

Heartland Community College Community College District #540 Normal, Illinois

Comprehensive Annual Financial Report
For the fiscal years ended June 30, 2021 and 2020

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

COMPREHENSIVE ANNUAL FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Prepared by:

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Vice President, Finance and Administration

Sharon McDonald
Controller

Heartland Community College
Community College District #540
Years Ended June 30, 2021 and 2020

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INTRODUCTORY SECTION



HEARTLAND
COMMUNITY COLLEGE

January 26, 2022

President's Letter



Members of the Board of Trustees:

It is with pleasure that I submit, to you and the residents of District 540, the Heartland Community College Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2021. Heartland is committed to providing access and supporting the success of all students and citizens of District 540. The 2021 Comprehensive Annual Financial Report provides evidence that the College is well positioned to serve its communities as a leader in higher education and a responsible financial steward.

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

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

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

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

Sincerely,

Keith Cornille, Ed.D., President

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Normal, IL 61761
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January 26, 2022

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

The Comprehensive Annual Financial Report of Heartland Community College District No. 540, Normal, Illinois, as of and for the fiscal year ended June 30, 2021 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, 2021. The independent auditor's report is located at the front of the financial section of the report.

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

PROFILE OF THE COLLEGE

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

The College District extends roughly from Lincoln, Illinois on the south, along Interstate 55, and north to Pontiac, Illinois. Of the nearly 213,000 district residents, about two-thirds reside in incorporated areas. Bloomington-Normal is the largest population center of this region. The District includes most of McLean County and parts of DeWitt, Ford, Livingston, Logan and Tazewell counties. The main campus is located in Normal, Illinois (McLean County) with regional centers in both Lincoln and Pontiac.

VISION, MISSION, FOUNDATIONAL COMMITMENTS, AND OUR ENDURING GOALS

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

Vision

Leading our community to lifelong learning and success.

Mission

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

Foundational Value Statements and College-Wide Priorities and Goals

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

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

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

Promote Student Success

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

Ensure Resource Stewardship

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

Serve as a Community Resource

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

Model Effective Communication, Collaboration and Transparency

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

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

FINANCIAL INFORMATION

The College maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America as set forth by the Governmental and Financial Accounting Standards Boards, the National Association of College and University Business Officers and the Illinois Community College Board (ICCB). The ICCB requires accounting by funds in order to easily account for limitations and restrictions on resources. The financial records of the College are maintained on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal obligation to pay. The notes to the financial statements expand and explain the financial statements and the accounting principles applied.

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The financial position of the College is strong. This is attributed to a stable and diverse local economy, strong management practices by a quality and stable administration and Board of Trustees, favorable reserve levels and proactive financial planning, strong budgetary management and cost controls, moderate debt burden with rapid payback, and a healthy property tax base. Over the last ten years, the College's net position has increased from \$54.7 million in fiscal year 2012 to \$59.0 million in fiscal year 2021. The College's net position in 2021 is about \$4.4 million more than 2012 and net position improved from 2020 to 2021 by approximately \$6.3 million.

State of Illinois Economy

The State of Illinois economy has been affected by the business closures due to the COVID-19 pandemic. The unemployment rate for Illinois as of May 2021 was 7.1 percent (down from 15.3 percent in May 2020 and was 1.2 percentage points higher than the national rate for the month).

The State's employment growth numbers reflect the trend across the rest of the Nation as employment begins to bounce back after the decline in the previous year because of the COVID-19 pandemic. Illinois has gained 4.2% of employment growth over the last year, from July 2020 to July 2021, as reported by the US Bureau of Labor Statistics. Illinois' Labor Force participation rate has increased from 61.7 in July of 2020 to 62.6 in July of 2021.

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

The Fiscal Year 2022 State Budget was appropriated in a timely fashion by the State of Illinois. Heartland Community College (HCC) FY 2022 Budget included anticipated State revenue of 100% of the State's appropriated budget. The College did levy an equity tax in 2020 and this is reflected in the Fiscal Year 2022 Budget. The College has continued its focus on multi-year budgetary plans and strategies.

District Economy

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

The District has several higher education institutions. Bloomington-Normal is the location of two universities, Illinois State University in Normal (with enrollment of 20,233 undergraduate students in Fall of 2021 per their website) and Illinois Wesleyan University in Bloomington (with an enrollment of approximately 1,636 students in Fall of 2020 per their website). Lincoln, in the southern part of the district, has two colleges: Lincoln College, a private residential college that offers instruction to about 1,109 total students, and Lincoln Christian University, a private four-year institution of about 672 students. Several cooperative arrangements and educational alliances have been established with some of these institutions, as well as with some peer Illinois community colleges.

Bloomington-Normal and McLean County retail sales for 2019 were \$2,436,053,815, which was an increase of 2.0 percent from 2018 retail sales. Median household income for McLean County was \$65,813, making it one of the highest counties in the State. The most recent population of the County was 171,517. The current population of the entire district is 212,818. These economic growth indicators bode well for the community and for Heartland Community College.

Tax Base

The Heartland Community College District 2020 tax levy base of \$4,705,470,640 increased by 2.19 percent from the 2019 tax base. This followed an increase of 1.68 percent in the previous year. Modest residential and commercial growth is expected to continue, with a projected increase of between one and two percent in the 2020 tax levy base. The value of farmland and the varieties of construction growth have been key factors in the District's historical economic growth. There has been continued growth within the District in green economy initiatives such as wind farms.

The district Equalized Assessed Valuation (EAV) is projected to increase slightly, between one and two percent per annum, for the next two to three years. Local property taxes will continue to be a significant source of revenue for the College. During fiscal year 2021, local property taxes accounted for 40.3 percent of total operating revenues. Local support represents 39.5 percent of total operating fund revenues in the fiscal year 2022 budget.

Net Position and Liquidity

The College's net position at the end of fiscal year 2021 increased to \$59.0 million as compared to fiscal year 2020's restated ending net position of \$52.8 million. Net position was 96.1 percent of total fiscal year 2021 operating expenses. Liquidity is strong, with \$57.2 million of cash and short-term investments at year end.

College Enrollment

Credit hour enrollment declined by 4 percent during fiscal year 2021 as compared to a 2 percent decline in 2020. This was the eighth consecutive year for an enrollment decline. Heartland's enrollment patterns are affected by the economy and have trended more positively, in recent years, than State and national enrollments at other community colleges.

For the current fall semester of fiscal year 2022 (fall 2021) total credit hours decreased by 0.7% and the full-time equivalent (FTE) count decreased by 0.7 percent. Total credit hours for fall 2021 were 38,460 as compared to 38,721 in fall 2020. Student headcount at tenth day however, increased by 2.5 percent to 4,436 students from 4,325 students in the previous fall of 2020. Five years ago, in the fall 2016 semester, 5,037 students were enrolled in 46,439 credit hours. The five-year decline in students is 601 or 11.9 percent and in credit hours is 7,979 or 17.2 percent.

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

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

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

The fiscal year 2022 budget was predicated on an overall 5.0 percent decrease in budgeted credit hours from fiscal year 2021's actual credit hours. We believe the enrollment declines during 2021 and the five previous fiscal years have been driven by: (1) economic factors, (2) declines in high school graduating class sizes, (3) changes that restrict continuing federal financial aid eligibility, and (4) uncertainty of students and online instruction due to the COVID-19 pandemic. Most of our peer institutions have seen similar declines in enrollment this year and in previous years.

A net increase of \$6.00 was made to the in-district tuition and universal fees rate between fiscal year 2021 and fiscal year 2022. Heartland's FY2021 per credit hour in-district tuition and fees rate of \$163.00 was ranked as #9 (from the highest) among other Illinois community colleges.

The District received a total of \$629,677 in Adult Education grants for fiscal year 2021. This was an increase of \$19,468 from fiscal year 2020's Adult Education grants.

In fiscal year 2021, overall revenues in the College's continuing education programs decreased from fiscal year 2020 mainly due to cancellations of courses and reduced sizes of courses due to the COVID-19 pandemic. Sales and service fees from continuing education programs were \$681,293 in fiscal year 2021 as compared to \$745,154 in 2020, which was down \$63,861. The fiscal year 2022 budget includes an increase in revenue for a total revenue amount of \$795,581. Future year revenues are forecasted to increase approximately 5%.

The ethnicity of Heartland's students for Fall 2021 reflects that of the District in that approximately 71.0 percent of the students are White Non-Hispanic. Heartland's enrollments were slightly more diverse this Fall compared to last Fall, with increases in Black students of 0.6%, increases in Hispanic students of 0.8%, and increases in Asian students of 0.4%. The Fall 2021 unduplicated headcount has increased 2.5% over Fall of 2020 but our fall credit hours have decreased by 0.7%. 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 12.4 % higher in 2021 compared to 2020. Federal grants accounted for 16.31 percent of the College's total revenues during fiscal year 2021 as compared to 14.8 percent in 2020. Student awards and loans are approximately \$1,319,653 less in 2021 compared to 2020. This includes U.S. Department of Education HEERF I (CARES) and HEERF II (CRRSAA) Emergency financial aid grants to students of \$1,166,822 in 2021 to assist students affected by the COVID-19 pandemic. Federal financial aid dollars for student awards and loans accounted for approximately \$7.4 million (or 66.1 percent) of the federal total. The U.S. Department of Education awarded the College emergency funding for the higher educational institution's additional costs due to the COVID-19 pandemic with HEERF I (CARES), HEERF II (CRRSAA), and HEERF III (ARP) awards of which a total of \$5,998,107 was used in 2021. Both the HEERF II (CRRSAA) and the HEERF III (ARP) emergency funding awards will be utilized in fiscal year 2022 to assist in COVID-19 pandemic costs.

Component Unit

The Heartland Community College Foundation, considered a component unit of the College, assists the College and its students by providing scholarships and grants from its fundraising efforts. The Foundation's net position increased from \$7.8 million at the end of fiscal year 2020 to \$10.0 million in 2021. The Foundation also awarded \$365,666 in student scholarships during fiscal year 2021.

DEBT ADMINISTRATION

The College had general bonded debt of \$63,181,127 as of June 30, 2021 and \$62,108,062 as of June 30, 2020. The \$1,073,065 increase from 2020 to 2021 is the result of several different factors including: (1) principal payments totaling \$8,345,000 (reducing debt); (2) amortization of bond premiums totaling approximately \$765,677 (reducing debt); and (3) issuance of \$9,550,000 general obligation bonds along with bond premiums of \$633,742. The new bond proceeds will be used to fund technology needs and various facility improvements and capital equipment.

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

According to State of Illinois statute, the College is subject to a limit on bonded debt equal to 2.875 percent of assessed valuation. The 2020 assessed valuation of \$4,705,476,640 results in a legal debt limit of \$135,282,453. 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 2017-2021, these indicators compare as follows:

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Debt/EAV</u>	<u>General Obligation Debt Per Capita</u>
2021	\$63,181,127	1.3 percent	\$296.88
2020	\$62,108,062	1.3 percent	\$291.84
2019	\$63,907,045	1.4 percent	\$300.02
2018	\$75,157,077	1.7 percent	\$350.90
2017	\$76,973,512	1.7 percent	\$370.15

PROSPECTS FOR THE FUTURE

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

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

Community College for its Consolidated Annual Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

Heartland Community College has received the Certificate of Achievement annually since 1998. Staff believes the current report for the fiscal year ended June 30, 2021 continues to meet the stringent program requirements for the Certificate of Achievement for Excellence in Financial Reporting. The report is being submitted to GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully submitted,

/s/ Letisha K. Trepac



Letisha K. Trepac
Vice President, Finance and Administration

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

PRINCIPAL OFFICIALS

Board of Trustees

	<u>Position</u>	<u>Term Expiration</u>
Jeffrey Flessner	Chair	2025
Janet M. Hood	Vice-Chair	2025
Rebecca Ropp	Secretary	2027
Mary E. Campbell	Trustee	2023
Joshua Crockett	Trustee	2027
Cecelia Long	Trustee	2023
Thomas Whitt	Trustee	2025
Katie Boland	Student Trustee	2022

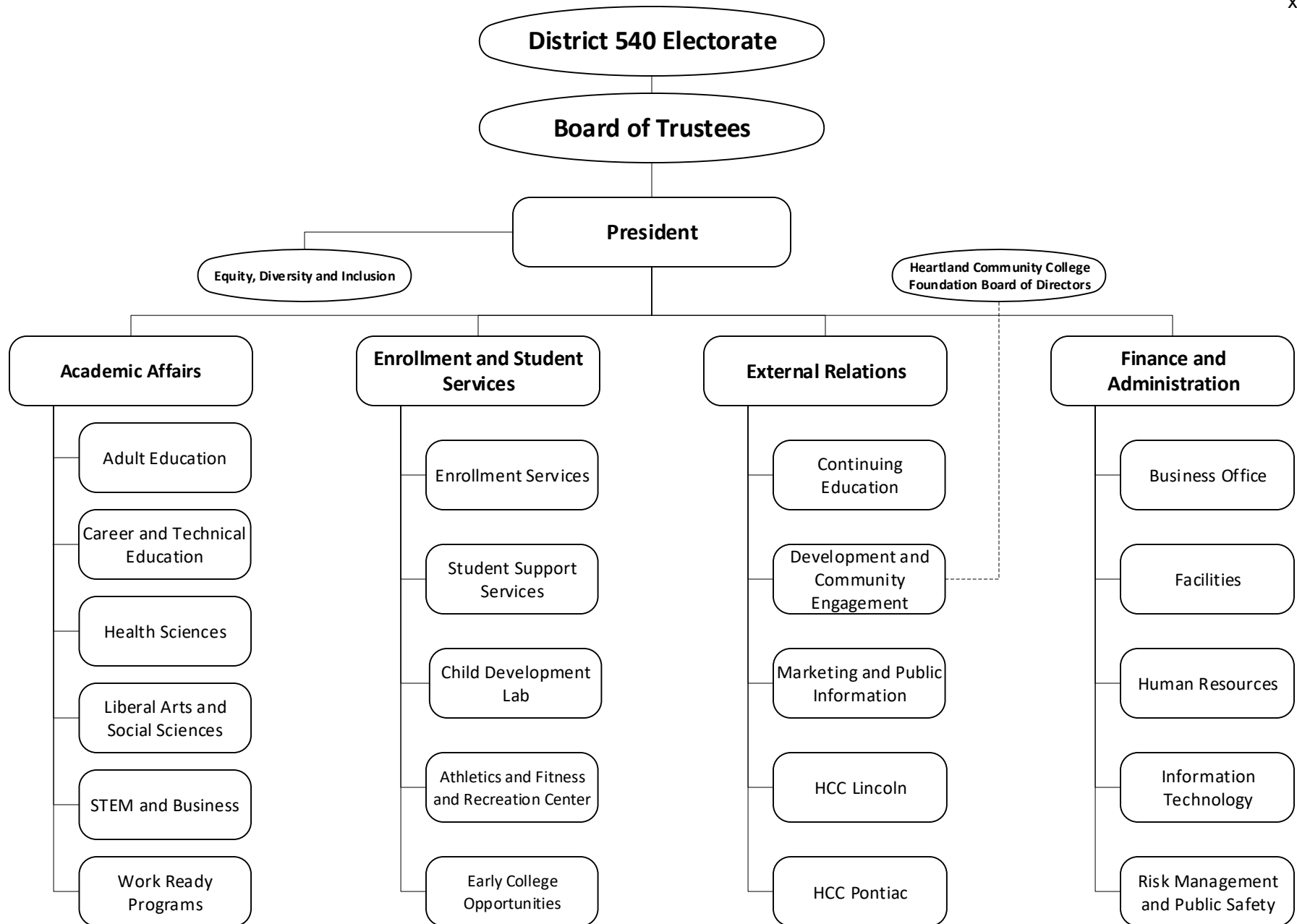
Officers of the College

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

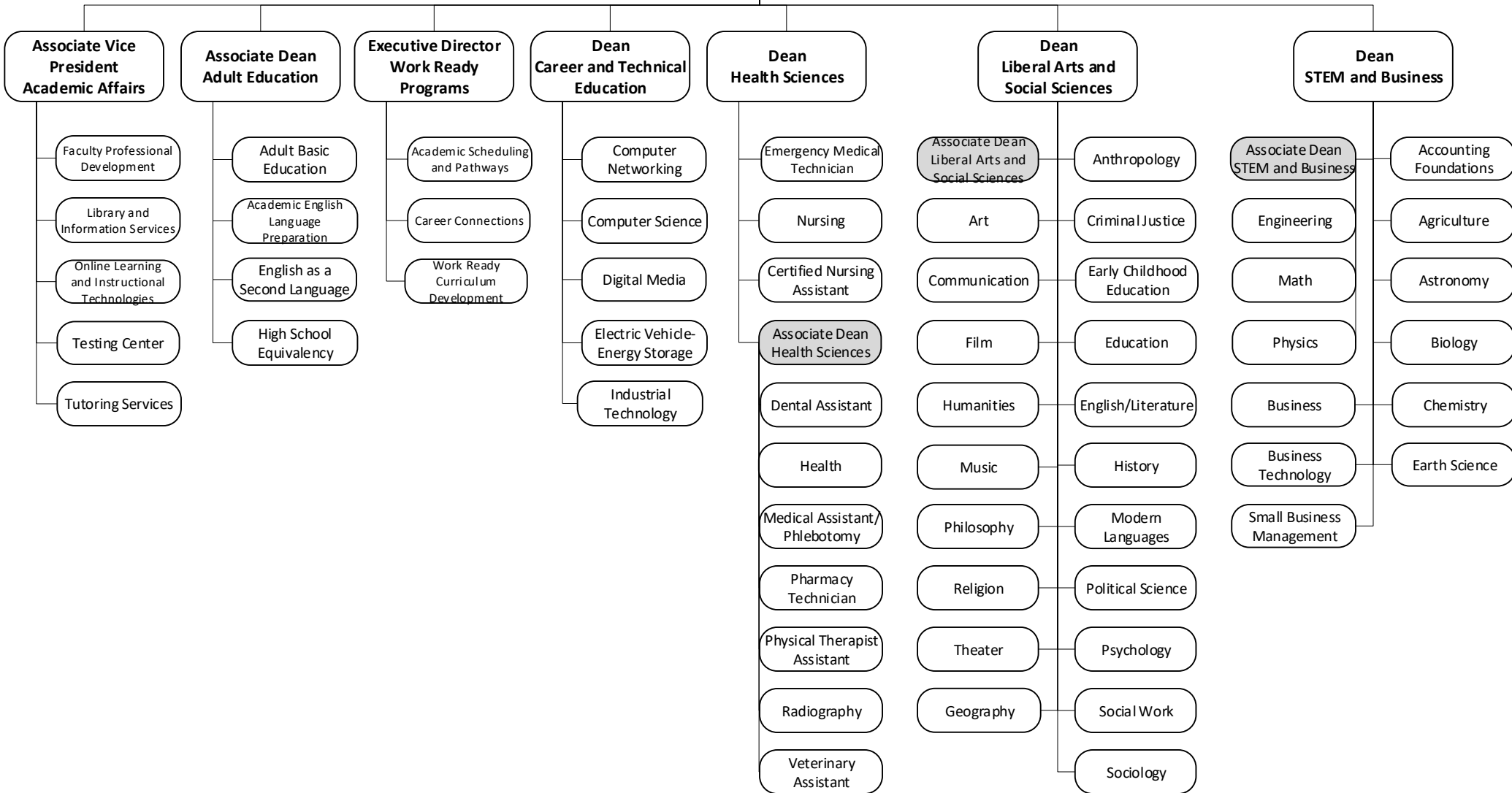
Officials Issuing Report

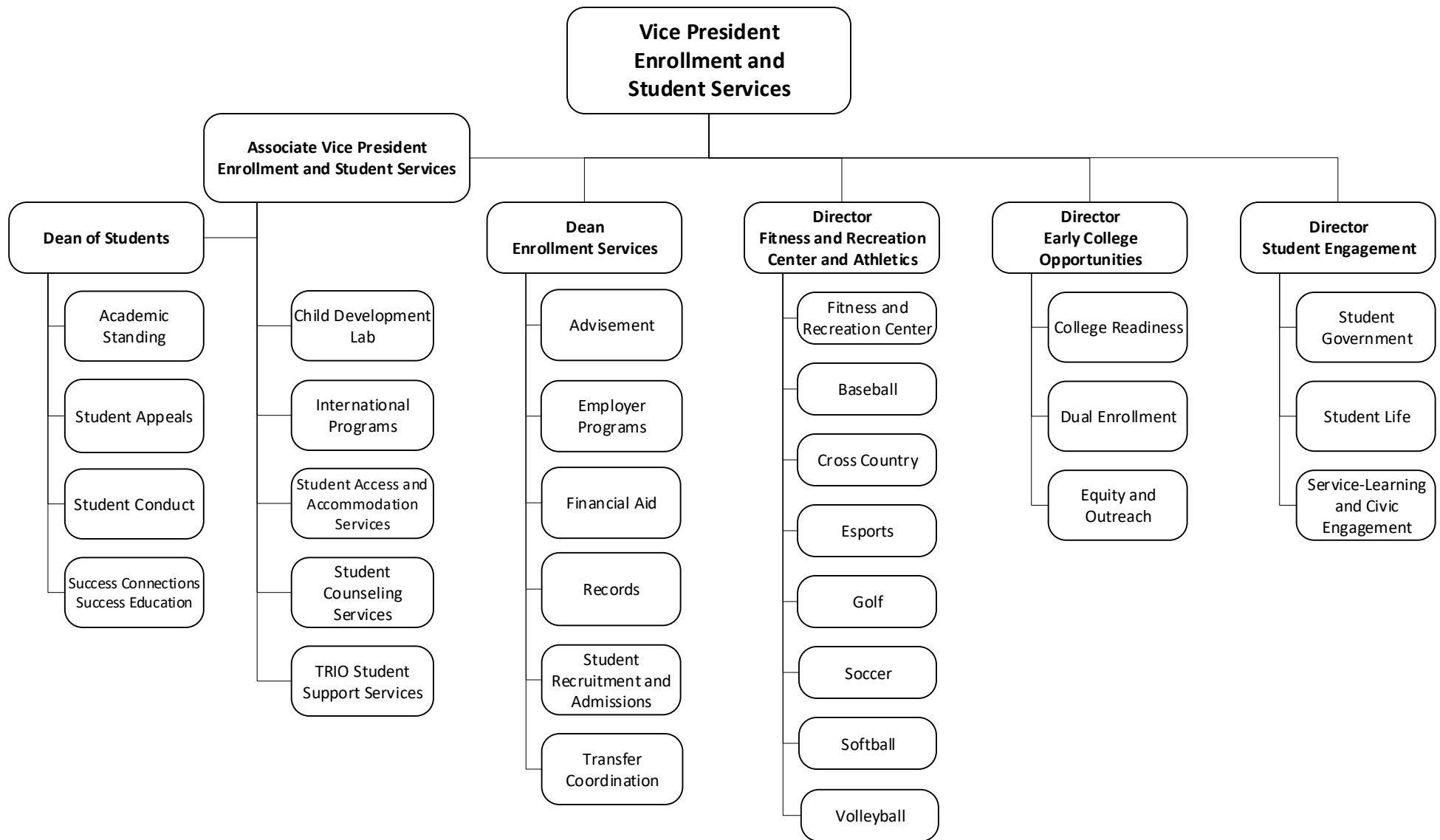
Sharon M. McDonald	CPA, Controller
Shelley Marquis	Assistant Controller
Bridget Miller	Associate Director, Accounting Services

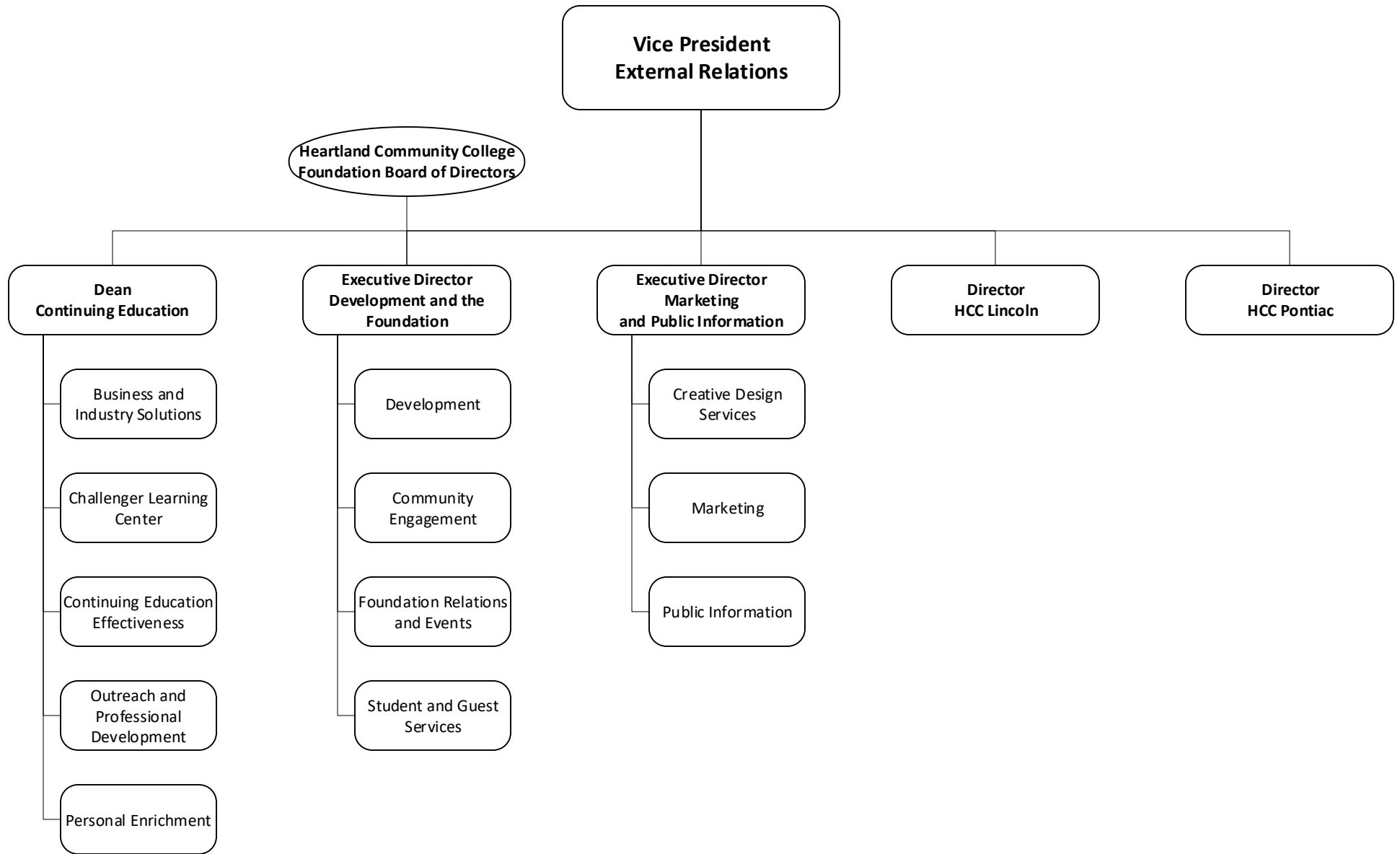
Department Issuing Report

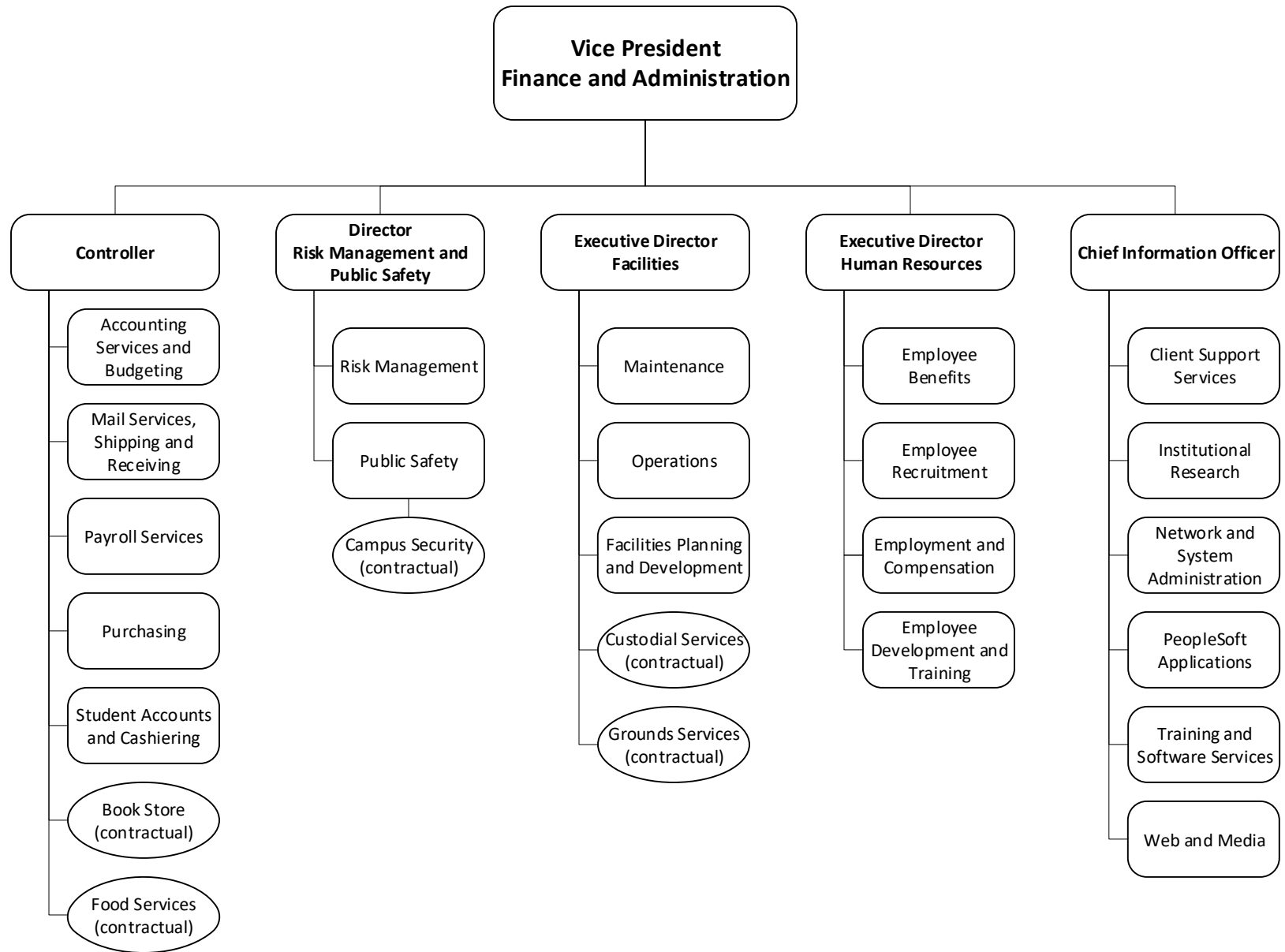


**Provost and Vice President
Academic Affairs**











Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Heartland Community College
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Heartland Community College – Community College District #540 (the College), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Heartland Community College – Community College District #540, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States.

Change in Accounting Principle

The College adopted GASB Statement No.84, *Fiduciary Activities*, which established standards for reporting fiduciary funds and modified certain disclosures in the notes to the financial statements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section, statistical section, uniform financial statement section, and supplemental information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
January 26, 2022

Heartland Community College

Community College District #540

Management Discussion and Analysis

This section of Heartland Community College's (College) Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2021 and 2020. Since this discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the transmittal letter, the College's basic financial statements, and the notes to the basic financial statements. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

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

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

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

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

Heartland Community College

Community College District #540

Management Discussion and Analysis

Financial Highlights

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows (net position) by \$59,095,105 as of June 30, 2021. Of this amount, \$52,851,217 is invested in capital assets, \$3,900,000 is restricted for working cash, \$5,548,483 is restricted for capital projects, \$692,841 is restricted for other specific purposes, and (\$3,897,436) is unrestricted.

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees (net of scholarship allowances), (2) auxiliary enterprise revenues, and (3) other educational sales and service fees. Total operating revenues for the year ended June 30, 2021 were \$9,250,588. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as (1) property taxes, (2) state grants and contracts, (3) federal and local grants and contracts, and (4) investment income. Total net nonoperating revenues for the year ended June 30, 2021 were \$58,488,290.

Operating expenses are those expenses for the purpose of providing educational and operational activities of the College. All expenses not meeting this definition, such as interest expense, are reported as nonoperating expenses. The College's operating expenses are funded primarily through nonoperating revenue. Total operating expenses for the year ended June 30, 2021 were \$61,469,625.

The difference between total operating revenues of \$9,250,588 and total operating expenses of \$61,469,625 produced an operating loss of (\$52,219,037) for the year ended June 30, 2021. Net nonoperating revenue of \$58,488,290 offset this loss and resulted in an overall increase in net position of \$6,269,253.

In fiscal year 2021, a prior period adjustment of \$725,043 was made to adjust the deferred summer tuition and prepaid summer salaries. In addition, the implementation of GASB Statement No. 84, *Fiduciary Activities*, resulted in a prior period adjustment of \$241,399. The prior period adjustments caused an overall increase in net position of \$966,442 in fiscal year 2021.

Following are comparative analyses of net position and operating results for fiscal years 2021, 2020, and 2019.

Heartland Community College

Community College District #540

Management Discussion and Analysis

Financial Analysis of the College as a Whole

Net Position as of June 30, (in Thousands)							
	2021	Restated 2020	Increase (Decrease) 2021-2020	Percent Change	Restated 2019	Increase (Decrease) 2020-2019	Percent Change
Current assets	\$80,414	\$66,323	\$14,091	21.2%	\$57,828	\$8,495	14.7%
Noncurrent assets:							
Long-term investments	0	505	(505)	(100.0)	492	13	2.6
Capital assets, net of depreciation	98,718	100,662	(1,944)	(1.9)	103,800	(3,138)	(3.0)
Total assets	179,132	167,490	11,642	7.0	162,120	5,370	3.3
Deferred outflows of resources	2,076	2,010	66	3.3	2,013	(3)	(0.1)
Total assets and deferred outflows of resources	\$181,208	\$169,500	\$11,708	6.9	\$164,133	\$5,367	3.3
Current liabilities	\$18,254	\$14,947	\$3,307	22.1	\$17,542	(\$2,595)	(14.8)
Noncurrent liabilities	72,679	72,016	663	0.9	70,612	1,404	2.0
Total liabilities	90,933	86,963	3,970	4.6	88,154	(1,191)	(1.4)
Deferred inflows of resources	31,180	29,711	1,469	4.9	28,599	1,112	3.9
Net position:							
Net investment in capital assets	52,851	49,684	3,167	6.4	44,931	4,753	10.6
Restricted	10,141	6,171	3,970	64.3	4,935	1,236	25.0
Unrestricted	(3,897)	(3,029)	(868)	28.7	(2,486)	(543)	21.8
Total net position	59,095	52,826	6,269	11.9	47,380	5,446	11.5
Total liabilities, deferred inflows of resources and net Position	\$181,208	\$169,500	\$11,708	6.9	\$164,133	\$5,367	3.3

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

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

In fiscal year 2021 and 2020, the current assets and current liabilities were adjusted to reflect only unearned revenue and related student accounts receivable for student payments received for Fall 2021 and 2020 as of June 30, 2021 and 2020 respectively.

Heartland Community College

Community College District #540

Management Discussion and Analysis

Fiscal Year 2021 Compared to Fiscal Year 2020

The College's net position at June 30, 2021 was \$59,095,105, and at June 30, 2020 was \$52,825,852, an increase of \$6,269,253 or 11.9%. The College had a current ratio of 1.67 at June 30, 2021 as compared to 1.53 at June 30, 2020. The current ratio is total current assets and deferred outflows of resources divided by total current liabilities and deferred inflows of resources. This means that for every dollar of current liabilities and deferred inflows the College had 1.67 in current assets and deferred outflows. This ratio is one indicator of the College's ability to pay its debts as they become due.

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

Noncurrent assets have decreased by \$2,448,186 or -2.4% due to the \$1,943,090 decrease in net capital assets and a \$505,096 decrease in long-term investments. Net capital assets decreased due to the annual increase in accumulated depreciation. Long-term investments decreased during fiscal year 2021 due to short term investments increasing.

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

Heartland Community College

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Management Discussion and Analysis

Fiscal Year 2021 Compared to Fiscal Year 2020 (continued)

Current liabilities have increased by \$3,306,149 or 22.1% due to the combined effects of various factors. These factors were: (1) an increase of \$35,381 in accounts payables; (2) a decrease of \$17,370 in accrued liabilities of payroll accruals; (3) an decrease of \$15,807 in accrued interest payable due to debt service scheduling; (4) a decrease of \$400,930 in unearned student tuition and fees due to a reduction in the number of students paying for tuition in advance; (5) an increase in other unearned revenue of \$3,319,250 related to the institutional portion of the HEERF grant; (6) an increase of \$94,685 for accrued compensated absences; (7) a decrease in capital lease obligations of \$4,958; (8) an increase of \$312,839 in the current portion of bonds payable; and (9) a decrease of \$16,941 in the other liabilities.

Total noncurrent liabilities increased by \$662,815 or 0.9% from the 2020 balance as a result of several factors: (1) the accrued compensated absences increased noncurrent liability by \$94,684; (2) the OPEB noncurrent liability decreased by \$186,591; (3) the bond and debt certificate principal payments made, the bond principal reclassification to current liability, and the new Series 2021 general obligation bond increased noncurrent liability by \$760,226; and (4) the capital lease obligations decreased by \$5,504.

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

Fiscal Year 2020 Compared to Fiscal Year 2019

The College's net position at June 30, 2020 was \$52,825,852, and at June 30, 2019 was \$47,380,391, an increase of \$5,445,461 or 11.5%. The College had a current ratio of 1.53 at June 30, 2020 as compared to 1.30 at June 30, 2019. The current ratio is total current assets and deferred outflows of resources divided by total current liabilities and deferred inflows of resources. This means that for every dollar of current liabilities and deferred inflows the College had 1.53 in current assets and deferred outflows. This ratio is one indicator of the College's ability to pay its debts as they become due.

Current assets increased by \$8,494,750 or 14.7% at June 30, 2020 when compared to June 30, 2019. There were some significant fluctuations between the various categories of current assets. Largest among these was the \$11,525,698 or 413.8% increase in cash from \$2,785,222 in 2019 to \$14,310,920 in 2020. Short term investments decreased by \$5,958,246 or -16.8% from \$35,553,290 in 2019 to \$29,595,044 in 2020. Total accounts receivable increased by \$3,115,144. There was an increase of \$2,496,319 or 16.7% in property tax receivable from \$14,991,217 in 2019 to \$17,487,536 in 2020 due to McLean County Government changing the payment due dates of property taxes by two weeks later in the month. Student receivables decreased by \$228,464 or -10.8% due to a change in how deferred tuition is calculated. Government receivables increased by \$835,194 or 105.8% mainly due to new funding available in fiscal year 2020 and not available in fiscal year 2019. New funding included CARES Student Relief and Institutional Relief receivables due of approximately \$200,000; IEMA/FEMA funding for COVID-19 related expenses of approximately \$37,000; IGEN grants due of approximately \$128,000 and Capital Development Board funding due of \$31,650 for the server room a/c project. Other receivables increased by \$12,095 or 5.3%. Accrued interest decreased \$97,060 or -67.7% due to lower interest rates and a decrease in investments. Prepaid items decreased \$27,354 or -3.1%, and other current assets decreased \$63,432 or -19.2%.

Heartland Community College

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Management Discussion and Analysis

Fiscal Year 2020 Compared to Fiscal Year 2019 (continued)

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

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust or grant contributions in the current year increased by \$41,114 from fiscal year 2019. Also included in deferred outflows of resources for fiscal year 2020 are the deferred charges on the refunding bond issues. The additional deferred charges on the refunding issue in 2020 and the amortization of the deferred charges of all refunding issues resulted in a decrease of \$188,644 to the deferred charges on refunding. Deferred outflows related to the OPEB liability increased \$227,173 in fiscal year 2020. Deferred outflows of resources had an overall decrease of \$2,585 from fiscal year 2019.

Current liabilities have decreased by \$2,594,455 or -14.8% due to the combined effects of various factors. These factors were: 1) a decrease of \$2,817,045 in the current portion of bonds payable; (2) a decrease of \$82,441 in unearned student tuition and fees due to an increase in deferred revenue; (3) an increase of \$48,506 in accrued interest payable due to debt service scheduling; (4) an increase of \$157,535 in accounts payables; (5) a decrease in other unearned revenue of \$186,078; (6) a decrease of \$7,398 in the other liabilities or deposit for bonds; (7) an increase of \$41,003 for accrued compensated absences; (8) an increase of \$250,774 in accrued liabilities of payroll accruals; and an increase in capital lease obligations of \$689.

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

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

Heartland Community College

Community College District #540

Management Discussion and Analysis

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

	2021	Restated 2020	Increase (Decrease) 2021-2020	Percent Change	Restated 2019	Increase (Decrease) 2020-2019	Percent Change
Operating revenues:							
Net tuition and fees	\$8,334	\$9,118	(\$784)	(8.6)%	\$9,366	(\$248)	(2.6)%
Other	917	1,141	(224)	(19.6)	2,084	(943)	(45.2)
Total operating revenues	9,251	10,259	(1,008)	(9.8)	11,450	(1,191)	(10.4)
Less operating expenses	61,470	60,754	716	1.2	57,893	2,861	4.9
Operating (loss)	(52,219)	(50,495)	(1,724)	3.4	(46,443)	(4,052)	8.7
Nonoperating revenues (expenses):							
Property taxes	26,717	26,277	440	1.7	26,056	221	0.8
State grants and contracts	5,786	5,703	83	1.5	4,708	995	21.1
State on-behalf contribution	15,389	14,545	844	5.8	13,031	1,514	11.6
Federal grants and contracts	11,346	10,053	1,293	12.9	8,558	1,495	17.5
Investment income	40	562	(522)	(92.9)	789	(227)	(28.8)
Other revenue	771	511	260	50.9	0	511	100.0
Interest expense	(1,504)	(1,653)	149	(9.0)	(1,949)	296	(15.2)
Amortization expense	(57)	(57)	0	0.0	(13)	(44)	338.5
Total net nonoperating Revenues	58,488	55,941	2,547	4.6	51,180	4,761	9.3
Change in net position	6,269	5,446	823	15.1	4,737	709	15.0
Net position – beginning of year	52,826	47,380	5,446	11.5	41,829	5,551	13.3
Restatement	0	0	0	0.0	814	(814)	(100.0)
Net position – beginning of year Restated	52,826	47,380	5,446	11.5	42,643	4,737	11.1
Net position – end of year	\$59,095	\$52,826	\$6,269	11.9	\$47,380	\$5,446	11.5
Total revenues	\$69,300	\$67,910	\$1,390	2.0	\$64,592	\$3,318	5.1
Total expenses	\$63,031	\$62,464	\$567	0.9	\$59,855	\$2,609	4.4

Fiscal Year 2021 Revenues Compared to Fiscal Year 2020

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

Heartland Community College

Community College District #540

Management Discussion and Analysis

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

Total net nonoperating revenues increased by \$2,547,043 or 4.6% over 2020 nonoperating revenues due to several variable factors. The largest increase of \$1,293,332 or 12.9% was the federal grants and contracts. Due to the COVID-19 impact, the College will receive approximately \$8,817,476 for HEERF Institutional Relief, \$6,275,908 for HEERF Student Relief, and \$86,400 for INCCRRA Child Care Restoration Grant. The State of Illinois contribution had a revenue increase of \$844,707 or 5.8% from 2021 to 2020.

Property tax revenue increased by \$438,658 due to EAV increases and an increase of \$338,220 in Corporate Personal Property Replacement Tax.

Total state grants and contracts increased by \$83,058 or 1.5%. During 2021, the ICCB Base Operating Grant increased approximately \$100,250 more than 2020's revenue. Other state grants and contracts having increased revenues in 2021 were ICCB Adult Ed Grant increases of approximately \$17,118; ICCB Vocational Educational Grant of approximately \$6,000; ECE Grant increases of \$111,880; ICCB Accountability and Transparency Grant increase of \$49,518, and ICCB CTE Math Grant increase of \$14,400 along with decreases in ISAC Monetary Award Grants of approximately \$33,004 and Innovative Bridge Grant of \$192,596.

For fiscal year 2021, total expenses were \$63,030,908 resulting in an increase of \$570,855 or 0.9% from 2020. Scholarships, Grants, and Waiver expense had an increase from 2020 of \$481,637 HEERF student relief expenditures due to the COVID-19 pandemic. The institution had decreased expenditures of approximately \$77,495 less than 2020 due to the COVID-19 pandemic and will be reimbursed by the HEERF institutional relief funding. Student activity and athletic waivers increased by approximately \$170,000 from 2020 and veteran waivers decreased by approximately \$62,592 from 2020. Net position increased by \$6,293,429 or 12.0% in 2021.

Fiscal Year 2020 Revenues Compared to Fiscal Year 2019`

For fiscal year 2020, total revenues were \$67,909,589 an increase of \$3,316,228 or 5.1% from 2019 total revenues. Operating revenues decreased by \$1,192,417 or -10.4% from 2019 to 2020. Student tuition and fees, net of scholarship allowances, decreased by \$248,251 or -2.7%. Credit hours did decline by approximately 4.0% from 2020 compared to 2019 and scholarship allowances increased by \$258,409 from 2020 to 2019. Fiscal year 2020 also had a \$5 per credit hour increase over 2019's tuition rate. Auxiliary revenues decreased by \$376,369 or 49.0% due to China IITL revenue decrease of approximately \$179,510; Child Development Lab revenue decrease of approximately \$140,427; student club revenues decreased \$45,406; and food service commissions decreased \$11,026. Other operating revenues decreased by \$567,797 or -43.1% due to a cancellation of Continuing Education instructional courses, a reduction in the number of Corporate Education contracts from 2019, and cancellation of facility rentals due to the COVID-19 pandemic.

Heartland Community College

Community College District #540

Management Discussion and Analysis

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

Total net nonoperating revenues increased by \$4,761,109 or 9.3% over 2019 nonoperating revenues due to several variable factors. The largest increase was \$1,513,622 or 11.6% was State on-behalf contributions for SURS and OPEB.

Federal grants and contracts increased \$1,494,299 or 17.5%. Due to the COVID-19 impact, the College will receive approximately \$408,000 for CARES Institutional Relief, \$685,455 for CARES Emergency Relief, and approximately \$37,000 in IEMA/FEMA contracts. Pell awards have increased approximately \$200,000 more than in 2019 along with ICCB/CTE Leadership with an increase of approximately \$34,000; SEOG with an increase of approximately \$23,000; NexStem Grant with an increase of approximately \$45,000; Student Loans with an increase of approximately \$32,500; and Adult Education Grants of approximately \$18,000.

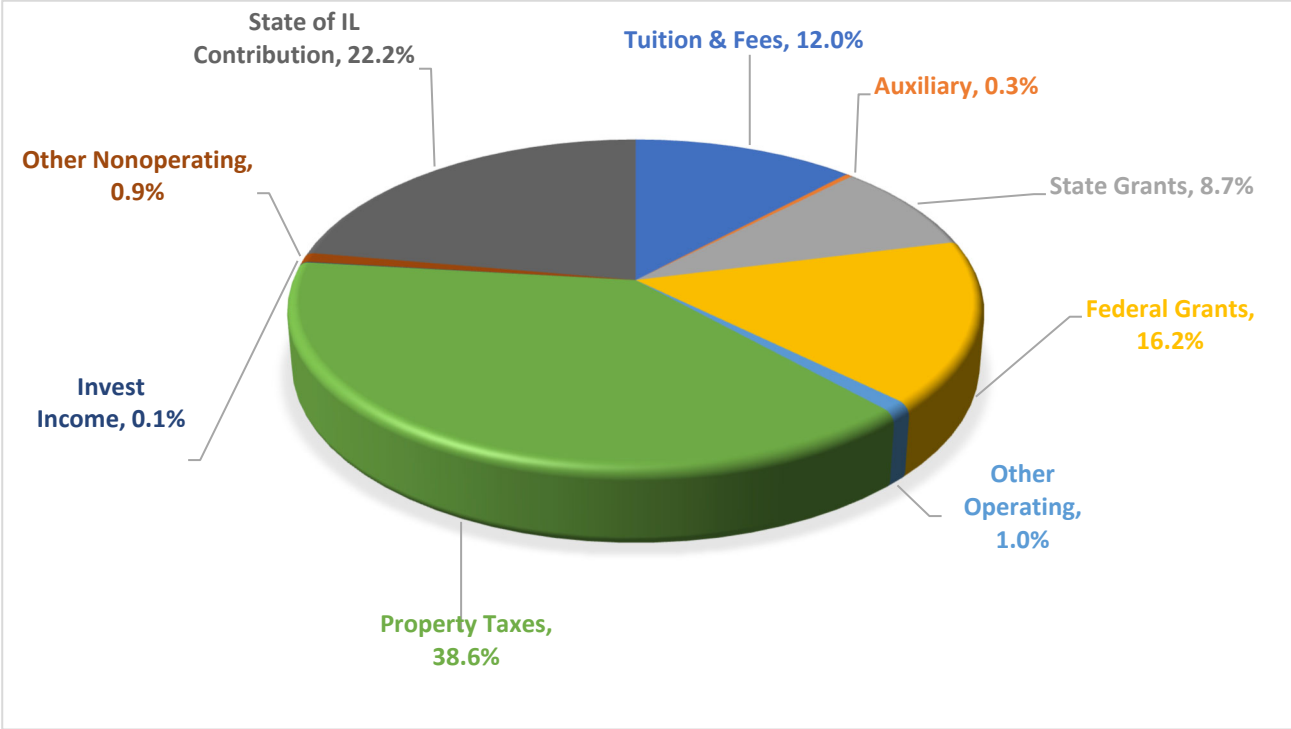
Property tax revenue increased by \$222,633 due to EAV increases and an increase of \$86,000 in Corporate Personal Property Replacement Tax.

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

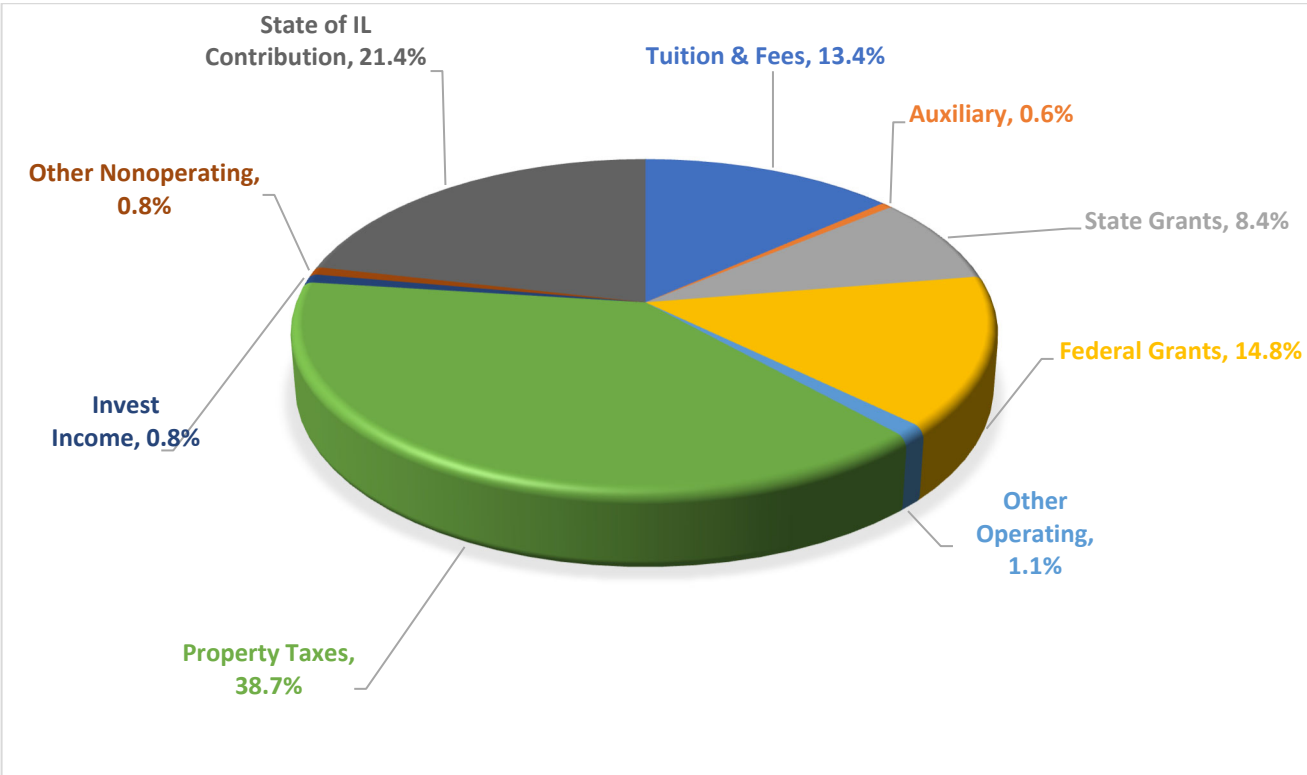
For fiscal year 2020, total expenses were \$62,464,128 resulting in an increase of \$2,608,259 or 4.4% from 2019. Scholarships, Grants, and Waiver expense had an additional \$685,455 CARES student emergency relief funding due to the COVID-19 pandemic. The institution had additional expenditures of \$490,523 due to the COVID-19 pandemic of which a portion of the expenditures will be reimbursed by the CARES institutional relief funding (approximately \$407,840) and IEMA (approximately \$37,000). Net position increased by \$5,445,461 or 11.5% in 2020.

Heartland Community College
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Management Discussion and Analysis

Following is a graphic illustration of revenues by source for fiscal year 2021:



For purposes of comparison, following is a graphic illustration of revenues by source for fiscal year 2020:



Heartland Community College

Community College District #540

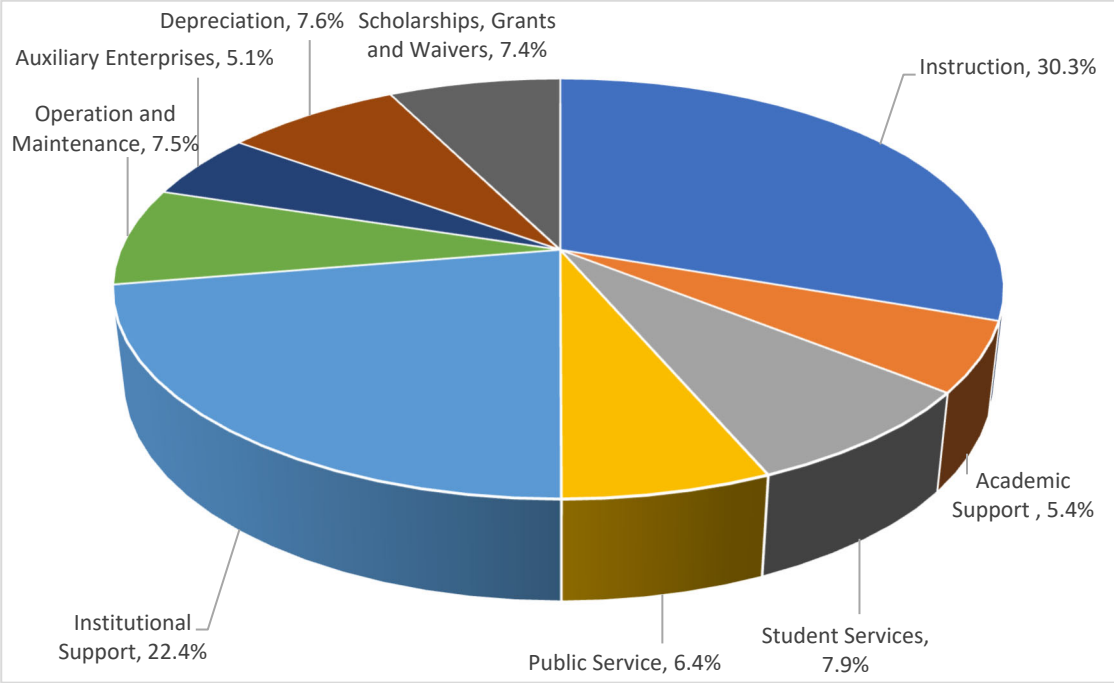
Management Discussion and Analysis

Following is a comparative analysis of operating expense by program:

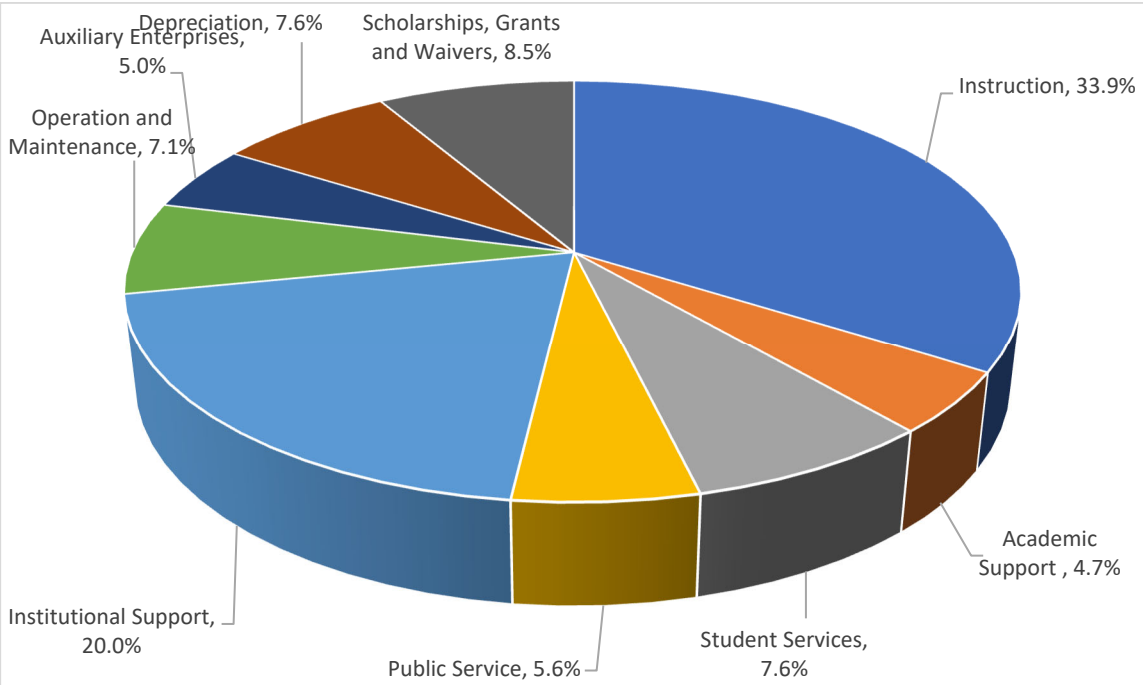
Operating Expenses by Program for the Years Ended June 30, (in Thousands)							
	2021	2020	Increase (Decrease) 2021-2020	Percent Change	2019	Increase (Decrease) 2020-2019	Percent Change
Program:							
Instruction	\$18,636	\$20,683	(\$2,047)	(9.9)%	\$21,010	(\$327)	(1.6)%
Academic support	3,306	2,847	459	16.1	3,298	(451)	(13.7)
Student services	4,826	4,593	233	5.1	4,083	510	12.5
Public service	3,919	3,416	503	14.7	2,761	655	23.7
Auxiliary enterprises	3,123	3,054	69	2.3	2,066	988	47.8
Operating and maintenance	4,623	4,299	324	7.5	4,231	68	1.6
Institutional support	13,802	12,124	1,678	13.8	11,488	636	5.5
Scholarships, grants, and waivers	4,562	5,137	(575)	(11.2)	4,412	725	16.4
Depreciation	4,673	4,601	72	1.6	4,544	57	1.3
Total expenses	\$61,470	\$60,754	\$716	1.2	\$57,893	\$2,861	4.9

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

Following is a graphic illustration of operating expenses by program for fiscal year 2021:



For purpose of comparison, following is a graphic illustration of operating expenses by program for fiscal year 2020:



Heartland Community College

Community College District #540

Management Discussion and Analysis

Capital Assets

As of June 30, 2021, the College's net investment in capital assets totaled \$163,585,060. Capital assets net of accumulated depreciation of \$64,866,292 total \$98,718,768. The decrease in net capital assets of June 30, 2021 is due to the increase in accumulated depreciation of \$105,640 or 2.3%. Additional information regarding capital assets can be found in Capital Assets – Note 3 to the financial statements.

The following is an analysis of capital assets:

Capital Assets for the Years Ended June 30, (in Thousands)							
	2021	2020	Increase (Decrease) 2021-2020	Percent Change	2019	Increase (Decrease) 2020-2019	Percent Change
Capital assets not being depreciated:							
Land	\$4,481	\$4,481	\$0	0.0%	\$4,481	\$0	0.0%
Construction-in-progress	503	496	7	1.4	403	93	23.1
Capital assets being depreciated:							
Buildings	121,214	121,214	0	0.0	121,214	0	0.0
Infrastructure	20,227	19,295	932	4.8	18,292	1,003	5.5
Furniture and equipment	17,160	15,379	1,781	11.6	15,046	333	2.2
Total	163,585	160,865	2,720	1.7	159,436	1,429	0.9
Less: accumulated depreciation	(64,866)	(60,203)	(4,663)	7.7	(55,636)	(4,567)	8.2
Net capital assets	98,719	100,662	(1,943)	(1.9)	\$103,800	(3,138)	(3.0)

Debt Administration

In November 2020, the College issued \$10,025,000 limited tax General Obligation Debt Certificates, Series 2020. These certificates were paid in full and retired in February 2021 when the College issued General Obligation Community College Bonds, Series 2021.

The College issued General Obligation Community College Bonds, Series 2021, in the amount of \$9,550,000 during February 2021. Proceeds were used to retire General Obligation Debt Certificates Series 2020 whose funds will be used to purchase technology, facility projects, and capital and to pay certain costs associated with the issuance of the bonds.

The College paid \$8,345,000 in bond and debt certificate principal. All bond premiums were amortized and reduced by \$765,677. Compensated absences for employee vacations increased by a net amount of \$189,369 or 14.3%. Additional information regarding long-term debt can be found in Long-Term Liabilities (Note 4).

The net OPEB liability is the College's proportionate share of the liability related to the Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, "CIP"). During fiscal year 2021, the College recorded an additional \$186,591 of OPEB liability. Additional information regarding OPEB liability can be found in Post-Employment Benefits other than Pension (Note 7).

Heartland Community College

Community College District #540

Management Discussion and Analysis

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

	2021	2020	Increase (Decrease) 2021-2020	Percent Change	2019	Increase (Decrease) 2020-2019	Percent Change
Long-term Debt:							
General obligation bonds and debt certificates	\$58,305	\$57,100	\$1,205	2.1%	\$58,120	(\$1,020)	(1.8)%
Bond premium	4,876	5,008	(132)	(2.6)	5,787	(779)	(13.5)
Capital lease obligations	5	16	(11)	(68.8)	26	(10)	(38.5)
Compensated absences	1,515	1,325	190	14.3	1,243	82	6.6
OPEB liability	18,137	18,324	(187)	(1.0)	17,968	356	2.0
Total	\$82,838	\$81,773	\$1,065	1.3	\$83,144	(\$1,371)	(1.6)

Contacting the College's Financial Management

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

Other

After 2021 fiscal year-end and during the month of November 2021, the College will issue \$20,250,000 in general obligation debt certificates. Planned projects supported through this financing include the development of the new Agricultural Complex, the renovation and addition to the SCB to accommodate CTE offerings and the Manufacturing Training Academy, other projects should resources be available, and to pay costs associated with the issuance of the debt. The College intends to issue approximately \$20,200,000 General Obligation Community College Bonds, Series 2022, within three months to pay the debt certificates.

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

BASIC FINANCIAL STATEMENTS

Heartland Community College

Community College District #540

Statements of Net Position

June 30, 2021 and 2020

	Primary Government College		Component Unit Foundation	
	2021	Restated 2020	2021	2020
ASSETS				
Current assets:				
Cash and cash equivalents	\$19,061,993	\$14,310,920	\$266,871	\$434,926
Short-term investments	38,156,601	29,595,044	9,789,958	7,394,771
Accounts receivable:				
Property taxes	15,764,053	17,487,536	0	0
Student tuition and fees, net of allowance	1,045,048	1,895,395	0	0
Government	4,747,676	1,624,456	0	0
Other receivables	414,794	238,699	169	0
Accrued interest receivable	14,215	46,263	13,888	13,488
Prepaid items	1,015,952	857,577	22,309	23,939
Other current assets	193,203	267,178	0	0
Total current assets	80,413,535	66,323,068	10,093,195	7,867,124
Noncurrent assets:				
Long-term investments	0	505,096	0	0
Capital assets not being depreciated	4,984,051	4,977,052	0	0
Capital assets, net of depreciation	93,734,717	95,684,806	0	0
Total noncurrent assets	98,718,768	101,166,954	0	0
Total assets	179,132,303	167,490,022	10,093,195	7,867,124
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	889,248	1,087,711	0	0
Deferred outflows related to OPEB	1,138,730	878,700	0	0
Subsequent year's pension expense related to federal, trust, or grant contributions in the current year	48,101	43,895	0	0
Total deferred outflows of resources	2,076,079	2,010,306	0	0
Total assets and deferred outflows of resources	181,208,382	169,500,328	10,093,195	7,867,124

See Notes to Financial Statements.

Heartland Community College

Community College District #540

Statements of Net Position
June 30, 2021 and 2020

	Primary Government College		Component Unit Foundation	
	2021	Restated 2020	2021	2020
LIABILITIES				
Current liabilities:				
Accounts payable	1,264,634	1,229,253	41,689	45,414
Accrued liabilities	1,152,872	1,170,242	0	0
Accrued interest payable	223,588	239,395	0	0
Unearned revenue:				
Student tuition and fees	2,007,017	2,407,947	0	0
Other	3,427,916	108,666	0	0
Accrued compensated absences	757,277	662,592	0	0
Capital lease obligations	5,504	10,462	0	0
Bonds payable	9,396,258	9,083,419	0	0
Other liabilities	18,566	35,507	0	0
Total current liabilities	18,253,632	14,947,483	41,689	45,414
Noncurrent liabilities:				
Accrued compensated absences	757,276	662,592	0	0
Net OPEB liability	18,137,073	18,323,664	0	0
Bonds and debt certificates	53,784,869	53,024,643	0	0
Capital lease obligations	0	5,504	0	0
Total noncurrent liabilities	72,679,218	72,016,403	0	0
Total liabilities	90,932,850	86,963,886	41,689	45,414
DEFERRED INFLOWS OF RESOURCES				
Subsequent year's property taxes	27,225,390	26,724,749	0	0
Deferred inflows related to OPEB	3,955,037	2,985,841	0	0
Total deferred inflows of resources	31,180,427	29,710,590	0	0
NET POSITION				
Net investment in capital assets	52,851,217	49,683,886	0	0
Restricted for:				
Capital projects	5,548,483	1,574,866	0	0
Working cash	3,900,000	3,900,000	0	0
Specific purposes	692,841	695,822	6,705,918	6,151,344
Unrestricted	(3,897,436)	(3,028,722)	3,345,588	1,670,366
Total net position	\$59,095,105	\$52,825,852	\$10,051,506	\$7,821,710

See Notes to Financial Statements.

Heartland Community College

Community College District #540

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2021 and 2020

	Primary Government College		Component Unit Foundation	
	2021	Restated 2020	2021	2020
Operating revenues:				
Student tuition and fees (net of scholarship allowances \$7,198,802 for 2021; \$7,747,390 for 2020)	\$8,333,562	\$9,117,568	\$0	\$0
Auxiliary enterprises revenue	226,970	391,884	0	0
Annual campaign/gifts	0	0	740,706	822,415
Fundraising	0	0	179,583	213,216
Other operating revenues	690,056	748,672	239,168	221,642
Total operating revenue	9,250,588	10,258,124	1,159,457	1,257,273
Operating expenses:				
Instruction	18,635,866	20,683,254	0	0
Academic support	3,305,871	2,846,997	0	0
Student services	4,826,407	4,593,127	0	0
Public services	3,918,946	3,416,121	0	0
Auxiliary enterprises	3,123,372	3,053,781	0	0
Operations and maintenance	4,622,700	4,298,435	0	0
Institutional support	13,801,782	12,120,355	0	0
Scholarships, student grants, and waivers	4,561,863	5,137,089	365,666	403,781
Depreciation	4,672,818	4,600,676	0	0
General and administrative	0	0	496,121	716,369
Fundraising	0	0	60,992	79,551
Total operating expenses	61,469,625	60,749,835	922,779	1,199,701
Operating income (loss)	(52,219,037)	(50,491,711)	236,678	57,572
Nonoperating revenues (expenses):				
Property taxes	26,717,227	26,278,569	0	0
State grants and contracts	5,785,811	5,702,753	0	0
State on-behalf contributions for pension and OPEB	15,389,330	14,544,623	0	0
Federal grants and contracts	11,346,055	10,052,723	0	0
Investment income	40,050	561,598	1,993,118	329,359
Other revenue	771,100	511,199	0	0
Interest expense	(1,504,249)	(1,653,184)	0	0
Amortization expense	(57,034)	(57,034)	0	0
Total nonoperating revenues (expenses)	58,488,290	55,941,247	1,993,118	329,359
Change in net position	6,269,253	5,449,536	2,229,796	386,931
Net position - beginning of year, as restated	52,825,852	47,376,316	7,821,710	7,434,779
Net position - end of year	\$59,095,105	\$52,825,852	\$10,051,506	\$7,821,710

See Notes to Financial Statements.

Heartland Community College

Community College District #540

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	2021	Restated 2020
Cash flows from operating activities:		
Tuition and fees	\$15,883,757	\$17,154,235
Payment to suppliers	(14,608,396)	(12,926,110)
Payments to employees	(21,669,844)	(22,162,877)
Auxiliary enterprise charges	(11,760,665)	(12,884,479)
Other	1,015,050	997,302
Net cash provided (used) by operating activities	(31,140,098)	(29,821,929)
Cash flows from noncapital financing activities:		
Property taxes	28,941,350	24,198,056
State, federal and local grants and contracts	17,922,901	15,233,308
Direct lending receipts	2,114,899	2,944,363
Direct lending payments	(2,114,899)	(2,944,363)
Net cash provided (used) by noncapital financing activities	46,864,251	39,431,364
Cash flows from capital and related financing activities:		
Purchases of capital assets	(2,729,727)	(1,462,423)
Proceeds from bond issuance	9,550,000	10,135,000
Premium on bond issuance	633,742	0
Principal payments on bonds payable	(8,345,000)	(11,155,000)
Interest payments on long-term debt	(2,087,270)	(2,195,017)
Principal payments on capital lease	(10,462)	(9,773)
Net cash provided (used) by capital and related financing activities	(2,988,717)	(4,687,213)
Cash flows from investing activities:		
Interest received	72,098	658,658
Proceeds from maturities of investments	3,881,402	28,914,474
Purchases of investments	(11,937,863)	(22,969,656)
Net cash provided (used) by investing activities	(7,984,363)	6,603,476
Net increase in cash and cash equivalents	4,751,073	11,525,698
Cash and cash equivalents - beginning of year	14,310,920	2,785,222
Cash and cash equivalents - end of year	\$19,061,993	\$14,310,920

See Notes to Financial Statements.

Heartland Community College

Community College District #540

Statements of Cash Flows (Continued)

Years ended June 30, 2021 and 2020

	2021	Restated 2020
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	(\$52,219,037)	(\$50,491,711)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	4,672,818	4,600,676
State on-behalf payments for fringe benefits	15,389,330	14,544,623
Changes in deferred outflows of resources	(264,236)	(186,059)
Changes in deferred inflows of resources	969,196	696,085
Changes in assets and liabilities:		
Receivables	850,347	107,819
Prepaid items	(84,400)	116,720
Other	(41,227)	(105,540)
Accounts payable	35,381	157,535
Accrued liabilities	(50,118)	287,807
OPEB liability	(498,954)	355,839
Deferred tuition and fees	98,024	155,524
Deferred other revenue	189,369	(143,254)
Accrued compensated absences	(186,591)	82,007
Net cash (used) by operating activities	(\$31,140,098)	(\$29,821,929)
Supplemental disclosures of noncash operating activities:		
State of Illinois contributions provided	\$15,389,330	\$14,544,623
State of Illinois contributions paid	\$15,389,330	\$14,544,523
Equipment purchased through capital lease	\$0	\$0

See Notes to Financial Statements.

Heartland Community College

Community College District #540

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

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

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

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

Financial Reporting Entity

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

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

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

The Foundation assists the College and its students in the form of scholarships and grants from the Foundation's fundraising efforts. Total student scholarships awarded for the years ended June 30, 2021 and 2020 were \$365,666 and \$403,781, respectively.

Note 1 Summary of Significant Accounting Policies (continued)

Financial Reporting Entity (continued)

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation is governed by a separate board of directors. Although the College does not control the timing or amount of receipts from the foundation, the majority of resources or income thereon that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered to be a component unit of the College.

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

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

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Nonexchange transactions, in which the College receives value without directly giving equal value in return, include property taxes, federal, state, and local grants, state appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Note 1 Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

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

Use of Estimates

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

Cash and Cash Equivalents

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

Receivables

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

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific student accounts and the aging of accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due could be adversely affected. The allowance for doubtful accounts relating to student receivables was \$320,000 and \$320,000 as of June 30, 2021 and 2020, respectively.

Prepaid Items

Prepaid items represent current expenditures which benefit future periods.

Heartland Community College

Community College District #540

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Investments

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

Property Taxes

The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective shares of the collections. Taxes levied in 2020 become due and payable in two installments (June and September 2021). In accordance with board resolution, property taxes extended for the 2019 tax year and collected in 2020 are recorded as revenue in fiscal year 2021. 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 2020 tax year and collected in 2021 are recorded as deferred inflows of resources in fiscal year 2021.

Capital Assets

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

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

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

Note 1 Summary of Significant Accounting Policies (continued)

Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The College purchases commercial insurance coverage covering each of these risks of loss, except for health care for which the College is self-insured. The College has not had significant reductions in insurance coverage for the past three years. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Unearned Revenue

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

Noncurrent Liabilities

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

Scholarship Discounts and Allowances

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

On-Behalf Payments

The College recognizes as revenues and expenses contributions made by the State of Illinois to the State Universities Retirement System and the College Insurance Program on behalf of the College's employees. In fiscal years 2021 and 2020, the State made contributions of \$15,389,330 and \$14,544,623, respectively.

Note 1 Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Pensions

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

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

Note 1 Summary of Significant Accounting Policies (continued)

Other Post-Employment (“OPEB”) Obligations

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

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

Net Position

The College’s net position is classified as follows:

Net Investment in Capital Assets: This represents the College’s total investment in capital assets, net of accumulated depreciation and outstanding debt incurred to acquire, construct, or improve those assets. Net investment in capital assets excludes unspent debt proceeds. As of June 30, 2021 and 2020, the College had \$14,960,634 and \$10,057,197, respectively, of unspent bond proceeds.

Restricted Net Position: This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College’s policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted: This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

Note 1 Summary of Significant Accounting Policies (continued)

Classification of Revenues

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

Classification of Expenses

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

Federal Financial Assistance Programs

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

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 classifications. Such reclassifications in the accompanying financial statements had no effect on previously reported change in net position.

Note 2 Deposits and Investments

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. At June 30, 2021 and 2020, the bank balance of the College's deposits, which primarily consists of demand deposits, was \$19,241,009 and \$14,470,105, respectively. At June 30, 2021 and 2020, all deposits were covered by federal depository insurance or by collateral held by the College's agent in the College's name.

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Notes to Financial Statements

Note 2 Deposits and Investments (continued)

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

	Carrying Amount	
	2021	2020
Cash on hand	\$2,190	\$1,095
Deposits with financial institutions	19,060,898	14,309,825
Total	\$19,061,993	\$14,310,920

Investments

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

	2021	2020
Local government investment pools	\$36,409,783	\$27,856,187
Certificate of deposit	1,746,818	1,993,459
U.S. government agency securities	0	250,494
Total	\$38,156,601	\$30,100,140

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

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

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

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

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Notes to Financial Statements

Note 2 Deposits and Investments (continued)

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

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

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

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

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

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2021, there are no investments with custodial credit risk.

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

Note 2 Deposits and Investments (continued)

Fair Value Measurement

Accounting principles generally accepted in the United States provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under accounting principles generally accepted in the United States are described below:

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

Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

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

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

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

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Note 2 Deposits and Investments (continued)

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

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

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

Note 3 Capital Assets

The following tables present the changes in the various capital asset categories for fiscal years 2021 and 2020.

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

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Note 3 Capital Assets (continued)

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

Note 4 Long-Term Liabilities

Long-term liability for the years ended June 30, 2021 and 2020 is as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Balance Due Within One Year
General obligation bonds and debt certificates	\$57,100,000	\$9,550,000	(\$8,345,000)	\$58,305,000	\$8,585,000
Bond premium	5,008,062	633,742	(765,677)	4,876,127	811,258
Capital lease obligations	15,966	0	(10,462)	5,504	5,504
Compensated absences	1,325,184	899,785	(710,416)	1,514,553	757,277
Total	\$63,449,212	\$11,083,527	(\$9,831,555)	\$64,701,184	\$10,159,039

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Notes to Financial Statements

Note 4 Long-Term Liabilities (continued)

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

Accrued compensated absences (earned vacation leave) at June 30, 2021 and 2020 is \$1,514,553 and \$1,325,184, respectively, and is expected to be paid out ratably or taken over the next two years.

In September 2011, the College issued \$3,300,000 in General Obligation Debt Certificates, Series 2011, dated September 1, 2011. The Series 2011 certificates were due December 1, 2026 and had interest rates ranging from 2.00% to 4.00%. The proceeds were used to fund the construction of a wind turbine. On January 23, 2018, the outstanding balance was advance refunded with the General Obligation Community College Bonds, Series 2018. The College defeased these debt certificates by placing a portion of the Series 2018 bonds in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust assets and the liability for the defeased debt certificates are not included on the College's financial statements. At June 30, 2021, the remaining principal to be paid on these debt certificates was \$1,535,000 which will fully mature on December 1, 2021.

In September 2012, the College issued \$990,000 in General Obligation Debt Certificates, Series 2012, dated September 1, 2012. Proceeds of the certificates were used to finance capital improvements. Principal on the certificates was due annually beginning with December 1, 2013 through December 1, 2022, with interest rates ranging from 1.10% to 2.45%. Interest payments were due semiannually beginning December 1, 2013. On January 23, 2018, the outstanding balance was advance refunded with the General Obligation Community College Bonds, Series 2018. The College defeased these debt certificates by placing a portion of the Series 2018 bonds in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust assets and the liability for the defeased debt certificates are not included on the College's financial statements. At June 30, 2021, the remaining principal to be paid on these debt certificates was \$200,000 which will fully mature on December 1, 2022.

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

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Notes to Financial Statements

Note 4 Long-Term Liabilities (continued)

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

Year Ending June 30,	Principal	Interest	Total
2022	\$0	\$279,850	\$279,850
2023	0	279,850	279,850
2024	2,410,000	231,650	2,641,650
2025	2,860,000	140,550	3,000,550
2026	3,255,000	48,825	3,302,825
Total	\$8,525,000	\$980,725	\$9,505,725

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

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

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

Year Ending June 30,	Principal	Interest	Total
2022	\$40,000	\$347,200	\$387,200
2023	45,000	345,500	390,500
2024	2,130,000	302,000	2,432,000
2025	3,340,000	192,600	3,532,600
2026	3,145,000	62,900	3,207,900
Total	\$8,700,000	\$1,250,200	\$9,950,200

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.

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Notes to Financial Statements

Note 4 Long-Term Liabilities (continued)

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

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

Year Ending June 30,	Principal	Interest	Total
2022	\$5,150,000	\$1,021,400	\$6,171,400
2023	5,360,000	811,200	6,171,200
2024	1,090,000	676,750	1,766,750
2025	0	649,500	649,500
2026	0	649,500	649,500
2027-2028	12,990,000	657,500	13,647,500
Total	\$24,590,000	\$4,465,850	\$29,055,850

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

In February 2018, the College issued General Obligation Community College Bonds Series 2018, in the amount of \$10,145,000 due on December 1, 2018 through December 1, 2020 with interest rates ranging from 2.25% to 4.00%. Proceeds of the bonds were used to refund a portion of General Obligation Debt Certificates, Series 2011, Series 2012, Series 2016C, and Series 2017D and pay costs associated with the issuance of the bonds. This bond was paid off in fiscal year 2021.

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

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Notes to Financial Statements

Note 4 Long-Term Liabilities (continued)

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

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

Year Ending June 30,	Principal	Interest	Total
2022	\$2,390,000	\$105,133	\$2,495,133
2023	2,435,000	60,985	2,495,985
2024	2,115,000	19,352	2,134,352
Total	\$6,940,000	\$185,470	\$7,125,470

In February 2021, the College issued General Obligation Community College Bonds, Series 2020, 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 annual requirements to amortize these general obligation bonds outstanding are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$1,005,000	\$233,475	\$1,238,475
2023	0	170,900	170,900
2024	590,000	165,000	755,000
2025	925,000	149,850	1,074,850
2026	930,000	131,300	1,061,300
2027-2029	6,100,000	276,300	6,376,300
Total	\$9,550,000	\$1,126,825	\$10,676,825

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Note 4 Long-Term Liabilities (continued)

At June 30, 2021, the annual requirements to retire the College's long-term debt in entirety were as follows:

Year Ending June 30,	General Obligation Bonds and Debt Certificates	Interest	Total Principal and Interest
2022	\$8,585,000	\$1,987,058	\$10,572,058
2023	7,840,000	1,668,435	9,508,435
2024	8,335,000	1,394,752	9,729,752
2025	7,125,000	1,132,500	8,257,500
2026	7,330,000	892,525	8,222,525
2027-2029	19,090,000	933,800	20,023,800
Total	\$58,305,000	\$8,009,070	\$66,314,070

At June 30, 2021, the legal debt limit was \$135,282,453 based on a statutory limit of 2.875% of assessed valuation of \$4,705,476,640. At June 30, 2020, the legal debt limit was \$132,380,609 based on a statutory limit of 2.875% of assessed valuation of \$4,604,542,939. The remaining legal debt limit as of June 30, 2021 and 2020 was \$72,101,326 and \$70,272,547, respectively.

In fiscal year 2019, the College obtained radiography equipment under a capital lease, which expires in fiscal year 2022. The total equipment acquired under the lease is \$30,866 and the accumulated depreciation at June 30, 2021 is \$14,404. Quarterly lease payments are due through December 2021. The interest rate on the lease is 6.834%.

The annual requirements on the capital lease as of June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$5,504	\$142	\$5,646

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Notes to Financial Statements

Note 5 Operating Leases

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

<u>Year Ending June 30,</u>	<u>Facility</u>	<u>Equipment</u>	<u>Total</u>
2022	\$217,702	\$5,352	\$233,054
2023	199,759	5,352	205,111
2024	113,976	2,676	116,652
2025	56,988	0	56,988
Total	\$588,425	\$13,380	\$601,805

Lease expense amounted to \$203,762 and \$188,266 for the years ended June 30, 2021 and 2020, respectively.

Note 6 Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The College contributes to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's Comprehensive Annual Financial Report (CAFR) as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Note 6 Defined Benefit Pension Plan (continued)

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2020 can be found in SURS Comprehensive Annual Financial Report - Notes to the Financial Statements.

Contributions. The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2020 and 2021, respectively, was 13.02% and 17.70% 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 of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability.

The net pension liability (NPL) was measured as of June 30, 2020 and June 30, 2019. SURS reported a net pension liability (NPL) of \$30,619,504,321 at June 30, 2020 and \$28,720,071,173 at June 30, 2019.

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Note 6 Defined Benefit Pension Plan (continued)

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 2020 is \$0 and for fiscal year 2019 it was \$0. The proportionate share of the State's NPL associated with the College at June 30, 2020 is \$136,297,922 or 0.4451% and at June 30, 2019 was \$127,028,875 or 0.4423%. This amount should not be recognized in the College's financial statements. The NPL and total pension liability as of June 30, 2020 was determined based on the June 30, 2019 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2020.

Pension Expense.

At June 30, 2020 and June 30, 2019, SURS reported a collective net pension expense of \$3,364,411,021 and \$3,094,666,252, respectively.

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense should be recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2020 and 2019, respectively. As a result, the College recognized revenue and pension expense of \$14,976,148 and \$13,687,709 from this special funding situation during the years ended June 30, 2021 and June 30, 2020, respectively.

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

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

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

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Note 6 Defined Benefit Pension Plan (continued)

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

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 of Resources
2021	\$435,271,667
2022	346,428,171
2023	183,483,935
2024	153,482,517
Total	\$1,118,666,290

College's Deferral of Fiscal Year 2021 and 2020 Contributions

The College paid \$48,101 and \$43,895 in federal, trust or grant contributions for the fiscal year ended June 30, 2021 and June 30, 2020, respectively. These contributions were made subsequent to the pension liability date of June 30, 2020 and June 30, 2019, and are recognized as deferred outflows of resources as of June 30, 2021 and June 30, 2020.

Note 6 Defined Benefit Pension Plan (continued)

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2014 through June 30, 2017. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2020, 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)
Traditional Growth		
Global Public Equity	44%	6.67%
Stabilized Growth		
Credit Fixed Income	14%	2.39%
Core Real Assets	5%	4.14%
Options Strategies	6%	4.44%

Heartland Community College
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Notes to Financial Statements

Note 6 Defined Benefit Pension Plan (continued)

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Non-Traditional Growth		
Private Equity	8%	9.66%
Non-Core Real Assets	3%	8.70%
Inflation Sensitive		
U.S. TIPS	6%	0.13%
Principal Protection		
Core Fixed Income	8%	(0.45%)
Crisis Risk Offset		
Systematic Trend Following	2.1%	2.16%
Alternative Risk Premia	1.8%	1.60%
Long Duration	2.1%	0.86%
Total	100%	4.84%
Inflation		2.25%
Expected Arithmetic Return		7.09%

Discount Rate. A single discount rate of 6.49% and 6.59% at June 30, 2020 and June 30, 2019, respectively, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and 6.75% at June 30, 2020 and June 30, 2019, respectively, and a municipal bond rate of 2.45% and 3.13% at June 30, 2020 and June 30, 2019, respectively (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

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Notes to Financial Statements

Note 6 Defined Benefit Pension Plan (continued)

Sensitivity of SURS Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.49% and 6.59% at June 30, 2020 and June 30, 2019, respectively, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1- percentage-point lower or 1- percentage-point higher:

June 30, 2020		
1% Decrease 5.49%	Current Single Discount Rate Assumption 6.49%	1% Increase 7.49%
\$36,893,469,884	\$30,619,504,321	\$25,441,837,592
June 30, 2019		
1% Decrease 5.59%	Current Single Discount Rate Assumption 6.59%	1% Increase 7.59%
\$34,786,851,779	\$28,720,071,173	\$23,712,555,197

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

Note 7 Other Post-Employment Benefits

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

Note 7 Other Post-Employment Benefits (continued)

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

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

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

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

Note 7 Other Post-Employment Benefits (continued)

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

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

Net OPEB Liability. The net OPEB liability was measured as of June 30, 2020 and June 30, 2019. CIP reported a net OPEB liability at June 30, 2020 of \$1,822,763,538 and at June 30, 2019 of \$1,888,540,495.

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 2021 is \$18,137,073 or 0.9950%, and for fiscal year 2020 is \$18,323,664 or 0.9703%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was an increase of 0.0248%. The proportionate share of the State's net OPEB liability associated with the College at June 30, 2020 and June 30, 2019 was \$18,137,037 or 0.9950% and \$18,323,664 or 0.9703%, respectively. The total proportionate share of the net OPEB liability associated with the College at June 30, 2020 and June 30, 2019 was \$36,274,110 and \$36,647,328, respectively. The net OPEB liability and total OPEB liability as of June 30, 2020 was determined based on the June 30, 2019 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 2020.

OPEB Expense. At June 30, 2020 and June 30, 2019, CIP reported a collective net OPEB expense of \$38,455,955 and \$84,924,196, respectively.

Heartland Community College
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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 2020 and 2019, respectively. As a result, the College recognized on-behalf revenue of \$90,609 and \$91,510 for the fiscal years ended June 30, 2021 and June 30, 2020, respectively. Additionally, the College recognized OPEB expense (and revenue) of \$322,573 and \$765,404 for its proportionate share of the State of Illinois' contribution to the plan for the fiscal years ended June 30, 2021 and June 30, 2020.

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

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

Fiscal Year Ended June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$164,760	\$1,015,095
Changes in assumption	0	2,899,454
Net difference between projected and actual earnings on OPEB plan investments	0	768
Changes in proportion and differences between employer contributions and share of contributions	883,361	39,720
Total deferred amounts to be recognized in pension expense in future periods	1,048,121	3,955,037
OPEB contributions made subsequent to the measurement date	90,609	0
Total	\$1,138,730	\$3,955,037

Heartland Community College
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Notes to Financial Statements

Note 7 Other Post-Employment Benefits (continued)

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

The College reported \$90,609 and \$91,510 as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting years ended June 30, 2022 and June 30, 2021, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Year ended June 30:	Net Deferred Inflows of Resources
2022	(\$484,486)
2023	(484,486)
2024	(484,486)
2025	(484,486)
2026	(484,486)
Thereafter	(484,486)
Total	(\$2,906,916)

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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Healthcare cost trend rates	Actual trend used for fiscal year 2020 based on premium increases. For fiscal years on and after 2021, trend starts at 8.25% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate due to the repeal of the Excise Tax.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2014 to June 30, 2017.

Heartland Community College
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Notes to Financial Statements

Note 7 Other Post-Employment Benefits (continued)

Discount Rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's index "20-year Municipal GO AA Index" has been selected. The discount rates are 2.45% as of June 30, 2020, and 3.13% as of June 30, 2019.

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 2.45% and 3.13% at June 30, 2020 and June 30, 2019, 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, 2020 to the Single Discount Rate Assumption			
	1% Decrease (1.45%)	Current Single Discount Rate Assumption (2.45%)	1% Increase (3.45%)
Net OPEB liability	\$20,665,863	\$18,137,073	\$15,956,403
Sensitivity of Net OPEB Liability as of June 30, 2019 to the Single Discount Rate Assumption			
	1% Decrease (2.13%)	Current Single Discount Rate Assumption (3.13%)	1% Increase (4.13%)
Net OPEB liability	\$21,030,728	\$18,323,664	\$16,026,034

Note 7 Other Post-Employment Benefits (continued)

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

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037.

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

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

- (a) One percentage point decrease in healthcare trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037.
- (b) One percentage point increase in healthcare trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037.

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

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

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.90% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2029 for Medicare coverage.
- (b) One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.90% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2029 for Medicare coverage.

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Note 8 Risk Management

The College accounts for and finances its uninsured risks of loss related to medical care, outpatient prescription drug costs, and dental care. A third-party administrator provides administrative services for this self-insurance plan. Under this program, the fund provides coverage of the College's employee medical insurance when individual claims exceeded \$105,000 with an unlimited maximum benefit per individual per life-time and aggregate claims exceeded \$3,976,425 over an annual liability period.

The reserve for health care costs reported in the fund at June 30, 2021 and 2020, 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.

	2021	2020	2019
Reserve for health care costs at July 1	\$442,871	\$398,906	\$487,457
Claims incurred during the period	3,865,999	3,862,686	4,299,219
Payments on claims	(3,834,297)	(3,818,721)	(4,387,770)
Reserve for health care costs at June 30	\$474,573	\$442,871	\$398,906

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, 2021 and 2020, respectively.

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Notes to Financial Statements

Note 9 Restricted Net Position

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

	2021	2020
Capital projects	\$5,548,483	\$1,574,866
Working Cash	\$3,900,000	\$3,900,000
Restricted for:		
Audit	\$118,060	\$113,341
Liability, Protection, & Settlement	752,683	582,481
	\$692,841	\$695,822

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

At June 30, 2021 and 2020, the College had (\$4,114,659) and (\$3,270,121), respectively, of unrestricted net position. Of these balances, the College has \$1,420,040 and \$1,309,463 designated for payment of self-insurance claims at June 30, 2021 and 2020, respectively. The remaining unrestricted resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

Note 10 Tax Abatements

Tax abatements, as defined by GASB, are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Note 10 Tax Abatements (continued)

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

The College's estimated net reduced tax revenue resulting from the TIFs adopted in these cities within the College is \$645,455 and \$642,453 for fiscal years 2021 and 2020, respectively.

Note 11 Contingencies

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

Note 12 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.

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Notes to Financial Statements

Note 12 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.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect, net of any allowance for doubtful accounts. The Foundation estimates the allowance by reviewing the status of all accounts receivable. There was no allowance for doubtful accounts as of June 30, 2021.

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.

Note 12 Component Unit – Foundation (continued)

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.

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, 2021, the Foundation received \$242,034 of in-kind contributions (goods and services) and \$52,544 of contributed investments, which is included in the statement of activities.

Investments

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

Certificate of Deposit

Certificates of deposit, with an original maturity of more than three months when purchased, are carried at cost, which approximates fair value.

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Notes to Financial Statements

Note 12 Component Unit – Foundation (continued)

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

For purposes of reporting cash flows, 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.

Investments:

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

	Fair Values	
	2021	2020
Common stock	\$1,620,640	\$1,146,204
Exchange traded funds	2,039,187	1,510,395
Mutual funds	4,040,544	3,012,766
Corporate bonds	2,057,092	1,693,642
Certificate of deposit	32,495	31,764
Total	\$ 9,789,958	\$7,394,771

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

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

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

Note 12 Component Unit – Foundation (continued)

For the year ended June 30, 2020, investments expenses were \$31,887. The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$73,540	\$76,798	\$150,338
Realized gain (loss) on investments	56,867	145,059	201,926
Unrealized gain (loss) on investments	(22,901)	(4)	(22,905)
Total	\$107,506	\$221,853	\$329,359

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
Community College District #540
Notes to Financial Statements

Note 12 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 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, 2021, are as follows:

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

Fair values of assets and liabilities measured on a recurring basis at June 30, 2020, are as follows:

	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Common stock	\$1,146,204	\$1,146,204	\$0	\$0
Exchange traded funds	1,510,395	1,510,395	0	0
Mutual funds	3,012,766	3,012,766	0	0
Corporate bonds	1,693,642	0	1,693,642	0
	\$7,363,007	\$5,669,365	\$1,693,642	\$0

Net Assets with Donor Restrictions:

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

	2021	2020
Subject to expenditure for specified purpose:		
Student scholarships and institutional support currently available	\$6,085,918	\$5,621,344
Perpetual endowments	620,000	530,000
Net assets with donor restrictions	\$6,705,918	\$6,151,344

Note 13 Impact of Pending Accounting Pronouncements:

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

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

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

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

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

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

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

Note 13 Impact of Pending Accounting Pronouncements (continued):

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

Note 14 Restatement:

During the fiscal year, the College made the following prior period adjustments to the financial statements to implement GASB Statement No. 84 related to fiduciary activities and properly record deferred summer tuition and prepaid summer salaries in compliance with accounting principles generally accepted in the United States.

	Statement of Net Position
Net Position, as previously reported July 1, 2019	\$46,542,356
Adjustments:	
Summer tuition receivable	1,117,543
Deferred summer tuition	(143,100)
Prepaid summer salaries	(249,400)
Student tuition revenue	(106,548)
Instruction – salaries expense	(25,934)
Trust and agency fund net position	241,399
Net position, as restated July 1, 2019	\$47,376,316

Note 15 Subsequent Events:

In November 2021, the College issued \$20,055,000 of general obligation debt certificates (limited tax) to fund the construction of a new agricultural complex, renovations and additions to the student commons building, and upgrades to science labs. The certificates will bear an interest rate of 0.55% per annum from November 9, 2021 through February 23, 2022 after which point the interest rate will increase to 5.00%. Principal payments are due annually beginning on December 1, 2022 with final maturity on December 1, 2031. The College intends to redeem the debt certificates by issuing bonds in February 2022.

Required Supplementary Information

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

MEASUREMENT DATE JUNE 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%	0%			
Proportion amount of the collective net pension liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$136,297,922	\$127,028,875	\$120,893,566	\$110,893,773	\$113,066,447	\$104,463,724	\$96,989,820			
College DB covered payroll	\$16,555,605	\$16,042,665	\$15,762,164	\$15,416,548	\$15,777,476	\$16,016,358	\$16,152,552			
Proportion of collective net pension liability associated with the College as a percentage of the DB covered payroll	823.27%	791.82%	766.99%	719.32%	716.63%	652.23%	600.46%			
SURS plan net position as a percentage of total pension liability	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%	44.39%			

Note: The System implemented GASB No. 68 in fiscal year 2015. The information is presented for as many years as available. The schedule is intended to show information for 10 years.

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

FISCAL YEAR ENDING JUNE 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Federal, trust, grant and other contribution	\$48,101	\$43,895	\$41,114	\$36,248	\$36,952	\$38,040	\$49,214				
Contribution in relation to required contribution	48,101	43,895	41,114	36,248	36,952	38,040	49,214				
Contribution deficiency (excess)	\$96,202	\$87,790	\$82,228	\$72,496	\$73,904	\$76,080	\$98,428				
College covered payroll	18,121,716	18,301,729	17,418,804	16,645,814	16,265,763	16,016,358	16,152,552				
Contribution as a percentage of covered payroll	0.27%	0.24%	0.24%	0.22%	0.23%	0.24%	0.30%				

Note: The System implemented GASB No. 68 in fiscal year 2015. The information is presented for as many years as available. The schedule is intended to show information for 10 years.

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

MEASUREMENT DATE JUNE 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion percentage of the collective net OPEB liability	0.99%	0.97%	0.95%	0.94%						
Proportion amount of the collective net OPEB liability	\$18,137,073	\$18,323,664	\$17,965,825	\$17,095,712						
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with the College	\$18,137,037	\$18,323,664	\$17,967,825	\$16,870,542						
Total collective net OPEB liability associated with the College	\$36,274,110	\$36,647,328	\$35,933,650	\$33,966,254						
College covered payroll	\$16,555,605	\$16,042,665	\$15,762,164	\$15,416,548						
Proportion of collective net OPEB liability associated with the College as a percentage of covered-employee payroll	219.10%	228.44%	227.97%	220.32%						
College insurance plan net position as a percentage of total OPEB liability	-5.07%	-4.13%	-2.87%	-2.15%						

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

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

FISCAL YEAR ENDING JUNE 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$90,609	\$91,150	\$83,229	\$81,331						
Contribution in relation to the required statutorily	90,609	91,150	83,229	81,331						
Contribution deficiency (excess)	\$0	\$0	\$0	\$0						
College covered payroll	\$18,121,716	\$18,301,729	\$16,645,814	\$16,265,763						
Contribution as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%						

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

Note 1 Changes of Pension Benefit Terms:

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2020.

Note 2 Changes of Pension Assumptions:

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

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

Note 3 Changes of OPEB Benefit Terms:

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2020.

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. The demographic assumptions (rates of retirement, termination, and disability) used in this OPEB valuation were identical to those used in the SURS actuarial valuation as of June 30, 2018. An experience review for the years June 30, 2014 to June 30, 2017, resulting in the adoption of new assumptions as of June 30, 2018. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2018:

Note 4 Changes of OPEB Assumptions (continued):

- The discount rate was changed from 3.13 percent at June 30, 2019, to 2.45 percent at June 30, 2020.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2019, projected plan cost for plan year end June 30, 2020, premium changes through plan year end 2020, and expectation of future trend increases after June 30, 2020.
- Since the Excise Tax was repealed, the Excise Tax trend adjustment was removed.
- Per capita claim costs for plan year end June 30, 2020, were updated based on projected claims and enrollment experience through June 30, 2020, and updated premium rates through plan year end 2021.
- Healthcare plan participation rates by plan were updated based on observed experience.

**STATISTICAL SECTION
(UNAUDITED)**

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.	72 - 73
Revenue Capacity	
These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax.	74 - 79
Debt Capacity	
These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the ability to issue additional debt in the future.	80 - 87
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader Understand the environment within which the College's financial activities take place.	88 - 90
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs	91 - 97

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

Heartland Community College

Community College District #540

Financial Trends

Net Position by Component

Last Ten Fiscal Years

(Unaudited)

TABLE A

	2021	Restated 2020	2019	2018	2017	2016	2015	2014	2013	2012
Net position:										
Net investment in capital assets	\$52,851,217	\$49,683,886	\$44,930,780	\$38,906,902	\$37,316,749	\$38,389,218	\$39,912,827	\$41,635,091	\$46,573,950	\$46,469,388
Restricted for:										
Capital projects	5,548,483	1,574,866	502,200	783,488	314,078	374,520	1,677	337,411	651,580	384,545
Working cash	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000
Specific purposes	692,841	695,822	532,980	85,454	59,079	84,604	157,210	280,128	142,602	24,509
Unrestricted	(3,897,436)	(3,028,722)	(3,323,604)	(1,847,114)	10,267,764	5,287,902	4,898,401	4,496,632	1,230,631	3,933,290
Total net position	\$59,095,105	\$52,825,852	\$46,542,356	\$41,828,730	\$51,857,670	\$48,036,244	\$48,870,115	\$50,649,262	\$52,498,763	\$54,711,732

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

Heartland Community College

Community College District #540

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

TABLE B

	2021	Restated 2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating revenues:										
Student tuition and fees, net of scholarship	\$8,333,562	\$9,117,568	\$9,327,146	\$9,462,627	\$10,691,518	\$10,200,728	\$9,322,824	\$11,796,677	\$10,529,999	\$11,575,275
Auxiliary enterprises revenue	226,970	391,884	768,253	594,268	399,237	1,131,570	724,995	637,986	856,864	584,994
Other operating revenues	690,056	748,672	1,316,469	1,810,539	3,385,406	2,586,882	2,820,351	2,510,642	3,898,229	2,721,908
SURS contribution provided by state	15,389,330	14,544,623	13,031,001	12,075,075	11,174,726	8,770,788	7,345,516	6,703,401	6,493,851	4,861,925
Total operating revenues	24,639,918	24,802,747	24,442,869	23,942,509	25,650,887	22,689,968	20,213,686	21,648,706	21,778,943	19,744,102
Operating expenses:										
Instruction	18,635,866	20,683,254	20,994,946	20,948,645	13,155,043	13,525,124	13,806,722	13,665,862	13,616,377	13,865,346
Academic support	3,305,871	2,846,997	3,297,800	2,886,808	2,021,859	2,409,502	2,406,802	2,323,736	2,672,241	2,531,533
Student services	4,826,407	4,593,127	4,083,017	4,164,319	2,656,640	2,811,517	2,767,179	2,569,575	2,578,637	2,826,803
Public services	3,918,946	3,416,121	2,760,888	2,683,517	3,762,448	3,135,985	3,190,156	3,719,162	5,116,227	3,657,252
Auxiliary enterprises	3,123,372	3,053,781	2,065,873	1,812,020	1,146,451	1,206,794	1,191,842	1,145,145	1,237,178	1,118,834
Operations and maintenance	4,622,700	4,298,435	4,230,835	4,149,497	3,331,613	3,419,832	3,622,478	3,525,130	3,454,321	4,124,979
Institutional support	13,801,782	12,120,355	11,488,638	11,380,938	7,148,890	8,144,174	9,287,265	8,600,653	9,165,271	8,833,998
Scholarships, student grants, and waivers	4,561,863	5,137,089	4,411,930	5,713,095	5,442,292	5,709,869	5,439,759	6,988,876	4,854,931	6,710,771
Depreciation	4,672,818	4,600,676	4,544,453	4,491,303	4,533,451	4,587,293	4,638,829	4,710,573	4,722,293	4,430,553
SURS contribution paid by state	0	0	0	0	11,174,726	8,770,788	7,345,516	6,703,401	6,493,851	4,861,925
Total operating expenses	61,469,625	60,749,835	57,878,380	58,230,142	54,373,413	53,720,878	53,696,548	53,952,113	53,911,327	52,961,994
Operating loss	(36,829,707)	(35,947,088)	(33,435,511)	(34,287,633)	(28,722,526)	(31,030,910)	(33,482,862)	(32,303,407)	(32,132,384)	(33,217,892)
Nonoperating revenues (expenses):										
Property taxes	26,717,227	26,278,569	26,055,936	25,986,941	23,215,681	21,376,417	20,986,413	19,985,064	19,798,786	19,502,637
State grants and contracts	5,785,811	5,702,753	4,708,139	6,990,691	2,267,189	2,064,036	4,296,628	4,261,307	4,273,349	4,932,733
Federal grants and contracts	11,346,055	10,052,723	8,558,424	9,595,893	9,797,926	9,921,617	9,942,770	9,962,457	9,840,696	12,459,068
Investment income	40,050	561,598	789,320	387,659	164,482	44,419	24,227	44,931	16,910	201,497
Local grants and contracts	771,100	511,199	0	0	0	0	0	0	0	0
Interest expense	(1,504,249)	(1,653,184)	(1,949,256)	(1,839,089)	(2,887,900)	(3,194,707)	(3,532,897)	(3,766,198)	(3,692,292)	(388,353)
Amortization expense	(57,034)	(57,034)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(36,856)
Loss on disposal of asset	0	0	0	0	0	(1,320)	0	(20,229)	0	0
Total nonoperating revenues, net	43,098,960	41,396,624	38,149,137	41,108,669	32,543,952	30,197,036	31,703,715	30,453,906	30,224,023	36,670,726
Capital contributions	0	0	0	0	0	0	0	0	0	0
Change in net position	6,269,253	5,449,536	4,713,626	6,821,036	3,821,426	(833,874)	(1,779,147)	(1,849,501)	(1,908,361)	3,452,834
Beginning of year, as restated	52,825,852	47,376,316	41,828,730	35,007,694	48,036,244	48,870,115	50,649,262	52,498,763	54,407,124	51,258,898
End of year	\$59,095,105	\$52,825,852	\$46,542,356	\$41,828,730	\$51,857,670	\$48,036,241	\$48,870,115	\$50,649,262	\$52,498,763	\$54,711,732

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

Heartland Community College Community College District #540

Revenue Capacity

Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

(Unaudited)

TABLE C

Tax Levy Year	Assessed Value	Estimated Actual Value
2020	\$4,705,470,640	\$14,116,411,920
2019	4,604,536,939	13,813,610,817
2018	4,528,294,413	13,584,883,239
2017	4,464,342,208	13,393,026,624
2016	4,424,104,515	13,272,313,545
2015	4,314,111,666	12,942,334,998
2014	4,240,488,783	12,721,466,349
2013	4,154,298,826	12,462,896,478
2012	4,131,636,881	12,394,910,643
2011	4,161,237,754	12,483,713,262

Source: College records

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

Heartland Community College Community College District #540

Revenue Capacity

Assessed Value and Actual Value of Taxable Property (Continued)

Last Ten Levy Years

(Unaudited)

TABLE C
(Continued)

Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railroad Property	Other Property	Total Taxable Assessed Value	Total Direct Tax Rate
2020	\$2,786,751,788	\$1,150,241,284	\$64,573,362	\$614,084,571	\$25,290,712	\$64,528,923	\$4,705,470,640	0.57772
2019	2,764,079,868	1,131,429,058	63,820,671	585,988,785	24,597,512	34,621,045	4,604,536,939	0.58179
2018	2,745,147,228	1,113,128,468	54,688,847	557,415,664	23,981,039	33,933,167	4,528,294,413	0.58099
2017	2,725,958,779	1,114,714,862	37,588,890	528,640,522	22,148,863	35,290,292	4,464,342,208	0.58576
2016	2,714,153,916	1,105,950,449	38,164,215	506,840,313	22,415,809	36,579,813	4,424,104,515	0.58875
2015	2,656,194,344	1,073,521,959	39,187,220	484,132,645	22,685,466	38,390,032	4,314,111,666	0.54116
2014	2,612,074,796	1,057,963,549	42,589,895	467,616,790	19,975,744	40,268,009	4,240,488,783	0.50583
2013	2,561,430,797	1,050,697,690	43,963,693	436,999,100	19,745,865	41,461,681	4,154,298,826	0.50161
2012	2,573,618,223	1,049,682,431	39,273,863	407,565,002	17,913,945	43,583,417	4,131,636,881	0.49191
2011	2,620,093,718	1,060,939,966	40,604,960	385,515,518	16,757,294	37,326,298	4,161,237,754	0.47673

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

Heartland Community College

Community College District #540

Revenue Capacity

Property Tax Rates - Direct and Overlapping Governments within McLean County

Last Ten Levy Years

(Unaudited)

TABLE D

Taxing Bodies	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
McLean County	0.91390	0.91509	0.92082	0.91052	0.91399	0.91836	0.90133	0.90375	0.91165	0.91571
Town of Normal	1.02599	1.03263	1.02714	1.04145	0.95891	0.92500	0.91581	0.89427	0.76272	0.77488
Normal Library	0.43367	0.43648	0.44349	0.44962	0.45260	0.45049	0.44185	0.44646	0.43971	0.41484
Normal Township	0.23224	0.23312	0.23007	0.23281	0.23079	0.22786	0.22800	0.22296	0.16692	0.16501
Normal Road and Bridge	0.07848	0.09006	0.09177	0.09291	0.09589	0.09571	0.09346	0.09101	0.09070	0.08965
Normal School District #5	5.64704	5.35541	5.39197	5.03610	5.01469	5.05827	5.02707	5.00704	4.88412	4.73499
Bloomington/Normal Water District	0.18679	0.18835	0.18651	0.18466	0.17931	0.17446	0.17216	0.17011	0.16402	0.16390
Bloomington/Normal Airport Authority	0.14549	0.14367	0.09943	0.11937	0.12442	0.13572	0.13655	0.12736	0.12745	0.15486
City of Bloomington	1.09367	1.09010	1.08603	1.07967	1.08363	1.07729	1.06782	1.06121	1.05990	1.05955
City of Bloomington Township	0.12463	0.12503	0.12594	0.12660	0.12166	0.12433	0.12541	0.12243	0.14145	0.14328
Bloomington School District #87	5.17089	5.14481	5.15520	5.15321	5.13998	5.15877	4.95303	4.83486	4.72322	4.65741
Bloomington Library	0.26317	0.26230	0.26081	0.25959	0.25296	0.25098	0.25323	0.25811	0.25620	0.25073
Bloomington Cemetery	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total overlapping rate	15.31596	15.01705	15.01918	14.68651	14.56883	14.59724	14.31572	14.13957	13.72806	13.52481
Heartland Community College	0.57772	0.58179	0.58099	0.58576	0.58875	0.54116	0.50583	0.50161	0.49191	0.47673
Total rate	15.89368	15.59884	15.60017	15.27227	15.15758	15.13840	14.82155	14.64118	14.21997	14.00154

Source: McLean County Clerk's Office

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

Heartland Community College Community College District #540

Revenue Capacity

Principal Tax Payers

Current Levy Year and Nine Years Ago

(Dollars in Thousands)

(Unaudited)

TABLE E

Taxpayer Name	Type of Business/Service	2020 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation	2011 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation
State Farm Insurance Company	Insurance	\$168,594	1	3.58%	\$172,291	1	4.14%
EDP Renewables North America		31,361	2	0.67%			
White Oak Energy LLC	Energy	15,067	3	0.32%	0		
Westminster Village	Retirement Center	11,000	4	0.23%			
Illinois Agriculture Association	AG Insurance	9,179	5	0.20%	9,567	8	0.23%
Wal-Mart Stores, Inc.	Retail	9,044	6	0.19%	13,694	5	0.33%
High Trail Wind Farm	Energy	8,901	7	0.19%	44,338	2	1.07%
Carle Foundation		8,388	8	0.18%			
Eastland Mall LLC % CBL & Associates Mgt. Inc.	Retail Mall	8,300	9	0.18%	17,667	3	0.42%
C150		8,039	10	0.17%	0		
Snyder Corporation	Apartments/Hotel	0			15,589	4	0.37%
Country Insurance & F.S	Insurance	0			13,504	6	0.32%
Nextra Energy Resources	Clean Energy Services	0			13,459	7	0.32%
Mitsubishi Motors Manufacturing	Auto Manufacturing	0			9,184	9	0.22%
IMI College Hills Development LLC	Retail	0			4,781	10	0.11%
Total		\$277,873		5.91%	\$314,074		7.53%

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 2020 assessed valuation is the most current available.

Heartland Community College Community College District #540

Revenue Capacity

Property Tax Levies and Collections

Last Ten Levy Years

(Unaudited)

TABLE F

Tax Levy Year	Fiscal Year	Assessed Valuation	Direct Tax Rate	Taxes Extended	Total Collected Through June 30, 2020	Collected During Year Ended June 30, 2021	Total Collected Through June 30, 2021	Percentage of Taxes Extended Collected Through June 30, 2021
2020	2022	\$4,705,470,640	0.57772	\$27,225,373	\$0	\$11,461,337	\$11,461,337	42.10%
2019	2021	4,604,536,939	0.58179	26,724,774	9,237,214	17,480,013	26,717,227	99.97%
2018	2020	4,528,294,413	0.58099	26,308,969	26,278,570	0	26,278,570	99.88%
2017	2019	4,464,342,208	0.58576	26,145,601	26,063,282	0	26,063,282	99.69%
2016	2018	4,424,104,515	0.58875	26,042,524	25,988,452	0	25,988,452	99.79%
2015	2017	4,314,111,666	0.54116	23,422,580	23,309,541	0	23,309,541	99.52%
2014	2016	4,240,488,783	0.50583	21,441,400	21,337,253	0	21,337,253	99.51%
2013	2015	4,154,298,826	0.50161	20,838,637	20,775,082	0	20,775,085	99.70%
2012	2014	4,131,636,881	0.49191	20,324,387	20,132,841	0	20,132,841	99.06%
2011	2013	4,161,237,754	0.47673	19,838,409	19,798,786	0	19,798,786	99.80%

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

Notes:

(1) Heartland is not subject to tax caps and therefore, has no tax cap limit.

(2) Due to differences in the computational methods followed by the District's six counties, portions of each which are within the District's boundaries, there may be slight differences between the final levy amounts extended by the counties and those used for financial statement purposes.

(3) Taxes are generally due on June 1st and September 1st of the calendar year subsequent to the levy year.

Heartland Community College

Community College District #540

Revenue Capacity

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

Last Ten Fiscal Years

(Unaudited)

TABLE G

Fiscal Year	Headcount Credit Courses	Tuition and Fee Rates			ICCB S3	Tuition and Fee Revenues
		In District Tuition and Fees per Semester Hour	Out of District Tuition and Fees per Semester Hour	Out of State Tuition and Fees per Semester Hour	Total Semester Credit Hours Generated	All Funds
2021	4,485	\$163	\$318	\$473	82,649	\$15,475,504
2020	4,974	158	308	458	88,296	16,725,358
2019	5,063	153	295	437	91,951	16,830,753
2018	5,193	148	285	422	97,860	16,779,683
2017	5,282	144	279	414	95,606	17,043,175
2016	5,298	142	275	408	97,278	16,907,749
2015	5,286	139	269	399	99,170	16,914,112
2014	5,215	139	269	399	100,879	17,259,646
2013	5,456	136	263	390	104,408	17,551,049
2012	5,610	131	254	377	111,560	17,844,502

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

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

Heartland Community College Community College District #540

Debt Capacity

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

TABLE H

Fiscal Year	General Obligation Bonds (1)	General Obligation Debt Certificates	Bond Premium	Capital Lease Obligations	Total Outstanding Debt	District #540 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	Population	Total Outstanding Debt Per Capita	Percentage of Total Debt to Personal Income
2021	\$58,305,000	\$0	\$4,876,127	\$5,504	\$63,186,631	\$14,116,411,920	0.45%	212,818	\$296.90	1.13%
2020	57,100,000	0	5,008,062	15,966	62,124,028	13,813,610,817	0.45%	212,818	291.91	1.08%
2019	58,120,000	0	5,787,045	25,739	63,932,784	13,584,883,239	0.47%	213,009	300.14	1.12%
2018	68,565,000	0	6,592,077	0	75,157,077	13,393,026,624	0.56%	214,185	350.90	1.37%
2017	70,365,000	4,710,000	1,898,512	0	76,973,512	13,272,313,545	0.58%	214,185	359.38	1.43%
2016	75,840,000	5,015,000	1,351,624	0	82,206,624	12,942,334,998	0.64%	207,953	395.31	1.52%
2015	75,635,000	5,315,000	311,750	60,920	81,322,670	12,721,466,349	0.64%	207,953	391.06	1.53%
2014	79,650,000	5,610,000	440,750	152,421	85,853,171	12,462,896,478	0.69%	208,539	411.69	1.61%
2013	78,915,000	5,890,000	0	93,816	84,898,816	12,394,910,643	0.68%	208,539	407.11	1.66%
2012	82,015,000	5,000,000	0	184,109	87,199,109	12,483,713,262	0.70%	208,539	418.14	1.74%

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

Notes:

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

(2) Details of the College's outstanding debt can be found in Note 4 in the notes to the financial statements.

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

Heartland Community College

Community College District #540

Debt Capacity

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

(Unaudited)

TABLE I

Fiscal Year	General Obligation Bonds (1)	General Obligation Debt Certificates	Bond Premium	Net General Bonded Debt	District #540 Estimated Actual Taxable Property Value	Percentage of Net General Bonded Debt to Estimated Actual Taxable Property Value	Population	Net General Bonded Debt Per Capita
2021	\$58,305,000	\$0	\$4,876,127	\$63,181,127	\$14,116,411,920	0.45%	212,818	\$296.88
2020	57,100,000	0	5,008,062	62,108,062	13,813,610,817	0.45%	212,818	291.84
2019	58,120,000	0	5,787,045	63,907,045	13,584,883,239	0.47%	213,009	300.02
2018	68,565,000	0	6,592,077	75,157,077	13,393,026,624	0.56%	214,185	350.90
2017	70,365,000	4,710,000	1,898,512	76,973,512	13,272,313,545	0.58%	214,185	359.38
2016	75,840,000	5,015,000	1,351,624	82,206,624	12,942,334,998	0.64%	207,953	395.31
2015	75,635,000	5,315,000	311,750	81,261,750	12,721,466,349	0.64%	207,953	390.77
2014	79,650,000	5,610,000	440,750	85,700,750	12,462,896,478	0.69%	208,539	410.96
2013	78,915,000	5,890,000	0	84,805,000	12,394,910,643	0.68%	208,539	406.66
2012	82,015,000	5,000,000	0	87,015,000	12,483,713,262	0.70%	208,539	417.26

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

Notes:

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

(2) Details of the College's outstanding debt can be found in Note 4 in the notes to the financial statements.

Heartland Community College Community College District #540

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

TABLE J

Fiscal Year	Assessed Value	Debt Limit Rate	Debt Limit (Assessed Value x Debt Limit Rate)	Net Debt Applicable to Debt Limit (1)	Legal Debt Margin	Net Debt Applicable to Debt Limit as a Percentage of Debt Limit
2021	4,705,470,640	2.875%	135,282,281	\$63,181,127	\$72,101,154	46.70%
2020	4,604,536,939	2.875%	132,380,437	62,108,062	70,272,375	46.92%
2019	4,528,294,413	2.875%	130,188,464	63,907,045	66,281,419	49.09%
2018	4,464,342,208	2.875%	128,349,838	75,157,077	53,192,761	58.56%
2017	4,424,104,515	2.875%	127,193,005	76,973,512	50,219,493	60.52%
2016	4,314,111,666	2.875%	124,030,710	82,206,624	41,824,086	66.28%
2015	4,240,488,783	2.875%	121,914,053	81,261,750	40,652,303	66.65%
2014	4,154,298,826	2.875%	119,436,091	85,700,750	33,735,341	71.75%
2013	4,131,636,881	2.875%	118,784,560	84,805,000	33,979,560	71.39%
2012	4,161,237,754	2.875%	119,635,585	87,015,000	32,620,585	72.73%

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

Notes:

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

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

TABEL K
(Continued)

	2021			2020		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$110,475,000	100.00%	\$110,475,000	\$131,360,000	100.00%	\$131,360,000
Ford County	0	0.00%	0	0	0.00%	0
City of Bloomington	42,304,000	100.00%	42,304,000	46,185,000	100.00%	46,185,000
McLean County Public Building Commission	0	0.00%	0	0	0.00%	0
B/N Airport Authority	6,945,000	100.00%	6,945,000	9,075,000	100.00%	9,075,000
Prairie Central School District #8	0	0.00%	0	0	0.00%	0
Town of Normal	78,320,000	100.00%	78,320,000	81,410,000	100.00%	81,410,000
Village of Carlock	0	0.00%	0	0	0.00%	0
Town of Normal Special Service Area #1	0	0.00%	0	0	0.00%	0
Olympia School District #16	8,070,000	100.00%	8,070,000	11,045,000	100.00%	11,045,000
Bloomington School District #87	56,385,000	100.00%	56,385,000	45,755,000	100.00%	45,755,000
Tri-Valley School District #3	17,430,000	99.08%	17,269,121	17,885,000	99.09%	17,722,247
Heyworth School District #4	11,875,000	98.31%	11,674,313	12,240,000	100.00%	12,240,000
Ridgeview School District #19	1,165,000	57.96%	675,222	2,280,000	53.97%	1,230,607
Village of Heyworth	67,500	99.75%	67,239	0	0.00%	0
City of Lexington	834,000	100.00%	834,000	890,000	100.00%	890,000
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	21,923,000	25.76%	5,646,269	2,880,000	25.49%	734,227
Lexington School District #7	3,284,800	100.00%	3,284,800	3,910,000	100.00%	3,910,000
City of Chenoa	0	0.00%	0	0	0.00%	0
City of El Paso	0	0.00%	0	0	0.00%	0
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	341,000	100.00%	341,000	0	0.00%	0
City of Fairbury	345,000	100.00%	345,000	0	0.00%	0
City of Atlanta	0	0.00%	0	494,000	100.00%	494,000
Chenoa Public Library District	915,000	97.35%	890,753	370,000	99.93%	369,730
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	0	0.00%	0	965,000	96.99%	935,925
Lincoln Rural Fire Protection District	110,000	94.98%	104,475	0	0.00%	0
Lincoln Park District	705,000	100.00%	705,000	0	0.00%	0
Chester-East Lincoln SD #61	1,935,000	100.00%	1,935,000	230,000	94.55%	217,463
Eureka CUSD #140	0	0.00%	0	690,000	100.00%	690,000
Illini Central CUSD #189	1,095,000	0.04%	416	2,055,000	97.50%	2,003,687
Lincoln CHSD #404	5,025,000	87.09%	4,376,222	0	0.00%	0
Lincoln SD #27	0	0.00%	0	1,430,000	0.04%	543
Pontiac CCSD #429	0	0.00%	0	948,200	86.98%	824,744
Pontiac THSD #90	0	0.00%	0	0	0.00%	0
Rooks Creek CCSD #425	0	0.00%	0	0	0.00%	0
West Lincoln-Broadwell SD #92	1,150,000	93.87%	1,079,448	0	0.00%	0
Woodland CUSD #5	4,517,000	0.13%	5,737	1,375,000	93.91%	1,291,249
Flanagan-Cornell CUSD #74	0	0.00%	0	4,842,000	0.13%	6,391
Logan County	0	0.00%	0	0	0.00%	0
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	0	0.00%	0	0	0.00%	0
LeRoy CUSD #2	12,835,000	0.37%	47,361	0	0.00%	0
Clinton CUSD #15	13,146,000	0.02%	2,761	3,015,000	0.37%	11,216
LeRoy Community Fire Protection District	1,430,000	0.15%	2,102	12,265,000	0.02%	2,698
Octavia Park District	0	0.00%	0	1,520,000	0.14%	2,158
Subtotal	402,627,300		351,785,239	395,114,200		368,406,885
Heartland Community College #540	63,181,127	100.00%	63,181,127	62,108,062	100.00%	62,108,062
Total	\$465,808,427		\$414,966,366	\$457,222,262		\$430,514,947

Heartland Community College Community College District #540

Debt Capacity

Listing of Direct and Overlapping Bonded Debt (Continued)

Last Ten Fiscal Years

(Unaudited)

TABEL K
(Continued)

	2019			2018		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$129,435,000	100.00%	\$129,435,000	\$121,595,000	99.92%	\$121,497,724
Ford County	0	0.00%	0	0	0.00%	0
City of Bloomington	48,985,000	100.00%	48,985,000	56,085,000	100.00%	56,085,000
McLean County Public Building Commission	0	0.00%	0	0	0.00%	0
B/N Airport Authority	9,790,000	100.00%	9,790,000	10,790,000	100.00%	10,790,000
Prairie Central School District #8	0	0.00%	0	1,570,000	69.21%	1,086,597
Town of Normal	84,320,000	100.00%	84,320,000	87,145,000	100.00%	87,145,000
Village of Carlock	0	0.00%	0	15,000	100.00%	15,000
Town of Normal Special Service Area #1	0	0.00%	0	0	0.00%	0
Olympia School District #16	13,775,000	99.18%	13,662,045	10,950,000	99.97%	10,946,715
Bloomington School District #87	49,680,000	100.00%	49,680,000	53,530,000	100.00%	53,530,000
Tri-Valley School District #3	18,235,000	98.69%	17,995,574	4,480,000	99.91%	4,475,968
Heyworth School District #4	12,515,000	100.00%	12,515,000	5,725,000	100.00%	5,725,000
Ridgeview School District #19	3,300,000	53.09%	1,752,069	1,705,000	48.30%	823,515
Village of Heyworth	0	0.00%	0	0	0.00%	0
City of Lexington	932,000	100.00%	932,000	0	0.00%	0
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	3,855,000	25.00%	963,711	4,800,000	24.77%	1,188,960
Lexington School District #7	4,420,000	100.00%	4,420,000	4,900,000	100.00%	4,900,000
City of Chenoa	0	0.00%	0	0	0.00%	0
City of El Paso	0	0.00%	0	0	0.00%	0
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	174,000	100.00%	174,000	498,000	100.00%	498,000
City of Fairbury	395,000	99.93%	394,724	420,000	79.68%	334,656
City of Atlanta	0	0.00%	0	0	0.00%	0
Chenoa Public Library District	995,000	97.11%	966,245	0	0.00%	0
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	0	0.00%	0	0	0.00%	0
Lincoln Rural Fire Protection District	345,000	94.34%	325,466	455,000	97.64%	444,262
Lincoln Park District	670,000	100.00%	670,000	615,000	100.00%	615,000
Chester-East Lincoln SD #61	2,075,000	97.61%	2,025,491	2,075,000	99.37%	2,061,928
Eureka CUSD #140	0	0.00%	0	0	0.00%	0
Illini Central CUSD #189	1,755,000	0.04%	649	2,065,000	0.03%	620
Lincoln CHSD #404	1,562,000	89.01%	1,390,305	1,955,000	92.65%	1,811,308
Lincoln SD #27	0	0.00%	0	0	0.00%	0
Pontiac CCSD #429	0	0.00%	0	0	0.00%	0
Pontiac THSD #90	0	0.00%	0	0	0.00%	0
Rooks Creek CCSD #425	0	0.00%	0	0	0.00%	0
West Lincoln-Broadwell SD #92	1,177,000	94.67%	1,114,231	1,471,000	96.54%	1,420,103
Woodland CUSD #5	5,156,000	0.11%	5,775	0	0.00%	0
Flanagan-Cornell CUSD #74	95,000	90.65%	86,114	0	0.00%	0
Logan County	0	0.00%	0	0	0.00%	0
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	0	0.00%	0	0	0.00%	0
LeRoy CUSD #2	6,380,000	0.38%	23,989	7,185,000	0.46%	33,051
Clinton CUSD #15	13,999,000	0.02%	2,940	13,870,000	0.02%	2,774
LeRoy Community Fire Protection District	1,605,000	0.14%	2,215	1,685,000	1.22%	20,557
Octavia Park District	0	0.00%	0	0	0.00%	0
Subtotal	415,625,000		381,632,543	395,584,000		365,451,738
Heartland Community College #540	63,907,045	100.00%	63,907,045	75,157,077	100.00%	75,157,077
Total	\$479,532,045		\$445,539,588	\$470,741,077		\$440,608,815

Heartland Community College Community College District #540

Debt Capacity

Listing of Direct and Overlapping Bonded Debt (Continued)

Last Ten Fiscal Years

(Unaudited)

TABEL K
(Continued)

	2017			2016		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$136,585,000	99.92%	\$136,475,732	\$138,845,000	99.92%	\$138,733,924
Ford County	0	0.00%	0	0	0.00%	0
City of Bloomington	57,440,000	100.00%	57,440,000	66,705,000	100.00%	66,705,000
McLean County Public Building Commission	0	0.00%	0	0	0.00%	0
B/N Airport Authority	11,715,000	100.00%	11,715,000	12,615,000	100.00%	12,615,000
Prairie Central School District #8	3,050,000	69.21%	2,110,905	4,362,277	69.21%	3,019,132
Town of Normal	87,145,000	100.00%	87,145,000	83,530,000	100.00%	83,530,000
Village of Carlock	25,000	100.00%	25,000	35,000	100.00%	35,000
Town of Normal Special Service Area #1	0	0.00%	0	0	0.00%	0
Olympia School District #16	13,790,000	99.97%	13,785,863	15,755,000	99.97%	15,750,274
Bloomington School District #87	49,305,000	100.00%	49,305,000	42,955,000	100.00%	42,955,000
Tri-Valley School District #3	4,915,000	99.91%	4,910,577	5,320,000	99.91%	5,315,212
Heyworth School District #4	6,490,000	100.00%	6,490,000	6,780,000	100.00%	6,780,000
Ridgeview School District #19	2,515,000	48.30%	1,214,745	1,280,000	48.30%	618,240
Village of Heyworth	149,700	100.00%	149,700	149,700	100.00%	149,700
City of Lexington	0	0.00%	0	0	0.00%	0
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	5,700,000	24.77%	1,411,890	4,445,000	24.77%	1,101,027
Lexington School District #7	5,345,000	100.00%	5,345,000	5,755,000	100.00%	5,755,000
City of Chenoa	0	0.00%	0	0	0.00%	0
City of El Paso	0	24.77%	0	221,000	24.77%	54,742
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	498,000	100.00%	498,000	163,000	100.00%	163,000
City of Fairbury	440,000	79.68%	350,592	460,000	79.68%	366,528
City of Atlanta	0	100.00%	0	15,000	100.00%	15,000
Chenoa Public Library District	0	0.00%	0	0	0.00%	0
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	0	0.00%	0	0	0.00%	0
Lincoln Rural Fire Protection District	570,000	97.64%	556,548	655,000	97.64%	639,542
Lincoln Park District	615,000	100.00%	615,000	610,000	100.00%	610,000
Chester-East Lincoln SD #61	2,075,000	99.37%	2,061,928	2,075,000	99.37%	2,061,928
Eureka CUSD #140	0	0.00%	0	0	0.00%	0
Illini Central CUSD #189	2,575,000	0.03%	773	2,630,000	0.03%	789
Lincoln CHSD #404	2,270,000	92.65%	2,103,155	2,595,000	92.65%	2,404,268
Lincoln SD #27	0	0.00%	0	0	0.00%	0
Pontiac CCSD #429	0	0.00%	0	0	0.00%	0
Pontiac THSD #90	0	0.00%	0	0	0.00%	0
Rooks Creek CCSD #425	0	0.00%	0	0	0.00%	0
West Lincoln-Broadwell SD #92	1,754,000	96.54%	1,693,312	1,185,000	96.54%	1,143,999
Woodland CUSD #5	0	0.00%	0	0	0.00%	0
Flanagan-Cornell CUSD #74	0	0.00%	0	0	0.00%	0
Logan County	0	0.00%	0	0	0.00%	0
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	0	0.00%	0	0	0.00%	0
LeRoy CUSD #2	7,605,000	0.46%	34,983	7,535,000	0.46%	34,661
Clinton CUSD #15	14,625,000	0.02%	2,925	15,805,000	0.02%	3,161
LeRoy Community Fire Protection District	1,760,000	1.22%	21,472	1,830,000	1.22%	22,326
Octavia Park District	0	0.00%	0	0	0.00%	0
Subtotal	418,956,700		385,463,100	424,310,977		390,582,453
Heartland Community College #540	76,973,512	100.00%	76,973,512	82,206,624	100.00%	82,206,624
Total	\$495,930,212		\$462,436,612	\$506,517,601		\$472,789,077

Heartland Community College Community College District #540

Debt Capacity

Listing of Direct and Overlapping Bonded Debt (Continued)

Last Ten Fiscal Years

(Unaudited)

TABEL K
(Continued)

	2015			2014		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$171,020,000	99.92%	\$170,883,184	\$175,930,000	99.92%	\$175,792,254
Ford County	1,270,000	0.08%	1,016	1,165,000	0.08%	924
City of Bloomington	71,555,000	100.00%	71,555,000	79,485,000	100.00%	79,485,000
McLean County Public Building Commission	8,697,489	94.71%	8,237,392	8,697,489	94.71%	8,237,126
B/N Airport Authority	17,190,000	100.00%	17,190,000	14,695,000	100.00%	14,695,000
Prairie Central School District #8	5,154,923	69.21%	3,567,722	2,101,000	69.21%	1,454,166
Town of Normal	84,365,000	100.00%	84,365,000	78,055,000	100.00%	78,055,000
Village of Carlock	45,000	100.00%	45,000	55,000	100.00%	55,000
Town of Normal Special Service Area #1	0	0.00%	0	0	0.00%	0
Olympia School District #16	17,050,000	99.97%	17,044,885	12,530,000	99.97%	12,526,094
Bloomington School District #87	45,955,000	100.00%	45,955,000	37,795,000	100.00%	37,795,000
Tri-Valley School District #3	5,695,000	99.91%	5,689,875	4,505,000	99.91%	4,500,841
Heyworth School District #4	7,660,000	100.00%	7,660,000	6,810,000	100.00%	6,810,000
Ridgeview School District #19	1,920,000	48.30%	927,360	2,660,000	48.30%	1,285,742
Village of Heyworth	149,700	100.00%	149,700	15,000	100.00%	15,000
City of Lexington	0	0.00%	0	0	0.00%	0
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	4,445,000	24.77%	1,101,027	3,795,000	24.77%	939,973
Lexington School District #7	6,090,000	100.00%	6,090,000	5,380,000	100.00%	5,380,000
City of Chenoa	0	0.00%	0	0	0.00%	0
City of El Paso	509,000	24.77%	126,079	0	0.00%	0
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	493,000	100.00%	493,000	493,000	100.00%	493,000
City of Fairbury	480,000	79.68%	382,464	500,000	79.68%	398,406
City of Atlanta	30,000	100.00%	30,000	45,000	100.00%	45,000
Chenoa Public Library District	0	0.00%	0	0	0.00%	0
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	0	0.00%	0	0	0.00%	0
Lincoln Rural Fire Protection District	750,000	97.64%	732,300	840,000	97.64%	820,180
Lincoln Park District	3,600,000	100.00%	3,600,000	600,000	100.00%	600,000
Chester-East Lincoln SD #61	2,075,000	99.37%	2,061,928	2,075,000	99.37%	2,061,903
Eureka CUSD #140	0	0.00%	0	0	0.00%	0
Illini Central CUSD #189	2,890,000	0.03%	867	3,140,000	0.03%	967
Lincoln CHSD #404	3,200,000	92.65%	2,964,800	3,200,000	92.65%	2,964,943
Lincoln SD #27	670,000	100.00%	670,000	670,000	100.00%	670,000
Pontiac CCSD #429	0	0.00%	0	95,000	99.28%	94,317
Pontiac THSD #90	3,825,000	81.81%	3,129,233	900,000	81.81%	736,320
Rooks Creek CCSD #425	0	0.00%	0	0	0.00%	0
West Lincoln-Broadwell SD #92	1,325,000	96.54%	1,279,155	1,325,000	96.54%	1,279,094
Woodland CUSD #5	0	0.00%	0	0	0.00%	0
Flanagan-Cornell CUSD #74	0	0.00%	0	0	0.00%	0
Logan County	0	0.00%	0	0	0.00%	0
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	315,000	100.00%	315,000	0	0.00%	0
LeRoy CUSD #2	8,095,000	0.46%	37,237	8,325,000	0.46%	38,419
Clinton CUSD #15	18,860,078	0.02%	3,772	18,730,000	0.02%	3,331
LeRoy Community Fire Protection District	1,900,000	1.22%	23,180	1,900,000	1.22%	23,188
Octavia Park District	0	0.00%	0	0	0.00%	0
Subtotal	497,279,190		456,311,176	476,511,489		437,256,188
Heartland Community College #540	81,261,750	100.00%	81,261,750	85,700,750	100.00%	85,700,750
Total	\$578,540,940		\$537,572,926	\$562,212,239		\$522,956,938

Heartland Community College Community College District #540

Debt Capacity

Listing of Direct and Overlapping Bonded Debt (Continued)

Last Ten Fiscal Years

(Unaudited)

TABEL K
(Continued)

	2013			2012		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$179,790,000	99.96%	\$179,718,084	\$183,650,000	99.96%	\$183,576,540
Ford County	475,000	0.10%	475	580,000	0.10%	580
City of Bloomington	73,360,000	100.00%	73,360,000	77,145,000	100.00%	77,145,000
McLean County Public Building Commission	10,625,282	95.01%	10,095,310	12,563,993	95.19%	11,959,665
B/N Airport Authority	15,080,000	100.00%	15,080,000	15,460,000	100.00%	15,460,000
Prairie Central School District #8	3,976,248	70.17%	2,790,133	5,630,008	70.17%	3,950,577
Town of Normal	78,060,000	100.00%	78,060,000	78,940,000	100.00%	78,940,000
Village of Carlock	65,000	100.00%	65,000	75,000	100.00%	75,000
Town of Normal Special Service Area #1	4,870,000	100.00%	4,870,000	5,150,000	100.00%	5,150,000
Olympia School District #16	13,670,000	99.97%	13,665,899	13,205,000	99.97%	13,201,039
Bloomington School District #87	39,795,000	100.00%	39,795,000	41,580,000	100.00%	41,580,000
Tri-Valley School District #3	4,875,000	99.88%	4,869,150	5,215,000	99.88%	5,208,742
Heyworth School District #4	7,345,000	100.00%	7,345,000	7,810,000	100.00%	7,810,000
Ridgeview School District #19	2,220,000	82.08%	1,822,176	3,395,000	82.08%	2,786,616
Village of Heyworth	30,000	100.00%	30,000	45,000	100.00%	45,000
City of Lexington	0	0.00%	0	0	0.00%	0
Gridley School District #10	0	0.00%	0	0	0.00%	0
Chenoa School District #9	0	0.00%	0	0	0.00%	0
El Paso-Gridley School Unit #11	3,795,000	25.10%	952,545	4,850,000	25.10%	1,217,350
Lexington School District #7	5,655,000	100.00%	5,655,000	4,470,000	100.00%	4,470,000
City of Chenoa	8,700	100.00%	8,700	17,400	100.00%	17,400
City of El Paso	0	0.00%	0	0	0.00%	0
Randolph Fire Protection District	0	0.00%	0	0	0.00%	0
Village of Gridley	0	0.00%	0	0	0.00%	0
Village of McLean	0	0.00%	0	0	0.00%	0
City of Lincoln	175,000	100.00%	175,000	345,000	100.00%	345,000
City of Fairbury	500,000	100.00%	500,000	500,000	100.00%	500,000
City of Atlanta	60,000	100.00%	60,000	70,000	100.00%	70,000
Chenoa Public Library District	0	0.00%	0	0	0.00%	0
Randolph Township Road & Bridge	0	0.00%	0	0	0.00%	0
Town of Randolph Road District	0	0.00%	0	0	0.00%	0
Lincoln Rural Fire Protection District	925,000	97.96%	906,130	1,005,000	97.96%	984,498
Lincoln Park District	595,000	100.00%	595,000	575,000	100.00%	575,000
Chester-East Lincoln SD #61	2,105,000	99.93%	2,103,527	88,000	99.93%	87,938
Eureka CUSD #140	0	0.00%	0	365,000	0.04%	146
Illini Central CUSD #189	3,375,000	0.04%	1,350	3,595,000	0.04%	1,438
Lincoln CHSD #404	3,480,000	90.11%	3,135,828	3,745,000	90.11%	3,374,620
Lincoln SD #27	1,085,000	100.00%	1,085,000	1,490,000	100.00%	1,490,000
Pontiac CCSD #429	350,000	99.01%	346,535	595,000	99.01%	589,110
Pontiac THSD #90	1,150,000	90.57%	1,041,555	1,390,000	90.57%	1,258,923
Rooks Creek CCSD #425	25,000	100.00%	25,000	50,000	100.00%	50,000
West Lincoln-Broadwell SD #92	1,390,000	94.58%	1,314,662	1,450,000	94.58%	1,371,410
Woodland CUSD #5	0	0.00%	0	0	0.00%	0
Flanagan-Cornell CUSD #74	0	0.00%	0	0	0.00%	0
Logan County	600,000	72.28%	433,680	0	0.00%	0
Downs Fire Protection District	0	0.00%	0	0	0.00%	0
Tazewell County	0	0.00%	0	0	0.00%	0
Village of Cooksville	0	0.00%	0	340,000	100.00%	340,000
LeRoy CUSD #2	0	0.00%	0	0	0.00%	0
Clinton CUSD #15	0	0.00%	0	0	0.00%	0
LeRoy Community Fire Protection District	0	0.00%	0	0	0.00%	0
Octavia Park District	10,000	100.00%	10,000	0	0.00%	0
Subtotal	459,520,230		449,915,739	475,384,401		463,631,592
Heartland Community College #540	84,805,000	100.00%	84,805,000	87,015,000	100.00%	87,015,000
Total	\$544,325,230		\$534,720,739	\$562,399,401		\$550,646,592

Heartland Community College Community College District #540

Demographic and Economic Information

Personal Income Per Capita

Last Ten Fiscal Years

(Unaudited)

TABLE L

Year	District #540 Counties Served	Size of District (2)	District #540 Population (2)	McLean Co. Population	McLean Co. Personal Income	McLean Co. Per Capita Income	McLean Co. Unemployment Rate
2021	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	212,818	173,231	\$5,593,628,990	\$32,290	4.20%
2020	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	212,818	171,517	5,774,119,805	33,665	2.90%
2019	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	213,009	172,828	5,693,472,804	32,943	3.30%
2018	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	214,185	172,290	5,470,552,080	31,752	4.70%
2017	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	214,185	172,418	5,397,545,490	31,305	5.50%
2016	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	207,953	175,890	5,404,747,920	30,728	5.20%
2015	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	207,953	174,061	5,301,898,060	30,460	3.90%
2014	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	208,539	174,647	5,319,747,620	30,460	7.30%
2013	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	208,539	171,166	5,128,133,360	29,960	7.20%
2012	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	208,539	170,556	5,018,610,300	29,425	7.20%

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

Notes:

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

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

TABLE M

Employer	2021			2020			2019			2018			2017		
	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. (AFN)	815	8	0.38%	815	8	0.38%	830	8	0.39%	830	8	0.39%	760	8	0.35%
Advocate Bro Menn Medical Center	1,337	6	0.63%	1,337	5	0.63%	1,337	6	0.63%	1,305	5	0.61%	1,271	5	0.59%
City of Bloomington	667	10	0.31%	667	10	0.31%	715	9	0.34%	679	10	0.32%	691	10	0.32%
COUNTRY Financial	2,020	3	0.95%	2,020	3	0.95%	2,034	3	0.95%	1,972	3	0.92%	1,939	3	0.91%
District 87 Schools (Bloomington)	687	9	0.32%	686	9	0.32%	686	10	0.32%	680	9	0.32%	0		
Illinois State University	3,940	2	1.85%	3,940	2	1.85%	3,319	2	1.56%	3,281	2	1.53%	3,300	2	1.54%
McLean County	817	7	0.38%	817	7	0.38%	846	7	0.40%	835	7	0.39%	713	9	0.33%
Mitsubishi Motor Manufacturing			0.00%			0.00%	0		0.00%	0		0.00%	0		0.00%
OSF St. Joseph Medical Center	1,286	5	0.60%	1,286	6	0.60%	1,408	5	0.66%	860	6	0.40%	894	6	0.42%
State Farm Insurance Companies	14,436	1	6.78%	14,436	1	6.78%	14,200	1	6.67%	14,731	1	6.88%	14,532	1	6.78%
TEK Systems							0			0			0		
Unit 5 Schools (Normal)	1,874	4	0.88%	1,874	4	0.88%	1,600	4	0.75%	1,761	4	0.82%	1,669	4	0.78%
Growmark	0		0.00%	0		0.00%	0		0.00%	0		0.00%	0		0.00%
Heritage Enterprises	0		0.00%	0		0.00%	0		0.00%	0		0.00%	0		0.00%
Heartland Bank & Trust	0		0.00%	0		0.00%	0		0.00%	0		0.00%	763	7	0.36%
Total	27,879		13.10%	27,878		13.10%	26,975		12.66%	26,934		12.58%	26,532		12.39%

Employer	2016			2015			2014			2013			2012		
	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. (AFN)	765	8	0.37%	765	9	0.37%	0		0.00%	700	10	0.34%	778	10	0.37%
Advocate Bro Menn Medical Center	1,402	5	0.67%	1,372	5	0.66%	791	9	0.38%	1,347	5	0.65%	1,157	6	0.55%
City of Bloomington	0			0			765	10	0.37%	0		0.00%	0		0.00%
COUNTRY Financial	1,910	3	0.92%	1,905	3	0.92%	1,949	3	0.93%	1,955	3	0.94%	2,049	3	0.98%
District 87 Schools (Bloomington)	657	9	0.32%	664	10	0.32%	0		0.00%	700	9	0.34%	0		0.00%
Illinois State University	3,320	2	1.60%	3,639	2	1.75%	3,289	2	1.58%	3,251	2	1.56%	3,275	2	1.57%
McLean County	829	7	0.40%	806	8	0.39%	812	8	0.39%	806	8	0.39%	806	9	0.39%
Mitsubishi Motor Manufacturing	0			1,280	6	0.62%	1,251	5	0.60%	1,294	6	0.62%	1,270	5	0.61%
OSF St. Joseph Medical Center	1,364	6	0.66%	1,225	7	0.59%	1,012	7	0.49%	1,028	7	0.49%	832	8	0.40%
State Farm Insurance Companies	14,282	1	6.87%	14,109	1	6.78%	14,765	1	7.08%	14,935	1	7.16%	14,528	1	6.97%
TEK Systems	0			0			1,131	6	0.54%	0		0.00%	0		0.00%
Unit 5 Schools (Normal)	1,654	4	0.80%	1,549	4	0.74%	1,576	4	0.76%	1,674	4	0.80%	1,754	4	0.84%
Growmark	0	0		0		0.00%	0		0.00%	0		0.00%	932	7	0.45%
Heritage Enterprises	596	10	0.29%	0		0.00%	0		0.00%	0		0.00%	0		0.00%
Heartland Bank & Trust	0	0	0.00%	0		0.00%	0		0.00%	0		0.00%	0		0.00%
Total	26,779		12.88%	27,314		13.13%	27,341		13.12%	27,690		13.29%	27,381		13.13%

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

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

Heartland Community College Community College District #540

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

TABLE N

Fiscal Year	District #540 Property Value	McLean Co Construction	McLean Co. Bank Deposits
2021	\$14,116,412	\$46,788	\$14,919,941
2020	13,813,611	186,535	13,842,304
2019	13,584,883	44,166	13,926,434
2018	13,393,027	64,587	14,573,979
2017	13,272,314	136,797	13,824,988
2016	12,942,335	72,605	13,377,016
2015	12,721,466	76,518	13,362,905
2014	12,462,896	92,567	13,362,905
2013	12,394,911	48,823	12,453,121
2012	12,483,713	62,499	12,440,671

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

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

Heartland Community College

Community College District #540

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

TABLE O

	2021	2020	2019	2018	2017
Faculty:					
Full-time	81	84	84	86	85
Part-time	128	168	175	187	179
Total faculty	209	252	259	273	264
Staff:					
Administrative	82	72	68	65	63
Classified	58	67	48	49	48
Professional/technical	75	81	93	91	94
Total staff	215	220	209	205	205
	2016	2015	2014	2013	2012
Faculty:					
Full-time	85	89	90	93	95
Part-time	172	186	187	172	232
Total faculty	257	275	277	265	327
Staff:					
Administrative	66	68	65	69	66
Classified	46	51	53	63	67
Professional/technical	88	89	94	96	100
Total staff	200	208	212	228	233

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

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

TABLE P

Funding Category	2021	2020	2019	2018	2017
Baccalaureate	59,938	64,985	66,432	69,554	68,202
Business occupational	1,563	2,009	2,155	2,365	2,580
Technical occupational	3,861	4,360	4,646	5,207	5,056
Health occupational	5,392	5,866	5,733	5,856	5,417
Remedial developmental	3,333	5,223	6,102	7,553	8,309
Adult basic education/adult secondary education	8,562	5,853	6,883	7,325	6,042
Total	82,649	88,296	91,951	97,860	95,606

Funding Category	2016	2015	2014	2013	2012
Baccalaureate	69,753	67,943	68,374	71,611	80,036
Business occupational	2,513	2,282	3,134	3,413	3,404
Technical occupational	4,029	4,154	4,381	4,039	4,362
Health occupational	4,552	5,090	5,359	5,353	5,614
Remedial developmental	8,720	9,649	10,371	11,093	12,138
Adult basic education/adult secondary education	7,711	10,052	9,260	8,899	6,006
Total	97,278	99,170	100,879	104,408	111,560

Source: College Records

Heartland Community College

Community College District #540

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

TABLE Q

Fiscal Year	Fall Enrollment	Full-Time Equivalent	Male	Female	Full-Time	Part-Time	Average Class Size	Average Class Size and Labs
2021	4,485	2,657	1,876	2,609	1,614	2,871	16.00	190
2020	4,974	2,978	2,182	2,792	1,832	3,142	16.80	190
2019	5,063	3,055	2,270	2,793	1,884	3,179	16.64	193
2018	5,193	3,241	2,401	2,792	2,127	3,066	17.10	191
2017	5,282	3,219	2,318	2,655	2,153	3,129	17.21	179
2016	5,298	3,477	2,375	2,923	2,168	3,130	16.72	179
2015	5,286	3,418	2,413	2,873	2,073	3,213	16.70	179
2014	5,215	3,319	2,414	2,801	2,241	2,974	18.97	179
2013	5,456	3,459	2,529	2,927	2,452	3,004	18.01	179
2012	5,610	3,632	2,616	2,994	2,591	3,019	18.42	179

Fiscal Year	Continuing Students	First Time College Level Students	Nondegree Seeking	Transfer Students	High School Students	In District Residents	Median Age	Degrees Conferred
2021	1,634	721	2,930	279	935	3,697	20	1,088
2020	1,756	756	1,569	415	843	3,989	20	1,195
2019	1,875	740	1,670	445	830	3,991	21	1,143
2018	2,056	748	1,214	488	615	4,082	21	1,103
2017	2,145	734	991	538	616	4,129	21	1,088
2016	2,606	498	1,077	550	552	4,215	21	696
2015	2,485	861	960	332	531	4,692	21	639
2014	3,435	783	523	474	141	4,288	21	700
2013	2,532	1,019	824	663	210	4,341	21	654
2012	2,568	1,062	868	709	NA	4,346	21	723

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

Heartland Community College

Community College District #540

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

TABLE R

	2021	2020	2019	2018	2017
Net capital assets:					
Land	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528
Furniture and equipment	5,318,262	4,337,714	4,622,152	4,502,625	4,405,598
Buildings	81,503,372	84,527,813	87,552,254	90,254,397	91,098,922
Infrastructure	6,913,083	6,819,279	6,741,336	7,562,628	10,542,328
Other assets (tower leases)	174,637	231,671	288,705	345,739	152,027
Construction in progress	502,523	495,524	402,841	79,346	102,958
Total net capital assets	\$98,893,405	\$100,893,529	\$104,088,816	\$107,226,263	\$110,783,361

Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	4,672,817	4,600,676	4,544,453	4,491,303	4,533,451
Amortization expense (tower leases)	57,034	57,034	24,328	24,328	13,426

	2016	2015	2014	2013	2012
Net capital assets:					
Land	\$4,481,528	\$4,481,528	\$4,368,661	\$4,368,661	\$4,368,661
Furniture and equipment	4,915,531	5,312,171	5,816,802	6,322,035	6,880,156
Buildings	94,115,476	99,325,951	102,264,528	103,141,471	106,121,515
Infrastructure	11,284,558	9,887,357	10,080,223	13,001,026	11,779,288
Other assets (tower leases)	165,453	178,879	192,305	205,732	219,158
Construction in progress	102,958	102,958	564,957	139,573	84,849
Total net capital assets	\$115,065,504	\$119,288,844	\$123,287,476	\$127,178,498	\$129,453,627

Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	4,587,293	4,638,829	4,710,573	4,722,293	4,430,553
Amortization expense (tower leases)	13,426	13,426	13,426	13,426	13,426

Source: College Records

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

TABLE S

Capital Asset Type	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Land - acres	145.05	145.05	145.05	145.05	145.05	145.05	145.05	142.45	142.45	142.45
Furniture and equipment - No of Units:										
Education	92	93	92	92	96	97	110	112	117	116
Operations and maintenance	20	23	23	23	18	18	19	19	18	14
Operations and maintenance restricted	64	64	64	64	65	65	65	67	68	68
Restricted purposes	385	349	327	291	274	266	244	230	219	193
Liability, protection & settlement	20	19	19	19	11	11	8	7	7	7
Total furniture and equipment units	581	548	525	489	464	457	446	435	429	398
Buildings - square feet:										
Instructional commons building	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666
Instructional commons north building	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350
Astroth continuing education center	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751
Child development lab	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100
Fitness and recreation center	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784
Receiving and storage building	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556
Physical plant building	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436
Community commons building	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191
Student commons building	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182
Parkside project building	1,134	1,134	1,134	1,134	1,134	1,134	1,134	0	0	0
Workforce development center	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425
Total building square footage	525,575	525,575	525,575	525,575	525,575	525,575	525,575	524,441	524,441	524,441
Infrastructure - No. of improvements:										
Education	1	1	1	1	1	1	1	0	0	0
Operations and maintenance	14	15	14	12	11	11	11	9	9	8
operations and maintenance restricted	30	24	22	19	18	17	17	13	12	11
Auxiliary	1	1	1	1	1	1	1	1	1	1
Restricted purposes	3	10	8	8	8	8	8	7	6	4
Liability, protection & settlement	2	1	1	1	1	1	0	0	0	0
Total infrastructure improvements	51	52	47	42	40	39	38	30	28	24
Construction in progress - No of buildings/projects:										
Building/projects	10	6	8	4	2	2	2	4	2	2
Capital assets disposed - No. of units	1	3	0	17	1	15	8	13	0	28

Source: College records

Heartland Community College
Community College District #540
Operating Information
Equalized Assessed Valuations and Taxes Extended and Collected
Last Ten Years
(Unaudited)

TABLE T

	2020 Levy	2019 Levy	2018 Levy	2017 Levy	2016 Levy	2015 Levy	2014 Levy	2013 Levy	2012 Levy	2011 Levy
Equalized assessed valuation:										
DeWitt County	\$14,150,487	\$13,512,358	\$12,659,114	\$11,953,163	\$11,369,364	\$10,948,245	\$10,451,830	\$9,985,298	\$9,661,719	\$9,257,216
Ford County	297,640	281,850	258,270	244,000	223,770	219,550	205,650	196,500	187,310	179,260
Livingston County	373,304,294	352,536,420	342,122,329	331,881,287	325,462,512	313,498,012	300,293,602	302,920,748	304,334,001	304,891,479
Logan County	396,528,128	380,981,208	365,751,847	359,332,526	357,942,786	351,084,777	339,880,292	322,332,191	314,407,415	310,343,406
McLean County	3,817,949,584	3,755,926,691	3,708,384,369	3,663,250,300	3,632,459,522	3,542,390,690	3,494,423,465	3,424,724,043	3,410,957,250	3,447,174,824
Tazewell County	103,240,507	101,298,412	99,118,484	97,680,932	96,640,561	95,970,392	95,233,944	94,140,046	92,089,186	89,391,569
Total	\$4,705,470,640	\$4,604,536,939	\$4,528,294,413	\$4,464,342,208	\$4,424,098,515	\$4,314,111,666	\$4,240,488,783	\$4,154,298,826	\$4,131,636,881	\$4,161,237,754
Tax rates (per \$100 of equalized assessed valuation):										
Educational Fund	0.17430	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500
Operations and Maintenance Fund	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000
Audit Fund	0.00276	0.00284	0.00309	0.00337	0.00324	0.00316	0.00307	0.00314	0.00350	0.00327
Liability, Protection and Settlement Fund	0.05703	0.05813	0.05967	0.06014	0.05809	0.05551	0.05649	0.06092	0.06770	0.05901
Bond and Interest Fund	0.22454	0.22703	0.29323	0.29165	0.22198	0.19279	0.17681	0.17880	0.16860	0.15971
Operations and Maintenance Fund (Restricted)	0.00319	0.00329	0.00000	0.00549	0.00565	0.00116	0.00118	0.00094	0.00061	0.00264
Equity Tax	0.06590	0.06550	0.00000	0.00000	0.07470	0.06530	0.04310	0.03281	0.02650	0.02710
Total	0.57772	0.58179	0.58099	0.58565	0.58866	0.54292	0.50565	0.50161	0.49191	0.47673
Taxes extended:										
Educational Fund	\$8,234,574	\$8,057,235	\$7,924,505	\$7,816,599	\$7,742,172	\$7,549,695	\$7,420,855	\$7,270,023	\$7,230,365	\$7,282,166
Operations and Maintenance Fund	2,352,735	2,302,122	2,264,144	2,232,171	2,212,049	2,157,053	2,120,244	2,077,149	2,065,818	2,080,619
Audit Fund	130,000	130,000	140,000	150,491	143,325	136,500	130,000	130,000	142,704	135,909
Liability, Protection and Settlement Fund	2,685,100	2,664,100	2,702,100	2,685,100	2,570,000	2,395,000	2,395,000	2,530,799	2,797,118	2,456,000
Bond and Interest Fund	10,572,059	10,404,705	13,278,220	13,020,240	9,820,175	8,317,214	7,497,650	7,428,025	6,967,310	6,646,020
Operations and Maintenance Fund (Restricted)	150,000	150,640	0	245,000	250,000	50,000	50,000	38,800	25,355	110,000
Equity Tax	3,100,905	3,015,972	0	0	3,304,802	2,817,118	1,827,651	1,363,840	1,095,717	1,127,695
Total	\$27,225,373	\$26,724,774	\$26,308,969	\$26,149,601	\$26,042,523	\$23,422,580	\$21,441,400	\$20,838,636	\$20,324,387	\$19,838,409

Source: College records

Heartland Community College
Community College District #540
Operating Information
Summary of Taxes Receivable and Tax Collections
Year ended June 30, 2021
(Unaudited)

TABLE U

	2020 Levy	2019 Levy
Assessed valuations	\$4,705,470,640	\$4,604,536,939
Combined rate per \$100	0.57772	0.58179
Taxes extended	\$27,225,373	\$26,724,774
Total collected to June 30, 2020	\$0	\$9,237,214
Collected during year ended June 30, 2021	11,461,337	17,480,013
Total collected to June 30, 2021	\$11,461,337	\$26,717,227
Write-offs	\$0	\$0
Balance at June 30, 2021	\$15,764,036	\$7,547
Percent collected through June 30, 2021	42.10%	99.97%
Balance by funds:		
Education	6,569,451	
Operations and maintenance	1,360,609	
Operations and maintenance restricted	86,905	
Bond and Interest	6,117,977	
Audit	75,237	
Liability, protection, and settlement	1,553,874	
Total	\$15,764,053	

Source: College records

SUPPLEMENTAL INFORMATION SECTION

Heartland Community College
Community College District #540
Certification of Chargeback Reimbursement
For Fiscal Year 2022

All fiscal year 2021 noncapital audited operating expenditures from the following funds:

1	Education Fund	\$26,756,542
2	Operatings and Maintenance Fund	2,584,426
3	PBC Operatons & Maintenance Fund	0
4	Bond and Interest Fund	1,823,310
5	PBC Rental Fund	0
6	Restricted Purposes	21,350,766
7	Audit Fund	125,298
8	Liability, Protecton, Set	2,574,497
9	Auxiliary Enterprises (subsidy only)	<u>0</u>
10	Total noncapital expenditures (sum of lines 1-9)	55,214,839
11	Deprecation on capital outlay from sources other than state and federal funds	<u>81,843</u>
12	Total costs included (line 10 plus line 11)	\$55,296,682
13	Total certified semester credit hours for FY 2021	82,649
14	Per capita cost (line 12 divided by line 13)	\$669
15	All FY2021 state and federal operating grants for noncapital expenditures, except ICCB grants	\$14,080,332
16	FY 2021 state and federal grants per semester credit hour (line 15 divided by line 13)	\$170
17	District's average ICCB grant rate for FY 2022	\$35
18	District's student tuition and fee rate per semester credit hour for FY 2022	<u>\$169</u>
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)	<u><u>\$295</u></u>

Approved: _____

Letisha Trepac

Vice President, Finance and Administration

1-26-2022
Date

Approved: _____

Keith Cornille

President

1-26-2022
Date

Heartland Community College

Community College District #540

Consolidated Year-End Financial Report
For the year ended June 30, 2021

CSFA Number	Program Name	State	Federal	Other	Total
420-30-0075	WIOA Statewide Activities - Nonformula	\$0	\$49,518	\$0	\$49,518
586-18-0409	Child and Adult Care Food Program	0	7,600	0	7,600
588-00-1448	Public Assistance Grant	0	(21,009)	0	(21,009)
601-00-1591	Nurse Educator Fellowship	10,000	0	0	10,000
684-00-0465	Career and Technical Education	0	154,154	0	154,154
684-00-0818	Illinois Veteran's Grant	140,746	0	0	140,746
684-00-0820	Career and Technical Education Formula Grants	170,633	0	0	170,633
684-00-0824	Adult Education - State Basic and State Performance	381,884	0	0	381,884
684-00-0825	Base Operating Grants	2,983,690	0	0	2,983,690
684-00-0826	Equalization Grant	50,000	0	0	50,000
684-00-1574	Perkins CTE Leadership	0	0	0	0
684-00-2333	Transitional Instruction Math and English Pilot Grant	14,400			14,400
684-01-1625	Adult Education Basic Grants to States - Federal	0	253,977	0	253,977
684-01-1625	Performance Funding Grant (ICCB)	0	0	0	0
684-01-1670	Innovative Bridge and Transition Grant	0	0	0	0
691-00-1381	Monetary Award Program	818,274	0	0	818,274
	Other grant program and activities	0	14,200,149	0	14,200,149
	All other costs not allocated	0	0	43,759,345	43,759,345
Total		\$4,569,627	\$14,644,389	\$43,759,345	\$62,973,361

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

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants of Heartland Community College, Community College District #540 (the "College"), which comprise of the statement of net position as of and for the year ended June 30, 2021, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Adult Education and Family Literacy Grants of Heartland Community College Community College District #540 as of June 30, 2021, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the State Adult Education and Family Literacy Grants and do not purport to, and do not present fairly the financial position of Heartland Community College, Community College District #540 as of June 30, 2021, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

Other Information

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

Compliance

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

Wipfli LLP

Sterling, Illinois
January 26, 2022

Heartland Community College
Community College District #540
Adult Education and Family Literacy Grant
Statement of Net Position
June 30, 2021

Assets	State Basic	Performance	Total
Cash	\$7,589	\$17,059	24,648
Receivable	0	1	1
Total Assets	\$7,589	\$17,060	\$24,649
Liabilities			
Due to District	\$7,589	\$17,060	\$24,649
Net Position	\$0	\$0	\$0

See Accompanying Note to ICCB Grant Programs Financial Statements.

Heartland Community College

Community College District #540

Adult Education and Family Literacy Grant

Statement of Revenues, Expenditures, and Changes in Net Position

Year ended June 30, 2021

	State Basic	Performance	Total
Revenue -			
State sources	\$264,476	\$117,408	\$381,884
Expenditures by program:			
All other instructional types	149,612	0	149,612
Social work services	34,459	0	34,459
Guidance services	24,936	26,554	51,490
Assessment and testing	8,590	0	8,590
Literacy services	0	0	0
Subtotal instructional and student services	217,597	26,554	244,151
Improvement of instructional services	6,434	6,776	13,210
General administration	19,949	39,951	59,900
Data and information services	20,496	44,127	64,623
Subtotal program support	46,879	90,854	137,733
Total expenditures	264,476	117,408	381,884
Excess of revenue over expenditures	0	0	0
Net position, beginning of year	0	0	0
Net position, end of year	\$0	\$0	\$0

See Accompanying Note to ICCB Grant Programs Financial Statements.

Heartland Community College
Community College District #540

Adult Education and Family Literacy Grant

Expenditure Amounts and Percentages for ICCB Grant Funds Only

Year ended June 30, 2021

	Audited Expenditure Amount	Actual Expenditure Percentage
State Basic		
Instruction (45% minimum required)	149,612	57%
General administration (20% maximum allowed)	19,949	8%

ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS

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

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

Heartland Community College
Community College District #540
Notes to ICCB Grant Programs Financial Statements

Note 1 Summary of Significant Accounting Policies

General

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

Basis of Accounting

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

Fixed Assets

Fixed asset purchases are recorded as capital outlay and not capitalized. However, for the Statement of Net Position for the College as a whole, capital assets are capitalized.

Note 2 Payment of Prior Year's Encumbrances

Payments of prior year's encumbrances for goods received prior to August 31 are reflected as expenditures during the current fiscal year.

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

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

We have examined management of Heartland Community College, Community College District #540's (the "College") assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Heartland Community College, Community College District #540, during the period July 1, 2020 through June 30, 2021. The College's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the College's compliance with the specified requirement based on our examination.

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

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

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

Wipfli LLP

Sterling, Illinois
January 26, 2022

Heartland Community College
Community College District #540

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
Year ended June 30, 2021

	Total Semester Credit Hours by Term *							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	7,880.0	0.0	26,800.0	0.0	25,258.0	0.0	59,938.0	0.0
Business Occupational	194.0	5.0	594.5	32.0	738.0	0.0	1,526.5	37.0
Technical Occupation	187.0	0.0	1,373.5	0.0	2,186.0	115.0	3,746.5	115.0
Health Occupational	395.0	27.0	1,576.0	304.0	2,833.5	256.0	4,804.5	587.0
Remedial Development	528.0	0.0	1,599.0	0.0	1,206.0	0.0	3,333.0	0.0
Adult Basis Education/ Adult Secondary Education	470.0	0.0	833.5	3,020.0	1,083.0	3,155.0	2,386.5	6,175.0
Total credit hours certified	9,654.0	32.0	32,776.5	3,356.0	33,304.5	3,526.0	75,735.0	6,914.0

	Attending in District		Attending Out-of-District on Chargeback or Contractual Agreement	Total
	Unrestricted	Restricted		
Reimbursable semester credit hours	62,334.0	6,404.0	0.0	68,738.0

	Dual Credit		Dual Enrollment	
	Unrestricted	Restricted	Unrestricted	Restricted
Reimbursable semester credit hours	12,118.0	0.0	992.0	0.0

District prior year equalized Assessed valuation	\$4,705,470,640
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* Unrestricted credit hours are supported with 50 percent or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements. Restricted credit hours are supported with more than 50 percent of restricted sources of funding.

Signatures


Vice President, Finance and Administration


President

Heartland Community College
Community College District #540

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed

(Continued)

Year ended June 30, 2021

Reconciliation of Total Semester Credit Hours For the year ended June 30, 2021						
	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit hours Certified to the ICCB	Difference
Categories:						
Baccalaureate	59,938.0	59,938.0	0.0	0.0	0.0	0.0
Business Occupational	1,526.5	1,526.5	0.0	37.0	37.0	0.0
Technical Occupation	3,746.5	3,746.5	0.0	115.0	115.0	0.0
Health Occupational	4,804.5	4,804.5	0.0	587.0	587.0	0.0
Remedial Development	3,333.0	3,333.0	0.0	0.0	0.0	0.0
Adult Basis Education/Adult Secondary Education	2,386.5	2,386.5	0.0	6,175.0	6,175.0	0.0
Total	75,735.0	75,735.0	0.0	6,914.0	6,914.0	0.0

Reconciliation of In-District/Chargeback and Cooperative/ Contractual Agreement Credit Hours		
	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB
In-district residents	68,738.0	68,738.0
Out-of-districts on chargeback or contractual agreement	0.0	0.0

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual credit	12,118.0	12,118.0	0.0
Dual enrollment	992	992	0.0

Reconciliation of Total Correctional Semester Credit Hours For the year ended June 30, 2021		
	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB
Categories:		
Baccalaureate	0.0	0.0
Business Occupational	0.0	0.0
Technical Occupation	0.0	0.0
Remedial Development	0.0	0.0
Total	0.0	0.0

Heartland Community College

Community College District #540

Documentation of Residency Verification Steps (Unaudited)

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

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

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

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

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

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

UNIFORM FINANCIAL STATEMENT SECTION

Uniform Financial Statements

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

The Uniform Financial Statements include the following:

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

Certificate of Chargeback Reimbursement

- No. 6 - Certificate of Chargeback Reimbursement

Heartland Community College

Community College District #540

Uniform Financial Statement No. 1

All Funds Summary

Year ended June 30, 2021

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)
Fund balance at July 1, 2020, as restated	\$11,429,319	\$5,148,121	\$1,312,705
Revenues:			
Local taxes	11,042,836	3,494,344	151,023
All other local government	0	0	0
ICCB grants	3,204,323	0	0
All other state revenue	0	0	0
Federal revenue	1,954,525	0	0
Student tuition and fees	14,078,278	0	0
On-behalf CIP	0	0	0
On-behalf SURS	0	0	0
All other revenue	1,296,101	30,870	2,717
Total revenue	31,576,063	3,525,214	153,740
Expenditures:			
Instruction	11,471,252	14	0
Academic support	1,608,352	0	0
Student services	2,666,135	0	0
Public service/continuing education	1,551,641	0	0
Auxiliary services	0	14,904	0
Operation and maintenance	0	2,457,917	52,615
Institutional support	6,338,508	112,291	66,058
Scholarships, student grants, and waivers	3,120,654	0	0
Total expenditures	26,756,542	2,585,126	118,673
Net transfers	(4,788,195)	300,298	2,066,058
Fund balance June 30, 2021	\$11,460,645	\$6,388,507	\$3,413,830

Heartland Community College

Community College District #540

Uniform Financial Statement No. 1

All Funds Summary (Continued)

Year ended June 30, 2021

	Bond and Interest Fund	Auxiliary Enterprise Fund	Restricted Purpose Fund
Fund balance at July 1, 2020	\$1,193,997	\$30,114	\$11,107,152
Revenues:			
Local taxes	10,429,159	0	0
All other local government	0	0	10,140,863
ICCB grants	0	0	537,030
All other state revenue	0	0	846,274
Federal revenue	0	77,283	9,314,247
Student tuition and fees	0	1,454,086	0
On-behalf CIP	0	0	413,182
On-behalf SURS	0	0	14,976,148
All other revenue	(7,488)	254,808	109,237
Total revenue	10,421,671	1,786,177	36,336,981
Expenditures:			
Instruction	0	0	8,440,238
Academic support	0	8,736	1,263,608
Student services	0	0	1,999,366
Public service/continuing education	0	0	1,378,965
Auxiliary services	0	2,485,966	740,330
Operation and maintenance	0	0	2,116,230
Institutional support	1,823,310	0	15,342,692
Scholarships, student grants, and waivers	0	0	8,665,958
Total expenditures	1,823,310	2,494,702	39,947,387
Net transfers	(8,584,394)	686,590	10,327,097
Fund balance June 30, 2021	\$1,207,964	\$8,179	\$17,823,843

Heartland Community College

Community College District #540

Uniform Financial Statement No. 1

All Funds Summary (Continued)

Year ended June 30, 2021

	Working Cash Fund	Audit Fund	Liability Protection Funds	Total
Fund balance at July 1, 2020	\$3,900,000	\$113,309	\$584,503	\$34,819,220
Revenues:				
Local taxes	0	130,337	2,667,712	27,915,411
All other local government	0	0	0	10,140,863
ICCB grants	0	0	0	3,741,353
All other state revenue	0	0	0	846,274
Federal revenue	0	0	0	11,346,055
Student tuition and fees	0	0	0	15,532,364
On-behalf CIP	0	0	0	413,182
On-behalf SURS	0	0	0	14,976,148
All other revenue	7,454	43	920	1,694,662
Total revenue	7,454	130,380	2,668,632	86,606,312
Expenditures:				
Instruction	0	0	139,990	20,051,494
Academic support	0	0	130,760	3,011,456
Student services	0	0	8,202	4,673,703
Public service/continuing education	0	0	4,298	2,934,904
Auxiliary services	0	0	120,767	3,361,967
Operation and maintenance	0	0	1,136,092	5,762,854
Institutional support	0	125,298	1,123,338	24,931,495
Scholarships, student grants, and waivers	0	0	0	0
	0	0	0	11,786,612
Total expenditures	0	125,298	2,663,447	76,514,485
Net transfers	(7,454)	0	0	0
Fund balance June 30, 2021	\$3,900,000	\$118,391	\$589,688	\$44,911,047

Heartland Community College

Community College District #540

Uniform Financial Statement No. 2
Summary of Capital Assets and Debt
Year ended June 30, 2021

	Balance June 30, 2010	Additions	Transfers & Deletions	Balance June 30, 2021
Capital assets:				
Land and site improvements	\$4,481,528	\$0	\$0	\$4,481,528
Construction in progress	495,524	451,928	(444,929)	502,523
Furniture and equipment	15,378,684	1,775,938	5,183	17,159,805
Buildings, additions, and improvements	121,213,674	0	0	121,213,674
Infrastructure	19,295,240	501,861	430,429	20,227,530
Total fixed assets	160,864,650	2,729,727	(9,317)	163,585,060
Accumulated depreciation	60,202,792	4,672,817	(9,317)	64,866,292
Net capital assets	\$100,661,858	(\$1,943,090)	\$0	\$98,718,768
Fixed debt:				
General obligation bonds	\$57,100,000	\$9,550,000	(\$8,345,000)	\$58,305,000
Capital lease obligations	15,966	0	(10,462)	5,504
OPEB liability	18,323,664	0	(186,591)	18,137,073
Total fixed liabilities	\$75,439,630	\$9,550,000	(\$8,542,053)	\$76,447,577

Heartland Community College

Community College District #540

Uniform Financial Statement No. 3
Operating Fund Revenue and Expenditures
Year ended June 30, 2021

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government revenue:			
Local taxes	\$11,042,836	\$2,296,160	\$13,338,996
Corporate personal property replacement tax	0	1,198,184	1,198,184
Total local government	11,042,836	3,494,344	14,537,180
State government:			
ICCB base operating grant	2,983,690	0	2,983,690
ICCB equalization grant	50,000	0	50,000
ICCB career and technical education	170,633	0	170,633
ICCB performance grant	0	0	0
Total state government	3,204,323	0	3,204,323
Federal government - Department of Education	1,954,525		1,954,525
Student tuition and fees:			
Tuition	13,661,145	0	13,661,145
Fees	337,005	0	337,005
Other student assessments	80,128	0	80,128
Total student tuition and fees	14,078,278	0	14,078,278
Other sources:			
Sales and service fees	680,056	0	680,056
Facilities revenue	105,760	0	105,760
Investment revenue	37,058	3,302	40,360
Other	473,227	27,568	500,795
Total other revenue	1,296,101	30,870	1,326,971
Total revenues	\$31,576,063	\$3,525,214	\$35,101,277

Heartland Community College

Community College District #540

Uniform Financial Statement No. 3
Operating Fund Revenue and Expenditures
Year ended June 30, 2021

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures by program:			
Instruction	\$11,471,252	\$14	\$11,471,266
Academic support	1,608,352	0	1,608,352
Student services	2,666,135	0	2,666,135
Public service/continuing education	1,551,641	0	1,551,641
Auxiliary services	0	14,904	14,904
Operations and maintenance	0	2,457,917	2,457,917
Institutional support	6,338,508	112,291	6,450,799
Scholarships, grants, waivers	3,120,654	0	3,120,654
Total operating expenditures by program	26,756,542	2,585,126	29,341,668
Adjusting nonoperating items -			
Net transfers	4,788,195	(300,298)	4,487,897
Total adjusted expenditures	\$31,544,737	\$2,284,828	\$33,829,565
Operating expenditures by object:			
Salaries	18,048,783	595,180	18,643,963
Employee benefits	3,011,093	131,343	3,142,436
Contractual services	927,369	624,805	1,552,174
General materials and supplies	967,775	227,760	1,195,535
Library materials**	18,422	0	18,422
Conference and meeting expenses	118,950	14,368	133,318
Fixed charges	222,311	250,738	473,049
Utilities	663	716,177	716,840
Capital outlay	0	14,081	14,081
Other	3,459,598	10,674	3,470,272
Student grants and scholarships**	3,123,617	0	3,123,617
Total operating expenditures by object	26,756,542	2,585,126	29,341,668
Adjusting nonoperating items -			
Net transfers	4,788,195	(300,298)	4,487,897
Total adjusted expenditures	\$31,544,737	\$2,284,828	\$33,829,565

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

Heartland Community College

Community College District #540

Uniform Financial Statement No. 4

Restricted Purposes Fund Revenues and Expenditures

Year ended June 30, 2021

Revenue by source -	
Local government	\$10,140,863
State government:	
ICCB - Adult Education	381,884
ICCB - other	155,146
Illinois student assistance commission	818,274
On-behalf - CIP	413,182
On-behalf - SURS	14,976,148
Other	28,000
Total state government	16,772,634
Federal government:	
Department of Education	9,101,342
Department of Labor	50,070
Department of Health & Human Services	86,400
Other	76,435
Total federal government	9,314,247
Other sources:	
Tuition and fees	0
Other	109,237
Total other sources	109,237
Total restricted purposes fund revenues	\$36,336,981
Expenditures by program:	
Instruction	8,440,238
Academic support	1,263,608
Student services	1,999,366
Public service/continuing education	1,378,965
Auxiliary services	740,330
Operations and maintenance	2,116,230
Institutional support	15,342,692
Scholarships, grants, and waivers	8,665,958
Total restricted purposes fund expenditures	\$39,947,387
Expenditures by object:	
Salaries	1,103,977
Employee benefits (including SURS and CIP on-behalf)	15,591,512
Contractual services	1,884,298
Student financial aid	6,264,759
General materials and supplies	1,319,981
Library materials*	2,591
Travel and conference/meeting expenses	12,399
Fixed charges	8,602,366
Utilities	21,036
Capital outlay	2,616,984
Other	2,530,075
Scholarships, grants, waivers*	8,665,958
Total restricted purposes fund expenditures	\$39,947,387

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

Heartland Community College

Community College District #540

Uniform Financial Statement No. 5

Current Funds* Expenditures by Activity

Year ended June 30, 2021

Instruction -	
Instructional programs	\$20,031,762
Other	19,732
Total Instruction	20,051,494
Academic support:	
Library center	424,761
Instructional materials center	23,688
Educational media services	136,750
Academic computing support	325,115
Academic administration and planning	406,030
Other	1,695,112
Total academic support	3,011,456
Student services support:	
Admissions and records	551,362
Counseling and career services	259,976
Financial aid administration	359,980
Other	3,502,385
Total student services support	4,673,703
Public service/continuing education:	
Community education	1,946,755
Customized training (instructional)	60,484
Community services	51,753
Other	875,912
Total public service/continuing education	2,934,904
Auxiliary services	3,361,967

Heartland Community College

Community College District #540

Uniform Financial Statement No. 5

Current Funds* Expenditures by Activity

Year ended June 30, 2021

Operations and maintenance of plant:

Maintenance	911,862
Custodial services	569,023
Grounds	67,891
Campus security	480,216
Transportation	35,685
Utilities	601,137
Administration	312,418
Other	2,732,007

Total operations and maintenance of plant	5,710,239
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Institutional support:

Executive management	1,100,482
Fiscal operations	686,526
Community relations	960,396
Administrative support services	351,767
Board of Trustees	22,701
General Institutional	10,152,006
Institutional research	304,938
Administrative data processing	2,274,162
Other	7,189,149

Total institutional support	23,042,127
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Scholarships, students grants, and waivers	11,786,612
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Total current funds expenditures	\$74,572,502
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*Current funds include the Education; Operations and Maintenance; Auxiliary Enterprises;
Restricted Purposes; Audit; Liability, Protection, and Settlement Funds

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Heartland Community College, Community College District #540 (the "College"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 26, 2022. Our report includes a reference to other auditors who audited the financial statements of Heartland Community College Foundation, as described in our report on the College's financial statements. The financial statements of Heartland Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Heartland Community College Foundation or that are reported on separately by those auditors who audited the financial statements of Heartland Community College Foundation.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Sterling, Illinois
January 26, 2022

Heartland Community College Community College District #540 Normal, Illinois

Federal Compliance Audit Report

For the fiscal year ended June 30, 2021



WIPFLI

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

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

Report on Compliance for Each Major Federal Program

We have audited Heartland Community College – Community College District #540's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Heartland Community College - Community College District #540 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely presented component unit of Heartland Community College - Community College District #540, as of and for the year ended June 30, 2021, and have issued our report thereon dated, January 26, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wipfli LLP

Sterling, Illinois
February 4, 2022

Heartland Community College
Community College District #540
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Award Notification Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed-through Illinois State Board of Education				
Child and Adult Food Care Program	10.558	20XX-4226-00	\$7,600	\$0
U.S. Department of Labor:				
WIOA Cluster				
Passed-through Illinois Department of Commerce and Economic Opportunities				
Apprenticeships	17.258	19-638008	13,771	0
Apprenticeships	17.259	19-638008	14,756	0
Apprenticeships	17.278	19-638008	20,991	0
Passed-through Career Link				
Drop Out Recovery Grant	17.259	OOOSY2015-1	50,071	0
Subtotal WIOA Cluster			99,589	0
U.S. Department of Treasury				
Passed-through Illinois Community College Board				
Education and Human Resources				
NexSTEM	21.019	CURES12 FY21	14,120	0
National Science Foundation				
Passed-through Illinois Wesleyan University				
Education and Human Resources				
NexSTEM	47.076	NSF DUE 1742224	47,925	0
U.S. Department of Education				
Passed-through Illinois Community College Board				
Adult Education - Basic Grants to States:				
Federal Adult Education-Basic	84.002	54001	172,294	0
EL/Civics Program	84.002	54001	75,499	0
Federal Adult Education (CTE/AE)	84.002	54001	6,184	0
Subtotal ALN 84.002			253,977	0
Direct award:				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant	(M) 84.007	P007AXX8129	210,939	0
Federal Work Study Program	(M) 84.033	P033AXX8129	41,177	0
Federal Pell Grant Program	(M) 84.063	P063PXX4678	3,930,441	0
Federal Direct Loans	(M) 84.268	P268KXX4678	2,117,299	0
Subtotal Student Financial Aid Cluster			6,299,856	0
Direct award:				
TRIO - Student Support Services	84.042		263,097	0
Passed-through Illinois Community College Board:				
Career and Technical Education - Basic Grants to States:				
Perkins Title II Postsecondary/Adult	84.048	CTE54012	154,154	0
Perkins CTE Leadership Grant	84.048	CTE54012	10,861	0
Perkins Leadership Grant	84.048	CTE54012	8,381	0
Subtotal ALN 84.048			173,396	0

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

Heartland Community College

Community College District #540

Schedule of Expenditures of Federal Awards (continued)
Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Award Notification Number	Expenditures	Passed Through to Subrecipients
COVID-19 - Education Stabilization Fund				
Passed-through Illinois Community College Board:				
Governor's Emergency Education Relief (GEER)	(M) 84.425C	GEER-540	254,509	0
Direct award:				
Higher Education Emergency Relief Fund - Student	(M) 84.425E	P425E202207	1,166,822	0
Higher Education Emergency Relief Fund - Institutional	(M) 84.425F	P425F202289	5,998,107	0
Subtotal ALN 84.425			7,419,438	0
Total U.S. Department of Education			14,409,764	0
U.S. Department of Health and Human Services				
Passed-through Illinois Network of Child Care Resource and Referral Agencies				
COVID-19 Child Care and Development Fund				
Child Care and Development Block Grant				
Child Care Restoration Grant	93.575	not provided	86,400	0
U.S. Department of Homeland Security				
Passed-through Illinois Emergency Management Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Public Assistance Grant	97.036	4489DR-IL	(21,009)	0
Total expenditures of federal awards			\$14,644,389	\$0

(M) Denotes major program

Heartland Community College

Community College District #540

Notes to Schedule of Expenditures of Federal Awards

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Heartland Community College Community College District #540 (the College) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 Summary of Significant Accounting Policies

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

As of and during the year ended June 30, 2021, the College did not receive any noncash federal assistance, federal insurance, or loan guarantees.

Note 3 Direct Loan Programs

During the fiscal year ended June 30, 2021, students and their parents were awarded \$2,117,299 of federal guaranteed loans under the Federal Direct Student Loan Program (programs include Stafford Loans, Parents' Loans for Undergraduate Students, and Unsubsidized Stafford Loans).

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

Note 4 Non-cash Assistance

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2021.

Note 5 Indirect Cost Rate

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

Heartland Community College

Community College District #540

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

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

Federal Awards

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

Unmodified

Internal control over major programs:

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

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

	Unmodified		
	Yes	X	No
	Yes	X	None reported
	Yes	X	No

Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

84.007, 84.033, 84.063, 84.268Student Financial Aid Cluster

84.425C, 84.425E, 84.425FCOVID-19 Education Stabilization Fund

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

\$750,000

Auditee qualified as a low-risk auditee?

X Yes No

Heartland Community College
Community College District #540
Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Heartland Community College

Community College District #540

Summary Schedule of Prior Audit Findings

Section IV – Prior Year Findings

Finding 2020-001: Reporting

COVID-19 Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF)
ALN 84.425
Department of Education Direct Award
Grant period: April 25, 2020 through May 6, 2021

The College does not maintain prior reporting. When they update their website, the old information is replaced. We were unable to determine whether the information presented on the initial student report was accurate or timely. However, the College was notified by the Department of Education that as of July 8, 2020, they were properly reporting the 6 of the 7 student reporting requirements. The College was not reporting the number of eligible students. The College's corrective action plan was implemented and this finding has been fully corrected.