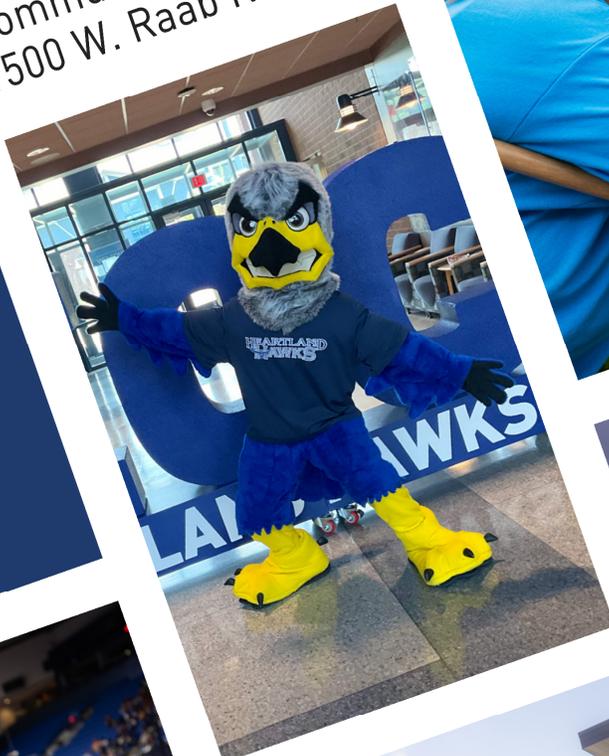




# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

**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, 2025 AND 2024**

Prepared by:

Noah Lamb  
Vice President, Finance and Administration

Laura Hughs  
Associate Vice President, Finance and Administration

# Heartland Community College District 540

Years Ended June 30, 2025 and 2024

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# Heartland Community College District 540

Years Ended June 30, 2025 and 2024

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# **Introductory Section**

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March 26, 2026

## 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, 2025. Heartland is committed to providing access and supporting the success of all students and citizens of District 540. The 2025 ACFR provides evidence that the College is well positioned to serve its communities as a leader in higher education and a responsible financial steward.

Serving the Central Illinois area, Heartland Community College is 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 will also 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



HEARTLAND  
COMMUNITY COLLEGE

March 26, 2026

**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, 2025 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, 2025. 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 210,000 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.

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Normal, IL 61761  
(309) 268-8000 ■  
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[www.heartland.edu](http://www.heartland.edu)

## **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. The College is currently working to update its strategic plan, with approval by the Board of Trustees slated for Spring 2026.

## **FINANCIAL INFORMATION**

The College maintains its accounts and prepares its financial statements in accordance with the general accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), the National Association of College and University Business Officers (NACUBO) 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 Division is responsible for directing the College's fiscal, human resources, business services, information technology, security, athletic and facilities operations. Managing resources with strict attention to dynamic facility, funding, technology, and staffing requirements has been the primary goal of the Division. 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 beginning in fiscal year 2022 and has continued through the College's current fiscal year 2027 annual budget planning. A collaborative online tool and process is 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 GAAP. 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 with a primary objective 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 \$48.9 million in fiscal year 2015 to \$95.1 million in fiscal year 2025. The College's net position in 2025 is about \$46 million more than 2015 and net position improved from 2024 to 2025 by approximately \$7.7 million.

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

Illinois' statewide labor market ended 2025 with an unemployment rate of 4.6% (seasonally adjusted) in December 2025, modestly above the U.S. rate of 4.4%. Labor force participation in Illinois was 63.8% in December 2025. Recent sector data show education and health services expanding year-over-year, continued strength in information, and softness in manufacturing and trade/transportation/utilities heading into 2026.

From a fiscal perspective, Illinois' FY2026 enacted budget and accompanying analysis noted reliance on targeted revenue measures and one-time items, with independent reviews highlighting continued structural pressures. Looking ahead, the Governor's FY2027 proposal (introduced February 18, 2026) was framed against federal funding uncertainty and a projected General Funds gap on the order of ~\$2.2 billion, underscoring a more cautious near-term outlook for state support to higher education and local governments.

The College continues to budget conservatively for state operating revenues and to emphasize reserves and multi-year planning to buffer against state-level volatility. The Fiscal Year 2025 State Budget was appropriated in a timely fashion by the State of Illinois. Heartland Community College (HCC) FY 2026 Budget included anticipated State revenue of 11.8 percent. The College did levy an equity tax in 2024 and this, too, is reflected in the Fiscal Year 2026 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), Rivian Automotive, Illinois State University, COUNTRY Financial, Normal School District #5, Carle Bro Menn Medical Center, OSF St. Joseph Medical Center, McLean County Government, Bloomington School District #87 and Ferrero USA.

The District has several higher education institutions. Bloomington-Normal is the location of two universities, Illinois State University in Normal (with enrollment of 21,994 undergraduate students in Fall of 2025 per their website) and Illinois Wesleyan University in Bloomington (with an enrollment of approximately 1,600 students in Fall of 2024 per their website). 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 \$78,329, making it one of the highest counties in the State. The most recent population of the County was 172,645. The current population of the entire district is 209,891. These economic growth indicators bode well for the community and for Heartland Community College.

### ***Tax Base***

The Heartland Community College District 2024 tax levy base of \$6,425,806,117 increased by 10.82 percent from the 2023 tax levy base. This followed an increase of 11.49 percent in the previous year. Residential and commercial growth is expected to continue, with a projected increase exceeding five percent in the 2025 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 year or more. Local property taxes will continue to be a significant source of revenue for the College. During fiscal year 2025, local property taxes accounted for 38.4 percent of total revenues. Local support represents 42.6 percent of total operating fund revenues in the fiscal year 2026 budget.

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

The College's net position at the end of fiscal year 2025 increased to \$94.9 million as compared to fiscal year 2024's restated ending net position of \$87.5 million. Net position was 122 percent of total fiscal year 2025 operating expenses. Liquidity is strong, with \$128 million of cash and other current assets at year end.

### ***College Enrollment***

Credit hour enrollment decreased by 1.7 percent during fiscal year 2025 as compared to a 2.1 percent increase in 2024. This year was the first decrease in enrollment compared to the previous three consecutive years with an enrollment increase. 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 2026 budget was predicated on credit hours remaining consistent from fiscal year 2025's actual credit hours. We believe the enrollment declines during 2025 have been driven by declines in high school graduating class sizes and enrollment and multiple economic factors. The College is optimistic that the increase seen in fiscal year 2022 through 2024 will continue based on the rollout of the College's Strategic Enrollment Management (SEM) 2.0 Plan.

A net increase of \$2.00 per credit hour was made to the in-district tuition and universal fees rate between fiscal year 2024 and fiscal year 2025. Heartland's FY2025 per credit hour in-district tuition and fees rate of \$187.00 was ranked as #3 (from the highest) among other Illinois community colleges.

The District received a total of \$718,732 in Adult Education grants from the Illinois Community College Board for fiscal year 2025. This was a decrease of \$157,731 from fiscal year 2024's Adult Education grants.

In fiscal year 2025, overall revenues in the College's continuing education programs increased from fiscal year 2024 mainly due to increase of course offerings. Sales and service fees from continuing education programs were \$1,590,458 in fiscal year 2025 as compared to \$1,170,326 in 2024, which was an increase of \$420,132. Future year revenues are forecasted to remain steady.

The ethnicity of Heartland's students for Fall 2024 reflects that of the District in that approximately 63.1 percent of the students are White Non-Hispanic. Heartland's enrollments were slightly more diverse this Fall compared to last Fall, with increases in Hispanic students of 3.9% and African American students of 16.1%. The Fall 2024 unduplicated headcount has increased 2.3% over Fall of 2023. 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 25.1% higher in 2025 compared to 2024. Federal grants accounted for 13.3 percent of the College's total revenues during fiscal year 2025 as compared to 11.1 percent in 2024. Federal financial aid dollars for student awards and loans accounted for approximately \$8.7 million (or 74.6 percent) of the federal total. The College also received an energy incentive of approximately \$1.1 million for the geothermal project related to the new Agriculture Building.

### **Component Unit**

The Heartland Community College Foundation, considered a component unit of the College, assists the College and its students by providing scholarships and grants from its fundraising efforts. The Foundation's net position increased from \$17.4 million at the end of fiscal year 2024 to \$19.9 million in 2025. The Foundation also awarded \$450,540 in student scholarships during fiscal year 2025.

### **DEBT ADMINISTRATION**

The College had general bonded debt as of June 30, 2025 and June 30, 2024 of \$115,443,870 and \$88,726,512, respectfully. The \$26,717,358 increase from 2024 to 2025 is the result of several different factors including: (1) principal payments totaling \$8,005,000 (reducing debt); and (2) amortization of bond premiums totaling approximately \$1,393,940 (reducing debt) and (3) the issuance of bonds totaling \$33,545,000 (increasing debt).

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 2024 assessed valuation of \$6,425,806,117 results in a legal debt limit of \$184,741,926. 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 2020-2025, these indicators compare as follows.

<b>Fiscal Year</b>	<b>General Obligation Debt</b>	<b>Debt/EAV</b>	<b>General Obligation Debt per Capita</b>
2025	\$115,443,870	0.60%	\$550.02
2024	\$88,726,512	0.51%	\$422.73
2023	\$98,392,209	0.63%	\$467.99
2022	\$73,992,161	0.51%	\$351.94
2021	\$63,181,127	0.45%	\$296.88
2020	\$62,108,062	0.45%	\$291.84

## **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 challenges facing the institution, including continued uncertain levels of future State funding and a gradual but ongoing downward trend in enrollments. Student engagement and retention efforts, and long-range master planning fully contemplate these challenges.

Goals related to long-term financial reserves are regularly updated and reviewed with the Board of Trustees to ensure timely and appropriate accumulation of net position for future capital projects and other financial exigencies. A three-year operating budget outlook is updated and reviewed regularly by College management and with the Board of Trustees.

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 or also considered "clean". 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, 2024. 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 Annual Consolidated Financial Report (ACFR) whose contents conform to program standards. The ACFR 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 believe the current report for the fiscal year ended June 30, 2025 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 Finance and Administration Division and the external auditors, Wipfli, LLP, have our sincere appreciation for the contributions made in preparation of this report.

Respectfully submitted,



---

Noah B. Lamb  
Vice President, Finance and Administration

# HEARTLAND COMMUNITY COLLEGE COMMUNITY COLLEGE DISTRICT #540

## BOARD OF TRUSTEES

	<u>Position</u>	<u>Term Expiration</u>
<b>Rebecca Ropp</b>	Chair	2027
<b>Janet M. Hood</b>	Vice Chair	2031
<b>Joshua Crockett</b>	Secretary	2027
<b>Mary E. Campbell</b>	Trustee	2029
<b>Laurie Bergner</b>	Trustee	2031
<b>Angell Howard</b>	Trustee	2027
<b>Thomas Whitt</b>	Trustee	2031
<b>Aemun Lopeyok</b>	Student Trustee	2026

## OFFICERS OF THE COLLEGE

Keith Cornille, President

Sarah Diel-Hunt, Provost/Vice President, Academic Affairs

Noah Lamb, Vice President, Finance and Administration

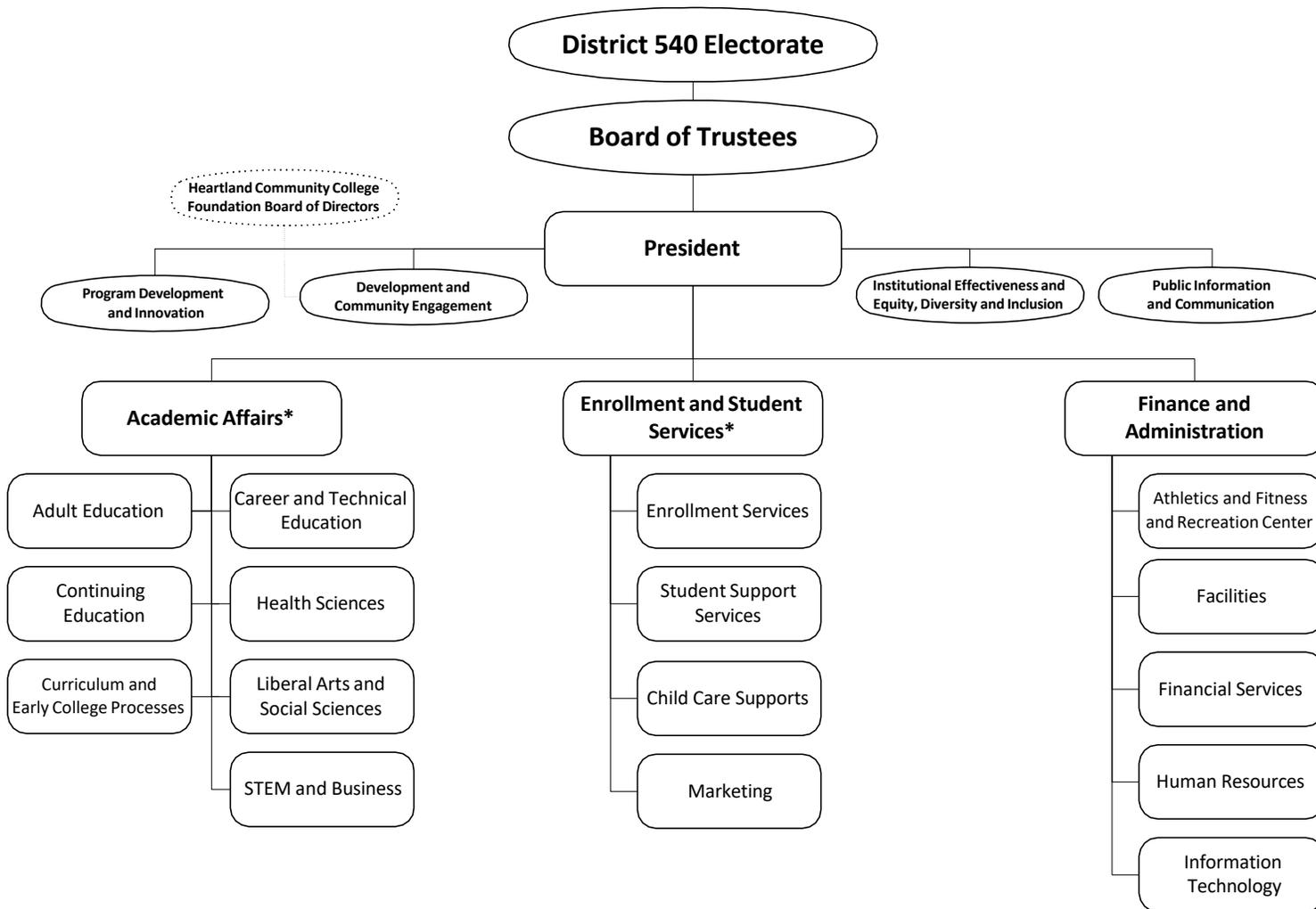
## OFFICIALS ISSUING REPORT

Laura Hughs, Associate Vice President, Finance and Administration

Joyce Tucker, Controller

## DEPARTMENT ISSUING REPORT

Business Office

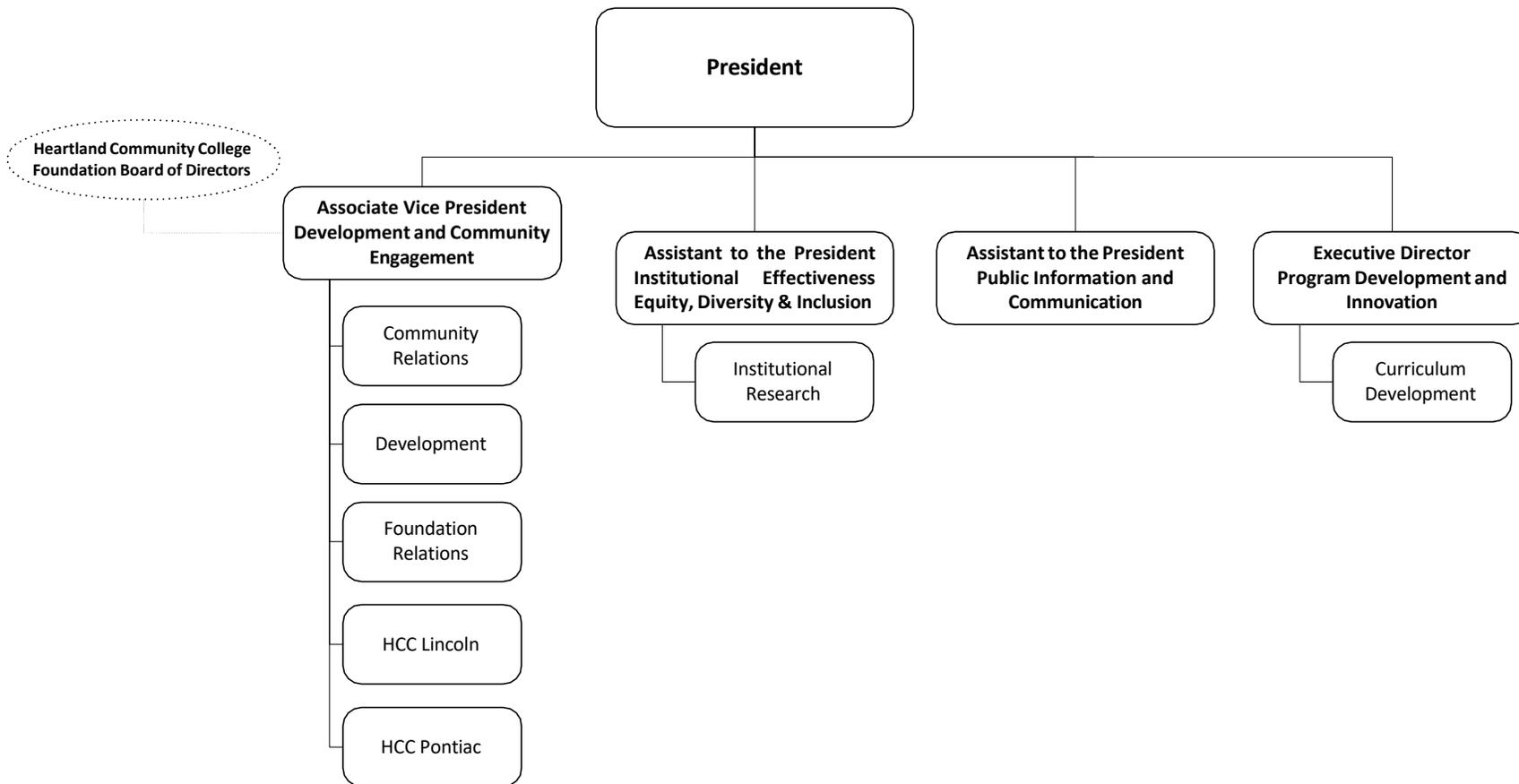


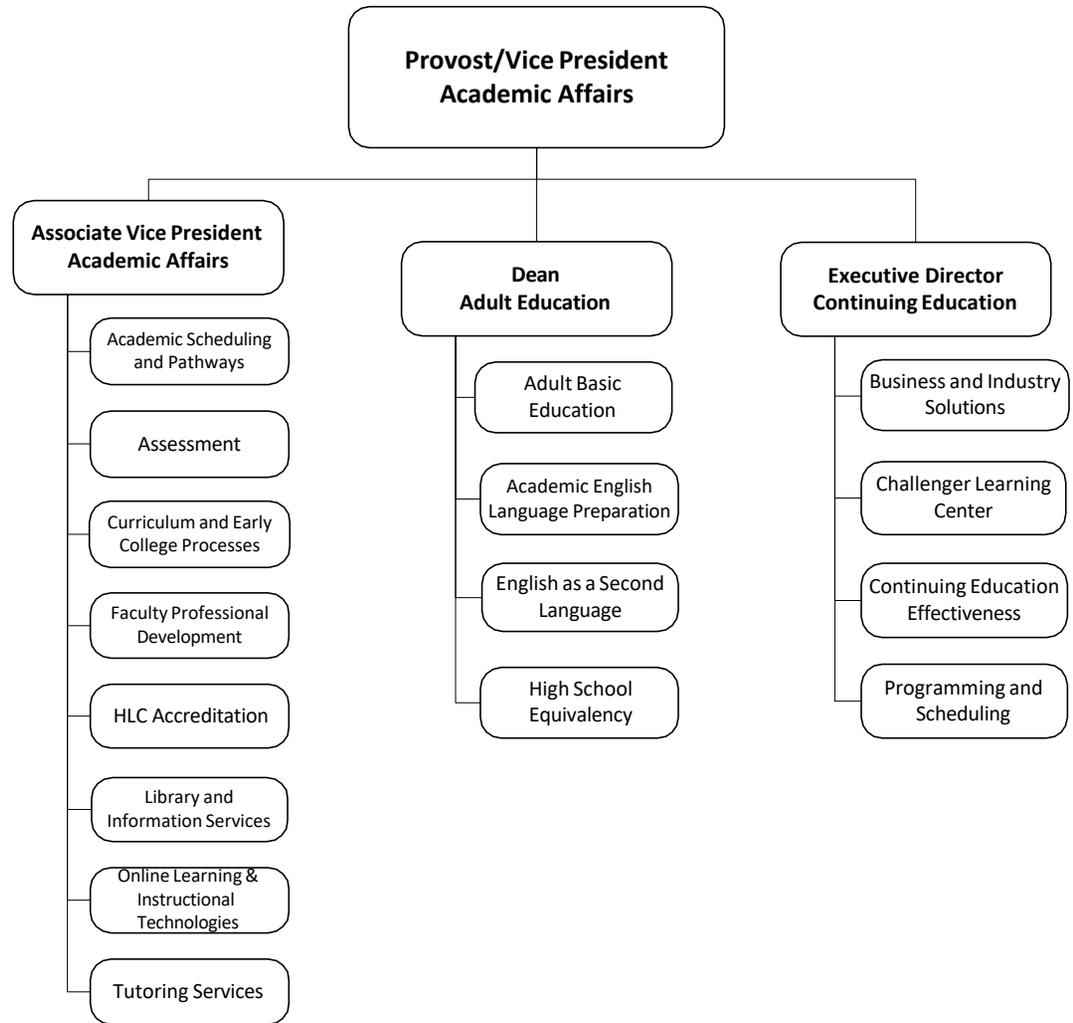
*\* The Academic Affairs Division and Enrollment and Student Services Division are both overseen by the Provost/Vice President, Academic Affairs.*

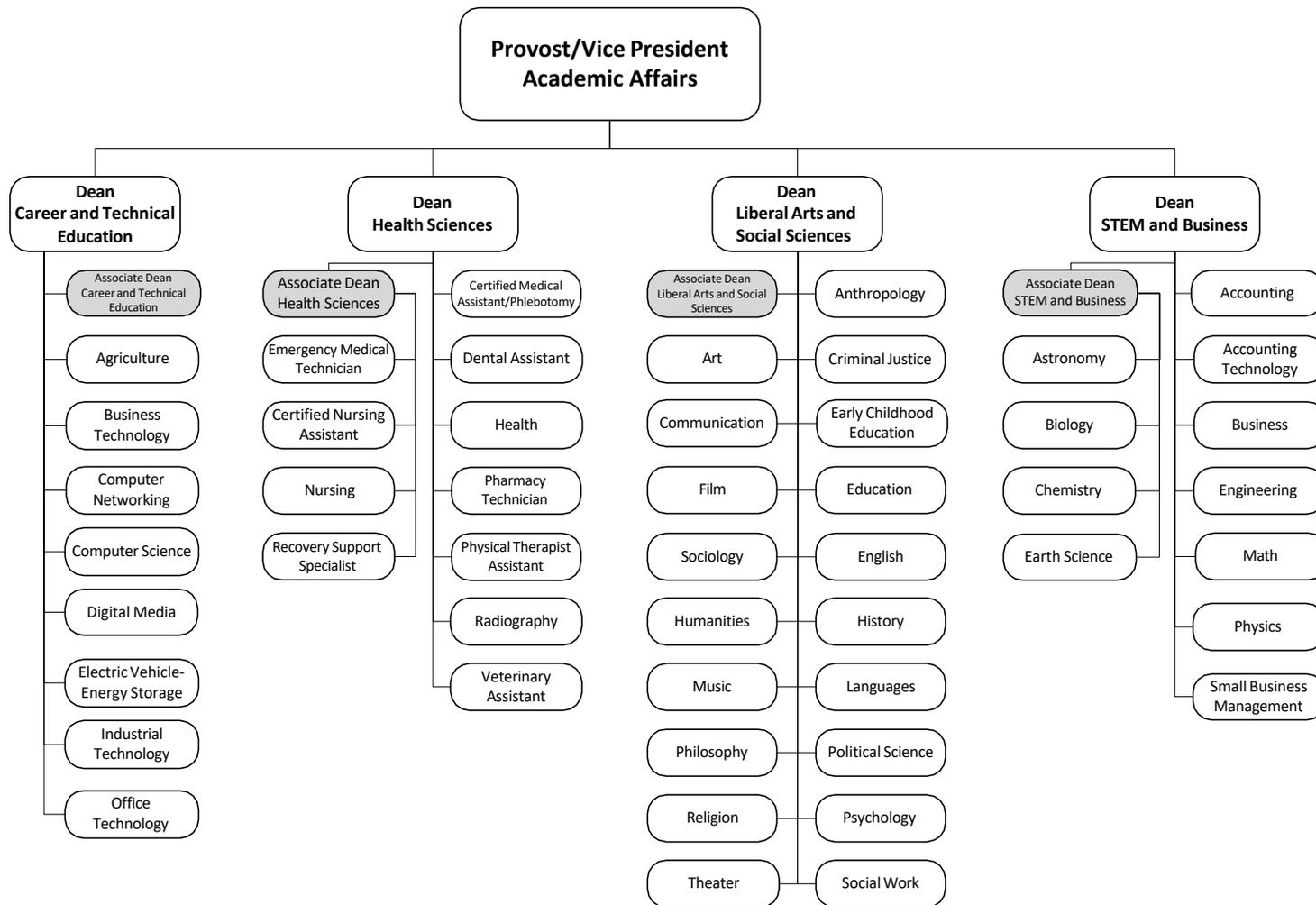


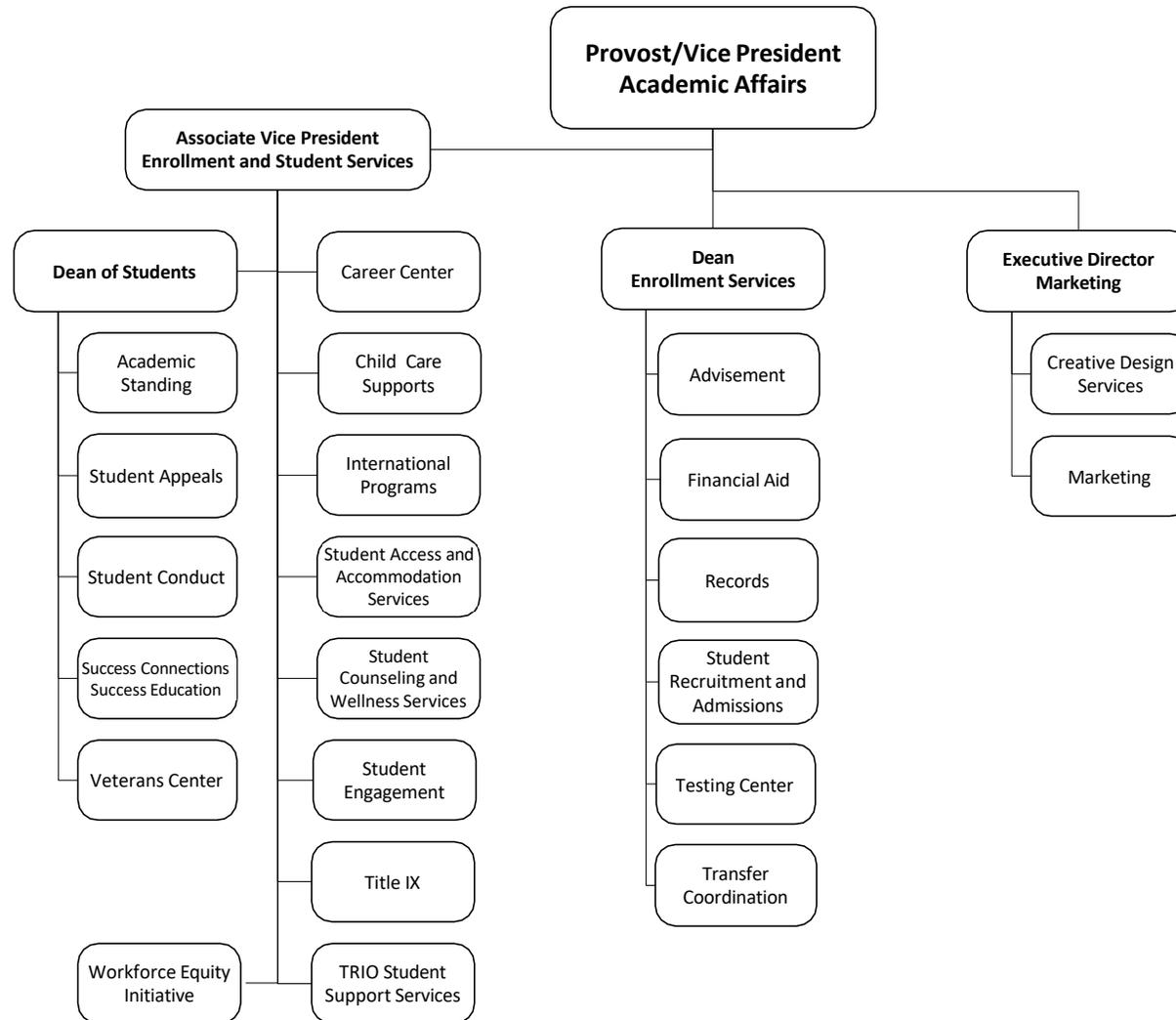
**HEARTLAND**  
COMMUNITY COLLEGE

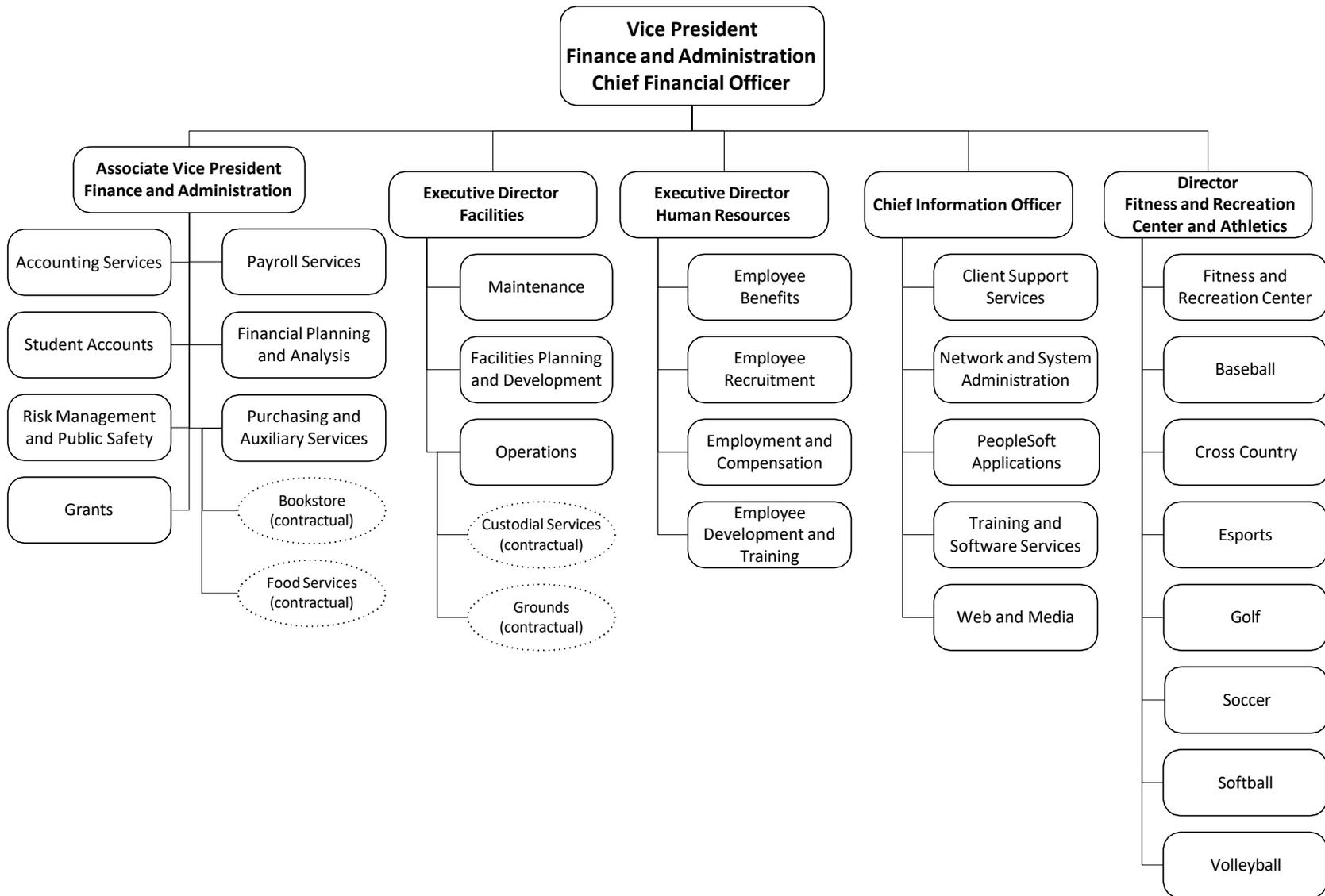
Discover Heartland. *Discover Yourself.*













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, 2024

*Christopher P. Morill*

Executive Director/CEO

# **Financial Section**

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## Independent Auditor's Report

Board of Trustees  
Heartland 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 District 540 (the "College"), as of and for the years ended June 30, 2025 and 2024, 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 other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Heartland Community College District 540 as of June 30, 2025 and 2024, and 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, which represent 100% of the assets, 100% of the net assets, and 100% of the revenues of the discretely presented component unit as of June 30, 2025 and 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Heartland Community College Foundation, is based solely on the report of the other auditors.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. The financial statements of 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 Heartland Community College District 540 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.

## ***Emphasis of Matter***

### ***Change in Accounting Principle***

We draw attention to Note 1 of the financial statements, in 2025, the College adopted new accounting guidance, GASB Statement No. 101, Compensated Absences, and GASB Statement No. 102, Certain Risk Disclosures. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Heartland Community College District 540'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 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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Heartland Community College District 540's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Heartland Community College District 540's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, schedule of share of net pension liability, schedule of pension contributions, schedule of share of net OPEB liability, and schedule of OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise of the College's basic financial statements. The supplemental financial information and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materiality 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 and statistical 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 March 26, 2026, 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 Heartland Community College District 540'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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Sterling, Illinois  
March 26, 2026

# Heartland Community College District #540

## Management Discussion and Analysis

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This section of Heartland Community College's Annual Comprehensive Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2025 and 2024. Since this discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, readers are encouraged to 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 statement of net position presents the College's overall financial position. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets and reflects the College's financial position at a specific point in time. Net position, defined as the difference between the College's total assets and deferred outflows of resources and its total liabilities and deferred inflows of resources, is one way to measure the College's financial health. 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 inflows and outflows of cash representing the financial activities of the College and show the net increase or decrease in cash and cash equivalents. Cash flows 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 operating activities.

Finally, the statements provide a picture of the College's net position and its availability for expenditure. Net position is divided into three major categories:

1. Net investment in capital assets, which represents the College's equity in property, plant, and equipment;
2. Restricted net position, which reflects resources subject to external restrictions imposed by creditors, grantors, donors, or laws and regulations; and
3. Unrestricted net position, which is available for any lawful purpose of the College.

# Heartland Community College District #540

## Management Discussion and Analysis

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### Financial Highlights

As of June 30, 2025, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources (net position) by \$94,931,665. Of this amount, \$78,168,535 is invested in capital assets, \$13,900,000 is restricted for working cash, \$21,423,846 is restricted for capital projects, \$725,833 is restricted for other specific purposes, and (\$19,286,549) is unrestricted. Unrestricted net position provides the College with flexibility to respond to operational needs and unforeseen events.

Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees (net of scholarship allowances), auxiliary enterprise revenues, and other educational sales and service fees. Total operating revenues for the year ended June 30, 2025 were \$16,713,229.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as property taxes, state grants and contracts, federal and local grants and contracts, and investment income. Total net nonoperating revenues for the year ended June 30, 2025 were \$68,353,756.

Operating expenses are incurred for the purpose of providing educational and operational activities of the College. Expenses not meeting this definition, such as interest expense, are reported as nonoperating expenses. Total operating expenses for the year ended June 30, 2025 were \$77,624,935.

The difference between total operating revenues and total operating expenses resulted in an operating loss of (\$60,911,706) for the year ended June 30, 2025. As is typical for public community colleges, operating revenues alone do not fully fund operating expenses, and the resulting operating loss reflects the College's reliance on nonoperating revenues, primarily property taxes and governmental support, to fulfill its educational mission. Net nonoperating revenues of \$68,353,759 offset this loss and resulted in an overall increase in net position of \$7,442,050.

Following are comparative analyses of net position and operating results for fiscal years 2025, 2024, and 2023.

### Financial Analysis of the College as a Whole

The following 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 consists 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 related to capital assets include general obligation bonds and debt certificates issued to fund campus development, land acquisition, and equipment purchases.

# Heartland Community College District #540

## Management Discussion and Analysis

In fiscal years 2025 and 2024, current assets and current liabilities were adjusted to reflect only unearned revenue and related student accounts receivable for student payments received for the subsequent fall term as of June 30.

Please see the following schedule, with additional details included thereafter.

Net Position as of June 30, 2025, 2024 & 2023 (in thousands)							
	2025	Restated 2024	Increase (Decrease) 2025-2024	Percent Change	Restated 2023	Increase (Decrease) 2024-2023	Percent Change
Current Assets	\$128,005	\$100,086	\$27,919	27.9%	\$119,207	(\$19,121)	-16.0%
Non-current Assets							
Capital Assets, Net of Depreciation	150,618	140,485	10,133	7.2%	119,611	\$20,874	17.5%
Total Assets	\$278,623	\$240,571	\$38,052	15.8%	\$238,818	\$39,753	16.6%
Deferred Outflows of Resources	\$2,165	\$2,871	(\$706)	-24.6%	\$1,845	\$1,026	55.6%
Total Assets and Deferred Outflows of Resources	\$280,788	\$243,442	\$37,346	15.3%	\$240,663	\$2,779	1.2%
Current liabilities	\$23,644	\$20,859	\$2,785	13.4%	\$23,645	(\$2,786)	-11.8%
Non-current liabilities	116,722	90,779	25,943	28.6%	98,725	(\$7,946)	-8.0%
Total liabilities	\$140,366	\$111,638	\$28,728	25.7%	\$122,370	(\$10,732)	-8.8%
Deferred Inflows of Resources	\$45,491	\$44,314	\$1,177	2.7%	\$42,675	\$1,639	3.8%
Net Position							
Net Investment in Capital Assets	\$78,168	\$69,211	\$8,957	12.9%	\$56,192	\$13,019	23.2%
Unrestricted	(19,287)	(2,375)	(16,912)	712.1%	(6,582)	\$4,207	-63.9%
Restricted	36,050	20,654	15,396	74.5%	26,008	(\$5,354)	-20.6%
Total Net Position	\$94,931	\$87,490	\$7,441	8.5%	\$75,618	\$11,872	15.7%
Total Liabilities, Deferred Inflows of Resources & Net Position	\$280,788	\$243,442	\$37,346	15.3%	\$240,663	\$2,779	1.2%

### Fiscal Year 2025 Compared to Fiscal Year 2024

The College's net position increased from \$87,489,615 at June 30, 2024 to \$94,931,665 at June 30, 2025, an increase of \$7,442,050, or 8.5%.

# Heartland Community College District #540

## Management Discussion and Analysis

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The College had a current ratio of 1.90 at June 30, 2025 compared to 1.60 at June 30, 2024. 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 short-term obligations, the College had \$1.90 in available short-term resources. This ratio is an indicator of the College's short-term liquidity and ability to meet its obligations as they come due.

Current assets increased by \$27,919,342, or 27.9%, at June 30, 2025 when compared to June 30, 2024. Cash increased by \$24,919,981, or 114.8%, from \$21,707,846 in 2024 to \$46,627,827 in 2025. The increase in cash strengthened the College's liquidity position and enhanced financial flexibility. Total accounts receivable increased by \$773,355. Property tax receivable increased by \$1,494,495, or 8%, due to higher local equalized assessed valuation. Student receivables decreased by \$450,291 due to the timing of payments. Government receivables decreased by \$325,652. Other receivables increased by \$114,631. Accrued interest decreased by \$59,828. Prepaid items increased by \$14,793.

Noncurrent assets increased by \$10,132,952, or 7.2%, primarily due to capital asset additions offset by annual depreciation.

Deferred outflows of resources decreased by \$705,849, primarily due to reductions related to OPEB liability and refunding charges.

Current liabilities increased by \$2,784,570, or 13.4%, due to increases in accounts payable, accrued interest payable, unearned tuition revenue, accrued expenses, other deferred revenue, and the current portion of bonds payable.

Noncurrent liabilities increased by \$25,943,675, primarily due to the issuance of new bond debt and increased lease obligations.

Deferred inflows of resources increased by \$1,176,150, largely due to higher subsequent-year property tax revenue.

### **Fiscal Year 2024 Compared to Fiscal Year 2023**

The College's net position increased from \$75,618,088 at June 30, 2023 to \$87,489,615 at June 30, 2024, an increase of \$11,871,527, or 15.7%.

The College's current ratio was 1.60 at June 30, 2024 compared to 1.85 at June 30, 2023, reflecting reduced short-term liquidity primarily driven by timing differences in cash receipts.

# Heartland Community College District #540

## Management Discussion and Analysis

Current assets decreased by \$19,121,365, or 16.0%, primarily due to a \$23,201,613 decrease in cash. Noncurrent assets increased by \$20,874,135, or 17.5%, due to capital asset acquisitions offset by depreciation.

Deferred outflows of resources increased by \$1,025,911, primarily related to OPEB and pension-related changes. Current liabilities decreased by \$2,786,430, while noncurrent liabilities decreased by \$7,946,446 due to principal payments on bonded debt. Deferred inflows of resources increased by \$1,640,030, largely related to property tax revenue applicable to the subsequent fiscal year.

Operating Revenues  
For the Years Ended June 30, 2025, 2024 & 2023  
(in thousands)

	2025	Restated 2024	Increase (Decrease) 2025-2024	Percent Change	Restated 2023	Increase (Decrease) 2024-2023	Percent Change
Operating Revenues							
Net Tuition & Fees	\$13,910	\$14,368	(\$458)	-3.2%	\$12,136	\$2,232	18.4%
Other	2,803	2,647	156	5.9%	2,700	(53)	-2.0%
Total Operating Revenues	16,713	17,015	(302)	-1.8%	14,836	2,179	14.7%
Less Operating Expenses	77,625	69,850	7,775	11.1%	64,605	5,245	8.1%
Operating (loss)	(60,912)	(52,835)	(8,077)	15.3%	(49,769)	(3,066)	6.2%
Non-Operating Revenues (Expenses)							
Property Taxes	33,937	30,233	3,704	12.3%	28,058	2,175	7.8%
State Grants & Contracts	13,107	15,982	(2,875)	-18.0%	13,541	2,441	18.0%
State On-behalf Contributions	7,250	5,839	1,411	24.2%	5,584	255	4.6%
Federal Grants & Contracts	11,735	9,380	2,355	25.1%	9,651	(271)	-2.8%
Investment Income	2,808	3,496	(688)	-19.7%	2,400	1,096	45.7%
Interest Expense	(3,215)	(2,447)	(768)	31.4%	(2,227)	(220)	9.9%
Other Revenue	2,732	2,224	508	22.8%	786	1,438	183.0%
Total Net Non-Operating Revenue	68,354	64,707	3,647	5.6%	57,793	6,914	12.0%
Change in Net Position	7,442	11,872	(4,430)	-37.3%	8,024	6,027	75.1%
Net Position, Beginning of Year	87,489	75,618	11,871	15.7%	67,594	8,024	11.9%
Net Position, End of Year	\$94,931	\$87,490	7,441	8.5%	\$75,618	\$11,872	15.7%
Total Revenues	\$88,282	\$84,169	\$4,113	4.9%	\$69,344	\$14,825	21.4%
Total Expenses	\$80,840	\$72,297	\$8,543	11.8%	\$59,432	\$12,865	21.6%

# Heartland Community College District #540

## Management Discussion and Analysis

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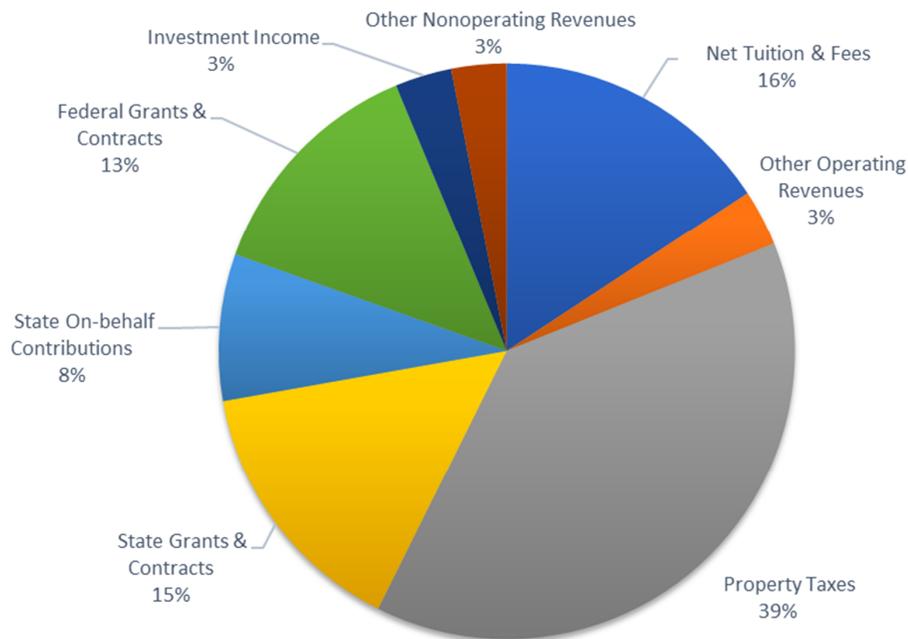
### Fiscal Year 2025 Revenues Compared to Fiscal Year 2024

For fiscal year 2025, total revenues were \$85,066,985, an increase of \$3,345,797, or 4.1%, from fiscal year 2024. Operating revenues decreased by \$302,324, or 1.8%. Student tuition and fees decreased by \$458,303, or 3.2%. Credit hours remained stable, and tuition revenue normalized following elevated collections in fiscal year 2024.

Total net nonoperating revenues increased by \$3,648,121, or 5.6%, largely due to higher local property tax revenues resulting from increased equalized assessed valuation. Federal funding increased significantly, including \$1,179,597 related to an energy incentive associated with the geothermal project at the Agriculture Building. The College also received increased funding from the Illinois Community College Board through credit hour grants, equalization grants, and the PATH grant.

Total operating expenses increased by \$7,775,274, or 11.1%, primarily driven by increases in operations and maintenance and institutional support. Net position increased by \$7,442,050, or 8.5%.

Following is a graphic illustration of revenues by source for fiscal year 2025:



# Heartland Community College District #540

## Management Discussion and Analysis

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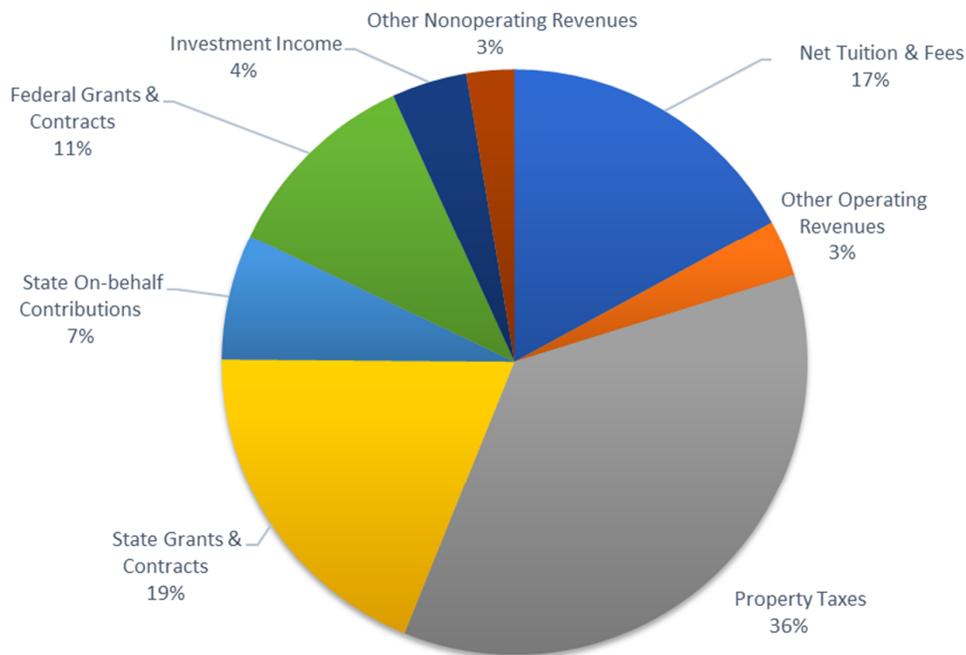
### Fiscal Year 2024 Revenues Compared to Fiscal Year 2023

For fiscal year 2024, total revenues were \$81,721,188, an increase of \$9,091,590, or 12.5%, from fiscal year 2023. Operating revenues increased significantly due to higher tuition collections associated with the timing of student payments.

Net nonoperating revenues increased by \$6,912,438, or 12.0%, primarily due to increased state funding and higher local property tax revenues.

Total operating expenses decreased by \$5,243,907, or 8.1%. Net position increased by \$11,871,527, or 15.7%.

For purposes of comparison, following is a graphic illustration of revenues by source for fiscal year 2024:



# Heartland Community College District #540

## Management Discussion and Analysis

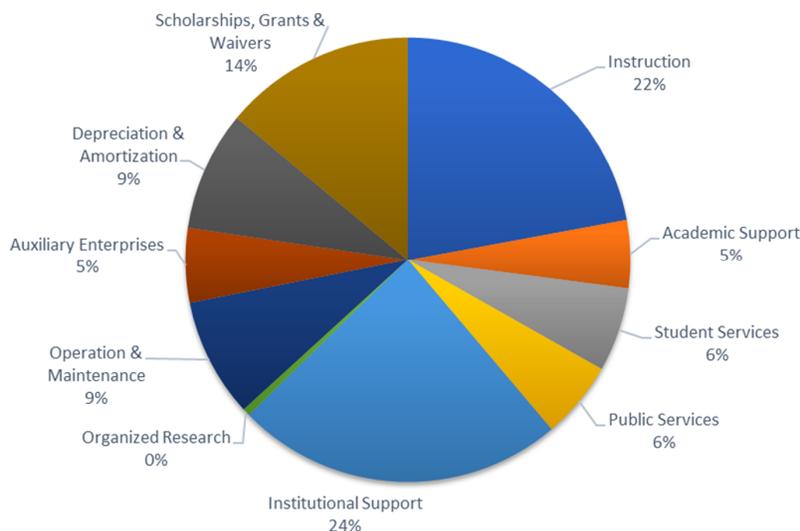
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Following is a comparative analysis of operating expense by program:

For the Years Ended June 30, 2025, 2024 & 2023  
(in thousands)

Program	2025	2024	Increase		Restated 2023	Increase	
			(Decrease) 2025-2024	Percent Change		(Decrease) 2024-2023	Percent Change
Instruction	\$17,163	\$16,725	\$438	2.6%	\$17,940	(\$1,215)	-6.8%
Academic Support	3,854	3,145	709	22.5%	2,971	174	5.9%
Student Services	4,719	3,966	753	19.0%	3,790	176	4.6%
Public Services	4,345	3,912	433	11.1%	3,683	229	6.2%
Institutional Support	18,667	16,157	2,510	15.5%	15,820	337	2.1%
Organized Research	422	124	298	240.3%	44	80	0.0%
Operation & Maintenance	6,682	5,604	1,078	19.2%	1,636	3,968	242.5%
Auxiliary Enterprises	4,245	3,875	370	9.5%	3,407	468	13.7%
Depreciation & Amortization	6,719	6,162	557	9.0%	5,977	185	3.1%
Scholarships, Grants & Waivers	10,809	10,180	629	6.2%	9,338	842	9.0%
<b>Total</b>	<b>\$77,625</b>	<b>\$69,850</b>	<b>\$7,775</b>	<b>11.1%</b>	<b>\$64,606</b>	<b>\$5,244</b>	<b>8.1%</b>

The following pie chart shows the operating expenses by program for fiscal year 2025 as a percentage of total expenses. Direct services to students accounted for 58.1% of total expenses. Direct services to students include: instruction at 22.1%, academic support at 5.0%, student services at 6.1%, public services at 5.6%, scholarships, grants, and waivers at 13.9%, and auxiliary enterprises at 5.5%. Indirect services to students include: operations and maintenance of plant at 8.6%, institutional support at 24.1%, organized research at 0.5% and depreciation at 8.7%, totaling 41.9%.

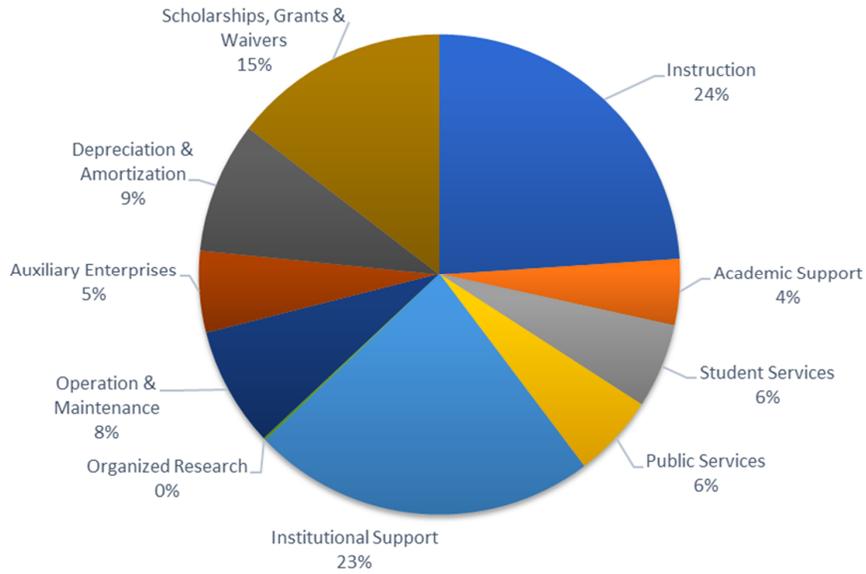


# Heartland Community College District #540

## Management Discussion and Analysis

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For purpose of comparison, following is a pie chart of the operating expenses by program for fiscal year 2024 as a percentage of total expenses:



# Heartland Community College District #540

## Management Discussion and Analysis

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### Capital Assets

As of June 30, 2025, the College's capital assets totaled \$238,019,411. Capital assets net of accumulated depreciation and amortization totaled \$150,617,740. The increase in net capital assets as of June 30, 2025 resulted from current-year additions of \$16,911,557, offset by depreciation and amortization expense of \$6,718,542. Additional information regarding capital assets is presented in Note 3 to the financial statements.

The following is an analysis of capital assets:

Capital Assets							
For the Years Ended June 30, 2025, 2024 & 2023							
(in thousands)							
	2025	2024	Increase (Decrease) 2025-2024	Percent Change	2023	Increase (Decrease) 2024-2023	Percent Change
<b>Capital Assets (Not Depreciated)</b>							
Land	\$4,481	\$4,481	\$0	0.0%	\$4,481	\$0	0.0%
Construction-in-Progress	32,927	42,994	(10,067)	-23.4%	23,139	19,855	85.8%
<b>Capital Assets (Depreciated)</b>							
Buildings	144,548	121,480	23,068	19.0%	124,193	(2,713)	-2.2%
Infrastructure	29,624	29,026	598	2.1%	23,761	5,265	22.2%
Furniture and Equipment	23,003	20,967	2,036	9.7%	21,204	(237)	-1.1%
Lease Assets - Buildings	2,619	2,713	(94)	-3.5%	0	2,713	0.0%
SBITA Assets	817	1,532	(715)	-46.7%	0	1,532	0.0%
<b>Total</b>	<b>238,019</b>	<b>223,193</b>	<b>14,826</b>	<b>6.6%</b>	<b>196,778</b>	<b>26,415</b>	<b>13.4%</b>
<b>Less Accumulated Depreciation/Amortization</b>	<b>(87,402)</b>	<b>(82,708)</b>	<b>(4,694)</b>	<b>5.7%</b>	<b>(77,167)</b>	<b>(5,541)</b>	<b>7.2%</b>
<b>Net Capital Assets</b>	<b>\$150,617</b>	<b>\$140,484</b>	<b>\$10,133</b>	<b>7.2%</b>	<b>\$119,611</b>	<b>\$20,873</b>	<b>17.5%</b>

# Heartland Community College District #540

## Management Discussion and Analysis

### Debt Administration

During fiscal year 2025, the College paid \$8,005,000 in bond and debt certificate principal and issued \$33,545,000 in general obligation bonds and \$1,108,358 in lease obligations. Total outstanding debt increased from \$90,791,832 in fiscal year 2024 to \$118,051,424 in fiscal year 2025. Additional information regarding debt is presented in Note 4 to the financial statements.

The College’s net OPEB liability represents its proportionate share of the Community College Health Insurance Security Fund liability. During fiscal year 2025, the College’s net OPEB liability decreased by \$582,004, or 7.5%. Additional information regarding OPEB is presented in Note 7 to the financial statements.

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

Long-Term Debt For the Years Ended June 30, 2025, 2024 & 2023 (in thousands)							
	2025	Restated 2024	Increase (Decrease) 2025-2024	Percent Change	2023	Increase (Decrease) 2024-2023	Percent Change
Long-term Debt							
General Obligation Bonds and Debt Certificates	\$107,070	\$81,530	\$25,540	31.3%	\$89,865	(\$8,335)	-9.3%
Bond Premium	\$8,374	\$7,197	\$1,177	16.4%	\$8,527	(\$1,330)	-15.6%
Lease Obligations	2,093	1,228	865	70.4%	1,486	(258)	-17.4%
Subscriptions Obligations	514	837	(323)	-38.6%	357	480	100.0%
Compensated Absences	3,381	4,159	(778)	-18.7%	3,354	805	24.0%
<b>Total</b>	<b>\$121,432</b>	<b>\$94,951</b>	<b>\$26,481</b>	<b>27.9%</b>	<b>\$103,589</b>	<b>(\$8,638)</b>	<b>-8.3%</b>

### Contacting the College’s Financial Management

This financial report is intended to provide the College’s Board of Trustees, state officials, legislators, taxpayers, students, and other interested parties with a general overview of the College’s finances and to demonstrate accountability for the resources it receives. Questions regarding this report may be directed to the Executive Office or the Business Office. Budget documents and audited financial statements are available on the College website at [www.heartland.edu/about/financials.html](http://www.heartland.edu/about/financials.html).

### Other

Management is not aware of any currently known facts, decisions, or conditions that would have a significant effect on the College’s financial position or results of operations.

# **Basic Financial Statements**

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# Heartland Community College District 540

## Statements of Net Position

<i>As of June 30, 2025 and 2024</i>	Primary Government College		Component Unit Foundation	
	2025	Restated 2024	2025	2024
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 46,627,827	\$ 21,707,846	\$ 373,170	\$ 225,656
Investments	55,322,820	53,111,607	19,126,474	16,448,014
Property tax receivable	19,980,756	18,486,261	-	-
Government receivables	2,802,834	3,128,486	-	-
Student tuition receivables, net of allowance	1,074,463	1,524,754	-	-
Other receivables	175,620	60,989	562,700	776,830
Accrued interest receivable	418,206	478,034	-	-
Prepaid items	1,518,805	1,504,012	15,417	19,788
Other current assets	83,873	83,873	-	-
Total current assets	128,005,204	100,085,862	20,077,761	17,470,288
Noncurrent assets:				
Non-depreciable capital assets	37,408,309	47,475,409	-	-
Depreciable capital assets	200,611,102	175,717,458	-	-
Accumulated depreciation and amortization	(87,401,671)	(82,708,079)	-	-
Total noncurrent assets	150,617,740	140,484,788	-	-
Total assets	278,622,944	240,570,650	20,077,761	17,470,288
<b>Deferred outflow of resources</b>				
Deferred pension	62,159	87,419	-	-
Deferred OPEB	1,929,654	2,431,248	-	-
Deferred charges on refunding	173,268	352,263	-	-
Total deferred outflow of resources	2,165,081	2,870,930	-	-

# Heartland Community College District 540

## Statements of Net Position (Continued)

<i>As of June 30, 2025 and 2024</i>	Primary Government College		Component Unit Foundation	
	2025	2024	2025	2024
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	4,452,075	3,933,442	206,722	113,550
Accrued expenses	2,568,042	1,761,827	-	-
Unearned tuition and fees	2,246,096	1,986,407	-	-
Other deferred revenue	1,585,954	960,872	-	-
Accrued interest	890,824	271,884	-	-
Accrued compensated absences, current	1,690,559	2,079,510	-	-
Lease obligations, current	182,837	206,217	-	-
Subscription liability, current	156,278	322,727	-	-
Bonds payable, current	9,870,488	9,335,697	-	-
Other liabilities	298	298	-	-
Total current liabilities	23,643,451	20,858,881	206,722	113,550
Noncurrent liabilities:				
Accrued compensated absences	1,690,559	2,079,510	-	-
Lease obligations	1,910,208	1,021,867	-	-
Subscription liability	358,231	514,509	-	-
Bonds payable, net	105,573,382	79,390,815	-	-
Net OPEB liability	7,189,922	7,771,926	-	-
Total noncurrent liabilities	116,722,302	90,778,627	-	-
Total liabilities	140,365,753	111,637,508	206,722	113,550
<b>Deferred inflow of resources</b>				
Deferred property taxes	37,512,725	33,914,983	-	-
Deferred OPEB	7,977,882	10,399,474	-	-
Total deferred inflow of resources	45,490,607	44,314,457	-	-
<b>Net position</b>				
Net investment in capital assets	78,168,535	69,211,162	-	-
Restricted::				
Capital projects	21,423,846	15,801,767	-	-
Working cash	13,900,000	3,900,000	-	-
Specific purposes	725,833	952,130	15,420,850	14,277,374
Unrestricted	(19,286,549)	(2,375,444)	4,450,189	3,079,364
Total net position	\$ 94,931,665	\$ 87,489,615	\$ 19,871,039	\$ 17,356,738

# Heartland Community College District 540

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

<i>Years Ended June 30, 2025 and 2024</i>	Primary Government College		Component Unit Foundation	
	Restated			
	2025	2024	2025	2024
<b>Operating revenues:</b>				
Student tuition and fees	\$ 13,909,876	\$ 14,368,179	\$ -	\$ -
Auxiliary enterprises revenue	558,234	563,225	-	-
Other operating revenues	2,245,119	2,084,149	296,561	364,067
Annual campaign/gifts	-	-	1,659,125	1,462,505
Fundraising	-	-	219,932	238,076
Total operating revenues	16,713,229	17,015,553	2,175,618	2,064,648
<b>Operating expenses:</b>				
Instruction	17,162,850	16,724,716	-	-
Academic support	3,854,111	3,144,652	-	-
Student services	4,719,436	3,966,074	-	-
Public services	4,344,657	3,911,787	-	-
Organized Research	421,917	123,632	-	-
Auxiliary services	4,245,289	3,874,765	-	-
Operations and maintenance	6,682,259	5,603,893	-	-
Institutional support	18,666,723	16,157,369	-	-
Scholarships, student grants, and waivers	10,809,151	10,180,640	450,540	503,592
Depreciation and amortization expense	6,718,542	6,162,133	-	-
General and administrative	-	-	719,822	1,893,008
Fundraising	-	-	113,258	107,726
Total operating expenses	77,624,935	69,849,661	1,283,620	2,504,326
Operating income (loss)	(60,911,706)	(52,834,108)	891,998	(439,678)

# Heartland Community College District 540

## Statements of Revenues, Expenses, and Changes in Net Position (Continued)

<i>Years Ended June 30, 2025 and 2024</i>	Primary Government College		Component Unit Foundation	
	2025	2024	2025	2024
Non-operating revenues (expenses)				
Property taxes	33,937,087	30,233,080	-	-
Replacement taxes	1,092,523	1,629,225	-	-
State government	12,014,368	14,352,621	-	-
On-behalf payments	7,249,763	5,839,331	-	-
Federal government	11,735,128	9,380,177	-	-
Facilities revenue	141,827	109,587	-	-
Investment income	2,808,177	3,495,502	1,622,303	1,270,503
Nongovernmental grants and gifts	1,864,586	1,195,477	-	-
Other revenue	725,515	917,594	-	-
Interest, service charges, and issuance costs	(3,215,218)	(2,446,959)	-	-
Total non-operating revenues (expenses)	68,353,756	64,705,635	1,622,303	1,270,503
Capital contributions	-	-	-	-
Change in net position	7,442,050	11,871,527	2,514,301	830,825
Net position, beginning of year, as previously reported	87,489,615	77,506,502	17,356,738	16,525,913
Restatement due to change in accounting principle	-	(1,888,414)	-	-
Net position, beginning of year, as restated	87,489,615	75,618,088	17,356,738	16,525,913
Net position, end of year	\$ 94,931,665	\$ 87,489,615	\$ 19,871,039	\$ 17,356,738

# Heartland Community College District 540

## Statements of Cash Flows

<i>Years Ended June 30, 2025 and 2024</i>	2025	2024
<b>Cash flows from operating activities:</b>		
Tuition and fees	\$ 20,687,031	\$ 18,113,317
Payments to suppliers	(25,703,811)	(23,972,018)
Payments to employees	(29,088,257)	(27,428,272)
Payments to students for scholarships	(16,876,326)	(14,965,683)
Other	3,672,970	3,804,670
Net cash from operating activities	(47,308,393)	(44,447,986)
<b>Cash flows from non-capital financing activities:</b>		
Property taxes	36,127,873	31,587,404
Personal property replacement taxes	1,092,523	1,629,225
State, federal and local grants and contracts	26,480,262	26,389,287
Direct lending receipts	1,774,079	1,890,702
Direct lending payments	(1,774,079)	(1,890,702)
Net cash from non-capital financing activities	63,700,658	59,605,916
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	(16,911,557)	(27,032,343)
Proceeds from debt issuance	34,653,358	817,179
Premium on debt issuance	2,571,298	
Principal payments on bond payable	(8,571,124)	(8,930,231)
Interest payments on long-term debt	(3,811,223)	(3,787,480)
Net cash from capital and related financing activities	7,930,752	(38,932,875)
<b>Cash flows from investing activities:</b>		
Interest received	2,808,177	3,495,502
Proceeds from maturities of investment	23,638,705	51,449,796
Purchases of investment	(25,849,918)	(54,371,966)
Net cash from investing activities	596,964	573,332
Net increase (decrease) in cash and cash equivalents	24,919,981	(23,201,613)
Cash and cash equivalents, beginning of year	21,707,846	44,909,459
Cash and cash equivalents, end of year	\$ 46,627,827	\$ 21,707,846

# Heartland Community College District 540

## Statements of Cash Flows (Continued)

Years Ended June 30, 2025 and 2024	2025	2024
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (60,911,706)	\$ (52,834,108)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation and amortization on capital assets	6,718,542	6,162,133
State on-behalf payments for fringe benefits	7,249,763	5,839,331
Other operating sources	927,405	1,028,172
Change in assets and liabilities:		
Receivables	392,503	351,839
Prepaid items	(14,793)	(24,876)
Deferred outflow of resources	526,854	(1,204,906)
Accounts payable	518,633	(2,058,072)
Accrued liabilities	806,215	8,825
Accrued compensated absences	(777,902)	805,094
Unearned tuition and fees	259,689	(1,262,620)
OPEB liability	(582,004)	858,803
Deferred inflows of resources	(2,421,592)	(2,117,601)
	<u>\$ (47,308,393)</u>	<u>\$ (44,447,986)</u>
<b>Supplemental disclosures of noncash operating activities:</b>		
State of Illinois contributions provided	\$ 7,249,763	\$ 5,839,331
State of Illinois contributions paid	\$ 7,249,763	\$ 5,839,331
<b>Supplemental disclosures of noncash financing activities:</b>		
Proceeds from lease and SBITA issuance	\$ 1,108,358	\$ 817,179

# Heartland Community College District 540

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Significant Accounting Policies

Heartland 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.

#### 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, 2025 and 2024 were \$450,540 and \$503,592, respectively.

# Heartland Community College District 540

## Notes to Financial Statements

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

#### **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 the Vice President, Finance, and Administration, 1500 West Raab Road, Normal, IL or 309-268-8100.

#### **Measurement Focus and 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.

# Heartland Community College District 540

## Notes to Financial Statements

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

#### **Use of Estimates**

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures 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.

#### **Tuition 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 \$220,000 and \$280,000 as of June 30, 2025 and 2024, 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 District 540

## Notes to Financial Statements

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### 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 2024 become due and payable in two installments (June and September 2025). In accordance with board resolution, property taxes extended for the 2023 tax year and collected in 2024 are recorded as revenue in fiscal year 2025. 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 2024 tax year and collected in 2025 are recorded as deferred inflows of resources in fiscal year 2025 .

#### 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<b>Years</b>
Land improvements	10 to 20 years
Buildings 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 partially 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.

# Heartland Community College District 540

## Notes to Financial Statements

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

#### **Unearned Tuition and Fee 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.

#### **Compensated Absences**

The College records a liability for employees' vacation leave earned, but not taken. Employees are allowed to carry over a limited number of vacation days from year to year. Sick leave is accrued as a liability if it is more likely than not to be used. The College considers this liability 50% current and due within one year.

Amounts have been recorded consistent with the compensated absences reporting standards of GASB Statement No. 101, Compensated Absences, including an accrual for accumulated sick leave and vacation in the year-ended compensated absence liability.

#### **Noncurrent Liabilities**

Noncurrent liabilities include (1) principal amounts of general obligation bonds, debt certificates, lease obligations and subscription liabilities 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.

#### **Lease Accounting**

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 depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

# Heartland Community College District 540

## Notes to Financial Statements

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

#### **Lease Accounting** (Continued)

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the College's incremental borrowing rate. This rate is used to calculate the present value of future lease payments. This rate is an alternative investment rate for other than short-term investments and is materially the same as the rate the College might incur from an external lender.

For all underlying classes of assets, the College does 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. The College recognizes short-term leases with lease costs included in short-term lease expense. The College recognizes short-term lease cost on a straight-line basis over the lease term.

In addition, under the new standard, the College has adopted a policy which evaluates the material nature of long-term leases as a group. For group calculations which fall below the policy threshold for recording, the College will not recognize the lease liability and ROU, and will instead expense these costs as incurred. Copier leases is one such group.

For leases or groups of leases whose net present value is less than \$150,000, the College has elected to recognize the payments as an expense in the period incurred.

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

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

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

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

# Heartland Community College District 540

## Notes to Financial Statements

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

#### **Subscription Based Information Technology Arrangements** (Continued)

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

For SBITAs or groups of SBITAs whose annual payment is less than \$25,000, the College has elected to recognize that payments as an expense in the period incurred.

#### **On-Behalf Payments for Fringe Benefits and Salaries**

Contributions made by the State of Illinois relating to the State Universities Retirement Systems and College Insurance Plan on behalf of the College's employees are recognized by the College as revenues and expenses. In fiscal years 2025 and 2024, the state made contributions of \$7,249,763 and \$5,839,331, respectively (Note 5 and 7).

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period[s] and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### **Pensions**

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

# Heartland Community College District 540

## Notes to Financial Statements

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

#### **Pensions** (Continued)

For financial reporting purposes, the State of Illinois (State) and its public universities and community colleges are under a special funding situation. This situation exists when a nonemployer 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 nonemployer (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. Investment are reported at fair value.

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

#### **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, 2025 and 2024, the College had \$28,785,540 and \$8,941,828, 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.

# Heartland Community College District 540

## Notes to Financial Statements

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

#### Net Position (Continued)

**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 and Expenses

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, and (2) sales and services of auxiliary enterprises. Nonoperating revenues include 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.

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, and Federal Direct Loan programs. Federal programs are audited in accordance with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Uniform Guidance Compliance Supplement. The College elected to not use the 10% de minimis indirect cost rate during the year ended June 30, 2025.

#### Recently Adopted Accounting Pronouncement

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The adoption of this guidance resulted in a restatement of the beginning net position for the year ended June 30, 2024. See Note 16 for the details of the restatement.

# Heartland Community College District 540

## Notes to Financial Statements

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

#### Recently Adopted Accounting Pronouncement (Continued)

GASB Statement No. 102, *Certain Risk Disclosures*, improves financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The adoption of this guidance had no impact on the College.

### Note 2: Cash 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, 2025 and 2024, the bank balance of the College's deposits, which primarily consists of demand deposits, was \$47,088,592 and \$22,338,352, respectively. At June 30, 2025, the entire amount was 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:

	2025	2024
Cash on hand	\$ 611	\$ 1,095
Deposits with financial institutions	46,627,216	21,706,751
Totals	\$ 46,627,827	\$ 21,707,846

#### Investments

The College investments at June 30, consist of the following:

	2025	2024
Local government investment pools	\$ 31,907,439	\$ 23,990,008
Certificates of deposit	15,397,480	14,865,350
U.S. government agency securities	8,017,901	14,256,249
Totals	\$ 55,322,820	\$ 53,111,607

# Heartland Community College District 540

## Notes to Financial Statements

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### Note 2: Cash and Investments (Continued)

#### Interest Rate Risk

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

As of June 30, 2025, the College had the following investments with stated maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Local government investment pools	\$ 31,907,439	\$ 31,907,439	\$ -	\$ -	-
Certificate of deposit	15,397,480	12,110,746	3,286,734	-	-
U.S. government agency securities	8,017,901	7,294,123	723,778	-	-
<b>Totals</b>	<b>\$ 55,322,820</b>	<b>\$ 51,312,308</b>	<b>\$ 4,010,512</b>	<b>\$ -</b>	<b>-</b>

# Heartland Community College District 540

## Notes to Financial Statements

### Note 2: Cash and Investments (Continued)

As of June 30, 2024, the College had the following investments with stated maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Local government investment pools	\$ 23,990,008	\$ 23,990,008	\$ -	\$ -	\$ -
Certificate of deposit	14,865,350	14,865,350	-	-	-
U.S. government agency securities	14,256,249	14,256,249	-	-	-
<b>Totals</b>	<b>\$ 53,111,607</b>	<b>\$ 53,111,607</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

	Total	2025				
		AAA	AA	A	BBB	Unrated
Local government investment pools	\$ 31,907,439	\$ 31,907,439	\$ -	\$ -	\$ -	\$ -
Certificate of deposit	15,397,480	-	-	-	-	15,397,480
U.S. government agency securities	8,017,901	-	8,017,901	-	-	-
<b>Totals</b>	<b>\$ 55,322,820</b>	<b>\$ 31,907,439</b>	<b>\$ 8,017,901</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,397,480</b>

	Total	2024				
		AAA	AA	A	BBB	Unrated
Local government investment pools	\$ 23,990,008	\$ 23,990,008	\$ -	\$ -	\$ -	\$ -
Certificate of deposit	14,865,350	-	-	-	-	14,865,350
U.S. government agency securities	14,256,249	-	14,256,249	-	-	-
<b>Totals</b>	<b>\$ 53,111,607</b>	<b>\$ 23,990,008</b>	<b>\$ 14,256,249</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,865,350</b>

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

# Heartland Community College District 540

## Notes to Financial Statements

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### **Note 2: Cash and Investments (Continued)**

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, 2025, 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.

### **Fair Value Measurement**

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

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets.

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets; or
- inputs other than quotes prices that are observable for the asset or liability

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

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

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

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

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

# Heartland Community College District 540

## Notes to Financial Statements

### Note 2: Cash and Investments (Continued)

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 table presents the College's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2025:

	<u>Total</u>	<u>Fair Value Measurements at Reporting Date</u>		
		<u>Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Certificate of deposit	\$ 15,397,480	\$ -	\$ 15,397,480	\$ -
U.S. government agency securities	8,017,901	-	8,017,901	-
<b>Total investments</b>	<b>\$ 23,415,381</b>	<b>\$ -</b>	<b>\$ 23,415,381</b>	<b>\$ -</b>

The following table presents the College's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2024:

	<u>Total</u>	<u>Fair Value Measurements at Reporting Date</u>		
		<u>Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets measured at fair value on a recurring basis:				
Certificate of deposit	\$ 14,865,350	\$ -	\$ 14,865,350	\$ -
U.S. government agency securities	14,256,249	-	14,256,249	-
<b>Total investments</b>	<b>\$ 29,121,599</b>	<b>\$ -</b>	<b>\$ 29,121,599</b>	<b>\$ -</b>

# Heartland Community College District 540

## Notes to Financial Statements

### Note 3: Capital Assets

Capital asset balances and activity for the year ended June 30, 2025, were as follows:

	Balance 7/1/2024	Increases	Decreases	Transfers/ Adjustments	Balance 6/30/2025
Capital assets, not being depreciated:					
Land	\$ 4,481,528	\$ -	\$ -	\$ -	\$ 4,481,528
Construction in progress	42,993,881	7,894,807	(60,063)	(17,901,843)	32,926,782
<b>Total capital assets, not being depreciated</b>	<b>47,475,409</b>	<b>7,894,807</b>	<b>(60,063)</b>	<b>(17,901,843)</b>	<b>37,408,310</b>
Capital assets, being depreciated:					
Furniture and equipment	20,966,987	2,144,032	(108,162)	-	23,002,857
Buildings	121,480,089	5,165,519	-	17,901,843	144,547,451
Infrastructure	29,025,537	598,841	-	-	29,624,378
Leased buildings	2,713,032	1,108,358	(1,202,154)	-	2,619,236
SBITA assets	1,531,813	-	(714,634)	-	817,179
<b>Total capital assets, being depreciated</b>	<b>175,717,458</b>	<b>9,016,750</b>	<b>(2,024,950)</b>	<b>17,901,843</b>	<b>200,611,101</b>
Accumulated depreciation and amortization:					
Furniture and equipment	(15,476,822)	(1,634,039)	108,162	-	(17,002,699)
Buildings	(51,264,983)	(3,193,309)	-	-	(54,458,292)
Infrastructure	(13,661,778)	(1,290,933)	-	-	(14,952,711)
Leased buildings	(1,605,083)	(258,168)	1,202,154	-	(661,097)
SBITA assets	(699,413)	(342,093)	714,634	-	(326,872)
<b>Total accumulated depreciation and amortization</b>	<b>(82,708,079)</b>	<b>(6,718,542)</b>	<b>2,024,950</b>	<b>-</b>	<b>(87,401,671)</b>
<b>Net capital assets, being depreciated</b>	<b>93,009,379</b>	<b>2,298,208</b>	<b>-</b>	<b>17,901,843</b>	<b>113,209,430</b>
<b>Capital assets, net</b>	<b>\$ 140,484,788</b>	<b>\$ 10,193,015</b>	<b>\$ (60,063)</b>	<b>\$ -</b>	<b>\$ 150,617,740</b>

# Heartland Community College District 540

## Notes to Financial Statements

### Note 3: Capital Assets (Continued)

Capital asset balances and activity for the year ended June 30, 2024, were as follows:

	Balance 7/1/2023	Increases	Decreases & Transfers	Balance 6/30/2024
Capital assets, not being depreciated:				
Land	\$ 4,481,528	\$ -	\$ -	\$ 4,481,528
Construction in progress	23,138,821	22,247,981	(2,392,921)	42,993,881
<b>Total capital assets, not being depreciated</b>	<b>27,620,349</b>	<b>22,247,981</b>	<b>(2,392,921)</b>	<b>47,475,409</b>
Capital assets, being depreciated:				
Furniture and equipment	20,228,291	1,095,444	(356,748)	20,966,987
Buildings	121,480,089	-	-	121,480,089
Infrastructure	23,760,878	2,871,738	2,392,921	29,025,537
Leased buildings	2,713,032	-	-	2,713,032
SBITA assets	975,796	817,179	(261,162)	1,531,813
<b>Total capital assets, being depreciated</b>	<b>169,158,086</b>	<b>4,784,361</b>	<b>1,775,011</b>	<b>175,717,458</b>
Accumulated depreciation and amortization:				
Furniture and equipment	(14,345,973)	(1,486,606)	355,757	(15,476,822)
Buildings	(48,229,471)	(3,035,512)	-	(51,264,983)
Infrastructure	(12,627,107)	(1,034,671)	-	(13,661,778)
Leased buildings	(1,346,751)	(258,332)	-	(1,605,083)
SBITA assets	(618,480)	(342,095)	261,162	(699,413)
<b>Total accumulated depreciation</b>	<b>(77,167,782)</b>	<b>(6,157,216)</b>	<b>616,919</b>	<b>(82,708,079)</b>
<b>Net capital assets, being depreciated</b>	<b>91,990,304</b>	<b>(1,372,855)</b>	<b>2,391,930</b>	<b>93,009,379</b>
<b>Capital assets, net</b>	<b>\$ 119,610,653</b>	<b>\$ 20,875,126</b>	<b>\$ (991)</b>	<b>\$ 140,484,788</b>

# Heartland Community College District 540

## Notes to Financial Statements

### Note 4: Debt

Long-term liability for the years ended June 30, 2025 and 2024 is as follows:

	Restated Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025	Balance Due Within One Year
General obligation bonds and certificates	\$ 81,530,000	\$ 33,545,000	\$ (8,005,000)	\$ 107,070,000	\$ 8,470,000
Bond premiums and deferred funding (discounts)	7,196,512	2,571,298	(1,393,940)	8,373,870	1,400,488
Leases obligations	1,228,084	1,108,358	(243,397)	2,093,045	182,837
Subscription obligations	837,236	-	(322,727)	514,509	156,278
Compensated absences	4,159,020	-	(777,902)	3,381,118	1,690,559
<b>Totals</b>	<b>\$ 94,950,852</b>	<b>\$ 37,224,656</b>	<b>\$ (10,742,966)</b>	<b>\$ 121,432,542</b>	<b>\$ 11,900,162</b>

	Restated Balance 7/1/2023	Additions	Deletions	Restated Balance 6/30/2024	Balance Due Within One Year
General obligation bonds and certificates	\$ 89,865,000	-	\$ (8,335,000)	\$ 81,530,000	\$ 8,005,000
Bond premiums and deferred funding (discounts)	8,527,209	-	(1,330,697)	7,196,512	1,330,697
Lease obligations	1,486,125	-	(258,041)	1,228,084	206,217
Subscription obligations	357,247	817,179	(337,190)	837,236	322,727
Compensated absences	3,353,926	1,695,208	(890,114)	4,159,020	2,079,510
<b>Totals</b>	<b>\$ 103,589,507</b>	<b>\$ 2,512,387</b>	<b>\$ (11,151,042)</b>	<b>\$ 94,950,852</b>	<b>\$ 11,944,151</b>

Accrued compensated absences (earned vacation and sick leave) at June 30, 2025 and 2024, is \$3,381,118 and \$4,159,020, 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 District 540

## Notes to Financial Statements

### Note 4: Debt (Continued)

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

<b>During the year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 3,255,000	\$ 48,825	\$ 3,303,825
Totals	\$ 3,255,000	\$ 48,825	\$ 3,303,825

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

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

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

<b>During the year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 3,145,000	\$ 62,900	\$ 3,207,900
Totals	\$ 3,145,000	\$ 62,900	\$ 3,207,900

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.

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

<b>During the year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ -	\$ 649,500	\$ 649,500
2027	6,335,000	491,125	6,826,125
2028	6,655,000	166,375	6,821,375
Totals	\$ 12,990,000	\$ 1,307,000	\$ 14,297,000

# Heartland Community College District 540

## Notes to Financial Statements

### Note 4: Debt (Continued)

The Series 2017B refunding and the 2017C refunding, which was retired during fiscal year 2020, resulted in a deferred outflow of \$898,960. The refunding bonds resulted in future cash flow savings of \$4,825,550 and an economic gain of \$4,479,926.

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. The percent used for capitalized assets was 33.66%.

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

During the year ending June 30:	Principal	Interest	Total
2026	\$ 930,000	\$ 131,300	\$ 1,061,300
2027	480,000	117,200	597,200
2028	475,000	107,650	582,650
2029	5,145,000	51,450	5,196,450
Totals	\$ 7,030,000	\$ 407,600	\$ 7,437,600

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. The percent used for capitalized assets was 100.00%.

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

During the year ending June 30:	Principal	Interest	Total
2026	\$ -	\$ 653,900	\$ 653,900
2027	-	653,900	653,900
2028	-	653,900	653,900
2029	-	653,900	653,900
2030	2,355,000	595,025	2,950,025
2031 - 2035	15,110,000	920,075	16,030,075
Totals	\$ 17,465,000	\$ 4,130,700	\$ 21,595,700

In January 2023, the College issued General Obligation Community College Bonds, Series 2023, in the amount of \$11,950,000 due on December 1, 2023 through December 1, 2030 with a 5.00% interest rate. 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, 2025, \$- of the proceeds were unspent and 77.14% of the amount spent was on capitalized assets.

# Heartland Community College District 540

## Notes to Financial Statements

### Note 4: Debt (Continued)

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

<b>During the year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 845,000	\$ 570,875	\$ 1,415,875
2027	860,000	528,250	1,388,250
2028	920,000	483,750	1,403,750
2029	2,810,000	390,500	3,200,500
2030	5,505,000	182,625	5,687,625
2031 - 2035	900,000	22,500	922,500
<b>Totals</b>	<b>\$ 11,840,000</b>	<b>\$ 2,178,500</b>	<b>\$ 14,018,500</b>

In June 2023, the College issued General Obligation Community College Bonds, Series 2023B, in the amount of \$18,570,000 due on December 1, 2023 through December 1, 2033 with a 5.00% interest rate. 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, 2025, \$- of the proceeds were unspent and 61.10% of the amount spent was on capitalized assets.

<b>During the year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 295,000	\$ 882,625	\$ 1,177,625
2027	305,000	867,625	1,172,625
2028	320,000	852,000	1,172,000
2029	360,000	835,000	1,195,000
2030	425,000	815,375	1,240,375
2031 - 2035	16,095,000	1,879,125	17,974,125
<b>Totals</b>	<b>\$ 17,800,000</b>	<b>\$ 6,131,750</b>	<b>\$ 23,931,750</b>

In February 2025, the College issued General Obligation Community College Bonds, Series 2025A, in the amount of \$15,110,000 due on December 1, 2025 through December 1, 2035, with a 5.00% interest rate. Proceeds of the bonds were used for capital improvements, to increase the working cash fund, and to pay certain costs associated with the issuance of the bonds. As of June 30, 2025, \$12,734,242 of the proceeds were unspent and 9.22% of the amount spent was on capitalized assets.

# Heartland Community College District 540

## Notes to Financial Statements

### Note 4: Debt (Continued)

During the year ending June 30:	Principal	Interest	Total
2026	\$ -	\$ 956,967	\$ 956,967
2027	1,095,000	728,125	1,823,125
2028	1,365,000	666,625	2,031,625
2029	-	632,500	632,500
2030	500,000	620,000	1,120,000
2031 - 2035	9,000,000	2,562,500	11,562,500
2036 - 2040	3,150,000	78,750	3,228,750
<b>Totals</b>	<b>\$ 15,110,000</b>	<b>\$ 6,245,467</b>	<b>\$ 21,355,467</b>

In February 2025, the College issued General Obligation Community College Bonds, Series 2025B, in the amount of \$18,435,000 due on December 1, 2025 through December 1, 2035 with a 5.00% interest rate. 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, 2025, \$16,051,298 of the proceeds were unspent and 94.1% of the amount spent was on capitalized assets.

During the year ending June 30:	Principal	Interest	Total
2026	\$ -	\$ 1,167,550	\$ 1,167,550
2027	-	921,750	921,750
2028	-	921,750	921,750
2029	-	921,750	921,750
2030	-	921,750	921,750
2031 - 2035	-	4,608,750	4,608,750
2036 - 2040	18,435,000	1,901,125	20,336,125
<b>Totals</b>	<b>\$ 18,435,000</b>	<b>\$ 11,364,425</b>	<b>\$ 29,799,425</b>

### 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 lease ended in December 2024.

# Heartland Community College District 540

## Notes to Financial Statements

### Note 4: Debt (Continued)

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:

<b>During the year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 52,447	\$ 17,675	\$ 70,122
2027	55,198	16,490	71,688
2028	56,425	15,263	71,688
2029	58,220	14,008	72,228
2030	61,155	12,693	73,848
2031 - 2035	334,820	42,208	377,028
2036 - 2040	208,914	6,575	215,489
<b>Totals</b>	<b>\$ 827,179</b>	<b>\$ 124,912</b>	<b>\$ 952,091</b>

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 lease ended in May 2025.

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:

<b>During the year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 61,686	\$ 8,334	\$ 70,020
2027	64,842	5,178	70,020
2028	68,160	1,860	70,020
<b>Totals</b>	<b>\$ 194,688</b>	<b>\$ 15,372</b>	<b>\$ 210,060</b>

# Heartland Community College District 540

## Notes to Financial Statements

### Note 4: Debt (Continued)

Lease agreement dated January 2025 in the original principal amount of \$1,108,358, due in monthly installments of \$9,973, including imputed interest at 5.00%, collateralized by building space (lease assets). The annual debt service requirement is as follows:

<b>During the year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 68,704	\$ 52,018	\$ 120,722
2027	76,541	48,406	124,947
2028	84,931	44,389	129,320
2029	93,907	39,939	133,846
2030	103,504	35,026	138,530
2031 - 2035	643,591	83,075	726,666
<b>Totals</b>	<b>\$ 1,071,178</b>	<b>\$ 302,853</b>	<b>\$ 1,374,031</b>

### Subscriptions

Element 451 subscription agreement dated May 2021 in the original principal amount of \$184,484, due in annual installments of \$47,500, including imputed interest at 2.00%. The subscription ended in April 2025.

EAB Global subscription agreement dated May 2021 in the original principal amount of \$530,150, due in annual installments of \$136,500, including imputed interest at 2.00%. The subscription ended in May 2025.

Instructure subscription agreement dated March 2024 in the original principal amount of \$817,179, due in annual installments of \$160,334 in March 2024, \$168,281 in March 2025, \$176,601 in March 2026, \$185,295 in March 2027, \$194,476 in March 2028, including imputed interest at 3.95%. The annual debt service requirement is as follows:

<b>During the year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 156,278	\$ 20,323	\$ 176,601
2027	171,145	14,150	185,295
2028	187,086	7,390	194,476
<b>Totals</b>	<b>\$ 514,509</b>	<b>\$ 41,863</b>	<b>\$ 556,372</b>

# Heartland Community College District 540

## Notes to Financial Statements

### Note 4: Debt (Continued)

The annual requirements to amortize all debt outstanding as of June 30, 2025, including interest, are as follows:

During the year ending June 30:	General Obligation Bonds	Leases	Subscription	Total Principal	Interest	Total Principal and Interest
2026	\$ 8,470,000	\$ 182,837	\$ 156,278	\$ 8,809,115	\$ 5,222,792	\$ 14,031,907
2027	9,075,000	196,581	171,145	9,442,726	4,392,199	13,834,925
2028	9,735,000	209,516	187,086	10,131,602	3,920,952	14,052,554
2029	8,315,000	152,127	-	8,467,127	3,539,047	12,006,174
2030	8,785,000	164,659	-	8,949,659	3,182,494	12,132,153
2031 - 2035	41,105,000	978,411	-	42,083,411	10,118,233	52,201,644
2036 - 2040	21,585,000	208,914	-	21,793,914	1,986,450	23,780,364
<b>Totals</b>	<b>\$ 107,070,000</b>	<b>\$ 2,093,045</b>	<b>\$ 514,509</b>	<b>\$ 109,677,554</b>	<b>\$ 32,362,167</b>	<b>\$ 142,039,721</b>

At June 30, 2025, the legal debt limit was \$184,741,926 based on a statutory limit of 2.875% of assessed valuation of \$6,425,806,117. At June 30, 2024, the legal debt limit was \$166,699,514 based on a statutory limit of 2.875% of assessed valuation of \$5,798,243,963. The remaining legal debt limit as of June 30, 2025 and 2024 was \$66,690,502 and \$75,907,682, respectively.

# Heartland Community College District 540

## Notes to Financial Statements

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### Note 5: Defined Benefit Pension Plans

#### 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 provides retirement annuities and other benefits for staff members and employees of state universities and community colleges, 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 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](http://www.surs.org).

*Benefits provided* - A traditional benefit plan was established in 1941. Public Act 90-0448 (effective January 1, 1998) established an alternative defined benefit program known as the portable benefit package. Tier 1 of the traditional and portable plan 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 began participation on or after January 1, 2011, and who do not have other eligible 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 the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2024 can be found in Financial Section of SURS ACFR.

# Heartland Community College District 540

## Notes to Financial Statements

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

*Contributions* - The State is primarily responsible for funding SURS 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 2024 and fiscal year 2025, respectively, was 12.53% and 11.98% 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), Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

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

#### *Net Pension Liability*

The net pension liability (NPL) was measured as of June 30, 2024 and June 30, 2023. SURS reported a net pension liability (NPL) of \$30,230,907,727 at June 30, 2024 and \$29,444,538,098 at June 30, 2023.

#### *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 2024 is \$0 and for fiscal year 2023 it was \$0. The proportionate share of the State’s net pension liability associated with the College at June 30, 2024 is \$147,887,787 or 0.4892% and at June 30, 2023 is \$132,610,250 or 0.4504%. The College's proportionate share changed by 0.0388% from 0.4504% since the last measurement date of June 30, 2023. This amount is not recognized in the College's financial statement. The NPL and total pension liability as of June 30, 2024 was determined based on the June 30, 2023 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 2023.

#### *Defined Benefit Pension Expense*

For the years ending June 30, 2024 and June 30, 2023, SURS defined benefit plan reported a collective net pension expense of \$1,996,285,670 and \$1,884,388,521, respectively.

# Heartland Community College District 540

## Notes to Financial Statements

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

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

The employer proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2024 and 2023, respectively. As a result, the College recognized revenue and defined benefit pension expense of \$9,765,710 and \$8,486,777 from this special funding situation during the years ended June 30, 2025 and June 30, 2024.

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

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

#### *SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources*

<i>Fiscal year ended June 30, 2024 (measurement date)</i>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Difference between expected and actual experience	\$ 305,114,071	\$ -
Changes in assumption	483,809,428	-
Net difference between projected and actual earnings on pension plan investments	-	27,577,324
Totals	\$ 788,923,499	\$ 27,577,324

<i>Fiscal year ended June 30, 2023 (measurement date)</i>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Difference between expected and actual experience	\$ 62,591,844	\$ 12,277,871
Changes in assumption	70,957,694	420,880,693
Net difference between projected and actual earnings on pension plan investments	187,992,691	-
Totals	\$ 321,542,229	\$ 433,158,564

# Heartland Community College District 540

## Notes to Financial Statements

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

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

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2025	\$ 126,531,380
2026	756,545,086
2027	(49,545,529)
2028	(72,184,762)
Total	\$ 761,346,175

### College's Deferral of Fiscal Year 2025 and 2024 Contributions

The College paid \$62,159 and \$87,419 in federal, trust or grant contributions to SURS defined benefit pension plan during the years ended June 30, 2025 and June 30, 2024, respectively. These contributions were made subsequent to the pension liability measurement date of June 30, 2024 and June 30, 2023, and are recognized as deferred outflows of resources as of June 30, 2025 and June 30, 2024. These amounts will be recognized as reductions of the pension liability in the reporting year ended June 30, 2026 and June 30, 2025.

### Assumptions and Other Inputs

*Actuarial assumptions.* The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period June 30, 2020 through June 30, 2023. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.15% to 15.00%, including inflation
Investment rate of return	6.50%

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.

# Heartland Community College District 540

## Notes to Financial Statements

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

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, 2024, these best estimates are summarized in the following table:

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long- Term Expected Real Rate of Return (Arithmetic)
<b>Traditional Growth</b>		
Global Public Equity	36.0 %	7.13 %
<b>Stabilized Growth</b>		
Core Real Assets	8.0 %	5.06 %
Public Credit Fixed Income	6.5 %	4.10 %
Private Credit	2.5 %	7.36 %
<b>Non-Traditional Growth</b>		
Private Equity	11.0 %	10.92 %
Non-Core Real Assets	4.0 %	9.09 %
<b>Inflation Sensitive</b>		
U.S. TIPS	5.0 %	2.12 %
<b>Principal Protection</b>		
Core Fixed Income	10.0 %	1.34 %
<b>Crisis Risk Offset</b>		
Systematic Trend Following	10.0 %	2.90 %
Alternative Risk Premia	3.0 %	2.62 %
Long Duration	2.0 %	2.84 %
Long Volatility/Tail Risk	2.0 %	(1.22)%
<b>Total</b>	<b>100 %</b>	<b>5.63 %</b>
<b>Inflation</b>		<b>2.80 %</b>
<b>Expected Arithmetic Return</b>		<b>8.43 %</b>

# Heartland Community College District 540

## Notes to Financial Statements

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

*Discount Rate.* A single discount rate of 6.35% and 6.37% at June 30, 2024 and June 30, 2023, 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 6.50% at June 30, 2024 and June 30, 2023, and a municipal bond rate of 3.97% and 3.86% at June 30, 2024 and June 30, 2023, respectively (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2024 and June 30, 2023, respectively). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of the 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 6.35% and 6.37% at June 30, 2024 and June 30, 2023, as well as what the State's NPL net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

June 30, 2024		
1% Decrease 5.35%	Current Single Discount Rate Assumption 6.35%	1% Increase 7.35%
\$ 36,700,168,358	\$ 30,230,907,727	\$ 24,839,790,537
June 30, 2023		
1% Decrease 5.37%	Current Single Discount Rate Assumption 6.37%	1% Increase 7.37%
\$ 35,695,434,682	\$ 29,444,538,098	\$ 24,236,489,318

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

# Heartland Community College District 540

## Notes to Financial Statements

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### 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, and provides retirement annuities and other benefits for staff members and employees of state universities and community colleges, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is governed by Chapter 40, Act 5, Article 15 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.surs.org](http://www.surs.org). The RSP and its benefit terms were established and may be amended by the State's General Assembly.

*Benefits Provided.* A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2024, 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.

# Heartland Community College District 540

## Notes to Financial Statements

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### **Note 6: Defined Contribution Pension Plan** (Continued)

#### **Pension Expense Related to Defined Contribution Pensions**

##### *Defined Contribution Pension Expense*

For the year ended June 30, 2024, the State's contributions to the RSP on behalf of individual employers totaled \$96,741,887. Of this amount, \$89,857,115 was funded via an appropriation from the State and \$6,884,772 was funded from previously forfeited contributions. For the year ended June 30, 2023, the State's contributions to the RSP on behalf of individual employers totaled \$90,330,044. Of this amount, \$81,991,471 was funded via an appropriation from the State and \$8,338,573 was funded from previously forfeited contributions.

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

The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2024 and 2023. The College's share of pensionable contributions was 0.3031% and 0.3944% for fiscal years 2024 and 2023. As a result, the College recognized revenue and defined contribution pension expense of \$293,181 and \$360,795 from this special funding situation during the year ended June 30, 2025 and June 30, 2024, respectively, of which \$20,865 and \$33,306 constituted forfeitures during the years ended June 30, 2025 and June 30, 2024, respectively.

# Heartland Community College District 540

## Notes to Financial Statements

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### **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. CCHISF 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.auditor.illinois.gov/Audit-Reports/CMS-CCHISF.asp](http://www.auditor.illinois.gov/Audit-Reports/CMS-CCHISF.asp).

*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.

# Heartland Community College District 540

## Notes to Financial Statements

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

*Benefits Provided* - CIP health coverage includes provisions for medical, prescription drugs, vision, dental and behavioral health benefits. Eligibility to participate in the CIP is defined in the State Employees Group Insurance Act of 1971 (ACT) (5 ILCS 375/3). The Act (5 ILCS 375/6.9) also establishes health benefits for community college benefit recipients and dependent beneficiaries.

Contributions - Beginning July 1, 2023, and through June 30, 2024, 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 0.75% 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 0.75% 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 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF.

### **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, 2024 and June 30, 2023. CIP reported a net OPEB liability at June 30, 2024 of \$665,190,300 and at June 30, 2023 of \$706,333,410.

#### *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 2025 is \$7,189,922 or 1.0809%, and for fiscal year 2024 it was \$7,771,926 or 1.1003%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was a decrease of (0.0194)%. The proportionate share of the State's net OPEB liability associated with the College at June 30, 2024 and June 30, 2023 was \$7,189,922 or 1.0809% and \$7,771,926 or 1.1003%, respectively. The total proportionate share of the net OPEB liability associated with the College at June 30, 2024 and June 30, 2023 was \$14,379,844 and \$15,543,852, respectively. The net OPEB liability and total OPEB liability as of June 30, 2024 was determined based on the June 30, 2023 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 2024.

#### *OPEB Expense*

At June 30, 2025 and June 30, 2024, CIP reported a collective net OPEB expense (income) of \$(252,150,464) and \$(258,363,775), respectively.

# Heartland Community College District 540

## Notes to Financial Statements

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

#### *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 2024 and 2023, respectively. As a result, the College recognized on-behalf revenue of \$(2,515,947) and \$(2,647,446) for the fiscal year ended June 30, 2025 and June 30, 2024, respectively. Additionally, the College recognized OPEB expense (income) of \$(2,502,002) and \$(2,461,512) for the fiscal year ended June 30, 2025 and June 30, 2024.

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

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
<i>Fiscal year ended June 30, 2024 (measurement date)</i>		
Difference between expected and actual experience	\$ 91,150	\$ 2,166,289
Changes in assumption	53,167	5,223,913
Net difference between projected and actual earnings on OPEB plan investments	0	3,565
Changes in proportion and differences between employer contributions and share of contributions	1,575,790	584,115
<b>Total deferred amounts to be recognized in pension expense in future periods</b>	<b>1,720,107</b>	<b>7,977,882</b>
OPEB contributions made subsequent to the measurement date	209,547	0
<b>Totals</b>	<b>\$ 1,929,654</b>	<b>\$ 7,977,882</b>

# Heartland Community College District 540

## Notes to Financial Statements

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

<i>Fiscal year ended June 30, 2023 (measurement date)</i>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Difference between expected and actual experience	\$ 116,953	\$ 2,339,791
Changes in assumption	0	7,597,750
Net difference between projected and actual earnings on OPEB plan investments	0	1,661
Changes in proportion and differences between employer contributions and share of contributions	2,142,444	460,272
<b>Total deferred amounts to be recognized in pension expense in future periods</b>	<b>2,259,397</b>	<b>10,399,474</b>
OPEB contributions made subsequent to the measurement date	171,851	0
<b>Totals</b>	<b>\$ 2,431,248</b>	<b>\$ 10,399,474</b>

The College reported \$209,547 and \$171,851 as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2025 and June 30, 2024, 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 Ending June 30	<b>Net Deferred Inflows of Resources</b>
2026	\$ (1,042,963)
2027	(1,042,963)
2028	(1,042,963)
2029	(1,042,963)
2030	(1,042,963)
2031	(1,042,960)
<b>Total</b>	<b>\$ (6,257,775)</b>

# Heartland Community College District 540

## Notes to Financial Statements

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

#### Assumptions and Other Inputs

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on age and service and ranges from 12.75% at less than 1 year of service to 3.50% at 34 or more years of service for employees under 50 and ranges from 12.00% at less than 1 year of service to 3.00% at 34 or more years of service for employees over 50. Salary increase includes a 3.00% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Healthcare cost trend rates	Trend rates for plan year 2025 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2026 and decrease gradually to an ultimate rate of 4.25% in 2041. For MAPD costs, trends rates are based on actual premium increases for 2025, 15.00% in 2026 to 2030 and 7.00% in 2031, declining gradually to an ultimate rate of 4.25% in 2041.
Asset Valuation Method	Market value
Mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table and PubT-2010 Healthy Retiree Mortality Table. For disabled annuitants mortality rates were based on the Pub-2010 Disabled Retiree Mortality Table. Mortality rates for pre-retirement were based on the Pub-2010 Employee Mortality Table and PubT-2010 Employee Mortality Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.	

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2020.

*Discount Rate.* Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.97% as of June 30, 2024 and 3.86% as of June 30, 2023. The increase in the single discount rate from 3.86% to 3.97% caused the total OPEB liability to increase by approximately \$6.3 million from 2023 to 2024.

# Heartland Community College District 540

## Notes to Financial Statements

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

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

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.97% and 3.86% at June 30, 2024 and June 30, 2023, 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, 2024 to the Single Discount Rate Assumption

	1% Decrease (2.97%)	Current Single Discount Rate Assumption (3.97%)	1% Increase (4.97%)
Net OPEB liability	\$ 7,855,094	\$ 7,189,922	\$ 6,620,450

#### Sensitivity of Net OPEB Liability as of June 30, 2023 to the Single Discount Rate Assumption

	1% Decrease (2.86%)	Current Single Discount Rate Assumption (3.86%)	1% Increase (4.86%)
Net OPEB liability	\$ 8,479,250	\$ 7,771,926	\$ 7,162,858

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

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower.

#### Sensitivity of Net OPEB Liability as of June 30, 2024 to the Healthcare Cost Trend Rate Assumption

	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Net OPEB liability	\$ 6,460,108	\$ 7,189,922	\$ 8,074,038

- (a) Current healthcare trend rates - Pre-Medicare per capita costs: 9.02% in 2025, 8.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2041. Post-Medicare per capita costs: Based on actual increase in 2025, 15.00% from 2026 to 2030, 7.00% in 2031 decreasing ratably to an ultimate trend rate of 4.25% in 2041.

# Heartland Community College District 540

## Notes to Financial Statements

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

- (b) One percentage point decrease in current healthcare trend rates - Pre-Medicare per capita costs: 8.02% in 2025, 7.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2041. Post-Medicare per capita costs: Based on actual increase in 2025, 14.00% from 2026 to 2030, 6.00% in 2031 decreasing ratably to an ultimate trend rate of 3.25% in 2041.
- (c) One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 10.02% in 2025, 9.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2041. Post-Medicare per capita costs: Based on actual increase in 2025, 16.00% from 2026 to 2030, 8.00% in 2031 decreasing ratably to an ultimate rate of 5.25% in 2041.

#### Sensitivity of Net OPEB Liability as of June 30, 2023 to the Healthcare Cost Trend Rate Assumption

	Healthcare Cost Trend		
	1% Decrease (a)	Rates Assumption	1% Increase (b)
Net OPEB liability	\$ 6,981,063	\$ 7,771,926	\$ 8,725,606

- (a) Current healthcare trend rates - Pre-Medicare per capita costs: 9.14% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 6.08% in 2034 decreasing ratably to an ultimate rate of 4.25% in 2040.
- (b) One percentage point decrease in current healthcare trend rates - Pre-Medicare per capita costs: 8.14% in 2024, 7.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 18.42% from 2029 to 2033, 5.08% in 2034 decreasing ratably to an ultimate rate of 3.25% in 2040.
- (c) One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 10.14% in 2024, 9.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 20.42% from 2029 to 2033, 7.08% in 2034 decreasing ratably to an ultimate rate of 5.25% in 2040.

### Note 8: Risk Management

The College accounts for and finances its uninsured risks of loss related to medical care, outpatient prescription drug costs, and dental care. A third-party administrator provides administrative services for this self-insurance plan. Under this program, the fund provides coverage of the College's employee medical insurance when individual claims exceeded \$105,000 with an unlimited maximum benefit per individual per life-time and aggregate claims exceeded \$4,677,027 over an annual liability period.

# Heartland Community College District 540

## Notes to Financial Statements

### Note 8: Risk Management (Continued)

The reserve for health care costs reported in the fund at June 30, 2025 and 2024, 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.

	2025	2024
Reserve for health care costs at July 1	\$ 553,986	\$ 557,306
Claims incurred during the period	6,696,839	5,142,474
Payments on claims	(6,482,620)	(5,145,794)
<b>Totals</b>	<b>\$ 768,205</b>	<b>\$ 553,986</b>

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, 2025 and 2024, respectively.

### Note 9: Restricted Net Position

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

	2025	2024
Capital projects	\$ 21,423,846	\$ 15,801,767
Working cash	\$ 13,900,000	\$ 3,900,000
Restricted for specific purposes:		
Audit	\$ 50,990	\$ 118,201
Liability, Protection, & Settlement	674,843	833,929
<b>Total specific purposes</b>	<b>\$ 725,833</b>	<b>\$ 952,130</b>

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.

At June 30, 2025 and 2024, the College had \$(19,286,549) and \$(2,375,444), respectively, of unrestricted net position. Of these balances, the College has \$152,995 and \$1,254,264 designated for payment of self-insurance claims at June 30, 2025 and 2024, respectively.

# Heartland Community College District 540

## Notes to Financial Statements

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### **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 area 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 \$925,264 and \$730,771 for fiscal years 2025 and 2024, respectively.

### **Note 11: Contingencies and Commitments**

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 February 2024, the College entered into a professional services agreement with AFE Construction to construct the ICB Science Lab Renovation for \$2,503,228. As of June 30, 2025 total costs incurred are approximately \$1,061,560. The estimated completion date for this project is fiscal year 2026.

In May 2025, the College entered into a professional services agreement with CORE Construction Services of Illinois, Inc to construct the ICN Labs and Classroom Renovation for \$2,315,422. As of June 30, 2025 total costs incurred are approximately \$365,880. The estimated completion date for this project is fiscal year 2026.

In May 2025, the College entered into a professional services agreement with CORE Construction Services of Illinois, Inc to construct the WDC Counseling and Esports Renovation for \$2,749,238. As of June 30, 2025 total costs incurred are approximately \$443,033. The estimated completion date for this project is fiscal year 2026.

# Heartland Community College District 540

## Notes to Financial Statements

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### Note 12: Related Party Transactions

The College has the following related party transactions for fiscal year ended June 30, 2025:

<b>Related Party</b>	<b>Location</b>	<b>Nature</b>	<b>Revenue (Expense)</b>	<b>Asset (Liability)</b>
Heartland Community College Foundation	Normal, IL	Scholarships paid to College	\$450,540	
Heartland Community College Foundation	Normal, IL	Direct support given to College	\$28,920	
Heartland Community College Foundation	Normal, IL	In-kind payroll provided by College	(\$261,069)	

The College has the following related party transactions for fiscal year ended June 30, 2024:

<b>Related Party</b>	<b>Location</b>	<b>Nature</b>	<b>Revenue (Expense)</b>	<b>Asset (Liability)</b>
Heartland Community College Foundation	Normal, IL	Scholarships paid to College	\$503,592	
Heartland Community College Foundation	Normal, IL	Direct support given to College	\$1,340,327	
Heartland Community College Foundation	Normal, IL	In-kind payroll provided by College	(\$282,945)	

### Note 13: 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.

# Heartland Community College District 540

## Notes to Financial Statements

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### **Note 13: Component Unit - Foundation** (Continued)

#### 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.

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.

#### Pledges 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, 2025.

#### 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 District 540

## Notes to Financial Statements

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### **Note 13: 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, 2025, the Foundation received \$296,561 of in-kind contributions (goods and services), which is included in the statement of activities.

# Heartland Community College District 540

## Notes to Financial Statements

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### Note 13: Component Unit - Foundation (Continued)

#### 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 held at banks are carried at cost, while certificates of deposit held in investment brokerage accounts are carried at estimated fair value.

#### 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.

#### Investment

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	
	2025	2024
Common stock	\$ 2,176,103	\$ 1,952,729
Exchange traded funds	603,907	2,680,338
Certificate of deposit (brokered)	49,854	998,315
Mutual funds	11,696,831	6,612,773
Corporate bonds	2,384,544	3,135,763
US Treasury Notes	2,179,165	1,033,220
Certificate of deposit (nonbrokered)	36,070	34,876
Totals	\$ 19,126,474	\$ 16,448,014

# Heartland Community College District 540

## Notes to Financial Statements

### Note 13: Component Unit - Foundation (Continued)

For the year ended June 30, 2025, investments expenses were \$68,258. The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 310,409	\$ 150,205	\$ 460,614
Realized gain (loss) on investments	1,856,947	13,986	1,870,933
Unrealized gain (loss) on investments	(709,244)	-	(709,244)
Totals	\$ 1,458,112	\$ 164,191	\$ 1,622,303

For the year ended June 30, 2024, investments expenses were \$79,314. The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 54,493	\$ 302,052	\$ 356,545
Realized gain (loss) on investments	30,847	80,422	111,269
Unrealized gain (loss) on investments	781,068	21,621	802,689
Totals	\$ 866,408	\$ 404,095	\$ 1,270,503

#### 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.

# Heartland Community College District 540

## Notes to Financial Statements

### Note 13: Component Unit - Foundation (Continued)

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, as well as certificates of deposit, 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, 2025, are as follows:

	Fair Value Measurements at Reporting Date			
	Fair Value	Level 1	Level 2	Level 3
Common stock	\$ 2,176,103	\$ 2,176,103	\$ -	\$ -
Exchange traded funds	603,907	603,907	-	-
Certificates of deposit (brokered)	49,854	-	49,854	-
Mutual funds	11,696,831	11,696,831	-	-
Corporate bonds	2,384,544	-	2,384,544	-
US Treasury Notes	2,179,165	-	2,179,165	-
Totals	\$ 19,090,404	\$ 14,476,841	\$ 4,613,563	\$ -

Fair values of assets and liabilities measured on a recurring basis at June 30, 2024, are as follows:

	Fair Value Measurements at Reporting Date			
	Fair Value	Level 1	Level 2	Level 3
Common stock	\$ 1,952,729	\$ 1,952,729	\$ -	\$ -
Exchange traded funds	2,680,338	2,680,338	-	-
Certificates of deposit (brokered)	998,315	-	998,315	-
Mutual funds	6,612,773	6,612,773	-	-
Corporate bonds	3,135,763	-	3,135,763	-
	1,033,220	-	1,033,220	-
Totals	\$ 16,413,138	\$ 11,245,840	\$ 5,167,298	\$ -

#### Net Assets with Donor Restrictions:

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

	2025	2024
Subject to expenditure for specified purpose:		
Student scholarships and institutional support currently available	\$ 14,678,850	\$ 13,565,374
Perpetual endowments	742,000	712,000
Totals	\$ 15,420,850	\$ 14,277,374

# Heartland Community College District 540

## Notes to Financial Statements

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### Note 14: Impact of Pending Accounting Principles

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The College has not determined the effect of this Statement.

GASB Statement No. 104, *Disclosures in Certain Capital Assets*, mandates the disclosure of specific types of capital assets, including lease, intangible, subscription, and assets held for sale, in the capital asset note disclosures. This aims to enhance consistency and comparability in financial reporting among governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The College has not determined the effect of this Statement.

GASB Statement No. 105, *Subsequent Events*, improves the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026. The College has not determined the effect of this Statement.

### Note 15: Subsequent Events

The College have evaluated subsequent events through March 26, 2026, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2025, have been incorporated herein.

### Note 16: Accounting Changes and Error Corrections

The College adopted GASB Statement No. 101, *Compensated Absences* (GASB 101) as of July 1, 2023. The objective of this Statement is to better meet the needs of the financial statement users by improving the accounting and financial reporting for compensated absences by governments. The College retroactively implemented GASB 101.

Net Position as previously reported at July 1, 2023	\$77,506,502
Change in accounting principles:	
Compensated absence accrued for sick leave as of July 1, 2023	<u>(1,888,414)</u>
Total prior period adjustment	<u>(1,888,414)</u>
Net position as restated, July 1, 2023	<u>\$75,618,088</u>

## **Required Supplementary Information**

# Heartland Community College District No. 540

## Schedule of Share of Net Pension Liability

Last Ten Fiscal Years

Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion percentage of the collective net pension liability	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Proportion amount of the collective net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Portion of non-employer contributing entities' total proportion of collective net pension liability associated with the College	\$ 147,887,787	\$ 132,610,250	\$ 123,988,822	\$ 126,672,429	\$ 136,297,922	\$ 127,028,875	\$ 120,893,566	\$ 110,893,773	\$ 113,066,447	\$ 104,463,724
Employer covered payroll	\$ 20,471,605	\$ 19,602,700	\$ 17,225,456	\$ 15,940,665	\$ 16,555,605	\$ 16,042,665	\$ 15,762,164	\$ 15,416,548	\$ 15,777,476	\$ 16,016,358
Proportion of collective net pension liability associated with the College as a percentage of covered payroll	722.40 %	676.49 %	719.80 %	794.65 %	823.27 %	791.82 %	766.99 %	719.32 %	716.63 %	652.23 %
SURS plan net position as a percentage of total pension liability	44.60 %	44.06 %	43.65 %	45.45 %	39.05 %	40.71 %	41.27 %	42.04 %	39.57 %	42.37 %

See Accompanying Notes to Required Supplementary Information.

# Heartland Community College District No. 540

## Schedule of Pension Contributions

Last Ten Fiscal Years

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Federal, trust, grant and other contribution	\$ 62,159	\$ 87,419	\$ 85,227	\$ 52,070	\$ 48,101	\$ 43,895	\$ 41,114	\$ 36,248	\$ 36,952	\$ 38,040
Contribution in relation to required contribution	62,159	87,419	85,227	52,070	48,101	43,895	41,114	36,248	36,952	38,040
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer covered payroll	\$ 24,659,504	\$ 22,818,818	\$ 21,904,214	\$ 19,047,280	\$ 18,121,716	\$ 18,301,729	\$ 17,418,804	\$ 16,645,814	\$ 16,265,763	\$ 16,016,358
Contribution as a percentage of covered payroll	0.25 %	0.38 %	0.39 %	0.27 %	0.27 %	0.24 %	0.24 %	0.22 %	0.23 %	0.24 %

See Accompanying Notes to Required Supplementary Information.

# Heartland Community College District No. 540

## Schedule of Share of Net OPEB Liability

Last Ten Fiscal Years

(schedule to be built prospectively from 2017)

Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion percentage of the collective net OPEB liability	1.08 %	1.10 %	1.01 %	0.97 %	0.99 %	0.97 %	0.95 %	0.94 %		
Proportion amount of the collective net OPEB liability	\$ 7,189,922	\$ 7,771,926	\$ 6,913,123	\$ 16,912,956	\$ 18,137,073	\$ 18,323,664	\$ 17,965,825	\$ 17,095,712		
Portion of non-employer contributing entities' total proportion of collective net OPEB liability associated with the College	\$ 7,189,922	\$ 7,771,926	\$ 6,913,123	\$ 16,912,956	\$ 18,137,037	\$ 18,323,664	\$ 17,967,825	\$ 16,870,542		
Total collective net OPEB liability associated with the College	\$ 14,379,844	\$ 15,543,852	\$ 13,826,246	\$ 33,825,912	\$ 36,274,110	\$ 36,647,328	\$ 35,933,650	\$ 33,966,254		
District's covered payroll	\$ 20,471,605	\$ 19,602,700	\$ 17,225,456	\$ 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 payroll	70.24 %	79.29 %	80.27 %	212.20 %	219.10 %	228.44 %	227.97 %	220.32 %		
College insurance plan net position as a percentage of total OPEB liability	(18.45)%	(17.87)%	(22.03)%	(6.38)%	(5.07)%	(4.13)%	(2.87)%	(2.15)%		

Note: The College implemented GASB No. 75 in fiscal year 2018. The information is presented for as many years as available. The schedule is intended to show information for 10 years.

See Accompanying Notes to Required Supplementary Information.

# Heartland Community College District No. 540

## Schedule of OPEB Contributions

Last Ten Fiscal Years

(schedule to be built prospectively from 2018)

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 209,547	\$ 171,851	\$ 108,830	\$ 95,235	\$ 90,609	\$ 91,150	\$ 83,229	\$ 81,331		
Contribution in relation to the required statutorily	209,547	171,851	108,830	95,235	90,609	91,150	83,229	81,331		
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
District's covered payroll	\$ 24,659,504	\$ 22,818,818	\$ 21,904,214	\$ 19,047,280	\$ 18,121,716	\$ 18,301,729	\$ 16,645,814	\$ 16,265,763		
Contribution as a percentage of covered payroll	0.85 %	0.75 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %		

Note: The College implemented GASB No. 75 in fiscal year 2018. The information is presented for as many years as available. The schedule is intended to show information for 10 years.

See Accompanying Notes to Required Supplementary Information.

# Heartland Community College District 540

## Notes to Required Supplementary Information

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### Note 1: Changes of Benefit Terms

Public Act 103-0548, effective August 11, 2023, made changes to the calculation of service and eliminated the part-time adjustment for participants on or after September 1, 2024. This change was first reflected in the Total Pension Liability as of June 30, 2024.

### Note 2: Changes of Assumptions

In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2020 to June 30, 2023 was performed in Spring 2024, resulting in the adoption of new assumptions as of June 30, 2024. These assumptions are listed below.

- Salary increases. The overall assumed rates of salary increase range from 3.15% to 15.00% based on years of service, with an underlying wage inflation rate of 2.40%. Separate rates of increase are assumed for members in academic and non-academic positions.
- Investment return. The investment return is assumed to be 6.50%. This reflects an assumed real rate of return to 4.10% and assumed price inflation of 2.40%
- Effective rate of interest. The long-term assumption for the effective rate of interest for crediting the money purchase accounts is 7.00%.
- Normal retirement rates. Separate rates are assumed 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. Separate rates are assumed for members in academic positions and non-academic positions. Rates are generally higher for non-academic positions.
- Turnover rates. Assumed rates maintain the pattern of decreasing termination rates as years of service increase, with separate rates for academic and non-academic positions.
- Mortality rates. Use of Pub-2010 mortality tables reflects its high applicability to public pensions. The projection scale utilized is the MP-2021 scale, with separate rates for academic, non-academic and public safety members.
- Disability rates. Separate rates are assumed for members in academic positions, non-academic positions and public safety positions, as well as for males and females. Public safety disability incidence is assumed to be 50 percent line-of-duty related and 50 percent ordinary.
- Plan election. For non-academic members, For new non-academic members, assumed plan election rates are 75 percent for Tier 2 and 25 percent for Retirement Savings Plan (RSP). For new academic members, assumed plan election rates are 55 percent for Tier 2 and 45 percent for RSP.
- Cost of living adjustment. Annual annuity increases are assumed to be 3.00% for Tier 1 members and 1.20% for Tier 2 members.

### Note 3: Changes of OPEB Benefit Terms

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2025.

# Heartland Community College District 540

## Notes to Required Supplementary Information (Continued)

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### **Note 4: Changes of OPEB Assumptions**

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of CIP. An experience review for the years June 30, 2017 to June 30, 2020, resulting in the adoption of new assumptions as of June 30, 2021. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2022:

- Per capita claim costs for plan year end June 30, 2024, were updated based on projected claim and enrollment experience through June 30, 2024, and updated premium rates through plan year end 2025;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2023, projected plan cost for plan year end June 30, 2024, premium changes through plan year end 2024
- Participation rates were reduced; and
- The discount rate was changed from 3.86 percent at June 30, 2023, to 3.97 percent at June 30, 2024.

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

## **Statistical Section**

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# Heartland Community College District 540

## Statistical Section

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This section of the College's Annual Comprehensive Financial Report presents additional historical perspective, context, and detailed information to assist the reader in using the information in the financial statements, note disclosures, and supplemental financial information to understand and assess the College's overall economic condition.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the college's financial performance and well-being have changed over time.	80 - 81
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax.	82 - 87
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the ability to issue additional debt in the future.	88 - 93
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.	94 - 96
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.	97 - 103

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

# Heartland Community College District 540

## Financial Trends

### Net Position by Component

Year ended June 30, 2025

(Unaudited)

TABLE A

	2025	Restated 2024	2023	Restated 2022	Restated 2021	Restated 2020	2019	2018	2017	2016
Net position:										
Net investment in capital assets	\$78,168,535	\$69,211,162	\$56,192,340	\$56,414,220	\$52,851,217	\$49,683,886	\$44,930,780	\$38,906,902	\$37,316,749	\$38,389,218
Restricted for:										
Capital projects	21,423,846	15,801,767	21,434,462	13,786,509	5,548,483	1,574,886	502,200	783,488	314,078	374,520
Working cash	13,900,000	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	725,833	952,130	673,300	670,675	692,841	695,822	532,980	85,454	59,079	84,604
Unrestricted	(19,286,549)	(2,375,444)	(4,693,600)	(7,177,160)	(3,996,061)	(3,270,121)	(3,323,604)	(1,847,114)	10,267,764	5,287,902
<b>Total net position</b>	<b>\$94,931,665</b>	<b>\$87,489,615</b>	<b>\$77,506,502</b>	<b>\$67,594,244</b>	<b>\$58,996,480</b>	<b>\$52,584,473</b>	<b>\$46,542,356</b>	<b>\$41,828,730</b>	<b>\$51,857,670</b>	<b>\$48,036,244</b>

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

# Heartland Community College District 540

## Financial Trends Changes in Net Position Year ended June 30, 2025 (Unaudited)

TABLE B

	2025	Restated 2024	Restated 2023	Restated 2022	Restated 2021	Restated 2020	2019	2018	2017	2016
<b>Operating revenues:</b>										
Student tuition and fees, net of scholarship	\$13,909,876	\$14,368,179	\$12,136,652	\$7,885,938	\$8,333,562	\$9,117,568	\$9,327,146	\$9,462,627	\$10,691,518	\$10,200,728
Auxiliary enterprises revenue	558,234	563,225	607,529	472,656	226,970	391,884	768,253	594,268	399,237	1,131,570
Other operating revenues	2,245,119	2,084,149	2,092,220	1,117,694	690,056	748,672	1,316,469	1,810,539	3,385,406	2,586,882
<b>Total operating revenues</b>	<b>16,713,229</b>	<b>17,015,553</b>	<b>14,836,401</b>	<b>9,476,288</b>	<b>9,250,588</b>	<b>10,258,124</b>	<b>11,411,868</b>	<b>11,867,434</b>	<b>14,476,161</b>	<b>13,919,180</b>
<b>Operating expenses:</b>										
Instruction	17,162,850	16,724,716	17,940,061	17,434,969	18,635,866	20,683,254	20,994,946	20,948,645	13,155,043	13,525,124
Academic support	3,854,111	3,144,652	2,970,397	2,797,470	3,305,871	2,846,997	3,297,800	2,886,808	2,021,859	2,409,502
Student services	4,719,436	3,966,074	3,789,890	4,377,672	4,826,407	4,593,127	4,083,017	4,164,319	2,656,640	2,811,517
Public services	4,344,657	3,911,787	3,683,279	3,833,108	3,918,946	3,416,121	2,760,888	2,683,517	3,762,448	3,135,985
Organized research	421,917	123,632	44,413	0	0	0	0	0	0	0
Auxiliary enterprises	4,245,289	3,874,765	3,407,126	2,873,624	3,123,372	3,053,781	2,065,873	1,812,020	1,146,451	1,206,794
Operations and maintenance	6,682,259	5,603,893	1,635,638	5,420,707	4,437,654	4,298,435	4,230,835	4,149,497	3,331,613	3,419,832
Institutional support	18,666,723	16,157,369	15,819,367	15,485,429	13,801,782	12,120,355	11,488,638	11,380,938	7,148,890	8,144,174
Scholarships, student grants, and waivers	10,809,151	10,180,640	9,338,270	6,401,705	4,561,863	5,137,089	4,411,930	5,713,095	5,442,292	5,709,869
Depreciation and amortization	6,718,542	6,162,133	5,977,313	5,593,343	4,834,696	4,600,676	4,544,453	4,491,303	4,533,451	4,587,293
SURS contribution paid by state	0	0	0	0	0	0	0	0	11,174,726	8,770,788
<b>Total operating expenses</b>	<b>77,624,935</b>	<b>69,849,661</b>	<b>64,605,754</b>	<b>64,218,027</b>	<b>61,446,457</b>	<b>60,749,835</b>	<b>57,878,380</b>	<b>58,230,142</b>	<b>54,373,413</b>	<b>53,720,878</b>
<b>Operating loss</b>	<b>(60,911,706)</b>	<b>(52,834,108)</b>	<b>(49,769,353)</b>	<b>(54,741,739)</b>	<b>(52,195,869)</b>	<b>(50,491,711)</b>	<b>(46,466,512)</b>	<b>(46,362,708)</b>	<b>(39,897,252)</b>	<b>(39,801,698)</b>
<b>Nonoperating revenues (expenses):</b>										
Property taxes	33,937,087	30,233,080	28,057,754	27,105,047	26,717,227	26,278,569	26,055,936	25,986,941	23,215,681	21,376,417
Replacement taxes	1,092,523	1,629,225	2,703,748	2,590,689	0	0	0	0	0	0
State government	12,014,368	14,352,621	10,837,348	6,608,931	5,785,811	5,702,753	4,708,139	6,990,691	2,267,189	2,064,036
On-behalf payments	7,249,763	5,839,331	5,584,198	10,356,618	15,389,330	14,544,623	13,031,001	12,075,075	11,174,726	8,770,788
Federal government	11,735,128	9,380,177	9,650,465	16,888,879	11,346,055	10,052,723	8,558,424	9,595,893	9,797,926	9,921,617
Facilities revenue	141,827	109,587	192,987	188,890	0	0	0	0	0	0
Investment income	2,808,177	3,495,502	2,400,316	38,589	40,050	561,598	789,320	387,659	164,482	44,419
Nongovernmental grants and gifts	1,864,586	1,195,477	170,855	225,736	771,100	511,199	0	0	0	0
Other revenue	725,515	917,594	422,094	773,084	0	0	0	0	0	0
Interest expense	(3,215,218)	(2,446,959)	(2,226,568)	(1,568,946)	(1,536,071)	(1,653,184)	(1,949,256)	(1,839,089)	(2,887,900)	(3,194,707)
Amortization expense	0	0	0	0	(57,034)	(57,034)	(13,426)	(13,426)	(13,426)	(13,426)
Loss on disposal of asset	0	0	0	0	0	0	0	0	0	(1,320)
<b>Total nonoperating revenues, net</b>	<b>68,353,756</b>	<b>64,705,635</b>	<b>57,793,197</b>	<b>63,207,517</b>	<b>58,456,468</b>	<b>55,941,247</b>	<b>51,180,138</b>	<b>53,183,744</b>	<b>43,718,678</b>	<b>38,967,824</b>
<b>Capital contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>131,986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in net position</b>	<b>7,442,050</b>	<b>11,871,527</b>	<b>8,023,844</b>	<b>8,597,764</b>	<b>6,260,599</b>	<b>5,449,536</b>	<b>4,713,626</b>	<b>6,821,036</b>	<b>3,821,426</b>	<b>(833,874)</b>
<b>Beginning of year, as restated</b>	<b>87,489,615</b>	<b>75,618,088</b>	<b>67,594,244</b>	<b>58,996,480</b>	<b>52,735,881</b>	<b>47,376,316</b>	<b>41,828,730</b>	<b>35,007,694</b>	<b>48,036,244</b>	<b>48,870,115</b>
<b>End of year</b>	<b>\$94,931,665</b>	<b>\$87,489,615</b>	<b>\$75,618,088</b>	<b>\$67,594,244</b>	<b>\$58,996,480</b>	<b>\$52,825,852</b>	<b>\$46,542,356</b>	<b>\$41,828,730</b>	<b>\$51,857,670</b>	<b>\$48,036,241</b>

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

**Heartland Community College District 540**  
 Revenue Capacity  
 Assessed Value and Actual Value of Taxable Property  
 Year ended June 30, 2025  
 (Unaudited)

TABLE C

Tax Levy Year	Assessed Value	Estimated Actual Value
2024	\$6,425,806,117	\$19,277,418,351
2023	5,798,243,963	17,394,731,889
2022	5,200,460,439	15,601,381,317
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

Source: College records

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

**Heartland Community College District 540**  
 Revenue Capacity  
 Assessed Value and Actual Value of Taxable Property (Continued)  
 Year ended June 30, 2025  
 (Unaudited)

**TABLE C**  
(Continued)

<b>Tax Levy Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Farm Property</b>	<b>Railroad Property</b>	<b>Other Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2024	\$3,824,510,470	\$1,408,799,506	\$234,028,652	\$807,860,013	\$32,274,711	\$118,332,765	\$6,425,806,117	0.58262
2023	3,399,119,363	1,330,098,594	169,157,920	746,954,924	33,026,623	119,886,539	5,798,243,963	0.58996
2022	3,059,912,244	1,223,809,565	78,631,538	692,279,802	30,507,793	115,319,497	5,200,460,439	0.58454
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

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

# Heartland Community College District 540

## Revenue Capacity

### Property Tax Rates - Direct and Overlapping Governments within McLean County

Year ended June 30, 2025

(Unaudited)

TABLE D

Taxing Bodies	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
McLean County	0.88371	0.91684	0.91064	0.91404	0.91390	0.91509	0.92082	0.91052	0.91399	0.91836
Town of Normal	0.79517	0.85427	0.95845	1.02710	1.02599	1.03263	1.02714	1.04145	0.95891	0.92500
Normal Library	0.28941	0.35602	0.40315	0.43207	0.43367	0.43648	0.44349	0.44962	0.45260	0.45049
Normal Township	0.17268	0.19472	0.21617	0.22822	0.23224	0.23312	0.23007	0.23281	0.23079	0.22786
Normal Road and Bridge	0.06321	0.07128	0.07945	0.08093	0.07848	0.09006	0.09177	0.09291	0.09589	0.09571
Normal School District #5	5.06696	5.29164	5.52060	5.61440	5.64704	5.35541	5.39197	5.03610	5.01469	5.05827
Bloomington/Normal Water District	0.15374	0.16465	0.17754	0.18052	0.18679	0.18835	0.18651	0.18466	0.17931	0.17446
Bloomington/Normal Airport Authority	0.11197	0.12297	0.13615	0.14267	0.14549	0.14367	0.09943	0.11937	0.12442	0.13572
City of Bloomington	0.90408	0.99285	1.08930	1.08580	1.09367	1.09010	1.08603	1.07967	1.08363	1.07729
City of Bloomington Township	0.09529	0.10465	0.11483	0.12213	0.12463	0.12503	0.12594	0.12660	0.12166	0.12433
Bloomington School District #87	5.10000	5.17699	5.18340	5.17240	5.17089	5.14481	5.15520	5.15321	5.13998	5.15877
Bloomington Library	0.27654	0.29269	0.30604	0.30457	0.26317	0.26230	0.26081	0.25959	0.25296	0.25098
Bloomington Cemetery	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total overlapping rate</b>	<b>13.91276</b>	<b>14.53957</b>	<b>15.09572</b>	<b>15.30485</b>	<b>15.31596</b>	<b>15.01705</b>	<b>15.01918</b>	<b>14.68651</b>	<b>14.56883</b>	<b>14.59724</b>
Heartland Community College	0.58262	0.58996	0.58454	0.57806	0.57772	0.58179	0.58099	0.58576	0.58875	0.54116
<b>Total rate</b>	<b>14.49538</b>	<b>15.12953</b>	<b>15.68026</b>	<b>15.88291</b>	<b>15.89368</b>	<b>15.59884</b>	<b>15.60017</b>	<b>15.27227</b>	<b>15.15758</b>	<b>15.13840</b>

Source: McLean County Clerk's Office

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

# Heartland Community College District 540

Revenue Capacity  
Principal Taxpayers  
Year ended June 30, 2025  
(Dollars in Thousands)  
(Unaudited)

TABLE E

Taxpayer Name	Type of Business/Service	2024		Percentage of District 540		2015		Percentage of District 540	
		Assessed Valuation	Rank	Assessed Valuation	Assessed Valuation	Rank	Assessed Valuation		
State Farm Insurance Company	Insurance	\$161,507	1	2.51%	\$171,866	1	3.98%		
Rivian Automotive	Auto Manufacturing	157,286	2	2.45%	0				
Blooming Grove Wind Energy Center LLC	Energy	42,015	3	0.65%	0				
EDP Renweables North America	Energy	31,537	4	0.49%	0				
Westminster Village	Retirement Center	13,505	5	0.21%	0				
White Oak Energy LLC	Energy	13,484	6	0.21%	17,925	2	0.42%		
Wal-Mart Stores, Inc.	Retail	11,098	7	0.17%	11,317	4	0.26%		
Phoenix Investors	Commercial Real Estat	10,674	8	0.17%	0				
C150		10,644	9	0.17%	0				
Illinois Agriculture Association	AG Insurance	9,984	10	0.16%	9,179	6	0.21%		
Eastland Mall LLC %CBL & Associates Mgt. Inc.	Retail Mall	0			16,951	3	0.39%		
High Trail Wind Farm	Energy	0			10,682	5	0.25%		
Wingover Apts	Housing	0			6,696	9	0.16%		
SH The Flats Normal LLC	Apartments	0			7,726	7	0.18%		
Brickyard Apts by Snyder	Apartments/Hotel	0			6,761	8	0.16%		
Country Insurance & F.S.	Insurance	0			6,567	10	0.15%		
<b>Total</b>		<b>\$461,734</b>		<b>7.19%</b>	<b>\$265,670</b>		<b>6.16%</b>		

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 2023 assessed valuation is the most current available.

**Heartland Community College District 540**  
 Revenue Capacity  
 Property Tax Levies and Collections  
 Year ended June 30, 2025  
 (Unaudited)

TABLE F

Tax Levy Year	Fiscal Year	Assessed Valuation	Direct Tax Rate	Taxes Extended	Total Collected Through June 30, 2024	Collected During Year Ended June 30, 2025	Total Collected Through June 30, 2025	Percentage of Taxes Extended Collected Through June 30, 2025
2024	2025	6,425,806,117	0.58262	37,512,725	0	17,531,969	17,531,969	46.74%
2023	2024	5,798,243,963	0.58996	33,914,983	15,428,721	18,497,514	33,926,235	100.03%
2022	2023	5,200,460,439	0.58454	30,157,352	30,079,226	0	30,079,226	99.74%
2021	2022	4,879,989,263	0.57806	28,274,123	28,074,696	0	28,074,696	99.29%
2020	2021	4,705,470,640	0.57772	27,225,373	27,105,048	0	27,105,048	99.56%
2019	2020	4,604,536,939	0.58179	26,724,774	26,724,774	0	26,724,774	100.00%
2018	2019	4,528,294,413	0.58099	26,308,969	26,278,570	0	26,278,570	99.88%
2017	2018	4,464,342,208	0.58576	26,145,601	26,063,282	0	26,063,282	99.69%
2016	2017	4,424,104,515	0.58875	26,042,524	25,988,452	0	25,988,452	99.79%
2015	2016	4,314,111,666	0.54116	23,422,580	23,309,541	0	23,309,541	99.52%

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 District 540

## Revenue Capacity

### Enrollment, Tuition and Fee Rates, Credit Hours, and

### Tuition and Fee Revenues Generated

Year ended June 30, 2025

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	
2025	4,855	\$185	\$353	\$437	83,343	\$19,977,051	
2024	4,795	182	\$353	437	84,825	19,153,222	
2023	4,774	174	348	514	83,087	17,673,632	
2022	4,697	163	335	496	81,201	16,378,636	
2021	4,485	158	318	473	78,068	15,475,504	
2020	4,974	153	308	458	88,296	16,725,358	
2019	5,063	148	295	437	91,951	16,830,753	
2018	5,193	144	285	422	97,860	16,779,683	
2017	5,282	142	279	414	95,606	17,043,175	
2016	5,298	139	275	408	97,278	16,907,749	

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 District 540**  
 Debt Capacity  
 Ratios of Outstanding Debt by Type  
 Year ended June 30, 2025  
 (Unaudited)

TABLE H

Fiscal Year	General Obligation Bonds (1)	General Obligation Debt Certificates	Bond Premium	Lease Obligations	Subscription 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
2025	\$107,070,000	\$0	\$8,373,870	\$2,093,045	\$514,509	\$118,051,424	19,277,418,351	0.61%	209,891	562.44	1.19%
2024	\$81,530,000	\$0	\$7,196,512	\$1,228,084	\$837,236	90,791,832	17,394,731,889	0.52%	209,891	432.57	1.23%
2023	89,865,000	0	8,527,209	1,486,125	357,247	100,235,581	15,601,381,317	0.64%	210,243	476.76	1.59%
2022	67,555,000	0	6,437,161	1,733,823	651,716	76,377,700	14,639,967,789	0.52%	210,243	363.28	1.30%
2021	58,305,000	0	4,876,127	1,565,126	0	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	0	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	0	63,932,784	13,584,883,239	0.47%	213,009	300.14	1.12%
2018	68,565,000	0	6,592,077	0	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	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	0	82,206,624	12,942,334,998	0.64%	207,953	395.31	1.52%

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 District 540

## Debt Capacity

### Ratios of Net General Bonded Debt Outstanding

Year ended June 30, 2025

(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
2025	\$ 107,070,000	\$0	\$ 8,373,870	\$ 115,443,870	\$ 19,277,418,351	0.60%	209,891	\$ 550.02
2024	81,530,000	0	7,196,512	88,726,512	17,394,731,889	0.51%	209,891	422.73
2023	89,865,000	0	8,527,209	98,392,209	15,601,381,317	0.63%	210,243	467.99
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

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 District 540

## Debt Capacity

### Legal Debt Margin

Year ended June 30, 2025

(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
2025	6,425,806,117	2.875%	184,741,926	\$118,051,424	\$66,690,502	63.90%
2024	5,798,243,963	2.875%	166,699,514	90,791,832	75,907,682	54.46%
2023	5,200,460,439	2.875%	149,513,238	100,235,581	49,277,657	67.04%
2022	4,879,989,263	2.875%	140,299,691	76,377,700	63,921,991	54.44%
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%

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 District 540**  
**Debt Capacity**  
**Listing of Direct and Overlapping Bonded Debt**  
**Year ended June 30, 2025**  
**(Unaudited)**

	Fiscal Year 2025			Fiscal Year 2024		
	Total	Percentage of	College's	Total	Percentage of	College's
	Gross Debt	Debt Applicable	Direct and	Gross Debt	Debt Applicable	Direct and
Outstanding	#540	Overlapping	Outstanding	#540	Overlapping	
		Bonded Debt			Bonded Debt	
B/N Airport Authority	9,425,000	100.00%	9,425,000	6,185,000	100.00%	6,185,000
Bloomington School District #87	51,020,000	100.00%	51,020,000	42,930,000	100.00%	42,930,000
Chenoa Public Library District	630,000	100.00%	630,000	755,000	100.00%	755,000
Chester-East Lincoln SD #61	0	100.00%	0	1,524,000	99.96%	1,523,438
City of Bloomington	72,179,000	100.00%	72,179,000	44,523,000	100.00%	44,523,000
City of Fairbury	205,000	100.00%	205,000	265,000	100.00%	265,000
City of Lexington	0	100.00%	0	0	100.00%	0
City of Lincoln	175,000	88.38%	154,662	491,000	88.38%	433,934
Clinton CUSD #15	7,380,000	0.02%	1,476	10,025,000	0.02%	2,047
El Paso-Gridley School Unit #11	19,375,000	27.51%	5,330,450	20,556,000	27.51%	5,655,435
Eureka CUSD #140	38,878,500	0.03%	11,664	7,235,600	0.03%	2,195
Flanagan-Cornell CUSD #74	3,555,000	50.48%	1,794,422	1,193,000	50.48%	602,179
Heyworth School District #4	13,790,000	98.85%	13,631,967	10,635,000	98.85%	10,513,168
Illini Central CUSD #189	0	0.00%	0	0	0.00%	0
LeRoy Community Fire Protection Dist	155,000	1.05%	1,629	1,208,000	1.05%	12,699
LeRoy CUSD #2	9,915,000	91.69%	9,090,568	11,710,000	91.69%	10,736,323
Lexington School District #7	11,160,000	100.00%	11,160,000	12,370,000	100.00%	12,370,000
Lincoln CHSD #404	3,055,000	83.19%	2,541,516	4,660,000	83.19%	3,876,743
Lincoln Park District	0	0.00%	0	769,000	100.00%	769,000
Lincoln Rural Fire Protection District	0	0.00%	0	0	0.00%	0
McLean County (including PBC)	35,290,000	94.05%	33,191,657	40,735,000	94.05%	38,313,034
Mt. Pulaski Fire Protection District	0	0.00%	0	40,000	0.18%	74
Normal School District	\$23,495,000	99.93%	23,477,614	\$54,400,000	99.93%	54,359,531
Olympia School District #16	13,049,000	99.97%	13,045,085	16,512,200	99.97%	16,507,220
Pontiac CCSD #429	266,000	99.14%	263,718	799,000	99.14%	792,141
Prairie Central School District #8				2,177,000	68.75%	1,496,763
Ridgeview School District #19	30,630,000	62.20%	19,051,247	3,523,600	62.20%	2,191,595
Town of Normal	59,005,000	100.00%	59,005,000	61,775,000	100.00%	61,775,000
Tri-Valley School District #3	14,485,000	99.85%	14,463,128	15,805,000	99.85%	15,781,159
Village of Colfax	110,000	100.00%	110,000	175,000	100.00%	175,000
Village of Heyworth	0	0.00%	0	17,800	100.00%	17,800
Waldo Township Road District	0	0.00%	0	0	0.00%	0
West Lincoln-Broadwell SD #92	130,000	95.80%	124,534	690,000	95.80%	660,988
Woodland CUSD #5	3,505,000	0.13%	4,697	4,956,000	0.13%	6,645
Yates Township Road District	18,000	100.00%	18,000	0	0.00%	0
Subtotal	420,880,500		339,932,030	378,640,200		333,232,111
Heartland Community College #540	118,051,424	100.00%	118,051,424	90,791,832	100.00%	90,791,832
<b>Total</b>	<b>\$538,931,924</b>		<b>\$457,983,454</b>	<b>\$469,432,032</b>		<b>\$424,023,943</b>

Source: First Midstate/PMA

**Heartland Community College District 540**  
**Debt Capacity**  
**Listing of Direct and Overlapping Bonded Debt (Continued)**  
**Last Five Fiscal Years**  
**(Unaudited)**

	Fiscal Year 2023			Fiscal Year 2022		
	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
B/N Airport Authority	8,385,000	100.00%	8,385,000	4,660,000	100.00%	4,660,000
Bloomington School District #87	47,455,000	100.00%	47,455,000	52,125,000	100.00%	52,125,000
Chenoa Public Library District	810,000	100.00%	810,000	865,000	97.35%	842,078
Chester-East Lincoln SD #61	1,672,000	99.96%	1,671,398	0	0.00%	0
City of Bloomington	52,768,000	100.00%	52,768,000	38,179,000	100.00%	38,179,000
City of Fairbury	295,000	100.00%	295,000	320,000	100.00%	320,000
City of Lexington	0	0.00%	0	834,000	100.00%	834,000
City of Lincoln	51,500	100.00%	51,500	174,000	100.00%	174,000
Clinton CUSD #15	9,638,000	0.02%	1,928	11,416,000	0.02%	2,397
El Paso-Gridley School Unit #11	21,085,000	27.96%	5,894,944	21,540,000	25.76%	5,547,627
Eureka CUSD #140	8,016,800	0.03%	2,485	0	0.00%	0
Flanagan-Cornell CUSD #74	77,000	47.88%	36,868	0	0.00%	0
Heyworth School District #4	11,115,000	100.00%	11,115,000	11,500,000	98.31%	11,305,650
Illini Central CUSD #189	380,000	0.04%	144	745,000	0.04%	283
LeRoy Community Fire Protection Dist	1,337,000	1.13%	15,081	1,335,000	0.15%	1,962
LeRoy CUSD #2	12,280,000	98.12%	12,048,522	12,835,000	0.37%	47,361
Lexington School District #7	8,512,000	100.00%	8,512,000	2,675,000	100.00%	2,675,000
Lincoln CHSD #404	5,125,000	82.59%	4,232,481	4,975,000	88.73%	4,414,318
Lincoln Park District	0	0.00%	0	0	0.00%	0
Lincoln Rural Fire Protection District	0	0.00%	0	0	0.00%	0
McLean County (including PBC)	42,875,000	94.53%	40,530,166	0	0.00%	0
Mt. Pulaski Fire Protection District	80,000	0.18%	147	0	0.00%	0
Normal School District	\$88,350,000	99.92%	88,274,903	\$77,495,000	100.00%	\$77,495,000
Olympia School District #16	19,814,600	99.97%	19,808,656	5,010,000	100.00%	5,010,000
Pontiac CCSD #429	1,056,000	99.15%	1,047,013	0	0.00%	0
Prairie Central School District #8	4,317,000	70.35%	3,037,010	5,997,000	69.19%	4,149,084
Ridgeview School District #19	0	0.00%	0	0	0.00%	0
Town of Normal	75,175,000	100.00%	75,175,000	78,320,000	100.00%	78,320,000
Tri-Valley School District #3	16,390,000	99.89%	16,371,152	16,930,000	99.08%	16,773,736
Village of Colfax	0	0.00%	0	0	0.00%	0
Village of Heyworth	51,500	100.00%	51,500	51,500	99.75%	51,370
Waldo Township Road District	25,000	66.08%	16,520	0	0.00%	0
West Lincoln-Broadwell SD #92	650,000	95.70%	622,044	905,000	93.87%	849,478
Woodland CUSD #5	5,156,000	0.14%	6,961	4,334,000	0.13%	5,504
Yates Township Road District	68,000	100.00%	68,000	0	0.00%	0
Subtotal	443,010,400		398,304,422	353,220,500		303,782,847
Heartland Community College #540	100,235,581	100.00%	100,235,581	76,377,700	100.00%	76,377,700
<b>Total</b>	<b>\$543,245,981</b>		<b>\$498,540,003</b>	<b>\$429,598,200</b>		<b>\$380,160,547</b>

Source: First Midstate/PMA

**Heartland Community College District 540**  
**Debt Capacity**  
**Listing of Direct and Overlapping Bonded Debt (Continued)**  
**Last Five Fiscal Years**  
**(Unaudited)**

TABEL K  
(Continued)

	Fiscal Year 2021		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
B/N Airport Authority	6,945,000	100.00%	6,945,000
Bloomington School District #87	56,385,000	100.00%	56,385,000
Chenoa Public Library District	915,000	97.35%	890,753
Chester-East Lincoln SD #61	1,935,000	100.00%	1,935,000
City of Bloomington	42,304,000	100.00%	42,304,000
City of Fairbury	345,000	100.00%	345,000
City of Lexington	834,000	100.00%	834,000
City of Lincoln	341,000	100.00%	341,000
Clinton CUSD #15	13,146,000	0.02%	2,761
El Paso-Gridley School Unit #11	21,923,000	25.76%	5,646,269
Eureka CUSD #140	0	0.00%	0
Flanagan-Cornell CUSD #74	0	0.00%	0
Heyworth School District #4	11,875,000	98.31%	11,674,313
Illini Central CUSD #189	1,095,000	0.04%	416
LeRoy Community Fire Protection Dist	1,430,000	0.15%	2,102
LeRoy CUSD #2	12,835,000	0.37%	47,361
Lexington School District #7	3,284,800	100.00%	3,284,800
Lincoln CHSD #404	5,025,000	87.09%	4,376,222
Lincoln Park District	705,000	100.00%	705,000
Lincoln Rural Fire Protection District	110,000	94.98%	104,475
McLean County (including PBC)	0	0.00%	0
Mt. Pulaski Fire Protection District	0	0.00%	0
Normal School District	\$110,475,000	100.00%	\$110,475,000
Olympia School District #16	8,070,000	100.00%	8,070,000
Pontiac CCSD #429	0	0.00%	0
Prairie Central School District #8	0	0.00%	0
Ridgeview School District #19	1,165,000	57.96%	675,222
Town of Normal	78,320,000	100.00%	78,320,000
Tri-Valley School District #3	17,430,000	99.08%	17,269,121
Village of Colfax	0	0.00%	0
Village of Heyworth	67,500	99.75%	67,239
Waldo Township Road District	0	0.00%	0
West Lincoln-Broadwell SD #92	1,150,000	93.87%	1,079,448
Woodland CUSD #5	4,517,000	0.13%	5,737
Yates Township Road District	0	0.00%	0
Subtotal	402,627,300		351,785,239
Heartland Community College #540	64,746,253	100.00%	64,746,253
<b>Total</b>	<b>\$467,373,553</b>		<b>\$416,531,492</b>

Source: First Midstate/PMA

# Heartland Community College District 540

## Demographic and Economic Information

### Personal Income Per Capita

Year ended June 30, 2025

(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
2025	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	209,891	172,645	\$9,924,497,825	\$57,485	3.90%
2024	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	209,891	170,954	7,402,992,016	43,304	3.60%
2023	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	210,243	171,141	6,300,555,915	36,815	4.30%
2022	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	210,243	170,889	5,894,986,944	34,496	3.80%
2021	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	212,818	173,231	5,593,628,990	32,290	4.20%
2020	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	212,818	171,517	5,774,119,805	33,665	2.90%
2019	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	213,009	172,828	5,693,472,804	32,943	3.30%
2018	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	214,185	172,290	5,470,552,080	31,752	4.70%
2017	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	214,185	172,418	5,397,545,490	31,305	5.50%
2016	Dewitt, Ford, Livingston, Logan, McLean, Tazwell	1,863 square miles	207,953	175,890	5,404,747,920	30,728	5.20%

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 for FY 2012 was based upon the US Department of Commerce 2012. McLean County population for FY 2013 and FY2014 was based upon the ESRI and U S Census Bureau population for calendar year 2012 from the B/N EDC Report. McLean County populations for FY2015-FY2022 was provided by the McLean Co. Economic Development Report.
- (4) McLean County Per Capita Income was obtained from demographic information from the US Census Bureau/McLean Co. Economic Development. McLean County Personal Income was calculated by multiplying the Per Capita Income by the McLean Co Population

# Heartland Community College District 540

## Demographic and Economic Information

### Principal Employers

Year ended June 30, 2025

(Unaudited)

TABLE M

Employer	2025			2024			2023			2022			2021		
	Employees	Rank	District #540 % of Population	Employees	Rank	District #540 % of Population	Employees	Rank	District #540 % of Population	Employees	Rank	District #540 % of Population	Employees	Rank	District #540 % of Population
Anderson Financial Network, Inc. (AFNI)				815	9	0.39%							815	8	0.38%
Carle Bro Menn Medical Center	2,061	6	0.98%	1,337	7	0.63%	1,995	6	0.95%	2,278	6	1.08%	1,337	6	0.63%
City of Bloomington							890	8	0.42%	1,008	9	0.48%	667	10	0.31%
COUNTRY Financial	3,000	4	1.43%	2,020	4	0.96%	3,241	4	1.54%	3,718	4	1.77%	2,020	3	0.95%
District 87 Schools (Bloomington)	799	9	0.38%	687	10	0.33%	745	10	0.35%	800	10	0.38%	687	9	0.32%
Ferrero USA	750	10	0.36%												
Illinois State University	3,189	3	1.52%	3,940	2	1.87%	3,452	3	1.64%	3,885	3	1.85%	3,940	2	1.85%
McLean County	874	8	0.42%	817	8	0.39%	832	9	0.40%				817	7	0.38%
OSF St. Joseph Medical Center	2,058	7	0.98%	1,286	6	0.61%	1,657	7	0.79%	1,286	8	0.61%	1,286	5	0.60%
State Farm Insurance Companies	13,000	1	6.18%	14,436	1	6.83%	13,000	1	6.18%	13,000	1	6.18%	14,436	1	6.78%
Unit 5 Schools (Normal)	2,138	5	1.02%	1,874	5	0.89%	2,350	5	1.12%	2,432	5	1.16%	1,874	4	0.88%
Rivian	6,000	2	2.85%	3,700	3	1.75%	7,500	2	3.57%	5,532	2	2.63%			
Heritage Enterprises										2,000	7	0.94%			
Heartland Bank & Trust															
<b>Total</b>	<b>33,869</b>		<b>16.12%</b>	<b>30,912</b>		<b>14.65%</b>	<b>35,662</b>		<b>16.96%</b>	<b>35,939</b>		<b>17.08%</b>	<b>27,879</b>		<b>13.08%</b>

Employer	2020			2019			2018			2017			2016		
	Employees	Rank	District #540 % of Population	Employees	Rank	District #540 % of Population	Employees	Rank	District #540 % of Population	Employees	Rank	District #540 % of Population	Employees	Rank	District #540 % of Population
Anderson Financial Network, Inc. (AFNI)	815	8	0.38%	830	8	0.39%	830	8	0.39%	760	8	0.35%	765	8	0.37%
Carle BroMenn Healthcare	1,337	5	0.63%	1,337	6	0.63%	1,305	5	0.61%	1,271	5	0.59%	1,402	5	0.67%
City of Bloomington	667	10	0.31%	715	9	0.34%	679	10	0.32%	691	10	0.32%			
COUNTRY Financial	2,020	3	0.95%	2,034	3	0.95%	1,972	3	0.92%	1,939	3	0.91%	1,910	3	0.92%
District 87 Schools (Bloomington)	686	9	0.32%	686	10	0.32%	680	9	0.32%				657	9	0.32%
Ferrero USA															
Illinois State University	3,940	2	1.85%	3,319	2	1.56%	3,281	2	1.53%	3,300	2	1.54%	3,320	2	1.60%
McLean County	817	7	0.38%	846	7	0.40%	835	7	0.39%	713	9	0.33%	829	7	0.40%
OSF St. Joseph Medical Center	1,286	6	0.60%	1,408	5	0.66%	860	6	0.40%	894	6	0.42%	1,364	6	0.66%
State Farm Insurance Companies	14,436	1	6.78%	14,200	1	6.67%	14,731	1	6.88%	14,532	1	6.78%	14,282	1	6.87%
Unit 5 Schools (Normal)	1,874	4	0.88%	1,600	4	0.75%	1,761	4	0.82%	1,669	4	0.78%	1,654	4	0.80%
Rivian															
Heritage Enterprises													596	10	0.29%
Heartland Bank & Trust										763	7	0.36%			
<b>Total</b>	<b>27,878</b>		<b>13.08%</b>	<b>26,975</b>		<b>12.67%</b>	<b>26,934</b>		<b>12.58%</b>	<b>26,532</b>		<b>12.38%</b>	<b>26,779</b>		<b>12.90%</b>

Sources: Heartland Community Collee 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 District 540

## Demographic and Economic Information

### Property Values, Construction, and Bank Deposits

Year ended June 30, 2025

(Dollars in Thousand)

(Unaudited)

TABLE N

<b>Fiscal Year</b>	<b>District #540 Property Value</b>	<b>McLean Co. Bank Deposits</b>
2025	\$19,277,418	\$4,567,680
2024	17,394,732	4,436,379
2023	15,601,381	4,168,153
2022	14,639,968	4,268,590
2021	14,116,412	4,004,415
2020	13,813,611	14,919,941
2019	13,584,883	13,842,304
2018	13,393,027	13,926,434
2017	13,272,314	14,573,979
2016	12,942,335	13,824,988

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](mailto: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 District 540

## Operating Information Number of Employees Year ended June 30, 2025 (Unaudited)

TABLE O

	2025	2024	2023	2022	2021
Faculty:					
Full-time	74	80	77	78	81
Part-time	204	177	130	143	128
<b>Total faculty</b>	<b>278</b>	<b>257</b>	<b>207</b>	<b>221</b>	<b>209</b>
Staff:					
Administrative	102	96	89	85	82
Classified	71	66	61	61	58
Professional/technical	106	92	86	83	75
<b>Total staff</b>	<b>279</b>	<b>254</b>	<b>236</b>	<b>229</b>	<b>215</b>

	2020	2019	2018	2017	2016
Faculty:					
Full-time	84	84	86	85	85
Part-time	168	175	187	179	172
<b>Total faculty</b>	<b>252</b>	<b>259</b>	<b>273</b>	<b>264</b>	<b>257</b>
Staff:					
Administrative	72	68	65	63	66
Classified	67	48	49	48	46
Professional/technical	81	93	91	94	88
<b>Total staff</b>	<b>220</b>	<b>209</b>	<b>205</b>	<b>205</b>	<b>200</b>

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

**Heartland Community College District 540**  
**Operating Information**  
**Student Credit Hours by Enrollment Categories**  
**Year ended June 30, 2025**  
**(Unaudited)**

TABLE P

Funding Category	2025	2024	2023	2022	2021
Baccalaureate	58,254	60,714	59,585	59,847	59,389
Business occupational	2,357	2,612	2,489	2,043	1,528
Technical occupational	6,286	6,129	5,687	4,617	3,748
Health occupational	6,608	6,411	6,701	5,618	5,384
Remedial developmental	2,638	2,885	2,888	3,763	3,333
Adult basic education/adult secondary education	7,200	6,074	5,739	5,314	4,687
<b>Total</b>	<b>83,343</b>	<b>84,825</b>	<b>83,087</b>	<b>81,201</b>	<b>78,068</b>

Funding Category	2020	2019	2018	2017	2016
Baccalaureate	64,985	66,432	69,554	68,202	69,753
Business occupational	2,009	2,155	2,365	2,580	2,513
Technical occupational	4,360	4,646	5,207	5,056	4,029
Health occupational	5,866	5,733	5,856	5,417	4,552
Remedial developmental	5,223	6,102	7,553	8,309	8,720
Adult basic education/adult secondary education	5,853	6,883	7,325	6,042	7,711
<b>Total</b>	<b>88,296</b>	<b>91,951</b>	<b>97,860</b>	<b>95,606</b>	<b>97,278</b>

Source: College Records

**Heartland Community College District 540**  
**Operating Information**  
**Student Enrollment Demographic Statistics**  
**Year ended June 30, 2025**  
**(Unaudited)**

TABLE Q

<b>Fiscal Year</b>	<b>Fall Enrollment</b>	<b>Full-Time Equivalent</b>	<b>Male</b>	<b>Female</b>	<b>Full-Time</b>	<b>Part-Time</b>	<b>Median Age</b>
2025	4,855	3,153	2,077	2,778	1,476	3,379	20
2024	4,795	3,071	2,052	2,743	1,559	3,236	20
2023	4,774	2,740	2,038	2,736	1,599	3,175	20
2022	4,697	2,687	2,012	2,685	1,634	3,063	20
2021	4,485	2,657	1,876	2,609	1,614	2,871	20
2020	4,974	2,978	2,182	2,792	1,832	3,142	20
2019	5,063	3,055	2,270	2,793	1,884	3,179	21
2018	5,193	3,241	2,401	2,792	2,127	3,066	21
2017	5,282	3,219	2,318	2,655	2,153	3,129	21
2016	5,298	3,477	2,375	2,923	2,168	3,130	21

<b>Fiscal Year</b>	<b>Continuing Students</b>	<b>First Time College Level Students</b>	<b>Nondegree Seeking</b>	<b>Transfer Students</b>	<b>High School Students</b>	<b>In District Residents</b>	<b>Degrees Conferred</b>
2025	1,528	697	1,045	377	1,208	4,076	1,830
2024	1,458	734	1,805	326	1,239	3,985	1,494
2023	1,443	717	1,761	330	1,157	3,957	1,427
2022	1,412	734	1,674	323	1,116	3,867	1,159
2021	1,634	721	1,455	279	935	3,697	1,088
2020	1,756	756	1,569	415	843	3,989	1,195
2019	1,875	740	1,589	445	830	3,991	1,143
2018	2,056	748	1,516	488	615	4,082	1,103
2017	2,145	734	991	538	616	4,129	1,088
2016	2,606	498	1,077	550	552	4,215	696

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

# Heartland Community College District 540

## Operating Information

### Capital and Other Assets Statistics

Year ended June 30, 2025

(Unaudited)

	2025	2024	2023	Restated 2022	Restated 2021
<b>TABLE R</b>					
Net capital assets:					
Land	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528
Furniture and equipment	6,000,158	5,490,165	5,882,318	5,716,901	5,318,262
Buildings	90,089,159	70,215,106	73,250,618	76,286,130	81,503,372
Infrastructure	14,671,667	15,363,759	11,133,771	9,311,356	6,913,083
Other assets (leases, subscriptions)	2,448,446	1,940,349	1,723,597	2,291,171	1,460,997
Construction in progress	32,926,782	42,993,881	23,138,821	3,326,196	502,523
<b>Net capital assets</b>	<b>\$150,617,740</b>	<b>\$140,484,788</b>	<b>\$119,610,653</b>	<b>\$101,413,282</b>	<b>\$100,179,765</b>
Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	6,118,281	5,556,789	5,372,101	5,022,454	4,672,817
Amortization expense (leases, subscriptions)	600,261	600,428	567,574	213,125	210,258
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net capital assets:					
Land	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528
Furniture and equipment	4,337,714	4,622,152	4,502,625	4,405,598	4,915,531
Buildings	84,527,813	87,552,254	90,254,397	91,098,922	94,115,476
Infrastructure	6,819,279	6,741,336	7,562,628	10,542,328	11,284,558
Other assets (leases, subscriptions)	231,671	288,705	345,739	152,027	165,453
Construction in progress	495,524	402,841	79,346	102,958	102,958
<b>Net capital assets</b>	<b>\$100,893,529</b>	<b>\$104,088,816</b>	<b>\$107,226,263</b>	<b>\$110,783,361</b>	<b>\$115,065,504</b>
Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	4,600,676	4,544,453	4,491,303	4,533,451	4,587,293
Amortization expense (leases, subscriptions)	57,034	24,328	24,328	13,426	13,426

Source: College Records

**Heartland Community College District 540**  
**Operating Information**  
**Capital Asset Statistics - School Building Information**  
**Year ended June 30, 2025**  
**(Unaudited)**

**TABLE S**

Capital Asset Type	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Land - acres	145.05	145.05	145.05	145.05	145.05	145.05	145.05	145.05	145.05	145.05
<b>Furniture and equipment - No of Units:</b>										
Education	121	102	97	93	92	93	92	92	96	97
Operations and maintenance	108	38	42	32	20	23	23	23	18	18
Operations and maintenance restricted	223	107	69	68	64	64	64	64	65	65
Restricted purposes	570	475	469	439	385	349	327	291	274	266
Liability, protection & settlement	32	2	26	21	20	19	19	19	11	11
<b>Total furniture and equipment units</b>	<b>1,054</b>	<b>724</b>	<b>703</b>	<b>653</b>	<b>581</b>	<b>548</b>	<b>525</b>	<b>489</b>	<b>464</b>	<b>457</b>
<b>Buildings - square feet:</b>										
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	1,134	1,134
Workforce development center	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425
Agriculture facility	29,500	29,500	0	0	0	0	0	0	0	0
Advanced Manuagcturing & Technology Center	45,000	45,000	0	0	0	0	0	0	0	0
<b>Total building square footage</b>	<b>600,075</b>	<b>600,075</b>	<b>525,575</b>							
<b>Infrastructure - No. of improvements:</b>										
Education	2	2	1	1	1	1	1	1	1	1
Operations and maintenance	21	21	15	15	14	15	14	12	11	11
operations and maintenance restricted	54	48	42	34	30	24	22	19	18	17
Auxiliary	1	1	1	1	1	1	1	1	1	1
Restricted purposes	29	28	8	5	3	10	8	8	8	8
Liability, protection & settlement	4	4	4	3	2	1	1	1	1	1
<b>Total infrastructure improvements</b>	<b>111</b>	<b>104</b>	<b>71</b>	<b>59</b>	<b>51</b>	<b>52</b>	<b>47</b>	<b>42</b>	<b>40</b>	<b>39</b>
<b>Construction in progress - No of buildings/projects:</b>										
Building/projects	15	14	14	11	10	6	8	4	2	2
<b>Capital assets disposed - No. of units</b>										
	5	24	3	1	1	3	0	17	1	15

Source: College records

**Heartland Community College District 540**  
**Operating Information**  
**Equalized Assessed Valuations and Taxes Extended and Collected**  
**Year ended June 30, 2025**  
**(Unaudited)**

TABLE T

	2024 Levy	2023 Levy	2022 Levy	2021 Levy	2020 Levy	2019 Levy	2018 Levy	2017 Levy	2016 Levy	2015 Levy
Equalized assessed valuation:										
DeWitt County	\$20,699,530	\$17,993,753	\$15,672,147	\$14,612,411	\$14,150,487	\$13,512,358	\$12,659,114	\$11,953,163	\$11,369,364	\$10,948,245
Ford County	822,806	790,170	338,770	316,150	297,640	281,850	258,270	244,000	223,770	219,550
Livingston County	504,194,068	461,598,798	419,042,757	392,834,041	373,304,294	352,536,420	342,122,329	331,881,287	325,462,512	313,498,012
Logan County	512,231,909	475,702,630	435,057,923	413,365,055	396,528,128	380,981,208	365,751,847	359,332,526	357,942,786	351,084,777
McLean County	5,258,258,194	4,721,659,343	4,218,706,511	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
Tazewell County	129,599,610	120,499,269	111,642,331	106,369,068	103,240,507	101,298,412	99,118,484	97,680,932	96,640,561	95,970,392
<b>Total</b>	<b>\$6,425,806,117</b>	<b>\$5,798,243,963</b>	<b>\$5,200,460,439</b>	<b>\$4,879,989,263</b>	<b>\$4,705,470,640</b>	<b>\$4,604,536,939</b>	<b>\$4,528,294,413</b>	<b>\$4,464,342,208</b>	<b>\$4,424,098,515</b>	<b>\$4,314,111,666</b>
Tax rates (per \$100 of equalized assessed valuation):										
Educational Fund	0.17500	0.17500	0.17500	0.17486	0.17430	0.17500	0.17500	0.17500	0.17500	0.17500
Operations and Maintenance Fund	0.05000	0.05000	0.05000	0.04996	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000
Audit Fund	0.00451	0.00351	0.00291	0.00286	0.00276	0.00284	0.00309	0.00337	0.00324	0.00316
Liability, Protection and Settlement Fund	0.07158	0.06852	0.07170	0.06466	0.05703	0.05813	0.05967	0.06014	0.05809	0.05551
Bond and Interest Fund	0.20518	0.19817	0.21641	0.21925	0.22454	0.22703	0.29323	0.29165	0.22198	0.19279
Operations and Maintenance Fund (Restricted)	0.01556	0.03509	0.00612	0.00082	0.00319	0.00329	0.00000	0.00549	0.00565	0.00116
Equity Tax	0.06079	0.05967	0.06240	0.06565	0.06590	0.06550	0.00000	0.00000	0.07470	0.06530
<b>Total</b>	<b>0.58262</b>	<b>0.58996</b>	<b>0.58454</b>	<b>0.57806</b>	<b>0.57772</b>	<b>0.58179</b>	<b>0.58099</b>	<b>0.58565</b>	<b>0.58866</b>	<b>0.54292</b>
Taxes extended:										
Educational Fund	\$11,245,161	\$10,201,075	\$9,182,611	\$8,541,963	\$8,234,574	\$8,057,235	\$7,924,505	\$7,816,599	\$7,742,172	\$7,549,695
Operations and Maintenance Fund	3,212,903	2,914,593	2,623,603	2,440,561	2,352,735	2,302,122	2,264,144	2,232,171	2,212,049	2,157,053
Audit Fund	290,439	200,000	150,000	140,000	130,000	130,000	140,000	150,491	143,325	136,500
Liability, Protection and Settlement Fund	4,608,276	3,905,500	3,690,000	3,167,000	2,685,100	2,664,100	2,702,100	2,685,100	2,570,000	2,395,000
Bond and Interest Fund	13,221,964	11,295,400	11,137,017	10,737,702	10,572,059	10,404,705	13,278,220	13,020,240	9,820,175	8,317,214
Operations and Maintenance Fund (Restricted)	1,001,774	2,000,000	315,000	40,000	150,000	150,640	0	245,000	250,000	50,000
Equity Tax	3,932,208	3,398,415	3,059,121	3,206,897	3,100,905	3,015,972	0	0	3,304,802	2,817,118
<b>Total</b>	<b>\$37,512,725</b>	<b>\$33,914,983</b>	<b>\$30,157,352</b>	<b>\$28,274,123</b>	<b>\$27,225,373</b>	<b>\$26,724,774</b>	<b>\$26,308,969</b>	<b>\$26,149,601</b>	<b>\$26,042,523</b>	<b>\$23,422,580</b>

Source: College records

**Heartland Community College District 540**  
 Operating Information  
 Summary of Taxes Receivable and Tax Collections  
 Year ended June 30, 2025  
 (Unaudited)

TABLE U

	2024 Levy	2023 Levy
Assessed valuations	\$6,425,806,117	\$5,798,243,963
Combined rate per \$100	0.58262	0.58996
<b>Taxes extended</b>	<b>\$37,512,725</b>	<b>\$33,914,983</b>
Total collected to June 30, 2024	\$0	\$15,428,721
Collected during year ended June 30, 2025	17,531,969	18,497,514
<b>Total collected to June 30, 2025</b>	<b>\$17,531,969</b>	<b>\$33,926,235</b>
Write-offs	\$0	\$0
Balance at June 30, 2025	\$19,980,756	(\$11,252)
Percent collected through June 30, 2025	46.74%	100.03%
Balance by funds:		
Education	8,081,555	
Operations and maintenance	1,709,227	
Operations and maintenance restricted	533,801	
Bond and Interest	7,045,870	
Audit	154,779	
Liability, protection, and settlement	2,455,524	
<b>Total</b>	<b>\$19,980,756</b>	

Source: College records

## **SPECIAL REPORTS SECTION**

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## **Supplemental Financial Information**

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# Heartland Community College District 540

## Supplemental Financial Information Section

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### **Uniform Financial Statements**

The Uniform Financial Statements are required by the Illinois Community College Board for the purpose of providing consistent audited data for every community college district. Regardless of the basis of accounting used for a 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

### **Certification of Per Capita Cost**

- No. 6 - Certification of Per Capita Cost

# Heartland Community College District 540

## Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2025</i>	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund
Fund balance (deficit), beginning of year	\$ 16,276,411	\$ 9,814,713	\$ 19,419,780	\$ 200,836
<b>Revenues:</b>				
Local tax revenue	13,548,002	3,988,241	2,009,307	11,359,351
ICCB grants	5,650,734	-	-	-
All other state revenue	-	-	-	-
Federal revenue	-	-	1,179,597	-
Student tuition and fees	17,288,900	-	-	-
On-behalf CIP	-	-	-	-
On-behalf SURS	-	-	-	-
All other revenue	3,123,346	326,269	808,961	371,721
Total revenues	39,610,982	4,314,510	3,997,865	11,731,072
<b>Expenditures:</b>				
Instruction	14,607,525	-	87,158	-
Academic support	2,656,223	-	1,436,620	-
Student services	4,187,857	-	101,608	-
Public service/continuing education	2,772,252	-	38,444	-
Organized research	-	-	417,307	-
Auxiliary services	-	-	89,827	-
Operations and maintenance	-	6,233,013	7,605,595	-
Institutional support	9,050,049	463,287	1,841,811	11,298,600
Scholarships, grants, waivers	4,852,833	-	-	-
Total expenditures	38,126,739	6,696,300	11,618,370	11,298,600
Issuance of debt	-	1,108,358	18,435,000	-
Premium on issued debt	-	-	2,437,121	-
Transfers in	51,009	608,476	1,290,000	-
Transfers out	(2,102,436)	(1,290,000)	(575,483)	-
	(2,051,427)	426,834	21,586,638	-
Fund balance, end of year	\$ 15,709,227	\$ 7,859,757	\$ 33,385,913	\$ 633,308

# Heartland Community College District 540

## Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2025</i>	<b>Auxiliary Enterprises Fund</b>	<b>Restricted Purposes Fund</b>	<b>Working Cash Fund</b>	<b>Audit Fund</b>
Fund balance (deficit), beginning of year	\$ -	\$ 5,323,815	\$ 3,900,000	\$ 118,201
<b>Revenues:</b>				
Local tax revenue	-	-	-	200,741
ICCB grants	-	2,433,143	-	-
All other state revenue	-	3,930,491	-	-
Federal revenue	32,210	10,523,321	-	-
Student tuition and fees	2,688,151	-	-	-
On-behalf CIP	-	(2,515,947)	-	-
On-behalf SURS	-	9,765,710	-	-
All other revenue	647,344	1,995,978	160,798	4,415
Total revenues	3,367,705	26,132,696	160,798	205,156
<b>Expenditures:</b>				
Instruction	-	4,475,043	-	-
Academic support	-	14,264	-	-
Student services	-	751,059	-	-
Public service/continuing education	-	1,814,017	-	-
Organized research	-	-	-	-
Auxiliary services	4,076,049	232,999	-	-
Operations and maintenance	-	7,547,033	-	-
Institutional support	-	4,404,439	-	272,367
Scholarships, grants, waivers	-	12,023,493	-	-
Total expenditures	4,076,049	31,262,347	-	272,367
Issuance of debt	-	15,110,000	-	-
Premium on issued debt	-	134,177	-	-
Transfers in	708,344	1,394,092	10,001,472	-
Transfers out	-	(10,008,960)	(76,514)	-
	708,344	6,629,309	9,924,958	-
Fund balance, end of year	\$ -	\$ 6,823,473	\$ 13,985,756	\$ 50,990

# Heartland Community College District 540

## Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2025</i>	<b>Liability, Protection Settlement Fund</b>	<b>Total</b>
Fund balance (deficit), beginning of year	\$ 833,929	\$ 55,887,685
<b>Revenues:</b>		
Local tax revenue	3,923,968	35,029,610
ICCB grants	-	8,083,877
All other state revenue	-	3,930,491
Federal revenue	-	11,735,128
Student tuition and fees	-	19,977,051
On-behalf CIP	-	(2,515,947)
On-behalf SURS	-	9,765,710
All other revenue	180,737	7,619,569
Total revenues	4,104,705	93,625,489
<b>Expenditures:</b>		
Instruction	101,674	19,271,400
Academic support	8,541	4,115,648
Student services	19,215	5,059,739
Public service/continuing education	2,331	4,627,044
Organized research	-	417,307
Auxiliary services	-	4,398,875
Operations and maintenance	989,640	22,375,281
Institutional support	3,142,390	30,472,943
Scholarships, grants, waivers	-	16,876,326
Total expenditures	4,263,791	107,614,563
Issuance of debt	-	34,653,358
Premium on issued debt	-	2,571,298
Transfers in	-	14,053,393
Transfers out	-	(14,053,393)
	-	37,224,656
Fund balance, end of year	\$ 674,843	\$ 79,123,267

# Heartland Community College District 540

## Uniform Financial Statement #2

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

<i>Year Ended June 30, 2025</i>	<b>Balance July 1, 2024</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2025</b>
<b>Capital assets:</b>				
Land	\$ 4,481,528	\$ -	\$ -	\$ 4,481,528
Construction in progress	42,993,881	7,894,807	(17,961,906)	32,926,782
Furniture and equipment	20,966,987	2,144,032	(108,162)	23,002,857
Buildings, additions, and improvements	121,480,089	5,165,519	17,901,843	144,547,451
Infrastructure	29,025,537	598,841	-	29,624,378
Lease assets - buildings	2,713,032	1,108,358	(1,202,154)	2,619,236
SBITA assets	1,531,813	-	(714,634)	817,179
<b>Total capital assets</b>	<b>223,192,867</b>	<b>16,911,557</b>	<b>(2,085,013)</b>	<b>238,019,411</b>
<b>Accumulated depreciation and amortization</b>	<b>82,708,079</b>	<b>6,718,542</b>	<b>(2,024,950)</b>	<b>87,401,671</b>
<b>Total net capital assets</b>	<b>\$ 140,484,788</b>	<b>\$ 10,192,541</b>	<b>\$ (60,063)</b>	<b>\$ 150,617,740</b>
<b>Long-term debt:</b>				
General obligation bonds	\$ 81,530,000	\$ 33,545,000	\$ (8,005,000)	\$ 107,070,000
Lease obligations	1,228,084	1,108,358	(243,397)	2,093,045
Subscription liability	837,236	-	(322,727)	514,509
Net OPEB liability	7,771,926	-	(582,004)	7,189,922
<b>Total long-term debt</b>	<b>\$ 91,367,246</b>	<b>\$ 34,653,358</b>	<b>\$ (9,153,128)</b>	<b>\$ 116,867,476</b>

# Heartland Community College District 540

## Uniform Financial Statement #3

### Operating Funds Revenues and Expenditures

<i>Year Ended June 30, 2025</i>	Education	Operations & Maintenance	Total
<b>Revenues:</b>			
Local government:			
Property taxes	\$ 13,548,002	\$ 2,895,718	\$ 16,443,720
Replacement taxes	-	1,092,523	1,092,523
<b>Total local government</b>	<b>13,548,002</b>	<b>3,988,241</b>	<b>17,536,243</b>
State government:			
ICCB base operating grants	3,856,351	-	3,856,351
ICCB equalization grants	1,570,010	-	1,570,010
ICCB career and technical education	212,642	-	212,642
Other state sources	11,731	-	11,731
<b>Total state government</b>	<b>5,650,734</b>	<b>-</b>	<b>5,650,734</b>
Student tuition and fees:			
Tuition	15,768,517	-	15,768,517
Student fees	1,520,383	-	1,520,383
<b>Total tuition and fees</b>	<b>17,288,900</b>	<b>-</b>	<b>17,288,900</b>
Other sources:			
Sales and service fees	1,590,458	-	1,590,458
Facilities revenue	141,827	-	141,827
Investment income	899,224	220,819	1,120,043
Other revenue	491,837	105,450	597,287
<b>Total other sources</b>	<b>3,123,346</b>	<b>326,269</b>	<b>3,449,615</b>
<b>Total revenue</b>	<b>39,610,982</b>	<b>4,314,510</b>	<b>43,925,492</b>
Less nonoperating items:			
Tuition chargeback	-	-	-
Issuance of debt	-	1,108,358	1,108,358
<b>Adjusted revenue</b>	<b>\$ 39,610,982</b>	<b>\$ 5,422,868</b>	<b>\$ 45,033,850</b>

**Heartland Community College District 540**  
**Uniform Financial Statement #3**  
**Operating Funds Revenues and Expenditures (Continued)**

<i>Year Ended June 30, 2025</i>	<b>Education</b>	<b>Operations &amp; Maintenance</b>	<b>Total</b>
Operating expenditures:			
By program:			
Instruction	14,607,525	-	14,607,525
Academic support	2,656,223	-	2,656,223
Student services	4,187,857	-	4,187,857
Public services	2,772,252	-	2,772,252
Operations and maintenance	-	6,233,013	6,233,013
Institutional support	9,050,049	463,287	9,513,336
Scholarships, grants, waivers	4,852,833	-	4,852,833
Total operating expenditures by program	38,126,739	6,696,300	44,823,039
Less nonoperating items:*			
Net transfers	2,051,427	681,524	2,732,951
Adjusted expenditures	\$ 40,178,166	\$ 7,377,824	\$ 47,555,990
By object:			
Salaries	23,493,437	785,997	24,279,434
Employee benefits	4,433,855	192,207	4,626,062
Contractual services	2,378,996	1,613,812	3,992,808
General materials and supplies	1,764,295	555,264	2,319,559
Travel, conference and meeting expense	425,759	15,713	441,472
Fixed charges	169,609	36,345	205,954
Utilities	4,217	1,203,149	1,207,366
Capital outlay	238,447	1,996,276	2,234,723
Principal retirement	133,824	243,397	377,221
Interest, service charges, and issuance costs	2,676	54,138	56,814
Other	5,081,624	2	5,081,626
Total expenditures by object	38,126,739	6,696,300	44,823,039
Less nonoperating items:			
Net transfers	2,051,427	681,524	2,732,951
Adjusted expenditures	\$ 40,178,166	\$ 7,377,824	\$ 47,555,990

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

# Heartland Community College District 540

## Uniform Financial Statement #4

### Restricted Purposes Fund Revenues and Expenditures

Year Ended June 30, 2025

Revenue by source:

State government:

ICCB - adult education	\$ 344,025
ICCB grants - other	2,089,118
Department of Commerce and Economic Opportunity	792,981
Illinois Student Assistance Commission	1,950,506
On-behalf CIP	(2,515,947)
On-behalf SURS	9,765,710
Other	1,187,004

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Total state government	13,613,397
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Federal government:

Department of Education	9,870,481
Department of Labor	327,827
Department of Health and Human Services	210,306
Other	114,707

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Total federal government	10,523,321
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Other sources:

Investment income	131,392
Nongovernmental grants and gifts	1,864,586

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Total other sources	1,995,978
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Total restricted purposes fund revenues	\$ 26,132,696
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Expenditures by program:

Instruction	4,475,043
Academic support	14,264
Student services	751,059
Public services	1,814,017
Auxiliary services	232,999
Operations and maintenance	7,547,033
Institutional support	4,404,439
Scholarships, student grants, and waivers	12,023,493

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Total restricted purposes fund expenditures by program	\$ 31,262,347
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# Heartland Community College District 540

## Uniform Financial Statement #4

### Restricted Purposes Fund Revenues and Expenditures (Continued)

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*Year Ended June 30, 2025*

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Expenditures by object:

Salaries	1,953,209
Employee benefits	7,536,339
Contractual services	1,869,671
General materials and supplies	(248,842)
Travel, conference and meeting expense	195,567
Utilities	365
Capital outlay	7,385,132
Principal Retirement	188,905
Interest, service charges, and issuance costs	157,681
Other	12,224,320

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Total restricted purposes fund expenditures by object \$ 31,262,347

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# Heartland Community College District 540

## Uniform Financial Statement #5

### Current Funds\* - Expenditures by Activity

Year Ended June 30, 2025

Instruction:	
Program	\$ 19,133,887
Support	50,355
<hr/>	
Total instruction	19,184,242
<hr/>	
Academic support:	
Library Resource Center	625,007
Instructional Materials Center	29,595
Educational Media Center	321,400
Academic computing support	193,902
Academic administration and planning	790,412
Other Academic Support	718,712
<hr/>	
Total academic support	2,679,028
<hr/>	
Student services:	
Admissions & Records	945,859
Counseling & Career Guidance	354,881
Financial Aid Administration	496,195
Other Student Services	3,161,196
<hr/>	
Total student services	4,958,131
<hr/>	
Public service/continuing education:	
Community Education	3,278,514
Customized Training	323,744
Community Services	56,483
Other Public Services	929,859
<hr/>	
Total public service/continuing education	4,588,600
<hr/>	
Auxiliary	4,309,048
<hr/>	

# Heartland Community College District 540

## Uniform Financial Statement #5

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

Year Ended June 30, 2025

Operations and maintenance of plant:

Maintenance	1,694,613
Custodial	866,834
Grounds	82,045
Campus Security	170,577
Transportation	30,122
Plant Utilities	1,039,790
Administration	419,746
Other Operations and Maintenance	10,465,959

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Total operations and maintenance of plant	14,769,686
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Institutional support:

Executive Management	1,365,606
Fiscal Operations	1,108,504
Community Relations	1,048,146
Administrative Support Services	577,176
Board of Trustees	38,533
General Institution	3,622,162
Institutional Research	(128,764)
Administrative Data Processing	2,650,551
Other Institutional Support	7,050,618

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Total institutional support	17,332,532
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Scholarships, Grants, Waivers	16,876,326
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Total current funds expenditures	\$ 84,697,593
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\* Current Funds include Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; and Liability, Protection, and Settlement.

# Heartland Community College District 540

## Fiscal Year 2026 Certification of Per Capita Cost

For Fiscal Year Ended June 30, 2025

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All fiscal year 2025 noncapital audited operating expenditures from the following funds:

1. Education Fund	37,297,891
2. Operations and Maintenance Fund	2,173,376
4. Bond and Interest Fund	2,700,264
6. Restricted Purposes Fund	21,468,605
7. Audit Fund	272,367
8. Liability, Protection, and Settlement Fund	<u>4,046,609</u>
10. Total noncapital expenditures (sum of lines 1-9)	<u>\$ 67,959,112</u>
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$ 2,472,503</u>
12. Total costs included (line 10 plus line 11)	<u>\$ 70,431,615</u>
13. Total certified semester credit hours for FY 2025	<u>83,343</u>
14. Per capita cost (line 12 divided by line 13)	<u>\$ 845.08</u>

Approved:

  
\_\_\_\_\_  
Chief Financial Officer

3/26/2026

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
President

3/26/2026

\_\_\_\_\_  
Date

**ICCB State Grant Financial and Compliance Section**

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

Board of Trustees  
Heartland 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 District 540's as of and for the year ended June 30, 2025, 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 District 540 as of June 30, 2025, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's (ICCB) *Fiscal Management Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Adult Education and Family Literacy Grants of Heartland 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 to the State Adult Education and Family Literacy Grants financial statements, 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 District 540 as of June 30, 2025, and the changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

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

In performing an audit in accordance with GAAS and the grant policy guidelines of ICCB's *Fiscal Management Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

*Wipfli LLP*

Wipfli LLP

Sterling, Illinois

March 26, 2026

# Heartland Community College District 540

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

<i>As of June 30, 2025</i>	<b>State Basic</b>	<b>Performance</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 4,333	\$ 159	\$ 4,492
Total assets	\$ 4,333	\$ 159	\$ 4,492
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 4,333	\$ 159	\$ 4,492
Total liabilities	4,333	159	4,492
Fund balances			
Total liabilities fund balances	\$ 4,333	\$ 159	\$ 4,492

See Notes to ICCB Grant Programs Financial Statements.

# Heartland Community College District 540

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

<i>Year Ended June 30, 2025</i>	State Basic	Performance	Total
<b>Revenues:</b>			
State sources	\$ 226,035	\$ 117,990	\$ 344,025
Total revenues	226,035	117,990	344,025
<b>Expenditures:</b>			
Personnel services	181,941	91,489	273,430
Fringe benefits	35,229	19,947	55,176
Travel	965	1,240	2,205
Supplies	1,000	2,194	3,194
Training and education	4,900	1,120	6,020
Miscellaneous	2,000	2,000	4,000
Total expenditures	226,035	117,990	344,025
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

See Notes to ICCB Grant Programs Financial Statements.

# Heartland Community College District 540

## Background Information on State Grants

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### **State 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 child care facilities or provision.

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

# Heartland Community College District 540

## Notes to ICCB Grant Programs Financial Statements

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

#### **General**

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

#### **Basis of Accounting**

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2025. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2025 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. 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.

## Independent Accountant's Report on Credit Hour and Other Bases Upon Which Claims are Filed

Board of Trustees  
Heartland Community College District 540  
Normal, Illinois

We have examined management of Heartland Community College District 540 (the "College")'s assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to the accompanying Schedule of Credit Hour Data and Other Bases Upon Which Claims Are Filed of Heartland Community College District 540 during the period July 1, 2024 through June 30, 2025. 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 (AICPA). 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.

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

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Sterling, Illinois  
March 26, 2026

**HEARTLAND COMMUNITY COLLEGE DISTRICT 540  
SCHEDULE OF CREDIT HOUR DATA AND OTHER BASES  
UPON WHICH CLAIMS ARE FILED  
YEAR ENDED JUNE 30, 2025**

<u>Credit Hour Categories</u>	<u>Total Reimbursable Semester Credit Hours by Term</u>			
	<u>Summer Term</u>		<u>Fall Term</u>	
	<u>Unrestricted Hours</u>	<u>Restricted Hours</u>	<u>Unrestricted Hours</u>	<u>Restricted Hours</u>
Baccalaureate	6,460.0	0.0	26,017.0	84.0
Business Occupational	332.0	0.0	962.0	0.0
Technical Occupational	210.0	0.0	2,572.0	0.0
Health Occupational	455.0	126.0	2,031.0	288.0
Remedial/Developmental	193.0	0.0	1,466.0	0.0
Adult Education	0.0	389.5	857.5	2,332.6
<b>Total</b>	<b>7,650.0</b>	<b>515.5</b>	<b>33,905.5</b>	<b>2,704.6</b>

<u>Credit Hour Categories</u>	<u>Spring Term</u>		<u>Total All Terms</u>	
	<u>Unrestricted Hours</u>	<u>Restricted Hours</u>	<u>Unrestricted Hours</u>	<u>Restricted Hours</u>
	Baccalaureate	25,669.0	24.0	58,146.0
Business Occupational	1,063.0	0.0	2,357.0	0.0
Technical Occupational	3,414.0	90.0	6,196.0	90.0
Health Occupational	3,204.0	504.0	5,690.0	918.0
Remedial/Developmental	979.0	0.0	2,638.0	0.0
Adult Education	437.0	3,183.0	1,294.5	5,905.1
<b>Total</b>	<b>34,766.0</b>	<b>3,801.0</b>	<b>76,321.5</b>	<b>7,021.1</b>

	<u>In-District (All terms)</u>	
	<u>Unrestricted Hours</u>	<u>Restricted Hours</u>
Reimbursable Credit Hours:	63,794.5	6,674.6

Credit Hours on Chargeback or Contractual Agreement: 0.0

	<u>Dual Credit (All Terms)</u>		<u>Dual Enrollment (All Terms)</u>	
	<u>Unrestricted Hours</u>	<u>Restricted Hours</u>	<u>Unrestricted Hours</u>	<u>Restricted Hours</u>
	Reimbursable Credit Hours:	14,145.0	0.0	207.0

District Equalized Assessed Valuation: \$ 6,425,806,117

<u>Credit Hour Categories</u>	<u>Correctional Semester Credit Hours</u>			
	<u>Summer Correctional Hours</u>	<u>Fall Correctional Hours</u>	<u>Spring Correctional Hours</u>	<u>Total Correctional Hours</u>
	Baccalaureate	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
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

  
Signature:  
College President

  
Signature:  
Vice President, Finance and Administration

**HEARTLAND COMMUNITY COLLEGE DISTRICT 540  
RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS  
YEAR ENDED JUNE 30, 2025**

<b>Total Reimbursable Semester Credit Hours</b>			
<b><u>Credit Hour Categories</u></b>	<b>Total</b>	<b>Total</b>	<b><u>Difference</u></b>
	<b>Reported in Audit</b>	<b>Certified to ICCB</b>	
	<b><u>Unrestricted Hours</u></b>	<b><u>Unrestricted Hours</u></b>	
Baccalaureate	58,146.0	58,146.0	0.0
Business Occupational	2,357.0	2,357.0	0.0
Technical Occupational	6,196.0	6,196.0	0.0
Health Occupational	5,690.0	5,690.0	0.0
Remedial/Developmental	2,638.0	2,638.0	0.0
Adult Education	1,294.5	1,294.5	0.0
Total:	76,321.5	76,321.5	0.0

<b><u>Credit Hour Categories</u></b>	<b>Total</b>	<b>Total</b>	<b><u>Difference</u></b>
	<b>Reported in Audit</b>	<b>Certified to ICCB</b>	
	<b><u>Restricted Hours</u></b>	<b><u>Restricted Hours</u></b>	
Baccalaureate	108.0	108.0	0.0
Business Occupational	0.0	0.0	0.0
Technical Occupational	90.0	90.0	0.0
Health Occupational	918.0	918.0	0.0
Remedial/Developmental	0.0	0.0	0.0
Adult Education	5,905.1	5,905.1	0.0
Total:	7,021.1	7,021.1	0.0

	<b>Total</b>	<b>Total</b>	<b><u>Difference</u></b>
	<b>Reported in Audit</b>	<b>Certified to ICCB</b>	
	<b><u>Unrestricted Hours</u></b>	<b><u>Unrestricted Hours</u></b>	
In-District Credit Hours:	63,794.5	63,794.5	0.0
Dual Credit Hours:	14,145.0	14,145.0	0.0
Dual Enrollment Hours:	207.0	207.0	0.0

	<b>Total</b>	<b>Total</b>	<b><u>Difference</u></b>
	<b>Reported in Audit</b>	<b>Certified to ICCB</b>	
	<b><u>Restricted Hours</u></b>	<b><u>Restricted Hours</u></b>	
In-District Credit Hours:	6,674.6	6,674.6	0.0
Dual Credit Hours:	0.0	0.0	0.0
Dual Enrollment Hours:	8.0	8.0	0.0

<b>Total Correctional Semester Credit Hours</b>			
<b><u>Credit Hour Categories</u></b>	<b>Total</b>	<b>Total</b>	<b><u>Difference</u></b>
	<b>Reported in Audit</b>	<b>Certified to ICCB</b>	
	<b><u>Unrestricted Hours</u></b>	<b><u>Unrestricted Hours</u></b>	
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

<b><u>Credit Hour Categories</u></b>	<b>Total</b>	<b>Total</b>	<b><u>Difference</u></b>
	<b>Reported in Audit</b>	<b>Certified to ICCB</b>	
	<b><u>Restricted Hours</u></b>	<b><u>Restricted Hours</u></b>	
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 District 540

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

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### Note 1: Residency Verification Process

#### Procedures for Verifying and Classifying Residency

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

# **Annual Federal Financial Compliance Section**

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

Board of Trustees  
Heartland Community College District 540  
Normal, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit Heartland Community College District 540, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Heartland Community College District 540's basic financial statements, and have issued our report thereon dated March 26, 2026. The financial statements of Heartland Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Heartland Community College Foundation. 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. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Heartland Community College District 540's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Heartland Community College District 540's internal control. Accordingly, we do not express an opinion on the effectiveness of the Heartland Community College District 540's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the Heartland Community College District 540's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Heartland Community College District 540's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Heartland Community College District 540's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Heartland Community College District 540's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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 Heartland Community College District 540'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 Heartland Community College District 540's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wipfli LLP*

Wipfli LLP

Sterling, Illinois

March 26, 2026

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

Board of Trustees  
Heartland Community College District 540  
Normal, Illinois

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

#### ***Opinion on the Major Federal Program***

We have audited Heartland Community College District 540's 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 its major federal program for the year ended June 30, 2025. Heartland Community College District 540'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 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, 2025.

#### ***Basis for Opinion on the Major Federal Program***

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

We are required to be independent of Heartland Community College District 540 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 the major federal program. Our audit does not provide a legal determination of Heartland Community College District 540'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 Heartland Community College District 540's federal program.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Heartland Community College District 540's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Heartland Community College District 540's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Heartland Community College District 540'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 Heartland Community College District 540'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 Heartland Community College District 540's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Report on Internal Control Over Compliance***

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

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

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

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

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Sterling, Illinois  
March 26, 2026

# Heartland Community College District 540

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Award Notification Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed-through Illinois State Board of Education				
Child and Adult Food Care Program	10.558	20XX-4226-00	\$32,210	\$0
<b>U.S. Department of Labor:</b>				
Passed-through Career Link				
WIOA Cluster				
WIOA Youth Activities - Drop Out Recovery Grant	17.259	OOOSY2015-1	70,485	0
Passed-through Illinois Department of Commerce and Economic Opportunities				
Registered Apprenticeship				
Apprenticeship USA	17.285	21-111021	122,867	0
Career Link Apprenticeships	17.285	not provided	65,871	0
Apprenticeship Building America	17.285	not provided	68,604	0
Subtotal ALN 17.285			257,342	0
Total U.S. Department of Labor			327,827	0
<b>National Science Foundation</b>				
Passed-through Illinois Wesleyan University				
STEM Education				
NSF NEVC Grant	47.076	2202050-1	23,317	0
CREATE Energy National Center	47.076	2201631-5	29,597	
Subtotal ALN 47.076			52,914	0
Total National Science Foundation			52,914	0
<b>U.S. Department of Education</b>				
Passed-through Illinois Community College Board				
Adult Education - Basic Grants to States				
Federal Adult Education-Basic	84.002	54001-24	170,919	0
Federal EL/Civics Program	84.002	54001-25	203,788	0
IELCE Supplement	84.002	54001-25	60,793	0
Subtotal ALN 84.002			435,500	0
Direct award				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grant	84.007		180,927	0 (M)
Federal Work Study Program	84.033		43,002	0 (M)
Federal Pell Grant Program	84.063		6,755,522	0 (M)
Federal Direct Loans	84.268		1,774,079	0 (M)
Subtotal Student Financial Assistance Cluster			8,753,530	0
Passed-through University of Illinois				
National Resource Centers Program for Foreign Language and Area Studies				
CEAPS - Title VI NRC	84.015A	not provided	1,000	0
Direct award				
TRIO Cluster				
TRIO - Student Support Services	84.042	P042A171629	319,617	0
Passed-through Illinois Community College Board				
Career and Technical Education - Basic Grants to States:				
Perkins Title II Postsecondary/Adult	84.048	CTE54012	301,811	0

# Heartland Community College District 540

## Schedule of Expenditures of Federal Awards (continued)

Year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Award Notification Number	Expenditures	Passed Through to Subrecipients
Passed-through Indiana University				
Centers for International Business Education				
IU Center IBE&R	84.220	P220A220003	5,015	0
Direct award				
Child Care Access Means Parents in School	84.335	P335A230146	115,801	0
Total U.S. Department of Education			9,932,274	0
<b>U.S. Department of Health and Human Services</b>				
Child Care and Development Fund (CCDF) Cluster				
Passed-through Illinois Student Assistance Commission				
Child Care and Development Block Grant				
Early Childhood Grant	93.575	not provided	37,729	0
Passed-through Illinois Network of Child Care Resource and Referral Agencies				
Child Care and Development Block Grant				
Smart Start Transition Grant	93.575	not provided	44,000	0
Early Childhood Apprenticeship Pilot (ECAP)	93.575	not provided	128,577	0
Subtotal CCDF Cluster			210,306	0
Total U.S. Department of Health and Human Services			210,306	0
Total expenditures of federal awards			\$10,555,531	\$0

(M) Denotes major program

See Notes to Schedule of Expenditures of Federal Awards

# Heartland Community College District 540

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

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

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Heartland Community College District 540 under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of Heartland Community College District 540, it is not intended to and does not present the financial position, changes in net position or cash flows of Heartland Community College District 540.

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

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

### **Note 3: Indirect Cost Rate**

Heartland Community College District 540 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The College has a federally negotiated rate with the US Department of Health and Human Services of 20.50% of modified total direct costs.

### **Note 4: Loan Program**

For the year ended June 30, 2025, the College acted a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$1,774,079.

### **Note 5: Non-Cash Assistance**

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2025.

### **Note 6: Other Federal Award Information**

The College did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2025.

# Heartland Community College District 540

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

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

#### Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes  No

#### Federal Awards

Internal control over major programs:

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

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

Unmodified

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

Yes  No

#### Identification of major programs

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

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

Auditee qualified as low-risk auditee?

Yes  No

# Heartland Community College District 540

## Schedule of Findings and Questioned Costs (Continued)

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

#### 2025-001 Trial Balance/Internal Control over Financial Reporting

**Criteria or Specific Requirement:** Financial statements should be prepared in accordance with generally accepted accounting principles (GAAP), which require that account balances be accurate, supported by underlying records, and reconciled on a timely basis. Internal controls over financial reporting should ensure that subsidiary ledgers agree to the general ledger, revenues and receivables are recorded in the proper period, and bank accounts are reconciled monthly.

**Condition:** During the audit, multiple material discrepancies were identified between supporting schedules and the trial balance. The College had not properly reconciled the subledgers to the trial balance resulting in numerous adjusting entries and the College providing a corrected trial balance in December 2025. Specific issues included:

- Cash — Bank reconciliations had not been completed or balanced since November 2023. The June 2025 reconciliation contained unreconciled differences totaling several million dollars.
- Student Receivables/Deferred Tuition Revenue/Student Tuition and Fees Revenue — These account balances were not properly reconciled or corrected until after the audit fieldwork started leading to audit delays.
- Grant Receivables/Deferred Grant Revenues — The College did not record entries to match grant revenues with related expenditures, resulting in misstated receivable and deferred revenue balances.
- Accounts Payable — The accounts payable balance on the trial balance did not agree to the detailed AP listing provided. The College did not investigate the issue until after the audit fieldwork started and it was identified by us.

**Context:** During the audit, material inconsistencies were identified between the College's supporting schedules and the account balances recorded in the trial balance. These discrepancies were noted across several major financial statement areas. As the audit progressed, it became evident that key reconciliations had not been performed for extended periods and that certain year end closing procedures were incomplete or not reviewed.

**Effect:** These conditions resulted in inaccurate financial statement balances and required extensive audit adjustments and a corrected trial balance. The lack of reliable reconciliations and supporting documentation increases the risk that material misstatements could occur and remain undetected. The discrepancies also delayed audit completion and indicate that internal controls over financial reporting were not operating effectively.

**Cause:** The issues appear to stem from insufficient oversight of account reconciliations, lack of timely review of subsidiary ledgers, and incomplete application of year end closing procedures. Key reconciliations were not performed regularly, and revenue recognition processes were not consistently applied.

**Auditor's Recommendation:** The College should strengthen internal controls over financial reporting by implementing the following actions:

1. Complete and review bank reconciliations monthly, ensuring all reconciling items are

# Heartland Community College District 540

## Schedule of Findings and Questioned Costs (Continued)

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resolved promptly.

2. Reconcile subsidiary ledgers—including student receivables, grant receivables, and accounts payable—to the general ledger on a routine schedule.
3. Apply revenue recognition procedures consistently, ensuring tuition and grant revenues are recorded in accordance with GAAP and reflect actual activity.
4. Enhance year end closing procedures to include documented review steps verifying that supporting schedules agree to the trial balance before audit submission.
5. Provide additional training or resources to staff responsible for financial reporting to ensure reconciliations and closing processes are performed accurately and timely.

Strengthening these processes will improve the accuracy and reliability of the College's financial statements and reduce the risk of future material misstatements.

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

2025-002

### **Bank Reconciliations**

**Criteria or Specific Requirement:** Sound internal control over financial reporting requires that cash accounts be reconciled to bank statements on a timely basis and that all cash transactions be accurately and completely recorded in the accounting records. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework emphasizes that management should design and implement control activities to ensure transactions are recorded completely and accurately and that periodic reconciliations are performed and reviewed.

**Condition:** The College's bank reconciliation process is not functioning effectively. During the audit, a few bank account reconciliations did not agree to the general ledger. Significant cash-related transactions—including cash received from a bond issuance, bond interest payments, and interest earned—were not recorded in the general ledger. In addition, a \$10 million transfer from cash to investments was not recorded. These omissions caused material variances between the bank reconciliation, the cash and investment balances, and the trial balance.

Further, based on discussions with College personnel, certain journal entries were posted incorrectly, resulting in an inaccurate trial balance. Although a correcting journal entry was subsequently provided, the operating account reconciliation continued to show an unreconciled difference of \$56,455. The operating account has not been fully reconciled since November 2023.

**Context:** The College is responsible for maintaining accurate financial records and performing timely bank reconciliations to ensure that cash activity recorded in the general ledger aligns with external bank statements. These reconciliations are a foundational internal control activity that supports reliable financial reporting and safeguarding of assets.

**Effect:** Failure to record material transactions and maintain accurate bank reconciliations results in misstated cash and investment balances, inaccurate financial reporting, and increased risk of undetected errors or irregularities. The lack of timely reconciliation also impairs management's ability to monitor cash activity and ensure the integrity of financial information used for decision-making.

**Cause:** The College did not record significant cash and investment transactions in the general ledger and did not ensure that journal entries were posted accurately. Additionally, the

# Heartland Community College District 540

## Schedule of Findings and Questioned Costs (Continued)

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reconciliation process did not include adequate review procedures to identify and resolve discrepancies in a timely manner.

**Auditor's Recommendations:** The College should strengthen its internal controls over cash and investment accounting by ensuring that all cash-related transactions are recorded promptly and accurately in the general ledger. Management should implement a formal review process to verify that bank reconciliations agree to the general ledger each month and that any discrepancies are investigated and resolved promptly. The College should also review and improve procedures for posting journal entries to prevent errors that impact the accuracy of the trial balance.

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

2025-003

### **Capital Asset Reporting**

**Criteria or Specific Requirement:** An accounting system should provide timely and accurate information for management. The preparation of detailed property records is an integral internal control activity to determine that the college's stated fixed asset balances are accurate and fairly reported. College management and accounting personnel should reconcile general ledger accounts to the detailed property records in a timely and effective manner.

**Condition:** Improper implementation of the College's detailed capital asset records procedures allowed for the College to perform inadequate additions and disposals to the College's detailed capital asset records. Construction in progress project costs were not tracked by project but rather individually by invoice or cash disbursement and the College had started to depreciate some of these costs even though the project was not yet placed in service. There were some expenditures that were capitalized and depreciated in the capital asset software because they were over the capitalization threshold but did not actually meet the definition of a capital asset. These errors resulted in audit delays and several adjustments to the College's depreciation schedules and construction in progress schedules.

**Context:** In planning and performing our audit procedures, we obtained an understanding of the design and implementation of internal controls for significant audit risk and performed audit procedures assessing the effectiveness of internal controls. Additionally, we performed substantive audit procedures to obtain audit evidence verifying the completeness, validity, and accuracy of the property additions, property disposals, and property detail records.

**Effect:** Without a proper review of the property records and the general ledger accounts, information provided to management is inaccurate. Also, the probability that fraud or material errors will occur and go undetected generally increases.

**Cause:** The College did not perform an adequate review of the College's property detail records to verify the completeness, validity, and accuracy of the College's capital assets.

**Auditor's Recommendation:** We recommend that the College properly review and monitor the accuracy of the property detail records so that capital assets are reported and depreciated accurately. This would also allow the College to ensure completeness and accuracy, enhancing the control system in the accounting department. Capital asset additions should be tracked by project and expense account number. Management personnel involved in the property recording keeping should designate the review process to a second individual to ensure that the amounts tie to the college's accounting system.

# Heartland Community College District 540

## Schedule of Findings and Questioned Costs (Continued)

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



HEARTLAND  
COMMUNITY COLLEGE

## Corrective Action Plan (CAP) for FY2025 Findings

### **Finding 2025-001: Trial Balance/Internal Control over Financial Reporting**

#### Corrective Action Plan

The College will implement the following plan:

1. Establish a monthly reconciliation calendar owned by the Controller that includes bank reconciliations, student accounts, grants, accounts payable, payroll, fixed assets, and debt. The calendar will specify preparer, reviewer, due dates, and dependencies; completion will be tracked in a shared checklist with evidence links.
2. Reconcile all subsidiary ledgers to the general ledger monthly: (a) Student AR/tuition & fees to the GL with aging tie-outs; (b) Grants receivable/deferred revenue to grant expenditure ledgers with revenue recognition entries posted monthly; (c) AP subledger to GL with unmatched items researched and cleared. Variances >\$1,000 require documented explanation and correction in the same period.
3. Implement pre-close review controls: a second-level review by the Associate Vice President, Finance & Administration of the preliminary trial balance and key roll-forwards (cash, AR, AP, capital assets, deferred inflows/outflows). Any proposed top-side or post-close entries require documented support and approval before posting.
4. Formalize year-end closing procedures: perform tie-outs of all supporting schedules to the final trial balance prior to audit fieldwork; lock prior periods upon close to prevent back-dated entries.
5. Provide targeted training for Business Office staff on revenue recognition (tuition/fees and grants), reconciliation techniques, and documentation standards. Cross-train at least one backup for each critical reconciliation to ensure continuity.

#### Person Responsible

Controller

#### Timing for Implementation

Calendar and procedures effective as of the April 2026 reconciliation; all monthly reconciliations will be current by June 30, 2026; year-end reconciliation checklist completed before audit PBC submission for FY2026 audit.

### **Finding 2025-002: Bank Reconciliation**

#### Corrective Action Plan

The College will implement the following plan:

1. Reinstate a daily cash activity log and require all significant cash/investment transactions (bond proceeds, interest, transfers) to be recorded within two business days with documented support (bank advices, broker confirms).

2. Perform bank reconciliations for all accounts monthly within 15 business days of statement availability. Use a standardized reconciliation template that ties bank balance to GL cash, lists reconciling items with dates, and requires explanation/clearing plans for items older than 30 days.
3. Implement a formal review-and-approval workflow: preparer (Accountant) > approver (Controller) for all accounts; evidence of review captured electronically via sign-off and date in a monthly reconciliation report sent to the Vice President, Finance and Administration.
4. Correct prior-period omissions: post entries for bond proceeds, debt service, interest earnings; reconcile investment statements to GL monthly.
5. Strengthen journal entry controls: require supporting documentation and explanation for all cash-related journal entries; prohibit preparer/approver conflicts; enable system posting controls to prevent out-of-balance cash.

Person Responsible

Associate Vice President, Finance and Administration

Timing for Implementation

Backlog clearance and corrections posted by April 30, 2026; all bank and investment reconciliations current and on a 15-business day cycle starting June 2026.

**Finding 2025-003: Capital Asset Reporting**

Corrective Action Plan

The College will implement the following plan:

1. Centralize capital project accounting: track Construction in Progress (CIP) by project with unique IDs, budgets, funding sources, and all invoices/retentions attached; prohibit depreciation on CIP until placed in service.
2. Revise capitalization policy and decision tree to align with GASB: define thresholds and asset classes; clarify expense vs. capitalize criteria (e.g., repairs vs. betterments); require documentation of in-service dates and componentization where applicable.
3. Implement a monthly Fixed Assets (FA) management system to GL expense/purchases tie-out: additions, disposals, and depreciation schedules reconciled to the GL; variances investigated and corrected in-period. Require a second reviewer for all asset additions and disposals.
4. Strengthen intake workflow: Purchasing and Receiving provide asset tag requests upon PO > threshold; Receiving Clerk tags assets upon arrival; Controller validates capitalization and posts to FA subledger within 15 business days after the monthly close.

5. Conduct a one-time scrub: review FY24-FY25 asset additions for misclassified expenses/capital, improper depreciation, and incomplete CIP; post corrections with documented support.

Person(s) Responsible

Associate Vice President, Finance and Administration

Timing for Implementation

Revised capitalization policy issued by June 30, 2026; CIP project tracking live for all active projects by June 30, 2026; monthly FA-to-GL reconciliation beginning with June 2026 close; one-time scrub completed by August 31, 2026.



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Laura Hughs

Associate Vice President, Finance and Administration



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Noah Lamb

Vice President, Finance and Administration

# Heartland Community College District 540

## Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

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**June 30, 2024**

### Section II Financial Statement Finding

#### **Finding 2024-001**

In regard to the fixed asset reporting, the examination disclosed improper implementation of the College's detailed property records procedures allowed for the College to perform inadequate additions and disposals to the College's detailed property records. This finding was repeated in 2025. The recurrence resulted from turnover within the business office and a misunderstanding of the root cause of the improper fixed asset reporting. Management has taken steps to obtain a better understanding of the cause of the improper fixed asset reporting. Management plans to implement enhanced controls and monitoring procedures, as outlined in their fiscal year 2025 corrective action plan, to fully remediate the finding in the next fiscal year.

#### **Finding 2024-002**

In regard to the account reconciliation, the examination disclosed improper implementation of the College's account reconciliation procedures allowed for the College to perform inadequate reconciliation of the College's cash accounts. This finding was repeated in 2025. The recurrence resulted from a misunderstanding of the root cause of the finding in prior year audit. Management has taken steps to obtain a better understanding of the cause of the incorrect account reconciliation. Management plans to implement enhanced controls and monitoring procedures, as outlined in their fiscal year 2025 corrective action plan, to fully remediate the finding in the next fiscal year.

### Section III Findings and Questioned Costs for Federal Awards

#### **Finding 2024-003**

In regard to the Student Financial Assistance Cluster special test and provisions verification, the examination disclosed 4 instances, out of 17 student files tested, in which the verification was performed inaccurately. Management implemented its corrective action plan. This finding was not repeated in 2025.