	40,591,383	66.70%
2014	4,154,298,826	2.875%	119,436,091	85,853,171	33,582,920	71.88%
2013	4,131,636,881	2.875%	118,784,560	84,898,816	33,885,744	71.47%

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)
	2022			2021		
	Total	Percentage	College's	Total	Percentage	College's
	Gross Debt	of Debt	Direct and	Gross Debt	of Debt	Direct and
	Outstanding	Applicable to	Overlapping	Outstanding	Applicable to	Overlapping
		District #540	Bonded Debt		District #540	Bonded Debt
Normal School District	\$77,495,000	100.00%	\$77,495,000	\$110,475,000	100.00%	\$110,475,000
Ford County	0	0.00%	0	0	0.00%	0
City of Bloomington	38,179,000	100.00%	38,179,000	42,304,000	100.00%	42,304,000
McLean County Public Building Commission	0	0.00%	0	0	0.00%	0
B/N Airport Authority	4,660,000	100.00%	4,660,000	6,945,000	100.00%	6,945,000
Prairie Central School District #8	5,997,000	69.19%	4,149,084	0	0.00%	0
Town of Normal	78,320,000	100.00%	78,320,000	78,320,000	100.00%	78,320,000
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	5,010,000	100.00%	5,010,000	8,070,000	100.00%	8,070,000
Bloomington School District #87	52,125,000	100.00%	52,125,000	56,385,000	100.00%	56,385,000
Tri-Valley School District #3	16,930,000	99.08%	16,773,736	17,430,000	99.08%	17,269,121
Heyworth School District #4	11,500,000	98.31%	11,305,650	11,875,000	98.31%	11,674,313
Ridgeview School District #19	0	0.00%	0	1,165,000	57.96%	675,222
Village of Heyworth	51,500	99.75%	51,370	67,500	99.75%	67,239
City of Lexington	834,000	100.00%	834,000	834,000	100.00%	834,000
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	21,540,000	25.76%	5,547,627	21,923,000	25.76%	5,646,269
Lexington School District #7	2,675,000	100.00%	2,675,000	3,284,800	100.00%	3,284,800
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	174,000	100.00%	174,000	341,000	100.00%	341,000
City of Fairbury	320,000	100.00%	320,000	345,000	100.00%	345,000
City of Atlanta	0	0.00%	0	0	100.00%	0
Chenoa Public Library District	865,000	97.35%	842,078	915,000	97.35%	890,753
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	0	0.00%	0	110,000	94.98%	104,475
Lincoln Park District	0	0.00%	0	705,000	100.00%	705,000
Chester-East Lincoln SD #61	0	0.00%	0	1,935,000	100.00%	1,935,000
Eureka CUSD #140	0	0.00%	0	0	0.00%	0
Illini Central CUSD #189	745,000	0.04%	283	1,095,000	0.04%	416
Lincoln CHSD #404	4,975,000	88.73%	4,414,318	5,025,000	87.09%	4,376,222
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	905,000	93.87%	849,478	1,150,000	93.87%	1,079,448
Woodland CUSD #5	4,334,000	0.13%	5,504	4,517,000	0.13%	5,737
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	12,835,000	0.37%	47,361	12,835,000	0.37%	47,361
Clinton CUSD #15	11,416,000	0.02%	2,397	13,146,000	0.02%	2,761
LeRoy Community Fire Protection District	1,335,000	0.15%	1,962	1,430,000	0.15%	2,102
Octavia Park District	0	0.00%	0	0	0.00%	0
Subtotal	353,220,500		303,782,848	402,627,300		351,785,239
Heartland Community College #540	73,992,161	100.00%	73,992,161	63,181,127	100.00%	63,181,127
Total	\$427,212,661		\$377,775,009	\$465,808,427		\$414,966,366

Source: First Midstate/PMA

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)

	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%	17,722,247	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		368,406,885	415,625,000		381,632,543
Heartland Community College #540	62,108,062	100.00%	62,108,062	63,907,045	100.00%	63,907,045
Total	\$457,222,262		\$430,514,947	\$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

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
2022	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	210,243	170,889	\$5,894,986,944	\$34,496	3.80%
2021	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	212,818	173,231	5,593,628,990	32,290	4.20%
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	214,185	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%

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	2022			2021			2020			2019			2018		
	District #540 % of			District #540 % of			District #540 % of			District #540 % of			District #540 % of		
	Employees	Rank	Population	Employees	Rank	Population	Employees	Rank	Population	Employees	Rank	Population	Employees	Rank	Population
Anderson Financial Network, Inc. (AFN)	0		0.00%	815	8	0.38%	815	8	0.38%	830	8	0.39%	830	8	0.39%
Advocate Bro Menn Medical Center	2,278	6	1.07%	1,337	6	0.63%	1,337	5	0.63%	1,337	6	0.63%	1,305	5	0.61%
City of Bloomington	1,008	9	0.47%	667	10	0.31%	667	10	0.31%	715	9	0.34%	679	10	0.32%
COUNTRY Financial	3,718	4	1.75%	2,020	3	0.95%	2,020	3	0.95%	2,034	3	0.95%	1,972	3	0.92%
District 87 Schools (Bloomington)	800	10	0.38%	687	9	0.32%	686	9	0.32%	686	10	0.32%	680	9	0.32%
Illinois State University	3,885	3	1.83%	3,940	2	1.85%	3,940	2	1.85%	3,319	2	1.56%	3,281	2	1.53%
McLean County				817	7	0.38%	817	7	0.38%	846	7	0.40%	835	7	0.39%
Mitsubishi Motor Manufacturing						0.00%			0.00%	0			0		
OSF St. Joseph Medical Center	1,286	8	0.60%	1,286	5	0.60%	1,286	6	0.60%	1,408	5	0.66%	860	6	0.40%
State Farm Insurance Companies	13,000	1	6.11%	14,436	1	6.78%	14,436	1	6.78%	14,200	1	6.67%	14,731	1	6.88%
TEK Systems										0			0		
Unit 5 Schools (Normal)	2,432	5	1.14%	1,874	4	0.88%	1,874	4	0.88%	1,600	4	0.75%	1,761	4	0.82%
Growmark				0		0.00%	0		0.00%	0		0.00%	0		0.00%
Rivian	5,532	2	2.60%	0		0.00%	0		0.00%	0		0.00%	0		0.00%
Heritage Enterprises	2,000	7	0.94%	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%
Total	35,939		16.89%	27,879		13.10%	27,878		13.10%	26,975		12.66%	26,934		12.58%

Employer	2017			2016			2015			2014			2013		
	District #540 % of			District #540 % of			District #540 % of			District #540 % of			District #540 % of		
	Employees	Rank	Population	Employees	Rank	Population	Employees	Rank	Population	Employees	Rank	Population	Employees	Rank	Population
Anderson Financial Network, Inc. (AFN)	760	8	0.35%	765	8	0.37%	765	9	0.37%	0		0.00%	700	10	0.34%
Advocate Bro Menn Medical Center	1,271	5	0.59%	1,402	5	0.67%	1,372	5	0.66%	791	9	0.38%	1,347	5	0.65%
City of Bloomington	691	10	0.32%	0			0			765	10	0.37%	0		0.00%
COUNTRY Financial	1,939	3	0.91%	1,910	3	0.92%	1,905	3	0.92%	1,949	3	0.93%	1,955	3	0.94%
District 87 Schools (Bloomington)	0			657	9	0.32%	664	10	0.32%	0		0.00%	700	9	0.34%
Illinois State University	3,300	2	1.54%	3,320	2	1.60%	3,639	2	1.75%	3,289	2	1.58%	3,251	2	1.56%
McLean County	713	9	0.33%	829	7	0.40%	806	8	0.39%	812	8	0.39%	806	8	0.39%
Mitsubishi Motor Manufacturing	0			0			1,280	6	0.62%	1,251	5	0.60%	1,294	6	0.62%
OSF St. Joseph Medical Center	894	6	0.42%	1,364	6	0.66%	1,225	7	0.59%	1,012	7	0.49%	1,028	7	0.49%
State Farm Insurance Companies	14,532	1	6.78%	14,282	1	6.87%	14,109	1	6.78%	14,765	1	7.08%	14,935	1	7.16%
TEK Systems	0			0			0			1,131	6	0.54%	0		0.00%
Unit 5 Schools (Normal)	1,669	4	0.78%	1,654	4	0.80%	1,549	4	0.74%	1,576	4	0.76%	1,674	4	0.80%
Growmark	0			0	0		0		0.00%	0		0.00%	0		0.00%
Rivian	0		0.00%	0		0.00%	0		0.00%	0		0.00%	0		0.00%
Heritage Enterprises	0			596	10	0.29%	0		0.00%	0		0.00%	0		0.00%
Heartland Bank & Trust	763	7	0.36%	0	0	0.00%	0		0.00%	0		0.00%	0		0.00%
Total	26,532		12.39%	26,779		12.88%	27,314		13.13%	27,341		13.12%	27,690		13.29%

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

Fiscal Year	District #540 Property Value	McLean Co Construction	McLean Co. Bank Deposits
2022	\$14,639,968	\$185,584	\$14,268,590
2021	14,116,412	46,788	14,919,941
2020	13,813,611	186,535	13,842,304
2019	13,584,883	44,166	13,926,434
2018	13,393,027	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

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 summaryofdeposits@fdic.gov.

Notes: Approximately 100% of Heartland Community College District #540 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

	2022	2021	2020	2019	2018
Faculty:					
Full-time	78	81	84	84	86
Part-time	143	128	168	175	187
Total faculty	221	209	252	259	273
Staff:					
Administrative	85	82	72	68	65
Classified	61	58	67	48	49
Professional/technical	83	75	81	93	91
Total staff	229	215	220	209	205
	2017	2016	2015	2014	2013
Faculty:					
Full-time	85	85	89	90	93
Part-time	179	172	186	187	172
Total faculty	264	257	275	277	265
Staff:					
Administrative	63	66	68	65	69
Classified	48	46	51	53	63
Professional/technical	94	88	89	94	96
Total staff	205	200	208	212	228

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

Funding Category	2022	2021	2020	2019	2018
Baccalaureate	60,590	59,938	64,985	66,432	69,554
Business occupational	2,117	1,563	2,009	2,155	2,365
Technical occupational	4,773	3,861	4,360	4,646	5,207
Health occupational	5,627	5,392	5,866	5,733	5,856
Remedial developmental	3,775	3,333	5,223	6,102	7,553
Adult basic education/adult secondary education	11,660	8,562	5,853	6,883	7,325
Total	88,542	82,649	88,296	91,951	97,860

Funding Category	2017	2016	2015	2014	2013
Baccalaureate	68,202	69,753	67,943	68,374	71,611
Business occupational	2,580	2,513	2,282	3,134	3,413
Technical occupational	5,056	4,029	4,154	4,381	4,039
Health occupational	5,417	4,552	5,090	5,359	5,353
Remedial developmental	8,309	8,720	9,649	10,371	11,093
Adult basic education/adult secondary education	6,042	7,711	10,052	9,260	8,899
Total	95,606	97,278	99,170	100,879	104,408

Source: College Records

Heartland Community College

Community College District #540

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

TABLE Q

Fiscal Year	Fall Enrollment	Full-Time Equivalent	Male	Female	Full-Time	Part-Time	Average Class Size	Average Class Size and Labs
2022	4,697	2,687	2,012	2,685	1,634	306	17.20	190
2021	4,485	2,657	1,876	2,609	1,614	2,871	16.00	190
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	5,286	3,418	2,413	2,873	2,073	3,213	16.70	179
2014	5,215	3,319	2,414	2,801	2,241	2,974	18.97	179
2013	5,456	3,459	2,529	2,927	2,452	3,004	18.01	179

Fiscal Year	Continuing Students	First Time College Level Students	Nondegree Seeking	Transfer Students	High School Students	In District Residents	Median Age	Degrees Conferred
2022	1,412	734	1,760	323	1,116	3,867	20	1,159
2021	1,634	721	2,930	279	935	3,697	20	1,088
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	488	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

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

	2022	Restated 2021	2020	2019	2018
Net capital assets:					
Land	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528
Furniture and equipment	5,716,901	5,318,262	4,337,714	4,622,152	4,502,625
Buildings	76,286,130	81,503,372	84,527,813	87,552,254	90,254,397
Infrastructure	9,311,356	6,913,083	6,819,279	6,741,336	7,562,628
Other assets (leases)	1,624,615	1,460,997	231,671	288,705	345,739
Construction in progress	3,326,196	502,523	495,524	402,841	79,346
Net capital assets	\$100,746,726	\$100,179,765	\$100,893,529	\$104,088,816	\$107,226,263

Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	5,022,454	4,672,817	4,600,676	4,544,453	4,491,303
Amortization expense (leases)	213,125	210,258	57,034	24,328	24,328

	2017	2016	2015	2014	2013
Net capital assets:					
Land	\$4,481,528	\$4,481,528	\$4,481,528	\$4,368,661	\$4,368,661
Furniture and equipment	4,405,598	4,915,531	5,312,171	5,816,802	6,322,035
Buildings	91,098,922	94,115,476	99,325,951	102,264,528	103,141,471
Infrastructure	10,542,328	11,284,558	9,887,357	10,080,223	13,001,026
Other assets (tower leases)	152,027	165,453	178,879	192,305	205,732
Construction in progress	102,958	102,958	102,958	564,957	139,573
Net capital assets	\$110,783,361	\$115,065,504	\$119,288,844	\$123,287,476	\$127,178,498

Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	4,533,451	4,587,293	4,638,829	4,710,573	4,722,293
Amortization expense (leases)	13,426	13,426	13,426	13,426	13,426

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Land - acres	145.05	145.05	145.05	145.05	145.05	145.05	145.05	145.05	142.45	142.45
Furniture and equipment - No of Units:										
Education	93	92	93	92	92	96	97	110	112	117
Operations and maintenance	32	20	23	23	23	18	18	19	19	18
Operations and maintenance restricted	68	64	64	64	64	65	65	65	67	68
Restricted purposes	439	385	349	327	291	274	266	244	230	219
Liability, protection & settlement	21	20	19	19	19	11	11	8	7	7
Total furniture and equipment units	653	581	548	525	489	464	457	446	435	429
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	1,134	1,134	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	525,575	525,575	524,441	524,441
Infrastructure - No. of improvements:										
Education	1	1	1	1	1	1	1	1	0	0
Operations and maintenance	15	14	15	14	12	11	11	11	9	9
operations and maintenance restricted	34	30	24	22	19	18	17	17	13	12
Auxiliary	1	1	1	1	1	1	1	1	1	1
Restricted purposes	5	3	10	8	8	8	8	8	7	6
Liability, protection & settlement	3	2	1	1	1	1	1	0	0	0
Total infrastructure improvements	59	51	52	47	42	40	39	38	30	28
Construction in progress - No of buildings/projects:										
Building/projects	11	10	6	8	4	2	2	2	4	2
Capital assets disposed - No. of units	1	1	3	0	17	1	15	8	13	0

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

	2021 Levy	2020 Levy	2019 Levy	2018 Levy	2017 Levy	2016 Levy	2015 Levy	2014 Levy	2013 Levy	2012 Levy
Equalized assessed valuation:										
DeWitt County	\$14,612,411	\$14,150,487	\$13,512,358	\$12,659,114	\$11,953,163	\$11,369,364	\$10,948,245	\$10,451,830	\$9,985,298	\$9,661,719
Ford County	316,150	297,640	281,850	258,270	244,000	223,770	219,550	205,650	196,500	187,310
Livingston County	392,834,041	373,304,294	352,536,420	342,122,329	331,881,287	325,462,512	313,498,012	300,293,602	302,920,748	304,334,001
Logan County	413,365,055	396,528,128	380,981,208	365,751,847	359,332,526	357,942,786	351,084,777	339,880,292	322,332,191	314,407,415
McLean County	3,952,492,538	3,817,949,584	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
Tazewell County	106,369,068	103,240,507	101,298,412	99,118,484	97,680,932	96,640,561	95,970,392	95,233,944	94,140,046	92,089,186
Total	\$4,879,989,263	\$4,705,470,640	\$4,604,536,939	\$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
Tax rates (per \$100 of equalized assessed valuation):										
Educational Fund	0.17486	0.17430	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500
Operations and Maintenance Fund	0.04996	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000
Audit Fund	0.00286	0.00276	0.00284	0.00309	0.00337	0.00324	0.00316	0.00307	0.00314	0.00350
Liability, Protection and Settlement Fund	0.06466	0.05703	0.05813	0.05967	0.06014	0.05809	0.05551	0.05649	0.06092	0.06770
Bond and Interest Fund	0.21925	0.22454	0.22703	0.29323	0.29165	0.22198	0.19279	0.17681	0.17880	0.16860
Operations and Maintenance Fund (Restricted)	0.00082	0.00319	0.00329	0.00000	0.00549	0.00565	0.00116	0.00118	0.00094	0.00061
Equity Tax	0.06565	0.06590	0.06550	0.00000	0.00000	0.07470	0.06530	0.04310	0.03281	0.02650
Total	0.57806	0.57772	0.58179	0.58099	0.58565	0.58866	0.54292	0.50565	0.50161	0.49191
Taxes extended:										
Educational Fund	\$8,531,117	\$8,234,574	\$8,057,235	\$7,924,505	\$7,816,599	\$7,742,172	\$7,549,695	\$7,420,855	\$7,270,023	\$7,230,365
Operations and Maintenance Fund	2,437,462	2,352,735	2,302,122	2,264,144	2,232,171	2,212,049	2,157,053	2,120,244	2,077,149	2,065,818
Audit Fund	140,000	130,000	130,000	140,000	150,491	143,325	136,500	130,000	130,000	142,704
Liability, Protection and Settlement Fund	3,213,398	2,685,100	2,664,100	2,702,100	2,685,100	2,570,000	2,395,000	2,395,000	2,530,799	2,797,118
Bond and Interest Fund	10,727,335	10,572,059	10,404,705	13,278,220	13,020,240	9,820,175	8,317,214	7,497,650	7,428,025	6,967,310
Operations and Maintenance Fund (Restricted)	40,000	150,000	150,640	0	245,000	250,000	50,000	50,000	38,800	25,355
Equity Tax	3,202,825	3,100,905	3,015,972	0	0	3,304,802	2,817,118	1,827,651	1,363,840	1,095,717
Total	\$28,292,137	\$27,225,373	\$26,724,774	\$26,308,969	\$26,149,601	\$26,042,523	\$23,422,580	\$21,441,400	\$20,838,636	\$20,324,387

Source: College records

Heartland Community College
Community College District #540
Operating Information
Summary of Taxes Receivable and Tax Collections
Year ended June 30, 2022
(Unaudited)

TABLE U

	2021 Levy	2020 Levy
Assessed valuations	\$4,879,989,263	\$4,705,470,640
Combined rate per \$100	0.57806	0.57772
Taxes extended	\$28,292,137	\$27,225,373
Total collected to June 30, 2021	\$0	\$11,461,337
Collected during year ended June 30, 2022	12,121,542	15,643,711
Total collected to June 30, 2022	\$12,121,542	\$27,105,048
Write-offs	\$0	\$0
Balance at June 30, 2022	\$16,170,595	\$120,325
Percent collected through June 30, 2022	42.84%	99.56%
Balance by funds:		
Education	6,690,581	
Operations and maintenance	1,389,882	
Operations and maintenance restricted	22,969	
Bond and Interest	6,129,828	
Audit	80,059	
Liability, protection, and settlement	1,857,276	
Total	\$16,170,595	

Source: College records

SUPPLEMENTAL INFORMATION SECTION

Heartland Community College
Community College District #540
Certification of Chargeback Reimbursement
For Fiscal Year 2023

All fiscal year 2022 noncapital audited operating expenditures from the following funds:

1	Education Fund	\$29,002,324	
2	Operatings and Maintenance Fund	3,263,083	
3	PBC Operatons & Maintenance Fund	0	
4	Bond and Interest Fund	2,787,968	
5	PBC Rental Fund	0	
6	Restricted Purposes	18,675,700	
7	Audit Fund	148,646	
8	Liability, Protection, Set	2,684,566	
9	Auxiliary Enterprises (subsidy only)	0	
10	Total noncapital expenditures (sum of lines 1-9)		<u>\$68,723,984</u>
11	Deprecation on capital outlay from sources other than state and federal funds	<u>103,758</u>	
12	Total costs included (line 10 plus line 11)		<u>\$68,827,742</u>
13	Total certified semester credit hours for FY 2022	<u>88,542</u>	
14	Per capita cost (line 12 divided by line 13)		\$777
15	All FY2022 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>16,100,222</u>	
16	FY 2022 state and federal grants per semester credit hour (line 15 divided by line 13)		182
17	District's average ICCB grant rate for FY 2023		40
18	District's student tuition and fee rate per semester credit hour for FY 2023		<u>174</u>
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		<u>\$381</u>

Approved: 
Keith Cornille
President

January 25, 2023

Date

Approved: 
Letisha Trepac
Vice President, Finance and Administration

January 25, 2023

Date

Heartland Community College

Community College District #540

Consolidated Year-End Financial Report
For the year ended June 30, 2022

CSFA Number	Program Name	State	Federal	Other	Total
420-00-0505	DCEO - CLC	\$86,592	\$0	\$0	\$86,592
420-00-2361	Manufacturing Training Grant	833,828	0	0	833,828
420-30-0075	WIOA Statewide Activities - Nonformula	0	154,794	0	154,794
420-30-0082	Apprenticeship USA	0	40,166	0	40,166
444-22-2690	Crisis Success Program	245,969	0	0	245,969
444-80-0211	TCC QIP Project	0	500	0	500
444-80-1250	Child Care Restoration Grant	0	64,800	0	64,800
586-00-2111	ITC Project Grant	0	48,887	0	48,887
586-18-0409	Child and Adult Care Food Program	0	19,780	0	19,780
684-00-0465	Career and Technical Education	0	150,574	0	150,574
684-00-0465	Perkins Leadership	88,850	0	0	88,850
684-00-0818	Illinois Veteran's Grant	137,025	0	0	137,025
684-00-0820	Career and Technical Education Formula Grants	170,979	0	0	170,979
684-00-0824	Adult Education - State Basic	278,188	0	0	278,188
684-00-0824	Adult Education - State Performance	118,556	0	0	118,556
684-00-0825	Base Operating Grants	3,211,105	0	0	3,211,105
684-00-0826	Equalization Grant	45,833	0	0	45,833
684-00-2727	GEER Grant	0	258,672	0	258,672
684-01-1625	Adult Education Basic Grants to States - Federal	0	205,261	0	205,261
684-01-1625	Performance Funding Grant (ICCB)	26,730	0	0	26,730
684-01-2213	Workforce Equity Initiative Grant	264,185	0	0	264,185
684-05-2866	Early Childhood Access Consortium for Equity	0	21,418	0	21,418
691-00-1381	Monetary Award Program	1,041,536	0	0	1,041,536
	Other grant program and activities	0	13,194,381	0	13,194,381
	All other costs not allocated	0	0	44,979,909	44,979,909
Total		\$6,549,376	\$14,159,233	\$44,979,909	\$65,688,518

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

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

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

Opinion

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"), as of and for the year ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Adult Education and Family Literacy Grants of Heartland Community College, Community College District #540 as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's (ICCB) *Fiscal Management Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Adult Education and Family Literacy Grants of Heartland Community College Community College District #540, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the State Adult Education and Family Literacy Grants and do not purport to, and do not present fairly the financial position of Heartland Community College, Community College District #540 as of June 30, 2022, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Wipfli LLP

Sterling, Illinois
January 25, 2023

**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

Compliance

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State Adult Education and Family Literacy Grants Program of Heartland Community College, Community College District #540 (the "College"), which comprise of the statement of net position as of June 30, 2022, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements, and we have issued our report there on dated January 25, 2023.

In connection with our audit, we discovered an instance of noncompliance as described in the Schedule of ICCB Adult Education Grant Programs Findings and Responses as item 2022-001. As a result, the College failed to materially comply with the terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants. Our audit was not directed primarily toward obtaining knowledge of all such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the College's noncompliance with the above referenced terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants.

College's Response to Findings

The College's response to the finding identified in our audit is described in the accompanying Schedule of ICCB Adult Education 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.

The report is intended solely for the information and use of the boards of trustees and management of Heartland Community College, Community College District #540, and the Illinois Community College Board and is not intended to be and should not be used by anyone other than those specified parties.

Wipfli LLP

Sterling, Illinois
January 25, 2023

Heartland Community College
Community College District #540
State Adult Education and Family Literacy Grants
Statement of Net Position
June 30, 2022

Assets	State Basic	Performance	Total
Cash	\$6,503	\$7,294	13,797
Receivable	0	0	0
Total Assets	\$6,503	\$7,294	\$13,797
Liabilities			
Accounts payable	\$6,503	\$7,294	\$13,797
Net Position	\$0	\$0	\$0

See Accompanying Note to ICCB Grant Programs Financial Statements.

Heartland Community College

Community College District #540

State Adult Education and Family Literacy Grants
Statement of Revenues, Expenditures, and Changes in Net Position
Year ended June 30, 2022

	State Basic	Performance	Total
Revenue - State sources	\$278,188	\$118,556	\$396,744
Expenditures by program:			
Instruction	159,500	0	159,500
Social work services	20,008	0	20,008
Guidance services	41,162	32,000	73,162
Assessment and testing	11,677	0	11,677
Subtotal instructional and student services	232,347	32,000	264,347
Program Support:			
Improvement of instructional services	4,849	2,222	7,071
General administration	20,669	28,130	48,799
Data and information services	20,323	56,204	76,527
Subtotal program support	45,841	86,556	132,397
Total expenditures	278,188	118,556	396,744
Excess of revenue over expenditures	0	0	0
Net position, beginning of year	0	0	0
Net position, end of year	\$0	\$0	\$0

See Accompanying Note to ICCB Grant Programs Financial Statements.

Heartland Community College
Community College District #540
State Adult Education and Family Literacy Grants
ICCB Compliance Statement
Year ended June 30, 2022

	Audited Expenditure Amount	Actual Expenditure Percentage
State Basic		
Instruction (45% minimum required)	\$159,500	57%
General administration (20% maximum allowed)	\$20,725	7%

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 modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2022. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2022 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

Capital Assets

Capital 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 Adult Education Grant Programs Findings and Responses

Finding 2022-001:

Criteria – The ICCB Adult Education Provider Manual requires that the College maintain copies of signed instructor's attendance records. This requirement can be satisfied with electronic signatures or emails from the instructor stating they certify the records as complete and correct.

Condition – The College does not have any student attendance records related to the Adult Education program outside of the DAIS-I website.

Cause – Instructors only updated student attendance information directly on the DAIS-I website.

Effects or Potential Effects – The College was not in compliance with the ICCB Adult Education Provider Manual. In addition, we were unable to perform audit procedures on student attendance records used to generate units of instruction as required by the ICCB *Fiscal Management Manual*.

Auditor's Recommendation – The College should maintain approved student attendance records (physically or electronically) with the instructor's signature for their ICCB Adult Education courses.

View of responsible officials and planned corrective actions – The College acknowledges the finding with regard to the criteria of the ICCB Adult Education Provider Manual and will implement attendance procedures for all ICCB Adult Education courses in the future.

**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, 2021 through June 30, 2022. 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.

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

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

Our examination disclosed the following material noncompliance with the guidelines of the Illinois Community College Board's (ICCB) *Fiscal Management Manual* applicable to Heartland Community College, Community College District #540 during the period July 1, 2021 through June 30, 2022. Of the six courses that we tested, we determined that one was improperly reported as unrestricted but the faculty payroll was paid from a restricted account. As a result, the College improperly claimed the credit hours related to that course as unrestricted.

In our opinion, except for the material noncompliance described in the preceding paragraph, the College complied, in all material respects, with the guidelines of the Illinois Community College Board's (ICCB) *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, 2021 through June 30, 2022.

College's Response to Findings

The College's response to the finding identified in our audit is described in the accompanying Schedule of Enrollment Data 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
January 25, 2023

Heartland Community College
Community College District #540

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
Year ended June 30, 2022

Credit Hour Categories	Total Reimbursable Semester Credit Hours by Term			
	Summer Term		Fall Term	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	6,615.0	0.0	27,980.0	51.0
Business Occupational	197.5	0.0	794.0	0.0
Technical Occupational	261.0	0.0	2,060.5	0.0
Health Occupational	403.0	27.0	1,529.0	380.0
Remedial/Developmental	416.0	0.0	2,063.0	0.0
Adult Education	524.0	14.0	1,958.0	4,732.0
Total	8,416.5	41.0	36,384.5	5,163.0

Credit Hour Categories	Spring Term		Total All Terms	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
	Hours	Hours	Hours	Hours
Baccalaureate	25,929.0	15.0	60,524.0	66.0
Business Occupational	1,126.0	0.0	2,117.5	0.0
Technical Occupational	2,451.5	0.0	4,773.0	0.0
Health Occupational	2,885.5	402.0	4,817.5	809.0
Remedial/Developmental	1,296.0	0.0	3,775.0	0.0
Adult Education	825.0	3,606.5	3,307.0	8,352.5
Total	34,513.0	4,023.5	79,314.0	9,227.5

In-District (All terms)		
	Unrestricted Hours	Restricted Hours
Reimbursable Credit Hours:	65,164.0	8,673.0

Credit Hours on Chargeback or Contractual Agreement: 0.0

	Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
	Hours	Hours	Hours	Hours
Reimbursable Credit Hours:	12,636.0	8.0	744.0	16.0

District Equalized Assessed Valuation: \$4,879,989,263

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

Signature: 
President

Signature: 
Vice President, Finance and Administration

Heartland Community College
Community College District #540
Reconciliation of Total Semester Credit Hours
Year ended June 30, 2022

Total Reimbursable Semester Credit Hours			
<u>Credit Hour Categories</u>	Total	Total	<u>Difference</u>
	Reported in Audit	Certified to ICCB	
	<u>Unrestricted Hours</u>	<u>Unrestricted Hours</u>	
Baccalaureate	60,524.0	60,524.0	0.0
Business Occupational	2,117.5	2,117.5	0.0
Technical Occupational	4,773.0	4,773.0	0.0
Health Occupational	4,817.5	4,817.5	0.0
Remedial/Developmental	3,775.0	3,775.0	0.0
Adult Education	3,307.0	3,307.0	0.0
Total:	79,314.0	79,314.0	0.0

<u>Credit Hour Categories</u>	Total	Total	<u>Difference</u>
	Reported in Audit	Certified to ICCB	
	<u>Restricted Hours</u>	<u>Restricted Hours</u>	
Baccalaureate	66.0	66.0	0.0
Business Occupational	0.0	0.0	0.0
Technical Occupational	0.0	0.0	0.0
Health Occupational	809.0	809.0	0.0
Remedial/Developmental	0.0	0.0	0.0
Adult Education	8,352.5	8,352.5	0.0
Total:	9,227.5	9,227.5	0.0

	Total	Total	<u>Difference</u>
	Reported in Audit	Certified to ICCB	
	<u>Unrestricted Hours</u>	<u>Unrestricted Hours</u>	
In-District Credit Hours:	65,164.0	65,164.0	0.0
Dual Credit Hours:	12,636.0	12,636.0	0.0
Dual Enrollment Hours:	744.0	744.0	0.0

	Total	Total	<u>Difference</u>
	Reported in Audit	Certified to ICCB	
	<u>Restricted Hours</u>	<u>Restricted Hours</u>	
In-District Credit Hours:	8,673.0	8,673.0	0.0
Dual Credit Hours:	8.0	8.0	0.0
Dual Enrollment Hours:	16.0	16.0	0.0

Total Correctional Semester Credit Hours			
<u>Credit Hour Categories</u>	Total	Total	<u>Difference</u>
	Reported in Audit	Certified to ICCB	
	<u>Unrestricted Hours</u>	<u>Unrestricted Hours</u>	
Baccalaureate	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0
Technical Occupational	0.0	0.0	0.0
Health Occupational	0.0	0.0	0.0
Remedial/Developmental	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0
Total:	0.0	0.0	0.0

<u>Credit Hour Categories</u>	Total	Total	<u>Difference</u>
	Reported in Audit	Certified to ICCB	
	<u>Restricted Hours</u>	<u>Restricted Hours</u>	
Baccalaureate	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0
Technical Occupational	0.0	0.0	0.0
Health Occupational	0.0	0.0	0.0
Remedial/Developmental	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0
Total:	0.0	0.0	0.0

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

Heartland Community College
Community College District #540
Schedule of Enrollment Data Findings and Responses

Finding 2022-002:

Criteria – As part of enrollment audit, ICCB requires that we determine that the college properly classifies students' hours as unrestricted or restricted. The course classification between unrestricted and restricted is based on whether the faculty salary was paid 50% or more from unrestricted or restricted funds.

Condition – Of the 6 courses that we tested, we determined that one was improperly reported as unrestricted but the faculty payroll was paid from a restricted account. As a result, the College improperly claimed the credit hours related to that course as unrestricted.

Cause – The faculty was not properly marked in the system as being paid from restricted funds. If the faculty was paid through a grant, the course should have had an attribute in the system to indicate it should be restricted and the system should have then shifted the course to the SR (restricted) report.

Effects or Potential Effects – The College improperly claimed the credit hours related to a restricted course as unrestricted.

Auditor's Recommendation – The College should properly report courses as unrestricted or restricted to ICCB.

View of responsible officials and planned corrective actions - Heartland Community College (College) acknowledges the compliance finding regarding the criteria of the ICCB Fiscal Management Manual. The College will implement all ICCB Fiscal Management Manual criteria in the future.

UNIFORM FINANCIAL STATEMENT SECTION

Heartland Community College

Community College District #540

Supplemental Financial Information 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 Capital Assets and Long-term Debt
- No. 3 - Operating Funds Revenues and Expenditures
- No. 4 - Restricted Purposes Fund Revenues and Expenditures
- No. 5 - Current Funds Expenditures by Activity

Certificate of Chargeback Reimbursement

- No. 6 - Certificate of Chargeback Reimbursement

Heartland Community College

Community College District #540

Uniform Financial Statement No. 1

All Funds Summary

Year ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)
Fund balance at July 1, 2021, as restated	\$11,963,977	\$6,507,211	\$3,264,029
Revenues:			
Local taxes	11,266,345	4,934,950	149,232
All other local government	0	376,743	20,285,214
ICCB grants	3,457,351	0	0
All other state revenue	0	0	0
Federal revenue	3,430,507	0	0
Student tuition and fees	14,675,993	0	0
On-behalf CIP	0	0	0
On-behalf SURS	0	0	0
All other revenue	1,966,093	21,817	(10,680)
Total revenue	34,796,289	5,333,510	20,423,766
Expenditures:			
Instruction	11,920,101	29	0
Academic support	1,695,141	0	0
Student services	3,122,620	0	0
Public service/continuing education	2,200,179	0	4,872
Auxiliary services	0	0	0
Operation and maintenance	0	3,313,682	1,489,021
Institutional support	6,626,931	382,585	274,940
Scholarships, student grants, and waivers	3,445,772	0	0
Total expenditures	29,010,744	3,696,296	1,768,833
Net transfers	(6,005,797)	(301,899)	5,000,000
Fund balance June 30, 2022	\$11,743,725	\$7,842,526	\$26,918,962

Heartland Community College

Community College District #540

Uniform Financial Statement No. 1

All Funds Summary (Continued)

Year ended June 30, 2022

	Bond and Interest Fund	Auxiliary Enterprise Fund	Restricted Purpose Fund
Fund balance at July 1, 2021, as restated	(\$422,207)	\$35,236	\$17,446,854
Revenues:			
Local taxes	10,541,103	0	0
All other local government	0	0	0
ICCB grants	0	0	797,954
All other state revenue	0	0	2,485,612
Federal revenue	0	56,011	13,402,361
Student tuition and fees	0	1,702,643	0
On-behalf CIP	0	0	(44,397)
On-behalf SURS	0	0	10,401,015
All other revenue	(6,392)	497,772	245,516
Total revenue	10,534,711	2,256,426	27,288,061
Expenditures:			
Instruction	0	0	7,243,762
Academic support	0	0	1,124,984
Student services	0	0	1,243,480
Public service/continuing education	0	0	1,727,494
Auxiliary services	0	2,874,956	0
Operation and maintenance	0	0	2,763,761
Institutional support	10,365,813	0	7,513,325
Scholarships, student grants, and waivers	0	0	11,448,631
Total expenditures	10,365,813	2,874,956	33,065,437
Net transfers	249,905	583,294	478,737
Fund balance June 30, 2022	(\$3,404)	\$0	\$12,148,215

Heartland Community College

Community College District #540

Uniform Financial Statement No. 1

All Funds Summary (Continued)

Year ended June 30, 2022

	Working Cash Fund	Audit Fund	Liability Protection Funds	Total
Fund balance at July 1, 2021, as restated	\$3,900,000	\$126,436	\$680,504	\$43,502,040
Revenues:				
Local taxes	0	129,532	2,674,574	29,695,736
All other local government	0	0	0	20,661,957
ICCB grants	0	0	0	4,255,305
All other state revenue	0	0	0	2,485,612
Federal revenue	0	0	0	16,888,879
Student tuition and fees	0	0	0	16,378,636
On-behalf CIP	0	0	0	(44,397)
On-behalf SURS	0	0	0	10,401,015
All other revenue	4,240	162	1,779	2,720,307
Total revenue	4,240	129,694	2,676,353	103,443,050
Expenditures:				
Instruction	0	0	105,813	19,269,705
Academic support	0	0	5,770	2,825,895
Student services	0	0	20,445	4,386,545
Public service/continuing education	0	0	2,071	3,934,616
Auxiliary services	0	0	0	2,874,956
Operation and maintenance	0	0	1,322,114	8,888,578
Institutional support	0	148,646	1,337,453	26,649,693
Scholarships, student grants, and waivers	0	0	0	14,894,403
Total expenditures	0	148,646	2,793,666	83,724,391
Net transfers	(4,240)	0	0	0
Fund balance June 30, 2022	\$3,900,000	\$107,484	\$563,191	\$63,220,699

Heartland Community College

Community College District #540

Uniform Financial Statement No. 2

Summary of Capital Assets and Long Term Debt

Year ended June 30, 2022

	Restated Balance June 30, 2021	Additions	Transfers & Deletions	Balance June 30, 2022
Capital assets:				
Land and site improvements	\$4,481,528	\$0	\$0	\$4,481,528
Construction in progress	502,523	2,933,489	(109,816)	3,326,196
Furniture and equipment	17,159,805	1,543,509	(25,311)	18,678,003
Buildings, additions, and improvements	121,213,674	0	266,415	121,480,089
Infrastructure	20,227,530	948,799	(156,599)	21,019,730
Lease assets - buildings	2,336,289	376,743	0	2,713,032
Total capital assets	165,921,349	5,802,540	(25,311)	171,698,578
Accumulated depreciation and amortization	65,741,584	5,235,579	(25,311)	70,951,852
Net capital assets	\$100,179,765	\$566,961	\$0	\$100,746,726
Long-term debt:				
General obligation bonds	\$58,305,000	\$17,835,000	(\$8,585,000)	\$67,555,000
Lease obligations	1,565,126	376,743	(208,046)	1,733,823
Net OPEB liability	18,137,073	0	(1,224,117)	16,912,956
Total long-term debt	\$78,007,199	\$18,211,743	(\$10,017,163)	\$86,201,779

Heartland Community College

Community College District #540

Uniform Financial Statement No. 3
Operating Fund Revenue and Expenditures
Year ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government revenue:			
Local taxes	\$11,266,345	\$2,344,261	\$13,610,606
Corporate personal property replacement tax	0	2,590,689	2,590,689
All other local government	0	376,743	376,743
Total local government	11,266,345	5,311,693	16,578,038
State government:			
ICCB base operating grant	3,211,105	0	3,211,105
ICCB equalization grant	45,833	0	45,833
ICCB career and technical education	170,979	0	170,979
ICCB performance grant	29,434	0	29,434
Total state government	3,457,351	0	3,457,351
Federal government - Department of Education	3,430,507		3,430,507
Student tuition and fees:			
Tuition	13,959,401	0	13,959,401
Fees	613,493	0	613,493
Other student assessments	103,099	0	103,099
Total student tuition and fees	14,675,993	0	14,675,993
Other sources:			
Sales and service fees	1,042,293	0	1,042,293
Facilities revenue	188,890	0	188,890
Investment revenue	(189)	8,897	8,708
Other	735,099	12,920	748,019
Total other revenue	1,966,093	21,817	1,987,910
Total revenues	\$34,796,289	\$5,333,510	\$40,129,799

Heartland Community College

Community College District #540

Uniform Financial Statement No. 3
Operating Fund Revenue and Expenditures
Year ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures by program:			
Instruction	\$11,920,101	\$29	\$11,920,130
Academic support	1,695,141	0	1,695,141
Student services	3,122,620	0	3,122,620
Public service/continuing education	2,200,179	0	2,200,179
Operations and maintenance	0	3,313,682	3,313,682
Institutional support	6,626,931	382,585	7,009,516
Scholarships, grants, waivers	3,445,772	0	3,445,772
Total operating expenditures by program	29,010,744	3,696,296	32,707,040
Adjusting nonoperating items - Net transfers	6,005,797	301,899	6,307,696
Total adjusted expenditures	\$35,016,541	\$3,998,195	\$39,014,736
Operating expenditures by object:			
Salaries	19,203,977	535,480	19,739,457
Employee benefits	3,260,798	126,890	3,387,688
Contractual services	1,041,919	835,523	1,877,442
General materials and supplies	1,345,518	363,941	1,709,459
Library materials**	33,248	0	33,248
Conference and meeting expenses	259,686	23,954	283,640
Fixed charges	215,592	289,944	505,536
Utilities	1,235	1,034,814	1,036,049
Capital outlay	0	482,635	482,635
Other	3,682,019	3,115	3,685,134
Student grants and scholarships**	3,445,772	0	3,445,772
Total operating expenditures by object	29,010,744	3,696,296	32,707,040
Adjusting nonoperating items - Net transfers	6,005,797	301,899	6,307,696
Total adjusted expenditures	\$35,016,541	\$3,998,195	\$39,014,736

** 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, 2022

Revenue by source -	
Local government	\$0
State government:	
ICCB - Adult Education	396,744
ICCB - other	401,210
Illinois student assistance commission	1,060,186
On-behalf - CIP	(44,397)
On-behalf - SURS	10,401,015
Other	1,425,426
Total state government	13,640,184
Federal government:	
Department of Education	12,615,186
Department of Labor	248,986
Department of Health & Human Services	0
Other	538,189
Total federal government	13,402,361
Other sources:	
Tuition and fees	0
Other	245,516
Total other sources	245,516
Total restricted purposes fund revenues	\$27,288,061
Expenditures by program:	
Instruction	7,243,762
Academic support	1,124,984
Student services	1,243,480
Public service/continuing education	1,727,494
Auxiliary services	0
Operations and maintenance	2,763,761
Institutional support	7,513,325
Scholarships, grants, and waivers	11,448,631
Total restricted purposes fund expenditures	\$33,065,437
Expenditures by object:	
Salaries	1,464,318
Employee benefits (including SURS and CIP on-behalf)	10,556,014
Contractual services	5,564,110
Student financial aid	6,215,528
General materials and supplies	1,710,642
Library materials*	2,375
Travel and conference/meeting expenses	39,370
Fixed charges	235,585
Utilities	10,038
Capital outlay	1,829,571
Other	5,440,261
Scholarships, grants, waivers*	5,256,605
Total restricted purposes fund expenditures	\$33,065,437

* 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, 2022

Instruction -	
Instructional programs	\$19,137,184
Other	132,521
Total Instruction	19,269,705
Academic support:	
Library center	456,739
Instructional materials center	18,145
Educational media services	142,736
Academic computing support	80,147
Academic administration and planning	447,595
Other	1,680,533
Total academic support	2,825,895
Student services support:	
Admissions and records	544,060
Counseling and career services	227,085
Financial aid administration	373,532
Other	3,241,868
Total student services support	4,386,545
Public service/continuing education:	
Community education	2,277,871
Customized training (instructional)	60,363
Community services	83,753
Other	1,507,757
Total public service/continuing education	3,929,744
Auxiliary services	2,874,956

Heartland Community College

Community College District #540

Uniform Financial Statement No. 5

Current Funds* Expenditures by Activity

Year ended June 30, 2022

Operations and maintenance of plant:	
Maintenance	930,313
Custodial services	614,870
Grounds	101,546
Campus security	542,007
Transportation	38,108
Utilities	903,250
Administration	287,246
Other	3,982,217
Total operations and maintenance of plant	7,399,557
Institutional support:	
Executive management	1,154,110
Fiscal operations	795,783
Community relations	974,511
Administrative support services	466,910
Board of Trustees	26,717
General Institutional	3,909,372
Institutional research	273,843
Administrative data processing	2,995,407
Other	5,412,287
Total institutional support	16,008,940
Scholarships, students grants, and waivers	14,894,403
Total current funds expenditures	\$71,589,745

*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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Heartland Community College, Community College District #540 (the "College"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 25, 2023. 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 (a nonprofit organization, discretely presented component unit of the College) were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Heartland Community College Foundation or that are reported on separately by those auditors who audited the financial statements of Heartland Community College Foundation.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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
January 25, 2023

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

Opinion on Each Major Federal Program

We have audited Heartland Community College – Community College District 540's (the College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2022. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Wipfli LLP

Sterling, Illinois
January 25, 2023

Heartland Community College
Community College District #540
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Award Notification Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed-through Illinois State Board of Education				
Child and Adult Food Care Program	10.558	20XX-4226-00	\$19,780	\$0
U.S. Department of Labor:				
WIOA Cluster				
Passed-through Illinois Department of Commerce and Economic Opportunities				
Apprenticeships	17.258	20-638008	43,049	0
Apprenticeships	17.259	20-638008	46,129	0
Apprenticeships	17.278	20-638008	65,618	0
Passed-through Career Link				
Drop Out Recovery Grant	17.259	OOOSY2015-1	54,026	0
Subtotal WIOA Cluster			208,822	0
Passed-through Illinois Department of Commerce and Economic Opportunities				
Apprenticeship USA	17.285	not provided	40,165	0
Total U.S. Department of Labor			248,987	
National Science Foundation				
Passed-through Illinois Wesleyan University				
Education and Human Resources				
NexSTEM	47.076	NSF DUE 1742224	64,607	0
ATE Flite	47.076	not provided	89,719	0
			154,326	0
U.S. Department of Education				
Passed-through Illinois Community College Board				
Adult Education - Basic Grants to States:				
Federal Adult Education-Basic	84.002	54001	205,261	0
Direct award:				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant	84.007		146,000	0
Federal Work Study Program	84.033		101,000	0
Federal Pell Grant Program	84.063		4,229,176	0
Federal Direct Loans	84.268		1,846,232	0
Subtotal Student Financial Aid Cluster			6,322,408	0
Direct award:				
TRIO - Student Support Services	84.042	not provided	235,049	0
Passed-through Illinois Community College Board:				
Career and Technical Education - Basic Grants to States:				
Perkins Title II Postsecondary/Adult	84.048	CTE54012	150,574	0

See Notes to Schedule of Expenditures of Federal Awards

Heartland Community College

Community College District #540

Schedule of Expenditures of Federal Awards (continued)
Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Award Notification Number	Expenditures	Passed Through to Subrecipients
COVID-19 - Education Stabilization Fund				
Passed-through Illinois Community College Board:				
Governor's Emergency Education Relief (GEER)	(M) 84.425C	GEER-540	258,672	0
Direct award:				
Higher Education Emergency Relief Fund - Student	(M) 84.425E		3,867,430	0
Higher Education Emergency Relief Fund - Institutional	(M) 84.425F		2,411,529	0
Subtotal ALN 84.425			6,537,631	0
Total U.S. Department of Education			13,450,923	0
U.S. Department of Health and Human Services				
Child Care and Development Fund (CCDF) Cluster				
Passed-through Illinois Community College Board:				
COVID-19 Child Care and Development Block Grant				
Early Childhood Grant	93.575	not provided	21,418	0
Passed-through Illinois Student Assistance Commission				
COVID-19 Child Care and Development Block Grant				
Early Childhood Access Consortium for Equity	93.575	not provided	21,354	0
Passed-through Illinois Network of Child Care Resource and Referral Agencies				
COVID-19 Child Care and Development Block Grant				
Child Care Restoration Grant	93.575	not provided	64,800	0
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
Strengthen & Grow Child Care Grant	93.596	not provided	75,740	0
Childcare Workforce Grant	93.596	not provided	47,520	0
QI Cohort CDL Grant	93.596	not provided	5,000	0
TCC QIP Project	93.596	not provided	500	0
Subtotal CCDF Cluster			236,332	0
Passed-through Illinois Network of Child Care Resource and Referral Agencies				
COVID-19 Every Student Succeeds Act/Preschool Development Grants				
ITC Project Grant	93.434	not provided	48,885	0
Total U.S. Department of Health and Human Services			285,217	0
Total expenditures of federal awards			\$14,159,233	\$0

(M) Denotes major program

Heartland Community College

Community College District #540

Notes to Schedule of Expenditures of Federal Awards

Note 1 Significant Accounting Policies

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, 2022. 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.

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.

Note 2 Direct Loan Programs

During the fiscal year ended June 30, 2022, students and their parents were awarded \$1,846,232 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 3 Non-cash Assistance

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2022.

Note 4 Indirect Cost Rate

The College utilizes a predetermined federally negotiated indirect cost rate of 22.88% and, therefore, has not elected to use the 10% de minimis. The U.S. Department of Health and Human Services is the cognizant agency.

Note 5 Other Federal Award Information

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

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:

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	<u>X</u>	No
_____ Yes	<u>X</u>	None reported
_____ Yes	<u>X</u>	None reported

Federal Awards

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

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	<u>X</u>	No
_____ Yes	<u>X</u>	None reported
_____ Yes	<u>X</u>	No

Identification of major programs:

Assistance Listing Number(s)

84.425C, 84.425E, 84.425F

Name of Federal Program or Cluster

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?

<u>X</u>	Yes	_____ No
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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

None

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

Section IV – Prior Year Findings

None