

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

Heartland Community College

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



HEARTLAND
COMMUNITY COLLEGE

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 AND 2022**

Prepared by:

Sam Overton
Vice President, Finance and Administration

Justin Knorr
Controller

Heartland Community College, Illinois

Community College District No. 540

Years Ended June 30, 2023 and 2022

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Heartland Community College, Illinois

Community College District No. 540

Years Ended June 30, 2023 and 2022

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Introductory Section



November 14, 2023

President's Letter



Members of the Board of Trustees:

It is with pleasure that I submit, to you and the residents of District 540, the Heartland Community College *Annual Comprehensive Financial Report* (ACFR) for the Fiscal Year ended June 30, 2023. Heartland is committed to providing access and supporting the success of all students and citizens of District 540. The 2023 ACFR provides evidence that the College is well positioned to serve its communities as a leader in higher education and a responsible financial steward.

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

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

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

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

Sincerely,

Keith Cornille, Ed.D.
President



November 14, 2023

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

The Annual Comprehensive Financial Report of Heartland Community College District No. 540, Normal, Illinois, as of and for the fiscal year ended June 30, 2023 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, 2023. 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

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HEARTLAND
COMMUNITY COLLEGE

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

Vision

Leading our community to lifelong learning and success.

Mission

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

Foundational Value Statements and College-Wide Priorities and Goals

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

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

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

Promote Student Access and Success

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

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

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

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***Ensure Resource Stewardship***

- Improve employee satisfaction.
- Fulfill institutional need for diverse recruiting, hiring, retention, and advancement.
- Maintain or increase the College's financial health.
- Maintain or increase value of the College's physical assets.

Serve as a Community Resource

- Meet emerging workforce needs through education and training programs.
- Fulfill unmet community demand for personal enrichment and professional learning.
- Establish and sustain diverse community partnerships to share resources and build reciprocal support networks.

Model Effective Communication, Collaboration and Transparency

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

The College's strategic plan was updated and approved by the Board of Trustees in September 2021. Although the 2021 plan includes updated vision and mission statements as well as institutional priorities, some of the priorities of the previous strategic plan continue to be embedded in the current plan.

FINANCIAL INFORMATION

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

The Finance and Administration unit is responsible for directing the College's fiscal, human resources, business services, information technology, security, and facilities operations. Managing resources with strict attention to dynamic facility, funding, technology, and staffing requirements has been the primary goal of the unit. Financial resource management has also been strongly influenced by the Board of Trustees. The Board's financial policies, directives, and decisions have set the tone for fiscal stewardship and accountability since the College's founding.

In an effort to continue to improve fiscal understanding of the College budget as well as to increase transparency and communication, a modified zero-based budgeting approach was used to develop both the fiscal year 2022 and 2023 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 \$50.6 million in fiscal year 2014 to \$77.5 million in fiscal year 2023. The College's net position in 2023 is about \$26.9 million more than 2014 and net position improved from 2022 to 2023 by approximately \$9.9 million.

State of Illinois Economy

The State of Illinois economy has been affected by the business closures due to the COVID-19 pandemic. The unemployment rate for Illinois as of June 2023 was 4.0 percent (the lowest the rate has been since the start of the COVID-19 pandemic).

The State's employment growth numbers reflect the trend across the rest of the Nation as employment begins to bounce back after the decline in the previous year because of the COVID-19 pandemic. Illinois has gained 3.95% of employment growth over the last year, from June 2022 to June 2023, as reported by the US Bureau of Labor Statistics. Illinois' Labor Force participation rate has increased from 64.5 in June of 2022 to 64.6 in June of 2023.



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 2024 State Budget was appropriated in a timely fashion by the State of Illinois. Heartland Community College (HCC) FY 2024 Budget included anticipated State revenue of 100% of the College's State appropriation. The College did levy an equity tax in 2022 and this, too, is reflected in the Fiscal Year 2024 Budget. The College has continued its focus on multi-year budgetary strategic planning.

District Economy

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

The District has several higher education institutions. Bloomington-Normal is the location of two universities, Illinois State University in Normal (with enrollment of 20,989 undergraduate students in Fall of 2023 per their website) and Illinois Wesleyan University in Bloomington (with an enrollment of approximately 1,527 students in Fall of 2022 per their website). Several cooperative arrangements and educational alliances have been established with some of these institutions, as well as with some peer Illinois community colleges.

Median household income for McLean County was \$68,860, making it one of the highest counties in the State. The most recent population of the County was 171,141. The current population of the entire district is 210,243. These economic growth indicators bode well for the community and for Heartland Community College.

Tax Base

The Heartland Community College District 2022 tax levy base of \$5,200,460,439 increased by 6.56 percent from the 2021 tax base. This followed an increase of 3.71 percent in the previous year. Residential and commercial growth is expected to continue, with a projected increase exceeding five percent in the 2023 tax levy base. The value of farmland and the varieties of construction growth have been key factors in the District's historical economic growth. There has been continued growth within the District in green economy initiatives such as wind farms.



The district Equalized Assessed Valuation (EAV) is projected to increase for the next two to three years. Local property taxes will continue to be a significant source of revenue for the College. During fiscal year 2023, local property taxes accounted for 40.5 percent of total revenues. Local support represents 40.0 percent of total operating fund revenues in the fiscal year 2024 budget.

Net Position and Liquidity

The College's net position at the end of fiscal year 2023 increased to \$77.5 million as compared to fiscal year 2022's restated ending net position of \$67.6 million. Net position was 135.5 percent of total fiscal year 2023 operating expenses. Liquidity is strong, with \$95.1 million of cash and short-term investments at year end.

College Enrollment

Credit hour enrollment increased by 2.3 percent during fiscal year 2023 as compared to a 4 percent increase in 2022. This year was the second increase in enrollment compared to the previous eight consecutive years with an enrollment decline. Heartland's enrollment patterns are affected by the economy and have trended more positively, in recent years, than State and national enrollments at other community colleges.

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

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

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

The fiscal year 2024 budget was predicated on credit hours remaining consistent from fiscal year 2023's actual credit hours. We believe the enrollment declines during 2021 and the eight previous fiscal years have been driven by: (1) economic factors, (2) declines in high school graduating class sizes, (3) changes that restrict continuing federal financial aid eligibility, and (4) uncertainty of students and online instruction due to the COVID-19 pandemic. The College is optimistic that the increase seen in fiscal year 2022 and 2023 will continue based on the rollout of the SEM plan. Many of our peer institutions continued to experience declines in enrollment this year as in previous years, whereas we saw an increase of 2.3 percent.

A net increase of \$8.00 per credit hour was made to the in-district tuition and universal fees rate between fiscal year 2023 and fiscal year 2024. Heartland's FY2023 per credit hour in-district tuition and fees rate of \$174.00 was ranked as #3 (from the highest) among other Illinois community colleges.

The District received a total of \$813,089 in Adult Education grants for fiscal year 2023. This was an increase of \$211,084 from fiscal year 2022's Adult Education grants.



In fiscal year 2023, overall revenues in the College's continuing education programs increased from fiscal year 2022 mainly due to increase of course offerings and the increased ability to provide more opportunities in person as the College rebounds from the COVID-19 pandemic. Sales and service fees from continuing education programs were \$1,273,184 in fiscal year 2023 as compared to \$1,010,299 in 2022, which was an increase of \$262,885. Future year revenues are forecasted to increase approximately 5%.

The ethnicity of Heartland's students for Fall 2023 reflects that of the District in that approximately 64.7 percent of the students are White Non-Hispanic. Heartland's enrollments were slightly more diverse this Fall compared to last Fall, with increases in Hispanic students of 4.2%, and increases in Asian students of 26.2%. The Fall 2023 unduplicated headcount has decreased 0.2% over Fall of 2022. 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 42.9 % lower in 2023 compared to 2022. Federal grants accounted for 13.9 percent of the College's total revenues during fiscal year 2023 as compared to 22.7 percent in 2022. During fiscal year 2022, the College spent \$6.2 million of the Higher Education Emergency Relief Funding to aid with student and institutional relief for expenses related to the COVID-19 pandemic. Federal financial aid dollars for student awards and loans accounted for approximately \$6.5 million (or 67.4 percent) of the federal total.

Component Unit

The Heartland Community College Foundation, considered a component unit of the College, assists the College and its students by providing scholarships and grants from its fundraising efforts. The Foundation's net position increased from \$9.6 million at the end of fiscal year 2022 to \$16.5 million in 2023. The Foundation also awarded \$493,790 in student scholarships during fiscal year 2023.

DEBT ADMINISTRATION

The College had general bonded debt of \$98,392,209 as of June 30, 2023 and \$73,992,161 as of June 30, 2022. The \$24,400,048 increase from 2022 to 2023 is the result of several different factors including: (1) principal payments totaling \$8,210,000 (reducing debt); (2) amortization of bond premiums totaling approximately \$1,049,189 (reducing debt); and (3) issuance of \$30,520,000 general obligation bonds along with bond premiums of \$3,139,237. The new bond proceeds will be used to fund the College's advanced manufacturing building addition and various facility improvements and capital equipment.

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 2022 assessed valuation of \$5,200,460,439 results in a legal debt limit of \$149,513,238. 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 2019-2023, 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>
2023	\$98,392,209	1.9 percent	\$467.99
2022	\$73,992,161	1.5 percent	\$351.94
2021	\$63,181,127	1.3 percent	\$296.88
2020	\$62,108,062	1.3 percent	\$291.84
2019	\$63,907,045	1.4 percent	\$300.02

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 three-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.

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Awards for Financial Reporting

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Heartland Community College for its Consolidated Annual Financial Report for the fiscal year ended June 30, 2022. 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, 2023 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/ **Sam Overton**

Sam Overton
Interim Vice President, Finance and Administration

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

PRINCIPAL OFFICIALS

Board of Trustees

	<u><i>Position</i></u>	<u><i>Term Expiration</i></u>
Rebecca Ropp	Chair	2027
Janet M. Hood	Vice-Chair	2025
Joshua Crockett	Secretary	2027
Mary E. Campbell	Trustee	2029
Jeffrey Flessner	Trustee	2025
Cecelia Long	Trustee	2029
Thomas Whitt	Trustee	2025
Andria Merkle	Student Trustee	2024

Officers of the College

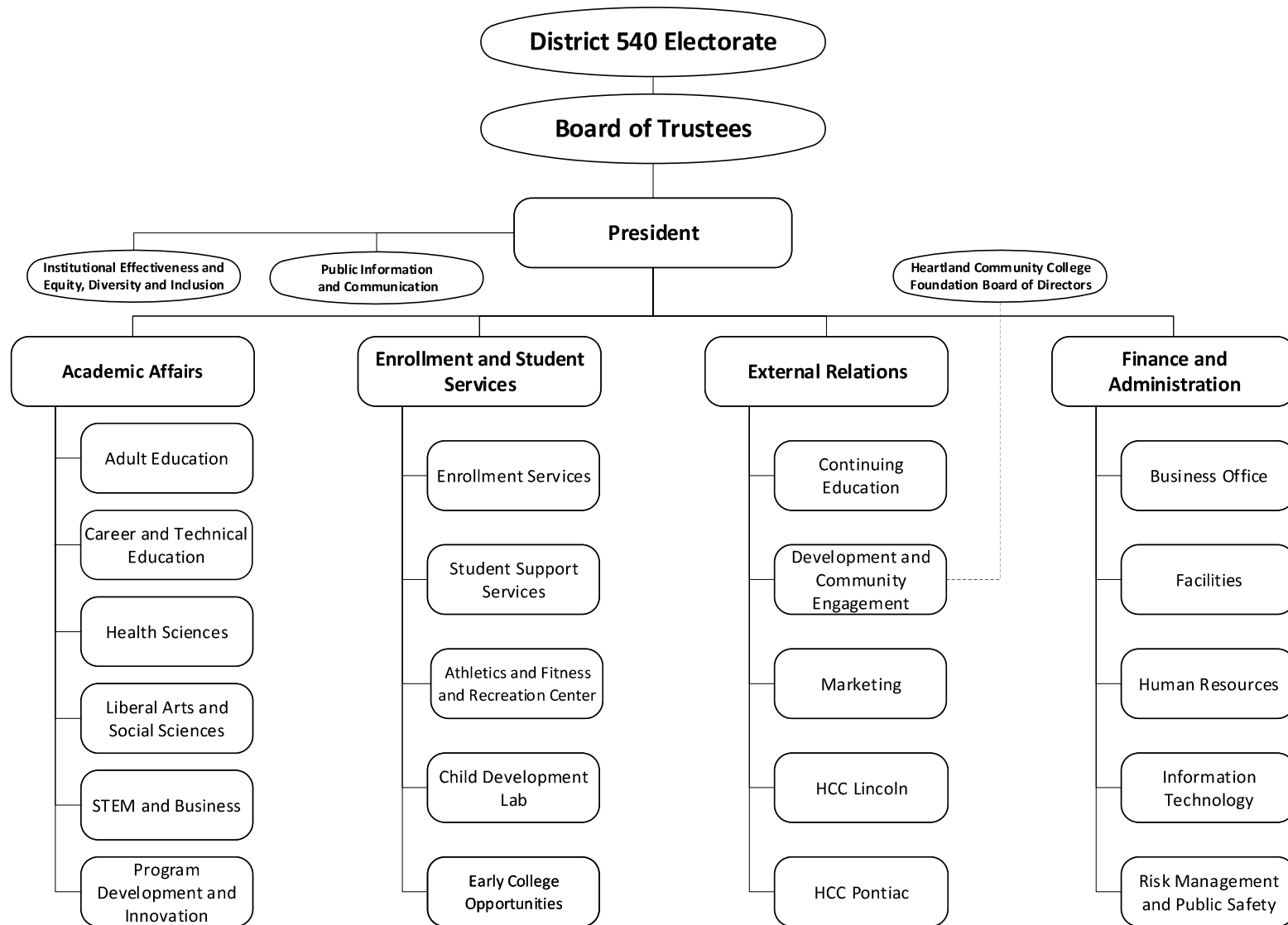
Keith Cornille	President
Sam Overton	Interim Vice President, Finance and Administration
Kelli Hill	Vice President, External Relations
Rick Pearce	Provost and Vice President, Academic Affairs
Sarah Diel-Hunt	Vice President, Enrollment and Student Success

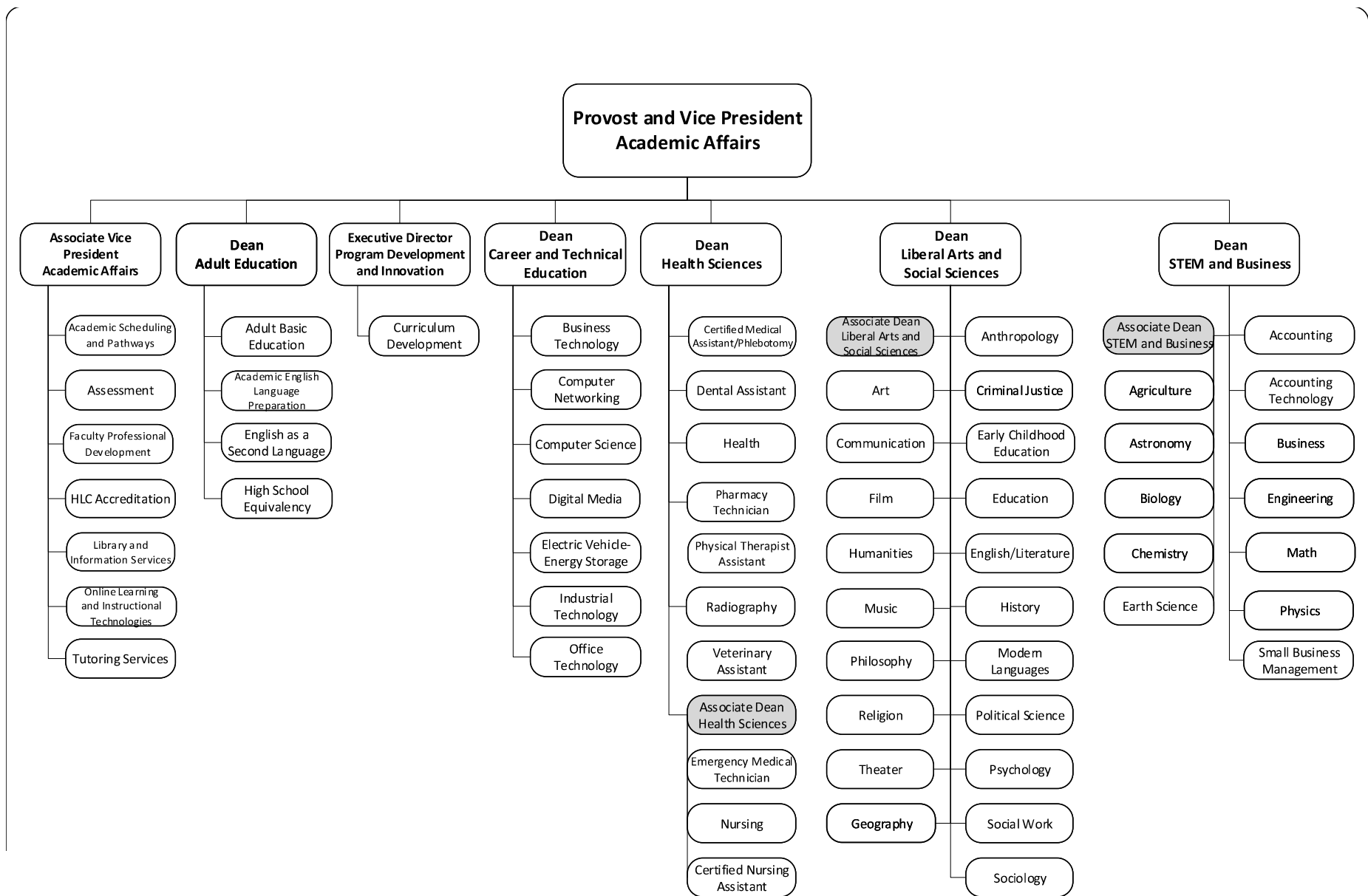
Officials Issuing Report

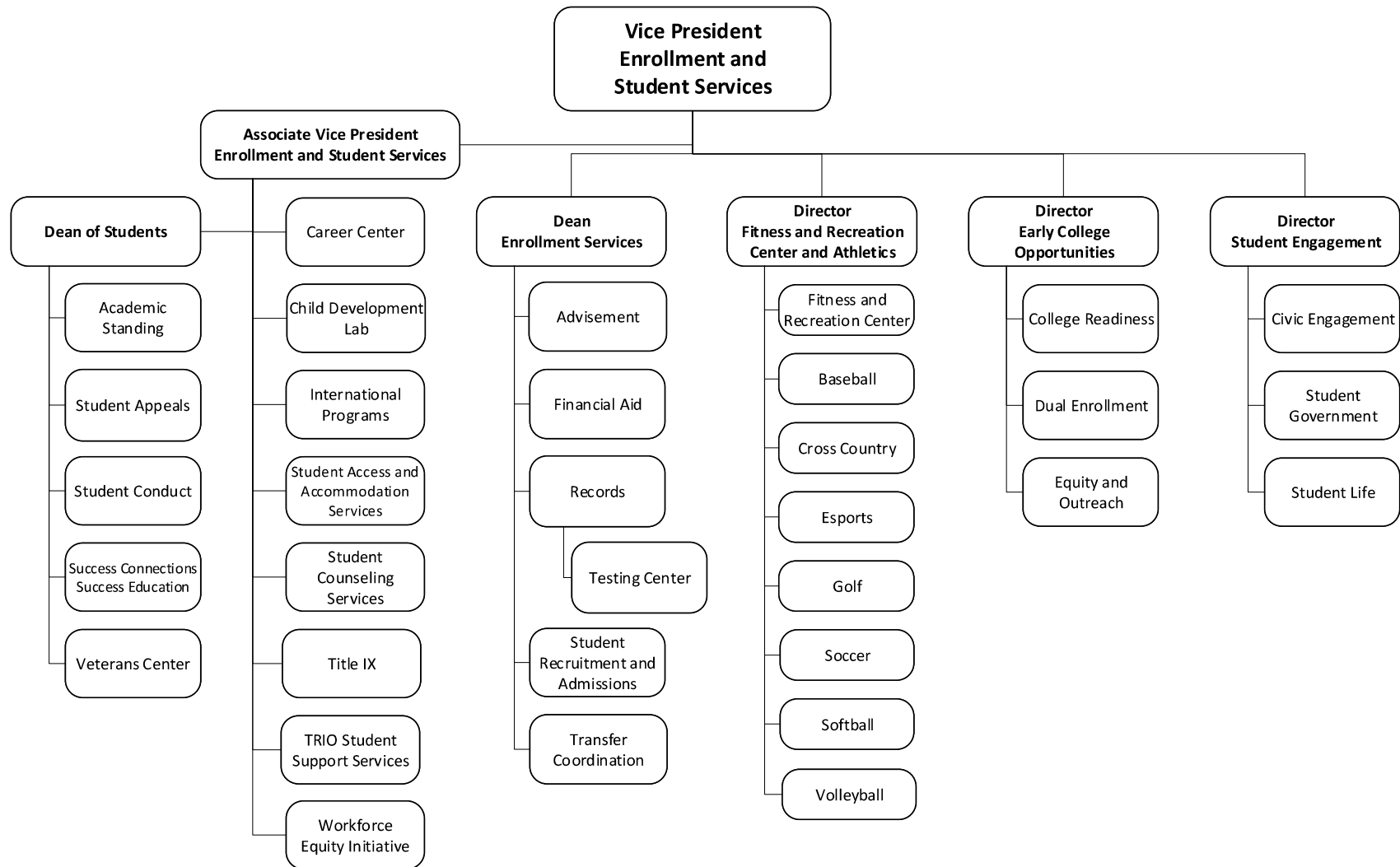
Justin Knorr	CPA, Controller
Bridget Miller	Assistant Controller
Kelli Gibbons	Director, Accounting Services

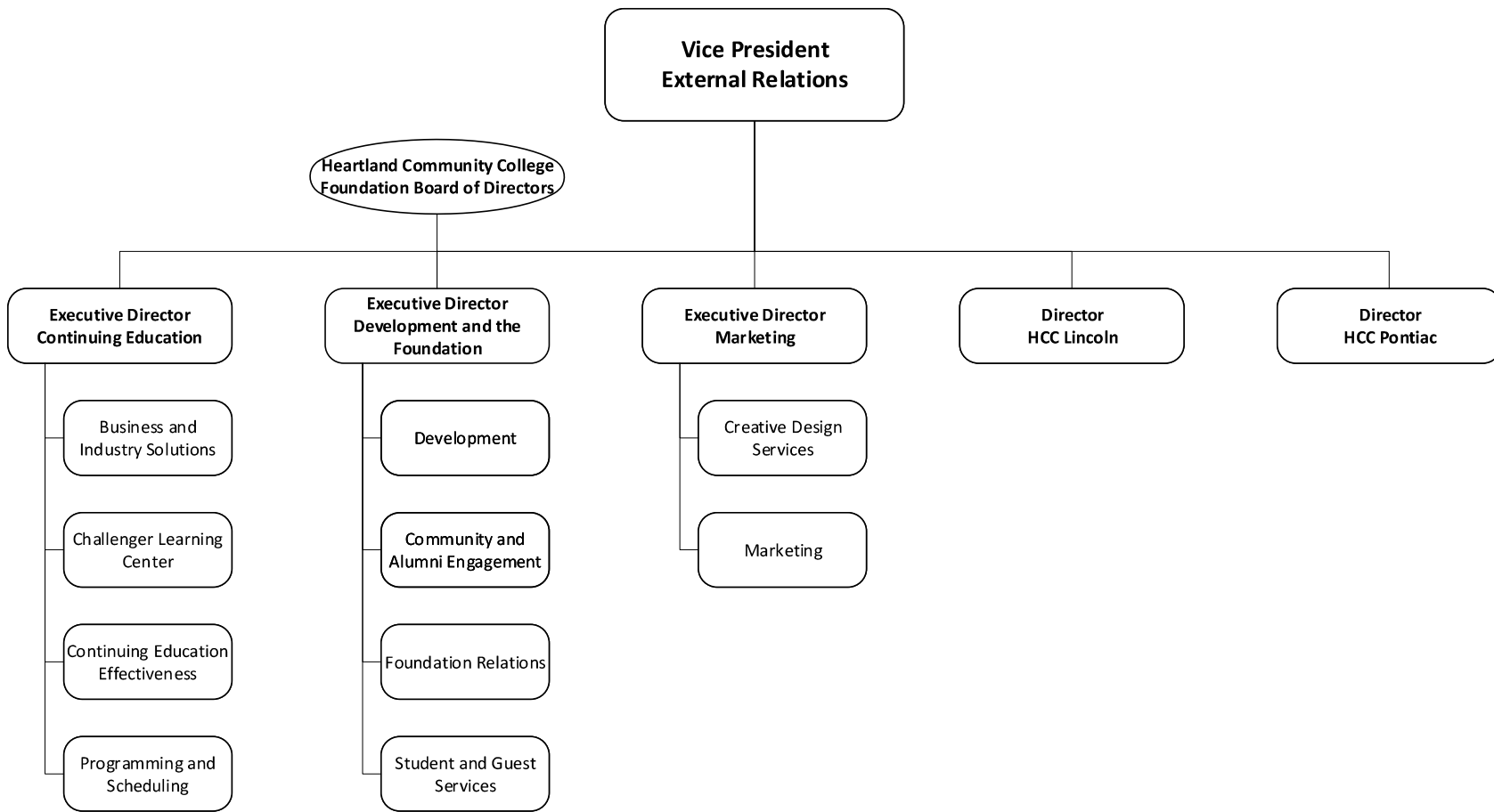
Department Issuing Report

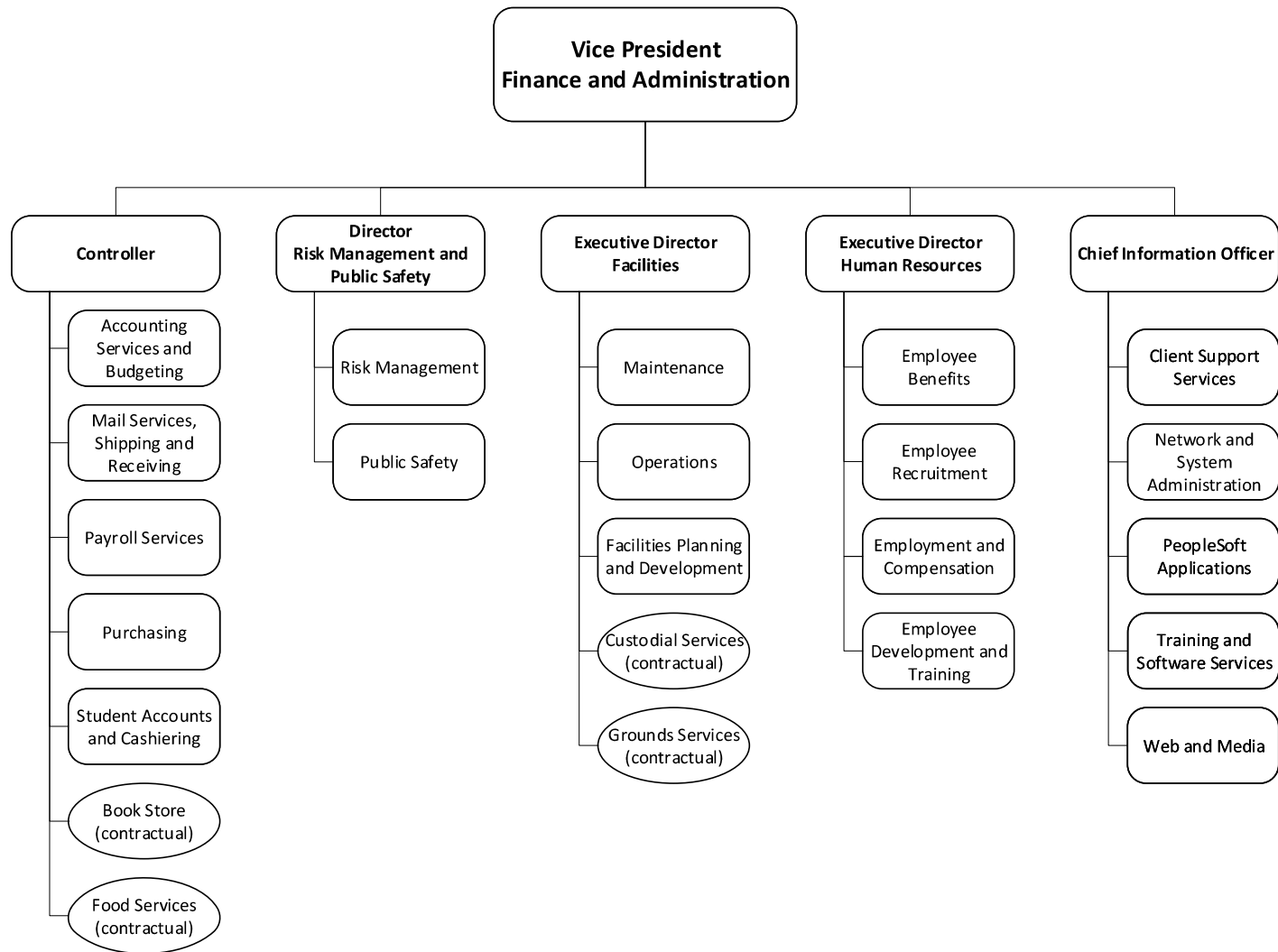
Business Services Division













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, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit the Heartland Community College - Community College District 540 (the "College"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit the Heartland Community College - Community College District 540 as of June 30, 2023 and 2022, and respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Heartland Community College Foundation, which represent 100% of the assets and revenues of the discretely presented component unit as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Heartland Community College Foundation, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

Change in Account Principle

As described in Note 1 to the financial statements, in 2023, the College adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Sterling, Illinois

November 14, 2023

Heartland Community College

Community College District 540

Management Discussion and Analysis

This section of Heartland Community College's (College) Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2023 and 2022. 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 \$77,506,502 as of June 30, 2023. Of this amount, \$56,192,340 is invested in capital assets, \$3,900,000 is restricted for working cash, \$21,434,462 is restricted for capital projects, \$673,300 is restricted for other specific purposes, and (\$4,693,600) 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, 2023 were \$9,324,500. 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, 2023 were \$57,793,197.

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, 2023 were \$57,205,439.

The difference between total operating revenues of \$9,324,500 and total operating expenses of \$57,205,439 produced an operating loss of (\$47,880,939) for the year ended June 30, 2023. Net nonoperating revenue of \$57,793,197 offset this loss and resulted in an overall increase in net position of \$9,912,258.

In fiscal year 2022, a prior period adjustment of (\$98,455) was made due to the College's implementation of Governmental Accounting Standards Board (GASB) Statement No. 96. This statement requires the College to recognize liability and an intangible right-to-use asset for subscription-based information technology arrangements.

Following are comparative analyses of net position and operating results for fiscal years 2023, 2022, and 2021.

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, 2023, 2022 and 2021 (in thousands)							
	2023	Restated 2022	Increase (Decrease) 2023-2022	Percent Change	2021	Increase (Decrease) 2022-2021	Percent Change
Current assets	\$119,207	\$100,157	\$19,050	19.0%	\$80,414	\$19,743	24.6%
Non-current assets							
Long-term investments	0	0	0	0.0%	0	0	0.0%
Capital assets, net of depreciation	119,611	101,413	18,198	17.9%	100,180	1,233	1.2%
Total assets	<u>\$238,818</u>	<u>\$201,570</u>	<u>37,248</u>	18.5%	<u>\$180,594</u>	<u>\$20,976</u>	11.6%
Deferred outflows of resources	<u>\$1,845</u>	<u>\$1,619</u>	<u>226</u>	14.0%	<u>\$2,076</u>	<u>(\$457)</u>	-22.0%
Total assets and deferred outflows of resources	<u>\$240,663</u>	<u>\$203,189</u>	<u>\$37,474</u>	18.4%	<u>\$182,670</u>	<u>\$20,519</u>	11.2%
Current liabilities	\$22,702	\$18,209	\$4,493	24.7%	\$18,442	(\$233)	-1.3%
Non-current liabilities	97,781	84,238	13,543	16.1%	74,051	10,187	13.8%
Total liabilities	<u>\$120,483</u>	<u>\$102,447</u>	<u>\$18,036</u>	17.6%	<u>\$92,493</u>	<u>\$9,954</u>	10.8%
Deferred inflows of resources	<u>\$42,674</u>	<u>\$33,148</u>	<u>\$9,526</u>	28.7%	<u>\$31,180</u>	<u>\$1,968</u>	6.3%
Net position							
Net investment in capital assets	\$56,192	\$56,414	(\$222)	-0.4%	\$52,851	\$3,563	6.7%
Unrestricted	(4,693)	(7,177)	2,484	-34.6%	(3,996)	(3,181)	79.6%
Restricted	26,007	18,357	7,650	41.7%	10,142	8,215	81.0%
Total net position	<u>77,506</u>	<u>67,594</u>	<u>9,912</u>	14.7%	<u>58,997</u>	<u>8,597</u>	14.6%
Total liabilities, deferred inflows of resources and net position	<u>\$240,663</u>	<u>\$203,189</u>	<u>\$37,474</u>	18.4%	<u>\$182,670</u>	<u>\$20,519</u>	11.2%

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 2023 and 2022, the current assets and current liabilities were adjusted to reflect only unearned revenue and related student accounts receivable for student payments received for Fall 2023 and 2022 as of June 30, 2023 and 2022 respectively.

Heartland Community College

Community College District 540

Management Discussion and Analysis

Fiscal Year 2023 Compared to Fiscal Year 2022

The College's net position at June 30, 2023 was \$77,506,502, and at June 30, 2022 was \$67,594,244, an increase of \$9,912,258 or 14.7%. The College had a current ratio of 1.85 at June 30, 2023 as compared to 1.98 at June 30, 2022. 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 1.85 in current assets and deferred outflows. This ratio is one indicator of the College's ability to pay its debts as they become due.

Current assets increased by \$19,050,032 or 19.0% at June 30, 2023 when compared to June 30, 2022. There were some significant fluctuations between the various categories of current assets. Cash increased \$14,215,339 or 46.3% from \$30,694,120 in 2022 to \$44,909,459 in 2023. Short term investments increased by \$3,798,769 or 8.2% from \$46,390,668 in 2022 to \$50,189,437 in 2023. Total accounts receivable increased by \$352,877. There was a decrease of \$221,119 or -1.4% in property tax receivable from \$16,153,657 in 2022 to \$15,932,538 in 2023. Student receivables increased by \$242,474, or 16.1% due to the timing of receiving payments. Government receivables increased by \$490,739 or 13.3%. Other receivables decreased by \$159,217 or -37.5%. Accrued interest increased \$330,940 or 462.6% due to higher interest rates and an increase in investments. Prepaid items increased \$394,007 or 36.3%, and other current assets decreased \$41,900 or -32.1%.

Noncurrent assets have increased by \$18,197,371 or 17.9%. Net capital assets increased due to the current year acquisitions offset with the annual increase in accumulated depreciation.

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust or grant contributions in the current year increased by \$33,157 from fiscal year 2022. Also included in deferred outflows of resources for fiscal year 2023 are the deferred charges on the refunding bond issues. The additional deferred charges on the refunding issue in 2023 and the amortization of the deferred charges of all refunding issues resulted in a decrease of \$178,995 to the deferred charges on refunding. Deferred outflows related to the OPEB liability increased by \$372,203 in fiscal year 2023. Deferred outflows of resources had an overall increase of \$226,365 from fiscal year 2022.

Heartland Community College

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Management Discussion and Analysis

Fiscal Year 2023 Compared to Fiscal Year 2022 (continued)

Current liabilities have increased by \$4,491,610 or 24.7% due to the combined effects of various factors. These factors were: (1) an increase of \$4,552,789 in accounts payables; (2) an increase of \$250,117 in accrued liabilities of payroll accruals; (3) an increase of \$70,500 in accrued interest payable due to debt service scheduling; (4) an increase of \$307,610 in unearned student tuition and fees due to a reduction in the number of students paying for tuition in advance; (5) a decrease in other unearned revenue of \$1,028,942; (6) an increase of \$14,437 for accrued compensated absences; (7) an increase in lease obligations of \$10,343; (8) a decrease of \$117,613 in the current portion of the subscription liability, (9) an increase of \$436,647 in the current portion of bonds payable; and (10) a decrease of \$4,278 in the other liabilities.

Total noncurrent liabilities increased by \$13,543,108 or 16.1% from the 2022 balance as a result of several factors: (1) the accrued compensated absences increased noncurrent liability by \$14,437; (2) the OPEB noncurrent liability decreased by \$9,999,833; (3) the bond and debt certificate principal payments made, the bond principal reclassification to current liability, and the new Series 2023 general obligation bond increased noncurrent liability by \$23,963,401; (4) the lease obligations decreased by \$258,041; and (5) the subscription liability decreased by \$176,856.

Total deferred inflows of resources increased by \$9,526,792 or 28.7% from 2022 balances. Deferred inflows related to OPEB increased by \$7,644,640 and the subsequent year's property taxes increased by \$1,882,152.

Fiscal Year 2022 Compared to Fiscal Year 2021

The College's net position at June 30, 2022 was \$67,594,244, and at June 30, 2021 was \$58,996,480, an increase of \$8,597,764 or 14.6%. The College had a current ratio of 1.98 at June 30, 2022 as compared to 1.66 at June 30, 2021. The current ratio is total current assets and deferred outflows of resources divided by total current liabilities and deferred inflows of resources. This means that for every dollar of current liabilities and deferred inflows the College had 1.98 in current assets and deferred outflows. This ratio is one indicator of the College's ability to pay its debts as they become due.

Current assets increased by \$19,856,959 or 24.7% at June 30, 2022 when compared to June 30, 2021. There were some significant fluctuations between the various categories of current assets. Cash increased \$11,632,127 or 61.0% from \$19,061,993 in 2021 to \$30,694,120 in 2022. Short term investments increased by \$8,234,071 or 21.6% from \$38,156,601 in 2021 to \$46,390,672 in 2022. Total accounts receivable increased by \$186,527. There was an increase of \$389,604 or 2.5% in property tax receivable from \$15,764,053 in 2021 to \$16,153,657 in 2022. Student receivables increased by \$459,947, or 44.1% due to the timing of receiving payments. Government receivables decreased by \$1,046,163 or -22.0%. A significant portion of government receivables at June 30, 2021 was due from Higher Education Emergency Relief Funds (HEERF) and the amount of HEERF due to the College at June 30, 2021 was higher than the amount due at June 30, 2022. Other receivables increased by \$10,085 or 2.43%. Accrued interest increased \$57,330 or 403.3% due to higher interest rates and an increase in investments. Prepaid items increased \$182,472 or 18.0%, and other current assets decreased \$62,514 or -32.3%.

Noncurrent assets have increased by \$566,961 or .6%. Net capital assets increased due to the current year acquisitions offset with the annual increase in accumulated depreciation.

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Management Discussion and Analysis

Fiscal Year 2022 Compared to Fiscal Year 2021 (continued)

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

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

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

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

Heartland Community College Community College District 540

Management Discussion and Analysis

Operating Results for the Years Ended
June 30, 2023, 2022 and 2021
(in thousands)

	2023	Restated 2022	Increase (Decrease) 2023-2022	Percent Change	Restated 2021	Increase (Decrease) 2022-2021	Percent Change
Operating revenues							
Net tuition and fees	\$6,625	\$7,886	(\$1,261)	-16.0%	\$8,334	(\$448)	-5.4%
Other	2,700	1,590	1,110	69.8%	917	673	73.4%
Total operating revenues	<u>9,325</u>	<u>9,476</u>	<u>(151)</u>	-1.6%	<u>9,251</u>	<u>225</u>	2.4%
Less operating expenses	57,205	64,218	(7,013)	-10.9%	61,503	2,715	4.4%
Operating (loss)	<u>(47,880)</u>	<u>(54,742)</u>	<u>6,862</u>	-12.5%	<u>(52,252)</u>	<u>(2,490)</u>	4.8%
Non-operating revenues (expenses)							
Property taxes	28,058	27,105	953	3.5%	26,717	388	1.5%
State grants and contracts	13,541	9,332	4,209	45.1%	5,786	3,546	61.3%
State on-behalf contribution	5,584	10,357	(4,773)	-46.1%	15,389	(5,032)	-32.7%
Federal grants and contracts	9,650	16,889	(7,239)	-42.9%	11,346	5,543	48.9%
Investment income	2,400	38	2,362	6215.8%	40	(2)	-5.0%
Interest expense	(2,227)	(1,570)	(657)	41.8%	(1,536)	(34)	2.2%
Other revenue	786	1,188	(402)	-33.8%	771	417	54.1%
Total net non-operating revenue	<u>57,792</u>	<u>63,339</u>	<u>(5,547)</u>	-8.8%	<u>58,513</u>	<u>4,826</u>	8.2%
Change in net position	9,912	8,597	1,315	15.3%	6,261	2,561	40.9%
Net position, beginning of year	67,594	58,997	8,597	14.6%	52,826	6,171	11.7%
Prior Period Adjustment			0	0.0%	(90)	90	0.0%
Net Position-Begin of Year Restated	<u>67,594</u>	<u>58,997</u>	<u>8,597</u>	14.6%	<u>52,736</u>	<u>6,261</u>	11.9%
Net position, end of year	<u>\$77,506</u>	<u>\$67,594</u>	<u>9,912</u>	14.7%	<u>\$58,997</u>	<u>\$8,597</u>	14.6%
Total revenues	<u>\$69,344</u>	<u>\$74,385</u>	<u>(\$5,041)</u>	-6.8%	<u>\$69,300</u>	<u>\$5,085</u>	7.3%
Total expenses	<u>\$59,432</u>	<u>\$65,788</u>	<u>(\$6,356)</u>	-9.7%	<u>\$63,039</u>	<u>\$2,749</u>	4.4%

Fiscal Year 2023 Revenues Compared to Fiscal Year 2022

For fiscal year 2023, total revenues were \$69,344,265, a decrease of \$5,040,472 or 6.8% from 2022 total revenues. Operating revenues decreased by \$151,788 or -1.6% from 2022 to 2023. Student tuition and fees, net of scholarship allowances, decreased by \$1,261,187 or -16.0%. Although credit hours remained stable from 2023 compared to 2022, scholarship allowances increased by \$2,556,183 from 2023 to 2022. Auxiliary revenues increased by \$134,873 or 28.5%. Other operating revenues increased by \$974,526 or 87.2%.

Heartland Community College

Community College District 540

Management Discussion and Analysis

Fiscal Year 2023 Revenues Compared to Fiscal Year 2022 (continued)

Total net nonoperating revenues decreased by \$5,546,306 or 8.8% over 2022 nonoperating revenues due to several variable factors. The largest decrease of \$7,238,414 or 42.9% was the federal grants and contracts. Due to the COVID-19 impact, the College was \$8,817,476 in total for HEERF Institutional Relief and \$6,275,908 in total for HEERF Student Relief. This funding was mostly spent and exhausted before or during 2022. The State of Illinois contribution had a revenue decrease of \$4,772,420 or -46.1% from 2023 to 2022.

Property tax revenue increased by \$952,707 due to EAV increases and an increase in Corporate Personal Property Replacement Tax.

Total state grants and contracts increased by \$4,209,490 or 45.1%. During 2022, the State of Illinois Department of Commerce and Economic Opportunity provided approximately \$2,000,000 in state grants. The Illinois Community College Board awarded the College with over \$2,000,000 through its Workforce Equity Initiative Grant and its CRSS Success Grant. These were awards the expanded for the College during fiscal year 2023.

For fiscal year 2023, total expenses were \$59,432,007 resulting in a decrease of \$6,354,966 or 9.7% from 2022. Scholarships, Grants, and Waiver expense had a decrease from 2022 of \$2,575,336. The institution had decreased expenditures less than 2022 due to the COVID-19 pandemic being reimbursed by HEERF relief funding. Student activity and athletic waivers increased by approximately \$82,000 from 2022, College NOW waivers increase by approximately \$134,000 and waivers generated from grants increased by approximately \$2,000,000. Net position increased by \$9,912,258 or 14.7% from 2022.

Fiscal Year 2022 Revenues Compared to Fiscal Year 2021

For fiscal year 2022, total revenues were \$74,252,751, an increase of \$4,952,590 or 7.1% from 2021 total revenues. Operating revenues increased by \$225,700 or -2.4% from 2021 to 2022. Student tuition and fees, net of scholarship allowances, decreased by \$447,624 or -5.4%. Although credit hours increased from 2022 compared to 2021 and scholarship allowances also increased by \$1,293,896 from 2022 to 2021. Auxiliary revenues increased by \$245,686 or 108.2%. Other operating revenues decreased by \$427,638 or 62.0% due to an increase in community education fees of \$329,006.

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Management Discussion and Analysis

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

Total net nonoperating revenues increased by \$4,751,049 or 8.1% over 2021 nonoperating revenues due to several variable factors. The largest increase of \$5,542,824 or 48.9% was the federal grants and contracts. Due to the COVID-19 impact, the College has been awarded and will continue to receive approximately \$8,817,476 in total for HEERF Institutional Relief and \$6,275,908 in total for HEERF Student Relief. The State of Illinois contribution had a revenue decrease of \$5,032,712 or - 32.7% from 2022 to 2021.

Property tax revenue increased by \$387,820 due to EAV increases and an increase in Corporate Personal Property Replacement Tax.

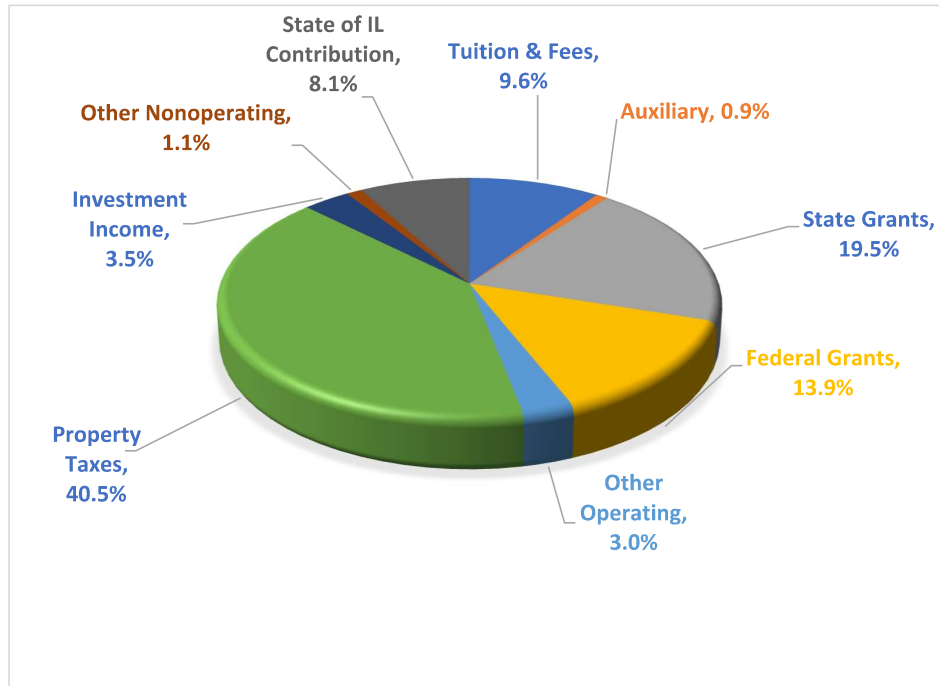
Total state grants and contracts increased by \$3,545,795 or 48.9%. During 2022, the State of Illinois Department of Commerce and Economic Opportunity provided approximately \$1,000,000 in state grants. The Illinois Community College Board awarded the College with over \$500,000 through its Workforce Equity Initiative Grant and its CRSS Success Grant. These were all new award for the College during fiscal year 2022.

For fiscal year 2022, total expenses were \$65,786,973 resulting in an increase of \$2,550,497 or 4.0% from 2021. Scholarships, Grants, and Waiver expense had an increase from 2021 of \$1,839,842. The institution had decreased expenditures of approximately \$1,060,817 less than 2021 due to the COVID-19 pandemic and will be reimbursed by the HEERF institutional relief funding. Student activity and athletic waivers increased by approximately \$90,000 from 2021, College NOW waivers increase by approximately \$150,000 and waivers generated from grants increased by approximately \$230,000. Net position increased by \$8,597,764 or 14.6% from 2021.

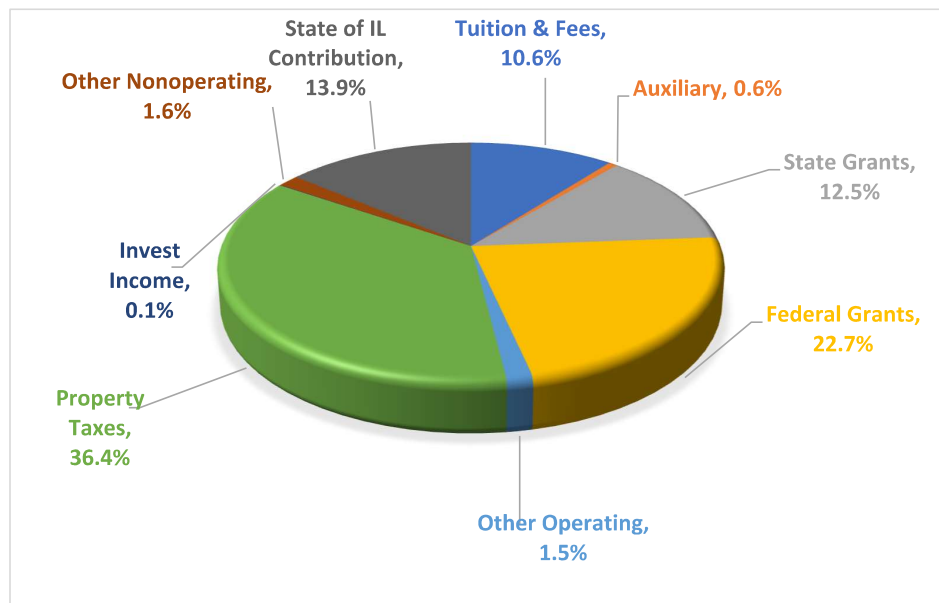
Heartland Community College Community College District 540

Management Discussion and Analysis

Following is a graphic illustration of revenues by source for fiscal year 2023:



For purposes of comparison, following is a graphic illustration of revenues by source for fiscal year 2022:



Heartland Community College Community College District 540

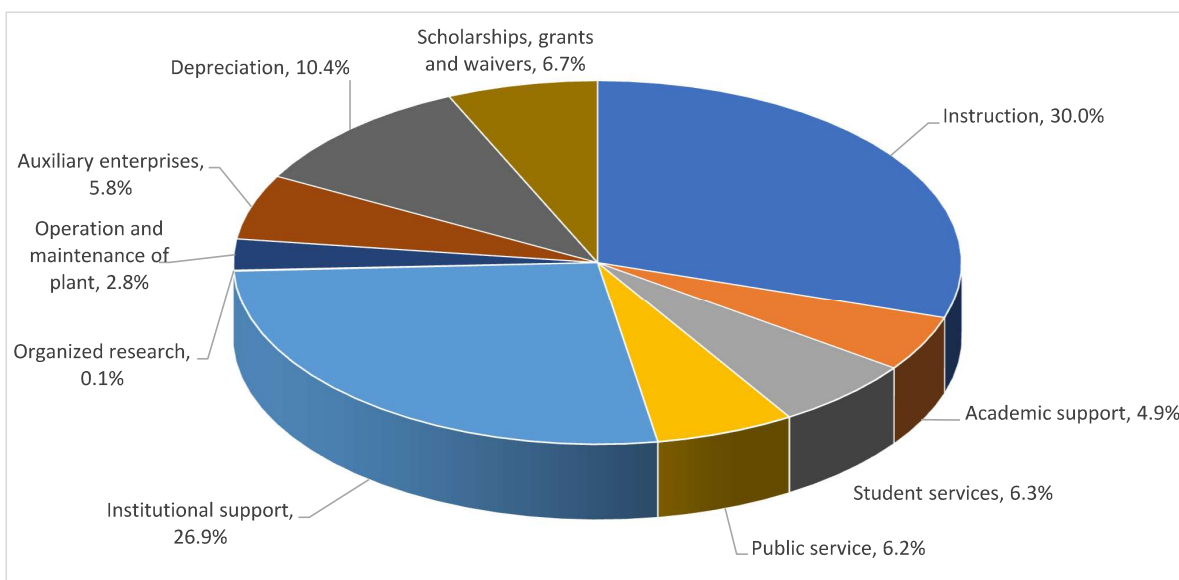
Management Discussion and Analysis

Following is a comparative analysis of operating expense by program:

Operating Expenses by Program
For the Years Ended June 30, 2023, 2022 and 2021
(in thousands)

Program	2023	2022	Increase (Decrease) 2023-2022	Percent Change	2021	Increase (Decrease) 2022-2021	Percent Change
Instruction	\$17,136	\$17,435	(\$299)	-1.7%	\$18,636	(\$1,201)	-6.4%
Academic support	2,827	2,797	30	1.1%	3,306	(509)	-15.4%
Student services	3,600	4,378	(778)	-17.8%	4,826	(448)	-9.3%
Public service	3,529	3,833	(304)	-7.9%	3,919	(86)	-2.2%
Institutional support	15,383	15,485	(102)	-0.7%	13,802	1,683	12.2%
Organized research	44	0	44	100.0%	0	0	0.0%
Operation and maintenance of plant	1,576	5,421	(3,845)	-70.9%	4,438	983	22.1%
Auxiliary enterprises	3,307	2,874	433	15.1%	3,123	(249)	-8.0%
Depreciation and Amortization	5,977	5,593	384	6.9%	4,891	702	14.4%
Scholarships, grants and waivers	3,826	6,402	(2,576)	-40.2%	4,562	1,840	40.3%
Total	\$57,205	\$64,218	(\$7,013)	-10.9%	\$61,503	\$2,715	4.4%

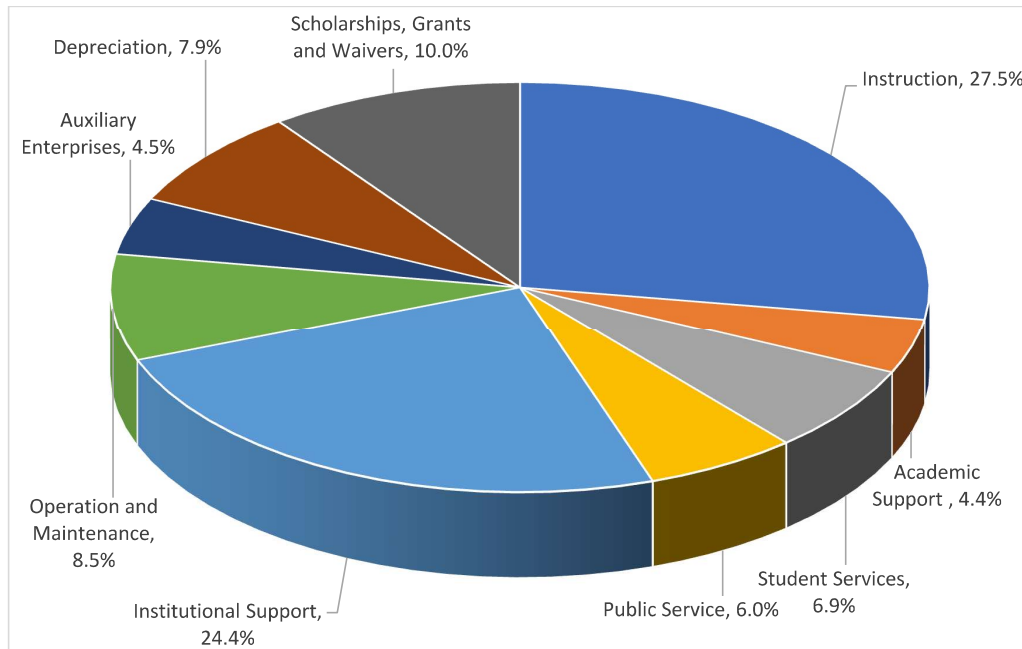
The pie chart following shows the operating expenses by program for fiscal year 2023 as a percentage of total expenses. Direct services to students accounted for 59.8% of total expenses. Direct services to students include: instruction at 30.0%, academic support at 4.9%, student services at 6.3%, public services at 6.2%, scholarships, grants, and waivers at 6.7%, and auxiliary enterprises at 5.8%. Indirect services to students accounted for 40.1% of total expenses. Indirect services to students include: operations and maintenance of plant at 2.8%, institutional support at 26.9% and depreciation at 10.4%.



Heartland Community College Community College District 540

Management Discussion and Analysis

For purpose of comparison, following is a pie chart of the operating expenses by program for fiscal year 2022 as a percentage of total expenses:



Capital Assets

As of June 30, 2023, the College's capital assets totaled \$196,789,383. Capital assets net of accumulated depreciation and amortization of \$77,178,730 total \$119,610,653. The increase in net capital assets of June 30, 2023 is due current year additions of \$24,137,046 offset by current year depreciation and amortization expense of \$5,939,675. Additional information regarding capital assets can be found in Capital Assets – Note 3 to the financial statements.

Heartland Community College Community College District 540

Management Discussion and Analysis

The following is an analysis of capital assets:

Capital Assets For the Years Ended June 30, 2023, 2022 and 2021 (in thousands)							
	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease) 2023-2022</u>	<u>Percent Change</u>	<u>2021</u>	<u>Increase (Decrease) 2022-2021</u>	<u>Percent Change</u>
Capital Assets not being depreciated							
Land	\$4,481	\$4,481	\$0	0.0%	\$4,481	\$0	0.0%
Construction-in-Progress	23,139	3,326	19,813	595.7%	503	2,823	561.2%
Capital Assets being depreciated							
Buildings	124,193	124,193	0	0.0%	123,550	643	0.5%
Infrastructure	23,761	21,020	2,741	13.0%	20,227	793	3.9%
Furniture and equipment	21,204	19,654	1,550	7.9%	17,160	2,494	14.5%
Total	<u>196,778</u>	<u>172,674</u>	<u>24,104</u>	<u>14.0%</u>	<u>165,921</u>	<u>6,753</u>	<u>4.1%</u>
Less Accumulated Depreciation/ Amortization	<u>(77,167)</u>	<u>(71,261)</u>	<u>(5,906)</u>	<u>8.3%</u>	<u>(65,741)</u>	<u>(5,520)</u>	<u>8.4%</u>
Net Capital Assets	<u>\$119,611</u>	<u>\$101,413</u>	<u>\$18,198</u>	<u>17.9%</u>	<u>\$100,180</u>	<u>\$1,233</u>	<u>1.2%</u>

Debt Administration

In October 2022, the College issued \$12,030,000 limited tax General Obligation Debt Certificates, Series 2022A. These certificates were paid in full and retired in January 2023 when the College issued General Obligation Community College Bonds, Series 2023.

The College issued General Obligation Community College Bonds, Series 2023, in the amount of \$11,950,000 during January 2023. Proceeds were used to retire General Obligation Debt Certificates Series 2022A whose funds will be used to purchase technology, facility projects, and capital and to pay certain costs associated with the issuance of the bonds.

In March 2023, the College issued \$20,040,000 limited tax General Obligation Debt Certificates, Series 2023A. These certificates were paid in full and retired in June 2023 when the College issued General Obligation Community College Bonds, Series 2023.

The College issued General Obligation Community College Bonds, Series 2023B, in the amount of \$18,570,000 during June 2023. Proceeds were used to retire General Obligation Debt Certificates Series 2023A whose funds will be used for capital improvements, new construction projects and to pay certain costs associated with the issuance of the bonds.

The College paid \$8,210,000 in bond and debt certificate principal. All bond premiums were amortized and reduced by \$1,049,189, increases to bond premiums were \$3,139,237. Compensated absences for employee vacations increased by a net amount of \$28,874 or -2.0%. Additional information regarding long-term debt can be found in Long-Term Liabilities (Note 4).

Heartland Community College

Community College District 540

Management Discussion and Analysis

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 2023, the College's OPEB liability decreased by \$9,999,833 or -59.1%. Additional information regarding OPEB liability can be found in Post-Employment Benefits other than Pension (Note 7).

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

Long Term Debt For the Years Ended June 30, 2023, 2022 and 2021 (in thousands)							
	<u>2023</u>	<u>Restated 2022</u>	<u>Increase (Decrease) 2023-2022</u>	<u>Percent Change</u>	<u>2021</u>	<u>Increase (Decrease) 2022-2021</u>	<u>Percent Change</u>
Long-term debt							
General obligation bonds and debt certificates	\$89,865	\$67,555	\$22,310	33.0%	\$58,305	\$9,250	15.9%
Bond Premium	8,527	6,437	2,090	32.5%	4,876	1,561	32.0%
Lease Obligations	1,486	1,734	(248)	-14.3%	1,565	169	10.8%
Subscriptions Obligations	357	652	(295)	-45.2%	0	652	100.0%
Compensated absences	1,466	1,437	29	2.0%	1,515	(78)	-5.1%
OPEB liability	6,913	16,913	(10,000)	-59.1%	18,137	(1,224)	-6.7%
Total	<u>\$108,614</u>	<u>\$94,728</u>	<u>\$13,886</u>	14.7%	<u>\$84,398</u>	<u>\$10,330</u>	12.2%

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 the Executive Office or the Business Office at the College. College budgets and audited financial reports are also available on the College website at: www.hearland.edu/about/financials.html.

Other

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

Basic Financial Statements

Heartland Community College, Illinois

Community College District No. 540

Statements of Net Position

	Primary Government College		Component Unit Foundation	
	Restated			
<i>As of June 30, 2023 and 2022</i>	2023	2022	2023	2022
Assets				
Current assets:				
Cash and cash equivalents	\$ 44,909,459	\$ 30,694,120	\$ 286,361	\$ 347,064
Investments	50,189,437	46,390,668	14,785,336	9,033,246
Property tax receivable	15,932,538	16,153,657	-	-
Government receivables	4,192,252	3,701,513	-	-
Student tuition receivables, net of allowance	1,747,469	1,504,995	-	-
Other receivables	265,662	424,879	1,563,079	365,006
Accrued interest receivable	402,485	71,545	36,080	15,223
Prepaid items	1,479,136	1,085,129	11,583	14,521
Other current assets	88,789	130,689	-	-
Total current assets	119,207,227	100,157,195	16,682,439	9,775,060
Noncurrent assets:				
Non-depreciable capital assets	27,620,349	7,807,724	-	-
Depreciable capital assets	169,158,086	164,866,650	-	-
Accumulated depreciation and amortization	(77,167,782)	(71,261,092)	-	-
Total noncurrent assets	119,610,653	101,413,282	-	-
Total assets	238,817,880	201,570,477	16,682,439	9,775,060
Deferred outflow of resources				
Deferred pension	85,227	52,070	-	-
Deferred OPEB	1,228,534	856,331	-	-
Deferred charges on refunding	531,258	710,253	-	-
Total deferred outflow of resources	1,845,019	1,618,654	-	-

Heartland Community College, Illinois

Community College District No. 540

Statements of Net Position (Continued)

<i>As of June 30, 2023 and 2022</i>	Primary Government College		Component Unit Foundation	
	2023	2022	2023	2022
Liabilities				
Current liabilities:				
Accounts payable	5,991,514	1,438,725	156,526	141,431
Accrued expenses	1,753,002	1,502,885	-	-
Unearned tuition and fees	3,249,027	2,941,417	-	-
Other deferred revenue	413,210	1,442,152	-	-
Accrued interest	460,703	390,203	-	-
Accrued compensated absences, current	732,756	718,319	-	-
Lease obligations, current	258,041	247,698	-	-
Subscription liability, current	176,856	294,469	-	-
Bonds payable, current	9,665,697	9,229,050	-	-
Other liabilities	298	4,576	-	-
Total current liabilities	22,701,104	18,209,494	156,526	141,431
Noncurrent liabilities:				
Accrued compensated absences	732,756	718,319	-	-
Lease obligations	1,228,084	1,486,125	-	-
Subscription liability	180,391	357,247	-	-
Bonds payable, net	88,726,512	64,763,111	-	-
Net OPEB liability	6,913,123	16,912,956	-	-
Total noncurrent liabilities	97,780,866	84,237,758	-	-
Total liabilities	120,481,970	102,447,252	156,526	141,431
Deferred inflow of resources				
Deferred property taxes	30,157,352	28,275,200	-	-
Deferred OPEB	12,517,075	4,872,435	-	-
Total deferred inflow of resources	42,674,427	33,147,635	-	-
Net position				
Net investment in capital assets	56,192,340	56,414,220	-	-
Capital projects	21,434,462	13,786,509	-	-
Working cash	3,900,000	3,900,000	-	-
Specific purposes	673,300	670,675	14,361,507	7,996,193
Unrestricted fund balance	(4,693,600)	(7,177,160)	2,164,406	1,637,436
Total net position	\$ 77,506,502	\$ 67,594,244	\$ 16,525,913	\$ 9,633,629

Heartland Community College, Illinois

Community College District No. 540

Statements of Revenues, Expenses, and Changes in Net Position

	Primary Government College		Component Unit Foundation	
	Restated			
<i>Years Ended June 30, 2023 and 2022</i>	2023	2022	2023	2022
Operating revenues:				
Student tuition and fees	\$ 6,624,751	\$ 7,885,938	\$ -	\$ -
Auxiliary enterprises revenue	607,529	472,656	-	-
Other operating revenues	2,092,220	1,117,694	345,774	253,427
Annual campaign/gifts	-	-	6,875,445	1,470,765
Fundraising	-	-	264,718	204,181
Total operating revenues	9,324,500	9,476,288	7,485,937	1,928,373
Operating expenses:				
Instruction	17,136,179	17,434,969	-	-
Academic support	2,827,051	2,797,470	-	-
Student services	3,600,011	4,377,672	-	-
Public services	3,528,635	3,833,108	-	-
Organized Research	44,413	-	-	-
Auxiliary services	3,307,175	2,873,624	-	-
Operations and maintenance	1,575,794	5,420,707	-	-
Institutional support	15,382,499	15,485,429	493,790	428,106
Scholarships, student grants, and waivers	3,826,369	6,401,705	-	-
Depreciation and amortization expense	5,977,313	5,593,343	-	-
General and administrative	-	-	867,287	653,685
Fundraising	-	-	82,793	64,135
Total operating expenses	57,205,439	64,218,027	1,443,870	1,145,926
Operating income (loss)	(47,880,939)	(54,741,739)	6,042,067	782,447

Heartland Community College, Illinois

Community College District No. 540

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

<i>Years Ended June 30, 2023 and 2022</i>	Primary Government College		Component Unit Foundation	
	2023	2022	2023	2022
Non-operating revenues (expenses)				
Property taxes	28,057,754	27,105,047	-	-
Replacement taxes	2,703,748	2,590,689	-	-
State government	10,837,348	6,608,931	-	-
On-behalf payments	5,584,198	10,356,618	-	-
Federal government	9,650,465	16,888,879	-	-
Facilities revenue	192,987	188,890	-	-
Investment income	2,400,316	38,589	850,217	(1,200,324)
Nongovernmental grants and gifts	170,855	225,736	-	-
Other revenue	422,094	773,084	-	-
Interest, service charges, and issuance costs	(2,226,568)	(1,568,946)	-	-
Total non-operating revenues (expenses)	57,793,197	63,207,517	850,217	(1,200,324)
Capital contributions	-	131,986	-	-
Change in net position	9,912,258	8,597,764	6,892,284	(417,877)
Net position, beginning of year, as restated	67,594,244	58,996,480	9,633,629	10,051,506
Net position, end of year	\$ 77,506,502	\$ 67,594,244	\$ 16,525,913	\$ 9,633,629

Heartland Community College, Illinois

Community College District No. 540

Statements of Cash Flows

<i>Years Ended June 30, 2023 and 2022</i>	2023	2022
Cash flows from operating activities:		
Tuition and fees	\$ 17,738,768	\$ 16,780,642
Payments to suppliers	(14,619,639)	(19,066,548)
Payments to employees	(25,520,700)	(22,775,170)
Payments to students for scholarships	(14,875,250)	(14,894,403)
Other	1,499,084	1,662,797
Net cash from operating activities	(35,777,737)	(38,292,682)
Cash flows from non-capital financing activities:		
Property taxes	30,161,025	27,765,253
Personal property replacement taxes	2,213,009	-
State, federal and local grants and contracts	20,658,668	26,458,509
Direct lending receipts	1,951,845	1,846,232
Direct lending payments	(1,951,845)	(1,846,232)
Other	615,081	-
Net cash from non-capital financing activities	53,647,783	54,223,762
Cash flows from capital and related financing activities:		
Purchases of capital assets	(24,137,062)	(5,802,539)
Proceeds from bond issuance	30,520,000	17,835,000
Premium on bond issuance	3,139,237	2,450,214
Principal payments on bond payable	(8,752,167)	(8,585,000)
Interest payments on long-term debt	(3,026,262)	(2,112,516)
Proceeds from lease		376,743
Principal payments on leases		(208,046)
Net cash from capital and related financing activities	(2,256,254)	3,953,856
Cash flows from investing activities:		
Interest received	2,400,316	(18,741)
Proceeds from maturities of investment	25,337,030	28,100,781
Purchases of investment	(29,135,799)	(36,334,849)
Net cash from investing activities	(1,398,453)	(8,252,809)
Net increase (decrease) in cash and cash equivalents	14,215,339	11,632,127
Cash and cash equivalents, beginning of year	30,694,120	19,061,993
Cash and cash equivalents, end of year	\$ 44,909,459	\$ 30,694,120

Heartland Community College, Illinois

Community College District No. 540

Statements of Cash Flows (Continued)

Years Ended June 30, 2023 and 2022	2023	2022
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (47,880,939)	\$ (54,741,739)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation and amortization on capital assets	5,977,313	5,593,343
State on-behalf payments for fringe benefits	5,584,198	10,356,618
Change in assets and liabilities:		
Receivables	(414,197)	(459,947)
Prepaid items	(394,007)	(295,767)
Other assets		(83,500)
Deferred outflow of resources	(405,360)	278,430
Accounts payable	4,552,789	174,091
Accrued liabilities	250,117	336,023
Accrued compensated absences	28,874	(77,915)
Unearned tuition and fees	307,610	861,953
Other unearned revenue	(1,028,942)	72,447
OPEB liability	(9,999,833)	(1,224,117)
Deferred inflows of resources	7,644,640	917,398
	\$ (35,777,737)	\$ (38,292,682)
Supplemental disclosures of noncash operating activities:		
State of Illinois contributions provided	\$ 5,584,198	\$ 10,356,618
State of Illinois contributions paid	\$ 5,584,198	\$ 10,356,618
Equipment purchased through lease	\$ 0	\$ 376,743

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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.

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, 2023 and 2022 were \$493,790 and \$428,106, respectively.

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

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

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

Separate financial statements of the Foundation are available. Request should be made to the Vice President, Finance, and Administration, 1500 West Raab Road, Normal, IL or 309-268-8100.

Measurement Focus and Basis of Accounting

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

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

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

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Cash and Cash Equivalents

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

Tuition Receivables

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

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific student accounts and the aging of accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due could be adversely affected. The allowance for doubtful accounts relating to student receivables was \$320,000 and \$320,000 as of June 30, 2023 and 2022, respectively.

Prepaid Items

Prepaid items represent current expenditures which benefit future periods.

Investments

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

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective shares of the collections. Taxes levied in 2022 become due and payable in two installments (June and September 2023). In accordance with board resolution, property taxes extended for the 2021 tax year and collected in 2022 are recorded as revenue in fiscal year 2023. 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 2022 tax year and collected in 2023 are recorded as deferred inflows of resources in fiscal year 2023 .

Capital Assets

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

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

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

Risk Management

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

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Unearned Tuition and Fee Revenue

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

Noncurrent Liabilities

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

Scholarship Discounts and Allowances

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

Lease Accounting

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

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Accounting (Continued)

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

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

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

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

Subscription Based Information Technology Arrangements

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

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

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

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Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subscription Based Information Technology Arrangements (Continued)

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

On-Behalf Payments for Fringe Benefits and Salaries

Contributions made by the State of Illinois relating to the State Universities Retirement Systems and College Insurance Plan on behalf of the College's employees are recognized by the College as revenues and expenses. In fiscal years 2023 and 2022, the state made contributions of \$5,584,198 and \$10,356,618, respectively (Note 5 and 7).

Deferred Outflows/Inflows of Resources

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) 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.

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Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions (Continued)

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

Other Post-Employment (“OPEB”) Obligations

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

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

Net Position

The College’s net position is classified as follows:

Net Investment in Capital Assets: This represents the College’s total investment in capital assets, net of accumulated depreciation and outstanding debt incurred to acquire, construct, or improve those assets. Net investment in capital assets excludes unspent debt proceeds. As of June 30, 2023 and 2022, the College had \$28,752,657 and \$25,276,092, 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.

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Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

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

Classification of Revenues and Expenses

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

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

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Federal Direct Loan programs. Federal programs are audited in accordance with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Uniform Guidance Compliance Supplement. The College elected to not use the 10% de minimis indirect cost rate during the year ended June 30, 2023.

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Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The statement enhances the relevance and consistency of reporting for the College's subscription activities by establishing requirements for subscription accounting based on the principle that subscription are financings of underlying right-to-use assets. A subscription recipient is required to recognize a subscription liability and a right-to-use subscription asset, and a subscription originator is required to recognize a subscription receivable and deferred inflow of resources. The College adopted this guidance retroactively for the year ended June 30, 2023. The adoption of this guidance resulted in a restatement of the financial statements as of and for the year ended June 30, 2022. See Note 14 for the details of the restatement.

Note 2: Cash and Investments

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. At June 30, 2023 and 2022, the bank balance of the College's deposits, which primarily consists of demand deposits, was \$45,411,462 and \$31,360,232, respectively. At June 30, 2023, \$2,232,814 was not covered by federal depository insurance or by collateral held by the College's agent in the College's name. At June 30, 2022, \$572,814 of deposits were not covered by federal depository insurance or by collateral held by the College's agent in the College's name.

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

	2023	2022
Cash on hand	\$ 1,095	\$ 510
Deposits with financial institutions	44,908,364	30,693,610
Total	\$ 44,909,459	\$ 30,694,120

Investments

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

	2023	2022
Local government investment pools	\$ 35,217,665	\$ 12,625,330
Certificates of deposit	9,832,663	1,494,900
U.S. government agency securities	5,139,109	32,270,442
Total	\$ 50,189,437	\$ 46,390,672

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Notes to Financial Statements

Note 2: Cash and Investments (Continued)

Interest Rate Risk

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

As of June 30, 2023, the College had the following investments with stated maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Local government investment pools	\$ 35,217,665	\$ 35,217,665	\$ -	\$ -	\$ -
Certificate of deposit	9,832,663	6,198,591	3,634,072	-	-
U.S. government agency securities	5,139,109	5,139,109	-	-	-
Total	\$ 50,189,437	\$ 46,555,365	\$ 3,634,072	\$ -	\$ -

As of June 30, 2022, the College had the following investments with stated maturities:

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

Heartland Community College Community College District 540

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

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

	Total	2023				
		AAA	AA	A	BBB	Unrated
Local government investment pools	\$ 35,217,665	\$35,217,665	\$ -	\$ -	\$ -	\$ -
Certificate of deposit	9,832,663	-	-	-	-	9,832,663
U.S. government agency securities	5,139,109	-	5,139,109	-	-	-
Total	\$ 50,189,437	\$35,217,665	\$5,139,109	\$ -	\$ -	\$9,832,663

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

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.

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

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, 2023, there are no investments with custodial credit risk.

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

Fair Value Measurement

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

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

Level 2: Inputs to the valuation methodology include

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

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

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

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

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

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

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Notes to Financial Statements

Note 2: Cash and Investments (Continued)

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

The following table presents the College's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2023:

		<u>Fair Value Measurements at Reporting Date</u>		
		<u>Using</u>		
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Certificate of deposit	\$ 9,832,663	\$ -	\$ 9,832,663	\$ -
U.S. government agency securities	5,139,109	-	5,139,109	-
Total investments	\$ 14,971,772	\$ -	\$ 14,971,772	\$ -

The following table presents the College's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2022:

		<u>Fair Value Measurements at Reporting Date</u>		
		<u>Using</u>		
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
U.S. government agency securities	\$ 32,270,442	\$ -	\$ 32,270,442	\$ -
Total investments	\$ 32,270,442	\$ -	\$ 32,270,442	\$ -

The certificates of deposit held by the College as of June 30, 2022 were carried at cost and thus excluded from the table above.

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Notes to Financial Statements

Note 3: Capital Assets

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	Balance 7/1/2022	Increases	Decreases & Transfers	Balance 06/30/2023
Capital assets, not being depreciated:				
Land	\$ 4,481,528	\$ -	\$ -	\$ 4,481,528
Construction in progress	3,326,196	20,595,066	(782,441)	23,138,821
Total capital assets, not being depreciated	7,807,724	20,595,066	(782,441)	27,620,349
Capital assets, being depreciated:				
Furniture and equipment	18,678,003	1,583,273	(32,985)	20,228,291
Buildings	121,480,089	-	-	121,480,089
Infrastructure	21,019,730	1,958,707	782,441	23,760,878
Total capital assets, being depreciated	161,177,822	3,541,980	749,456	165,469,258
Accumulated depreciation:				
Furniture and equipment	(12,961,102)	(1,417,856)	32,985	(14,345,973)
Buildings	(45,193,959)	(3,035,512)	-	(48,229,471)
Infrastructure	(11,708,374)	(918,733)	-	(12,627,107)
Total accumulated depreciation	(69,863,435)	(5,372,101)	32,985	(75,202,551)
Net capital assets, being depreciated	91,314,387	(1,830,121)	782,441	90,266,707
Lease assets:				
Buildings	2,713,032	-	-	2,713,032
Total lease assets, net	2,713,032	-	-	2,713,032
Accumulated amortization:				
Buildings	(1,088,417)	(258,334)	-	(1,346,751)
Total accumulated amortization	(1,088,417)	(258,334)	-	(1,346,751)
Total right of use assets, being amortized, net	1,624,615	(258,334)	-	1,366,281
Subscription-Based Information Technology Arrangement Assets:				
Subscription-Based Information Technology Arrangement Assets	975,796	-	-	975,796
Accumulated amortization:				
Subscription-Based Information Technology Arrangement Assets	(309,240)	(309,240)	-	(618,480)
Total subscription-based information technology arrangement assets being amortized, net	666,556	(309,240)	-	357,316
Capital assets, net	\$ 101,413,282	\$ 18,197,371	\$ -	\$ 119,610,653

Heartland Community College

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Notes to Financial Statements

Note 3: Capital Assets (Continued)

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

	Balance 7/1/2021	Increases	Decreases & Transfers	Balance 6/30/2022
Capital assets, not being depreciated:				
Land	\$ 4,481,528	\$ -	\$ -	4,481,528
Construction in progress	502,523	2,933,489	(109,816)	3,326,196
Total capital assets, not being depreciated	4,984,051	2,933,489	(109,816)	7,807,724
Capital assets, being depreciated:				
Furniture and equipment	17,159,805	1,543,509	(25,311)	18,678,003
Buildings	121,213,674	-	266,415	121,480,089
Infrastructure	20,227,530	948,799	(156,599)	21,019,730
Total capital assets, being depreciated	158,601,009	2,492,308	84,505	161,177,822
Accumulated depreciation:				
Furniture and equipment	(11,841,543)	(1,126,748)	7,189	(12,961,102)
Buildings	(39,710,302)	(3,035,512)	(2,448,145)	(45,193,959)
Infrastructure	(13,314,447)	(860,194)	2,466,267	(11,708,374)
Total accumulated depreciation	(64,866,292)	(5,022,454)	25,311	(69,863,435)
Net capital assets, being depreciated	93,734,717	(2,530,146)	109,816	91,314,387
Lease assets:				
Building	2,336,289	376,743	-	2,713,032
Total lease assets, net	2,336,289	376,743	-	2,713,032
Accumulated amortization:				
Building	(875,292)	(213,125)	-	(1,088,417)
Total accumulated amortization	(875,292)	(213,125)	-	(1,088,417)
Total right of use assets, being amortized, net	1,460,997	163,618	-	1,624,615
Subscription-Based Information Technology Arrangement Assets:				
Subscription-Based Information Technology Arrangement Assets	-	975,796	-	975,796
Accumulated amortization:				
Subscription-Based Information Technology Arrangement Assets	-	(309,240)	-	(309,240)
Total subscription-based information technology arrangement assets being amortized, net	-	666,556	-	666,556
Capital assets, net	\$ 100,179,765	\$ 1,233,517	\$ -	\$ 101,413,282

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 4: Debt

Long-term liability for the years ended June 30, 2023 and 2022 is as follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023	Balance Due Within One Year
General obligation bonds and certificates	\$ 67,555,000	\$ 30,520,000	\$ (8,210,000)	\$ 89,865,000	\$ 8,335,000
Bond premiums and deferred funding (discounts)	6,437,161	3,139,237	(1,049,189)	8,527,209	1,330,697
Leases obligations	1,733,823	-	(247,698)	1,486,125	258,041
Subscription obligations	651,716	-	(294,469)	357,247	176,856
Compensated absences	1,436,638	961,491	(932,617)	1,465,512	732,756
Totals	\$ 77,814,338	\$ 34,620,728	\$ (10,733,973)	\$ 101,701,093	\$ 10,833,350

	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022	Balance Due Within One Year
General obligation bonds and certificates	\$ 58,305,000	\$ 17,835,000	\$ (8,585,000)	\$ 67,555,000	\$ 8,210,000
Bond premiums and deferred funding (discounts)	4,876,127	2,450,214	(889,180)	6,437,161	1,019,050
Lease obligations	1,565,126	376,743	(208,046)	1,733,823	247,698
Subscription obligations	-	975,796	(324,080)	651,716	294,469
Compensated absences	1,514,553	985,130	(1,063,045)	1,436,638	718,319
Totals	\$ 66,260,806	\$ 22,622,883	\$ (11,069,351)	\$ 77,814,338	\$ 10,489,536

Accrued compensated absences (earned vacation leave) at June 30, 2023 and 2022 is \$1,465,512 and \$1,436,638, respectively, and is expected to be paid out ratably or taken over the next two years.

General Obligation Bonds

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

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 4: Debt (Continued)

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ 2,410,000	\$ 231,650	\$ 2,641,650
2025	2,860,000	140,550	3,000,550
2026	3,255,000	48,825	3,303,825
Total	\$ 8,525,000	\$ 421,025	\$ 8,946,025

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:

During the year ending June 30:	Principal	Interest	Total
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	\$ 8,615,000	\$ 557,500	\$ 9,172,500

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

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

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 4: Debt (Continued)

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ 1,090,000	\$ 676,750	\$ 1,766,750
2025	-	649,500	649,500
2026	-	649,500	649,500
2027	6,335,000	491,125	6,826,125
2028	6,655,000	166,375	6,821,375
Total	\$ 14,080,000	\$ 2,633,250	\$ 16,713,250

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

In February 2020, the College issued General Obligation Community College Bonds, Series 2020, in the amount of \$10,135,000 due on December 1, 2020 through December 1, 2023 with an interest rate of 1.83%. Proceeds of the bonds were used for capital improvements and to pay certain costs associated with the issuance of the bonds. The percent used for capitalized assets was 31.98%.

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ 2,115,000	\$ 19,352	\$ 2,134,352

In February 2021, the College issued General Obligation Community College Bonds, Series 2021, in the amount of \$9,550,000 due on December 1, 2021 through December 1, 2028 with an interest rate of 2.00%. Proceeds of the bonds were used for capital improvements and to pay certain costs associated with the issuance of the bonds. The percent used for capitalized assets was 33.66%.

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ 590,000	\$ 165,000	\$ 755,000
2025	925,000	149,850	1,074,850
2026	930,000	131,300	1,061,300
2027	480,000	117,200	597,200
2028	475,000	107,650	582,650
2029 - 2033	5,145,000	51,450	5,196,450
Total	\$ 8,545,000	\$ 722,450	\$ 9,267,450

Heartland Community College Community College District 540

Notes to Financial Statements

Note 4: Debt (Continued)

In February 2022, the College issued General Obligation Community College Bonds, Series 2022, in the amount of \$17,835,000 due on December 1, 2022 through December 1, 2033 with interest rates ranging from 3.00% to 5.00%. Proceeds of the bonds were used for capital improvements and to pay certain costs associated with the issuance of the bonds. The percent used for capitalized assets was 100.00%.

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ -	\$ 653,900	\$ 653,900
2025	-	653,900	653,900
2026	-	653,900	953,900
2027	-	653,900	653,900
2028	-	653,900	653,900
2029 - 2033	15,015,000	2,132,250	17,147,250
2034 - 2038	2,450,000	36,750	2,486,750
Total	\$ 17,465,000	\$ 5,438,500	\$ 22,903,500

In January 2023, the College issued General Obligation Community College Bonds, Series 2023, in the amount of \$11,950,000 due on December 1, 2023 through December 1, 2030 with a 5.00% interest rate. Proceeds of the bonds were used for capital improvements and to pay certain costs associated with the issuance of the bonds. As of June 30, 2023, \$10,182,669 of the proceeds were unspent and 33.79% of the amount spent was on capitalized assets.

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ -	\$ 798,326	\$ 798,326
2025	110,000	594,750	704,750
2026	845,000	570,875	1,415,875
2027	860,000	528,250	1,388,250
2028	920,000	483,750	1,403,750
2029 - 2033	9,215,000	595,625	9,810,625
Total	\$ 11,950,000	\$ 3,571,576	\$ 15,521,576

Heartland Community College

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Notes to Financial Statements

Note 4: Debt (Continued)

In June 2023, the College issued General Obligation Community College Bonds, Series 2023B, in the amount of \$18,570,000 due on December 1, 2023 through December 1, 2033 with a 5.00% interest rate. Proceeds of the bonds were used for capital improvements and to pay certain costs associated with the issuance of the bonds. As of June 30, 2023, \$18,569,988 of the proceeds were unspent and 0.00% of the amount spent was on capitalized assets.

During the year ending June 30:	Principal	Interest	Total
2024	\$ -	\$ 894,971	\$ 894,971
2025	770,000	909,250	1,679,250
2026	295,000	882,625	1,177,625
2027	305,000	867,625	1,172,625
2028	320,000	852,000	1,172,000
2029 - 2033	10,790,000	3,377,250	14,167,250
2034 - 2038	6,090,000	152,250	6,242,250
Total	\$ 18,570,000	\$ 7,935,971	\$ 26,505,971

Leases

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ 111,618	\$ 2,346	\$ 113,964
2025	56,651	331	56,982
Total	\$ 168,269	\$ 2,677	\$ 170,946

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Notes to Financial Statements

Note 4: Debt (Continued)

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ 49,690	\$ 19,910	\$ 69,600
2025	50,795	18,805	69,600
2026	52,447	17,675	70,122
2027	55,198	16,490	71,688
2028	56,425	15,263	71,688
2029 - 2033	313,926	56,469	370,395
2034 - 2038	349,183	19,015	368,198
Total	\$ 927,664	\$ 163,627	\$ 1,091,291

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ 40,905	\$ 3,122	\$ 44,027
2025	40,087	1,009	41,096
Total	\$ 80,992	\$ 4,131	\$ 85,123

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

During the year ending June 30:	Principal	Interest	Total
2024	\$ 55,828	\$ 14,192	\$ 70,020
2025	58,684	11,336	70,020
2026	61,686	8,334	70,020
2027	64,842	5,178	70,020
2028	68,160	1,860	70,020
Total	\$ 309,200	\$ 40,900	\$ 350,100

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Notes to Financial Statements

Note 4: Debt (Continued)

Subscriptions

Element 451 subscription agreement dated May 2021 in the original principal amount of \$184,484, due in annual installments of \$47,500, including imputed interest at 2.00%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 45,656	\$ 1,844	\$ 47,500
2025	46,569	931	47,500
Total	\$ 92,225	\$ 2,775	\$ 95,000

Instructure subscription agreement dated March 2019 in the original principal amount of \$261,162, due in annual installments of \$140,080 in March 2022, \$123,504 in March 2023, including imputed interest at 2.00%. This agreement expired in 2023.

EAB Global subscription agreement dated May 2021 in the original principal amount of \$530,150, due in annual installments of \$136,500, including imputed interest at 2.00%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 131,200	\$ 5,300	\$ 136,500
2025	133,824	2,676	136,500
Total	\$ 265,024	\$ 7,976	\$ 273,000

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest, are as follows:

During the year ending June 30:	General Obligation Bonds	Leases	Subscription	Total Principal	Interest	Total Principal and Interest
2024	\$ 8,335,000	\$ 258,041	\$ 176,856	\$ 8,769,897	\$ 3,788,664	\$ 12,558,561
2025	8,005,000	206,217	180,391	8,391,608	3,325,489	11,717,097
2026	8,470,000	114,133	-	8,584,133	3,025,934	11,610,067
2027	7,980,000	120,040	-	8,100,040	2,679,768	10,779,808
2028	8,370,000	124,585	-	8,494,585	2,280,798	10,775,383
2029 - 2033	40,165,000	313,926	-	40,478,926	6,213,034	46,691,960
2034 - 2038	8,540,000	349,183	-	8,889,183	208,015	9,097,198
Total	\$ 89,865,000	\$ 1,486,125	\$ 357,247	\$ 91,708,372	\$ 21,521,702	\$ 113,230,074

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Notes to Financial Statements

Note 4: Debt (Continued)

At June 30, 2023, the legal debt limit was \$149,513,238 based on a statutory limit of 2.875% of assessed valuation of \$5,200,460,439. At June 30, 2022, the legal debt limit was \$140,299,691 based on a statutory limit of 2.875% of assessed valuation of \$4,879,989,263. The remaining legal debt limit as of June 30, 2023 and 2022 was \$49,277,657 and \$63,921,991, respectively.

Note 5: Defined Benefit Pension Plans

General Information about the Pension Plan

Plan description – The College’s contributes to the State Universities Retirement System of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the 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 of Illinois’ financial reporting entity and is included in the state’s financial reports 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.

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 6 months after their date of hire to make an irrevocable election whether to participate in the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2022 can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

Contributions - The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System 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 2022 and fiscal year 2023, respectively, was 12.32% and 12.83% 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.

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Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

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

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

Net Pension Liability

The net pension liability (NPL) was measured as of June 30, 2022 and June 30, 2021. SURS reported a net pension liability (NPL) of \$29,078,053,857 at June 30, 2022 and \$28,528,477,079 at June 30, 2021.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the College in fiscal year 2022 is \$0 and for fiscal year 2021 it was \$0. The proportionate share of the State’s net pension liability associated with the College at June 30, 2022 is \$123,988,822 or 0.4264% and at June 30, 2021 is \$126,672,429 or 0.4440%. This amount is not recognized in the College's financial statement. The College's proportionate share changed by (0.0176)% from 0.4440% since the last measurement date of June 30, 2021. The NPL and total pension liability as of June 30, 2022 was determined based on the June 30, 2021 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2021.

Defined Benefit Pension Expense

For the years ending June 30, 2022 and June 30, 2021, SURS defined benefit plan reported a collective net pension expense of \$1,903,314,699 and \$2,342,460,058, respectively.

Employer Proportionate Share of Defined Benefit Pension Expense

The employer proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2022 and 2021, respectively. As a result, the College recognized revenue and defined benefit pension expense of \$8,115,734 and \$10,401,015 from this special funding situation during the years ended June 30, 2023 and June 30, 2022.

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

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

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Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflow of Resources
<i>Fiscal year ended June 30, 2022 (measurement date)</i>		
Difference between expected and actual experience	\$ 31,973,496	\$ 28,674,599
Changes in assumption	279,362,441	982,954,268
Net difference between projected and actual earnings on pension plan investments	31,628,935	-
Total	\$ 342,964,872	\$ 1,011,628,867

	Deferred Outflows of Resources	Deferred Inflow of Resources
<i>Fiscal year ended June 30, 2021 (measurement date)</i>		
Difference between expected and actual experience	\$ 113,467,689	-
Changes in assumption	776,968,084	-
Net difference between projected and actual earnings on pension plan investments	-	2,283,514,660
Total	\$ 890,435,773	\$ 2,283,514,660

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

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2023	\$ (332,941,204)
2024	(528,966,820)
2025	(249,290,775)
2026	442,534,804
Total	\$ (668,663,995)

College's Deferral of Fiscal Year 2023 Contributions

The College paid \$85,227 and \$52,070 in federal, trust or grant contributions to SURS defined benefit pension plan during the years ended June 30, 2023 and June 30, 2022, respectively. These contributions were made subsequent to the pension liability measurement date of June 30, 2022 and June 30, 2021, and are recognized as deferred outflows of resources as of June 30, 2023 and June 30, 2022. These amounts will be recognized as reductions of the pension liability in the reporting year ended June 30, 2024 and June 30, 2023.

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Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% to 12.75%, including inflation
Investment rate of return	6.50%

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

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 consultant(s) and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Traditional Growth		
Global Public Equity	38.0 %	7.62 %
Stabilized Growth		
Credit Fixed Income	9.0 %	4.20 %
Core Real Assets	4.5 %	4.98 %
Options Strategies	2.5 %	4.91 %
Private Credit	1.0 %	7.45 %
Non-Traditional Growth		
Private Equity	10.5 %	11.91 %
Non-Core Real Assets	2.5 %	9.43 %
Inflation Sensitive		
U.S. TIPS	5.0 %	1.23 %
Principal Protection		
Core Fixed Income	8.0 %	1.79 %
Crisis Risk Offset		
Systematic Trend Following	10.0 %	4.33 %
Alternative Risk Premia	5.0 %	3.59 %
Long Duration	4.0 %	2.16 %
Total	100 %	6.08 %
Inflation		2.25 %
Expected Arithmetic Return		8.33 %

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Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

Discount Rate. A single discount rate of 6.39% and 6.12% at June 30, 2022 and June 30, 2021, respectively, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and 6.50% at June 30, 2022 and June 30, 2021, and a municipal bond rate of 3.69% and 1.92% at June 30, 2022 and June 30, 2021, respectively (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022 and June 30, 2021, respectively). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.39% and 6.12% at June 30, 2022 and June 30, 2021, as well as what the State's NPL net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

June 30, 2022		
1% Decrease	Current Single	1% Increase
5.39%	Discount Rate	7.39%
	Assumption 6.39%	
\$ 35,261,802,968	\$ 29,078,053,857	\$ 23,928,731,076

June 30, 2021		
1% Decrease	Current Single	1% Increase
5.12%	Discount Rate	7.12%
	Assumption 6.12%	
\$ 35,000,704,353	28,528,477,079	23,155,085,730

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

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Notes to Financial Statements

Note 6: Defined Contribution Pension Plan

General Information about the Pension Plan

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

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

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

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

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Notes to Financial Statements

Note 6: Defined Contribution Pension Plan (Continued)

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense

For the year ended June 30, 2022, the State's contributions to the RSP on behalf of individual employers totaled \$89,770,940. Of this amount, \$80,902,699 was funded via an appropriation from the State and \$8,868,241 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense

The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2022. The College's share of pensionable contributions was 0.3592%. As a result, the College recognized revenue and defined contribution pension expense of \$322,446 from this special funding situation during the year ended June 30, 2023, of which \$31,854 constituted forfeitures.

Note 7: Other Post-Employment Benefits

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

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

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

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

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

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

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

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2022 and June 30, 2021. CIP reported a net OPEB liability at June 30, 2022 of \$684,560,152 and at June 30, 2021 of \$1,735,532,863.

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 2023 is \$6,913,123 or 1.0099%, and for fiscal year 2022 it was \$16,912,956 or 0.9745%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was an increase of 0.0354%. The proportionate share of the State's net OPEB liability associated with the College at June 30, 2022 and June 30, 2021 was \$6,913,123 or 1.0099% and \$16,912,956 or 0.9745%, respectively. The total proportionate share of the net OPEB liability associated with the College at June 30, 2022 and June 30, 2021 was \$13,826,246 and \$33,825,912, respectively. The net OPEB liability and total OPEB liability as of June 30, 2022 was determined based on the June 30, 2021 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 2022.

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

OPEB Expense

At June 30, 2023 and June 30, 2022, CIP reported a collective net OPEB expense of \$(287,349,940) and \$(8,291,172), respectively.

Employer Proportionate Share of OPEB Expense

The employer proportionate share of collective OPEB expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective OPEB expense is the actual reported OPEB contributions made to CIP during fiscal year 2022 and 2021, respectively. As a result, the College recognized on-behalf revenue of \$(2,853,982) and \$(44,397) for the fiscal year ended June 30, 2023 and June 30, 2022, respectively. Additionally, the College recognized OPEB expense of \$(2,727,396) and \$(24,320) for the fiscal year ended June 30, 2023 and June 30, 2022.

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

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

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

	Deferred Outflows of Resources	Deferred Inflow of Resources
<i>Fiscal year ended June 30, 2022 (measurement date)</i>		
Difference between expected and actual experience	\$ 54,613	\$ 2,879,530
Changes in assumption	0	9,318,675
Net difference between projected and actual earnings on OPEB plan investments	0	357
Changes in proportion and differences between employer contributions and share of contributions	1,065,091	318,513
Total deferred amounts to be recognized in pension expense in future periods	1,119,704	12,517,075
OPEB contributions made subsequent to the measurement date	108,830	0
Total	\$ 1,228,534	\$ 12,517,075

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

	Deferred Outflows of Resources	Deferred Inflow of Resources
<i>Fiscal year ended June 30, 2021 (measurement date)</i>		
Difference between expected and actual experience	\$ 107,031	\$ 1,236,137
Changes in assumption	0	3,230,910
Net difference between projected and actual earnings on OPEB plan investments	0	487
Changes in proportion and differences between employer contributions and share of contributions	654,065	404,901
Total deferred amounts to be recognized in pension expense in future periods	761,096	4,872,435
OPEB contributions made subsequent to the measurement date	95,235	0
Total	\$ 856,331	\$ 4,872,435

The College reported \$108,830 and \$95,235 as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2023 and June 30, 2022, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Year Ending June 30	Net Deferred Inflows of Resources
2024	\$ 1,899,562
2025	1,899,562
2026	1,899,562
2027	1,899,562
2028	1,899,562
2029	1,899,561
Total	\$ 11,397,371

Heartland Community College

Community College District 540

Notes to Financial Statements

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, 2021, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on age and service and ranges from 12.75% at less than 1 year of service to 3.50% at 34 or more years of service for employees under 50 and ranges from 12.00% at less than 1 year of service to 3.00% at 34 or more years of service for employees over 50. Salary increases includes a 3.00% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend used fiscal year end 2023 based on actual premium increases. For Non-Medicare costs, trend rates start at 8.00% for plan year 2024 and decrease gradually to an ultimate rate of 4.25% in 2039. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 5.86% in 2034, declining gradually to an ultimate rate of 4.25% in 2039.

Mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table. For disabled annuitants, mortality rates were based on the Pub-2010 Disabled Retiree Mortality Table. Mortality rates for pre-retirement were based on the Pub-2010 Employee Mortality Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2020.

Discount Rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.69% as of June 30, 2022 and 1.92% as of June 30, 2021.

The decrease in the single discount rate from 1.92% to 3.69% caused the total OPEB liability to increase by approximately \$119.2 million from 2021 to 2022.

Heartland Community College Community College District 540

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

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

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.69% and 1.92% at June 30, 2022 and June 30, 2021, 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, 2022 to the Single Discount Rate Assumption				
	1% Decrease (2.69%)	Current Single Discount Rate Assumption (3.69%)	1% Increase (4.69%)	
Net OPEB liability	\$ 7,567,649	\$ 6,913,123	\$ 6,353,417	

Sensitivity of Net OPEB Liability as of June 30, 2021 to the Single Discount Rate Assumption				
	1% Decrease (0.92%)	Current Single Discount Rate Assumption (1.92%)	1% Increase (2.92%)	
Net OPEB liability	\$ 19,268,829	\$ 16,912,956	\$ 14,878,449	

Heartland Community College Community College District 540

Notes to Financial Statements

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 9.18% in 2023 decreasing to an ultimate trend rate of 4.25% in 2039.

Sensitivity of Net OPEB Liability as of June 30, 2022 to the Healthcare Cost Trend Rate Assumption				
	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)	
Net OPEB liability	\$ 6,177,938	\$ 6,913,123	\$ 7,811,465	

- (a) Current healthcare trend rates - Pre-Medicare per capita costs: 9.18% in 2023, 8.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2039. Post-Medicare per capita costs: 2.98% in 2023, 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 5.86% in 2033 decreasing ratably to an ultimate rate of 4.25% in 2039.
- (b) One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 8.18% in 2023, 7.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2039. Post-Medicare per capita costs: 1.98% in 2023, 0.00% from 2024 to 2028, 18.42% from 2029 to 2033, 4.86% in 2033 decreasing ratably to an ultimate rate of 3.25% in 2039.
- (c) One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 10.18% in 2023, 9.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2039. Post-Medicare per capita costs: 3.98% in 2023, 1.00% from 2024 to 2028, 20.42% from 2029 to 2033, 6.86% in 2033 decreasing ratably to an ultimate rate of 5.25% in 2039.

Sensitivity of Net OPEB Liability as of June 30, 2021 to the Healthcare Cost Trend Rate Assumption				
	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)	
Net OPEB liability	\$ 13,936,009	\$ 16,912,956	\$ 20,899,975	

Heartland Community College Community College District 540

Notes to Financial Statements

Note 8: Risk Management

The College accounts for and finances its uninsured risks of loss related to medical care, outpatient prescription drug costs, and dental care. A third-party administrator provides administrative services for this self-insurance plan. Under this program, the fund provides coverage of the College's employee medical insurance when individual claims exceeded \$105,000 with an unlimited maximum benefit per individual per life-time and aggregate claims exceeded \$4,681,364 over an annual liability period.

The reserve for health care costs reported in the fund at June 30, 2023 and 2022, 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.

	2023	2022
Reserve for health care costs at July 1	\$ 616,346	\$ 474,573
Claims incurred during the period	4,527,938	4,479,846
Payments on claims	(4,586,978)	(4,338,073)
Total	\$ 557,306	\$ 616,346

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, 2023 and 2022, respectively.

Note 9: Restricted Net Position

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

	2023	2022
Capital projects	\$ 21,434,462	\$ 13,786,509
Working cash	\$ 3,900,000	\$ 3,900,000
Restricted for:		
Audit	\$ 110,172	\$ 107,484
Liability, Protection, & Settlement	563,128	563,191
Total	\$ 673,300	\$ 670,675

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 9: Restricted Net Position (Continued)

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

At June 30, 2023 and 2022, the College had \$(4,693,600) and \$(7,177,160), respectively, of unrestricted net position. Of these balances, the College has \$1,197,795 and \$1,109,833 designated for payment of self-insurance claims at June 30, 2023 and 2022, respectively. The remaining unrestricted resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

Note 10: Tax Abatements

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

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

The College's estimated net reduced tax revenue resulting from the TIFs adopted in municipalities within the College's district is \$709,700 and \$662,471 for fiscal years 2023 and 2022, respectively.

Note 11: Contingencies and Commitments

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

Construction Commitments. In April 2022, the College entered into a professional services agreement with River City Construction, LLC to construct the Agricultural Complex for \$19,414,508. As of June 30, 2023, total costs incurred are approximately \$12,111,159. The estimated completion date for this project is fiscal year 2024.

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 11: Contingencies and Commitments (Continued)

In August 2022, the College entered into a professional services agreements with Johnco Construction, Inc. and Demonica Kemper Architects, LLC to construct the CTE addition and remodel and with for \$13,644,000. As of June 30, 2023 total costs incurred are approximately \$8,025,716, which was for the architecture costs to date. The estimated completion date for this project is fiscal year 2024.

Note 12: Component Unit - Foundation

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

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

Organization

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

Basis of Accounting

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

Basis of Presentation

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

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

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.

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 12: Component Unit - Foundation (Continued)

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, 2023.

Fund Accounting

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

Funds

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

Revenue Recognition

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

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.

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 12: Component Unit - Foundation (Continued)

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, 2023, the Foundation received \$345,299 of in-kind contributions (goods and services) and \$-0- of contributed investments, which is included in the statement of activities.

Investments

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

Certificate of Deposit

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

Estimates

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

Cash

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

Financial Instruments

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

Heartland Community College Community College District 540

Notes to Financial Statements

Note 12: Component Unit - Foundation (Continued)

Investments

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

	Fair Values	
	2023	2022
Common stock	\$ 1,556,124	\$ 1,352,748
Exchange traded funds	1,893,635	1,601,617
Certificate of deposit	1,493,273	33,244
Mutual funds	6,775,263	4,178,195
Corporate bonds	3,033,031	1,867,442
Total	\$14,751,326	\$ 9,033,246

For the year ended June 30, 2023, investments expenses were \$71,340. The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 52,297	\$ 156,390	\$ 208,687
Realized gain (loss) on investments	39,209	66,548	105,757
Unrealized gain (loss) on investments	547,842	(12,069)	535,773
Total	\$ 639,348	\$ 210,869	\$ 850,217

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

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

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 12: Component Unit - Foundation (Continued)

Fair Value Measurement:

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

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

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

Common stocks, exchange traded funds, and mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active at the last transaction price before year end. Corporate and municipal bonds, as well as certificates of deposit, are valued based on either the most recent observable trade and/or external quotes.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2023, are as follows:

	Fair Value Measurements at Reporting Date			
	Fair Value	Level 1	Level 2	Level 3
Common stock	\$ 1,556,124	\$ 1,556,124	\$ -	\$ -
Exchange traded funds	1,893,635	1,893,635	-	-
Certificates of deposit	1,493,273	-	1,493,273	-
Mutual funds	6,775,263	6,775,263	-	-
Corporate bonds	3,033,031	-	3,033,031	-
Total	\$ 14,751,326	\$ 10,225,022	\$ 4,526,304	\$ -

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 12: Component Unit - Foundation (Continued)

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

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

Net Assets with Donor Restrictions:

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

	2023	2022
Subject to expenditure for specified purpose:		
Student scholarships and institutional support		
currently available	\$13,649,507	\$ 7,336,193
Perpetual endowments	712,000	660,000
Total	\$14,361,507	\$ 7,996,193

Note 13: Impact of Pending Accounting Principles

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

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

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

Heartland Community College

Community College District 540

Notes to Financial Statements

Note 14: Restatement

During the fiscal year, the College made a prior period adjustment to the financial statements to implement GASB Statement No. 96 related to SBITAs in compliance with accounting principles generally accepted in the United States.

	Statements of Net Position 2023
Net position, beginning of year, as previously reported	\$67,692,699
GASB Statement No. 96 implementation	(98,455)
Net position, beginning of year, as restated	<u>\$67,594,244</u>

Note 15: Subsequent Events

The College have evaluated subsequent events through November 14, 2023, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2023 have been incorporated herein.

Required Supplementary Information

Heartland Community College, Illinois

Community College District No. 540

Schedule of Share of Net Pension Liability

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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 non-employer contributing entities' total proportion of collective net pension liability associated with the College	\$ 123,988,822	\$ 126,672,429	\$ 136,297,922	\$ 127,028,875	\$ 120,893,566	\$ 110,893,773	\$ 113,066,447	\$ 104,463,724	\$ 96,989,820	
Employer covered payroll	\$ 17,225,456	\$ 15,940,665	\$ 16,555,605	\$ 16,042,665	\$ 15,762,164	\$ 15,416,548	\$ 15,777,476	\$ 16,016,358	\$ 16,152,552	
Proportion of collective net pension liability associated with the College as a percentage of covered payroll	719.80 %	794.65 %	823.27 %	791.82 %	766.99 %	719.32 %	716.63 %	652.23 %	600.46 %	
SURS plan net position as a percentage of total pension liability	43.65 %	45.45 %	39.05 %	40.71 %	41.27 %	42.04 %	39.57 %	42.37 %	44.39 %	

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

Heartland Community College, Illinois

Community College District No. 540

Schedule of Pension Contributions

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Federal, trust, grant and other contribution	\$ 85,227	\$ 52,070	\$ 48,101	\$ 43,895	\$ 41,114	\$ 36,248	\$ 36,952	\$ 38,040	\$ 49,214	
Contribution in relation to required contribution	85,227	52,070	48,101	43,895	41,114	36,248	36,952	38,040	49,214	
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Employer covered payroll	\$ 21,904,214	\$ 19,047,280	\$ 18,121,716	\$ 18,301,729	\$ 17,418,804	\$ 16,645,814	\$ 16,265,763	\$ 16,016,358	\$ 16,152,552	
Contribution as a percentage of covered payroll	0.39 %	0.27 %	0.27 %	0.24 %	0.24 %	0.22 %	0.23 %	0.24 %	0.30 %	

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

Heartland Community College, Illinois

Community College District No. 540

Schedule of Share of Net OPEB Liability

Last Ten Fiscal Years

(schedule to be built prospectively from 2018)

Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion percentage of the collective net OPEB liability	1.01 %	0.97 %	0.99 %	0.97 %	0.95 %	0.94 %				
Proportion amount of the collective net OPEB liability	\$ 6,913,123	\$ 16,912,956	\$ 18,137,073	\$ 18,323,664	\$ 17,965,825	\$ 17,095,712				
Portion of non-employer contributing entities' total proportion of collective net OPEB liability associated with the College	\$ 6,913,123	\$ 16,912,956	\$ 18,137,037	\$ 18,323,664	\$ 17,967,825	\$ 16,870,542				
Total collective net OPEB liability associated with the College	\$ 13,826,246	\$ 33,825,912	\$ 36,274,110	\$ 36,647,328	\$ 35,933,650	\$ 33,966,254				
District's covered payroll	\$ 17,225,456	\$ 15,940,665	\$ 16,555,605	\$ 16,042,665	\$ 15,762,164	\$ 15,416,548				
Proportion of collective net OPEB liability associated with the College as a percentage of covered payroll	80.27 %	212.20 %	219.10 %	228.44 %	227.97 %	220.32 %				
College insurance plan net position as a percentage of total OPEB liability	(22.03)%	(6.38)%	(5.07)%	(4.13)%	(2.87)%	(2.15)%				

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

Heartland Community College, Illinois

Community College District No. 540

Schedule of OPEB Contributions

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 108,830	\$ 95,235	\$ 90,609	\$ 91,150	\$ 83,229	\$ 81,331				
Contribution in relation to the required statutorily	108,830	95,235	90,609	91,150	83,229	81,331				
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0				
District's covered payroll	\$ 21,904,214	\$ 19,047,280	\$ 18,121,716	\$ 18,301,729	\$ 16,645,814	\$ 16,265,763				
Contribution as a percentage of covered payroll	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %				

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

Heartland Community College, Illinois

Community College District No. 540

Notes to Required Supplementary Information

Note 1: Changes of Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2023.

Note 2: Changes of Assumptions

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021. These assumptions are listed below and remained the same for the June 30, 2022, actuarial valuation.

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

Note 3: Changes of OPEB Benefit Terms

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2023.

Heartland Community College, Illinois

Community College District No. 540

Notes to Required Supplementary Information (Continued)

Note 4: Changes of OPEB Assumptions

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

- Per capita claim costs for plan year end June 30, 2022, were updated based on projected claim sand enrollment experience through June 30, 2022, and updated premium rates through plan year end 2023;
- Effective as of January 1, 2023, projected per capita costs reflect the newly established zero premium MAPD plan. Based on discussions with CMS, the MAPD costs are zero for calendar years 2023 through 2027, increase to \$42 per member per month in calendar year 2028, and increases ratably to \$102 per member per month in calendar year 2032. After 2032, costs increase according to the assumed trend rates;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2021, projected plan cost for plan year end June 30, 2022, premium changes through plan year end 2022, and expectation of future trend increases after June 30, 2022;
- Healthcare plan participation and lapse rates were updated based on observed experience; and
- The discount rate was changed from 1.92 percent at June 30, 2021, to 3.69 percent at June 30, 2022.

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

Statistical Section

Heartland Community College, Illinois

Community College District No. 540

Statistical Section

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

<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.	80 - 81
Revenue Capacity These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax.	82 - 87
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.	88 - 95
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.	96 - 98
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.	99 - 105

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

Heartland Community College, Illinois

Community College District #540

Financial Trends Net Position by Component Last Ten Fiscal Years (Unaudited)

TABLE A

	2023	Restated 2022	Restated 2021	Restated 2020	2019	2018	2017	2016	2015	2014
Net position:										
Net investment in capital assets	\$56,192,340	\$56,414,220	\$52,851,217	\$49,683,886	\$44,930,780	\$38,906,902	\$37,316,749	\$38,389,218	\$39,912,827	\$41,635,091
Restricted for:										
Capital projects	21,434,462	13,786,509	5,548,483	1,574,886	502,200	783,488	314,078	374,520	1,677	337,411
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	673,300	670,675	692,841	695,822	532,980	85,454	59,079	84,604	157,210	280,128
Unrestricted	(4,693,600)	(7,177,160)	(3,996,061)	(3,270,121)	(3,323,604)	(1,847,114)	10,267,764	5,287,902	4,898,401	4,496,632
Total net position	\$77,506,502	\$67,594,244	\$58,996,480	\$52,584,473	\$46,542,356	\$41,828,730	\$51,857,670	\$48,036,244	\$48,870,115	\$50,649,262

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

Heartland Community College, Illinois

Community College District #540

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

TABLE B

	2023	Restated 2022	Restated 2021	Restated 2020	2019	2018	2017	2016	2015	2014
Operating revenues:										
Student tuition and fees, net of scholarship	\$6,624,751	\$7,885,938	\$8,333,562	\$9,117,568	\$9,327,146	\$9,462,627	\$10,691,518	\$10,200,728	\$9,322,824	\$11,796,677
Auxiliary enterprises revenue	607,529	472,656	226,970	391,884	768,253	594,268	399,237	1,131,570	724,995	637,986
Other operating revenues	2,092,220	1,117,694	690,056	748,672	1,316,469	1,810,539	3,385,406	2,586,882	2,820,351	2,510,642
Total operating revenues	9,324,500	9,476,288	9,250,588	10,258,124	11,411,868	11,867,434	14,476,161	13,919,180	12,868,170	14,945,305
Operating expenses:										
Instruction	17,136,179	17,434,969	18,635,866	20,683,254	20,994,946	20,948,645	13,155,043	13,525,124	13,806,722	13,665,862
Academic support	2,827,051	2,797,470	3,305,871	2,846,997	3,297,800	2,886,808	2,021,859	2,409,502	2,406,802	2,323,736
Student services	3,600,011	4,377,672	4,826,407	4,593,127	4,083,017	4,164,319	2,656,640	2,811,517	2,767,179	2,569,575
Public services	3,528,635	3,833,108	3,918,946	3,416,121	2,760,888	2,683,517	3,762,448	3,135,985	3,190,156	3,719,162
Organized research	44,413	0	0	0	0	0	0	0	0	0
Auxiliary enterprises	3,307,175	2,873,624	3,123,372	3,053,781	2,065,873	1,812,020	1,146,451	1,206,794	1,191,842	1,145,145
Operations and maintenance	1,575,794	5,420,707	4,437,654	4,298,435	4,230,835	4,149,497	3,331,613	3,419,832	3,622,478	3,525,130
Institutional support	15,382,499	15,485,429	13,801,782	12,120,355	11,488,638	11,380,938	7,148,890	8,144,174	9,287,265	8,600,653
Scholarships, student grants, and waivers	3,826,369	6,401,705	4,561,863	5,137,089	4,411,930	5,713,095	5,442,292	5,709,869	5,439,759	6,988,876
Depreciation and amortization	5,977,313	5,593,343	4,834,696	4,600,676	4,544,453	4,491,303	4,533,451	4,587,293	4,638,829	4,710,573
SURS contribution paid by state	0	0	0	0	0	0	11,174,726	8,770,788	7,345,516	6,703,401
Total operating expenses	57,205,439	64,218,027	61,446,457	60,749,835	57,878,380	58,230,142	54,373,413	53,720,878	53,696,548	53,952,113
Operating loss	(47,880,939)	(54,741,739)	(52,195,869)	(50,491,711)	(46,466,512)	(46,362,708)	(39,897,252)	(39,801,698)	(40,828,378)	(39,006,808)
Nonoperating revenues (expenses):										
Property taxes	28,057,754	27,105,047	26,717,227	26,278,569	26,055,936	25,986,941	23,215,681	21,376,417	20,986,413	19,985,064
Replacement taxes	2,703,748	2,590,689	0	0	0	0	0	0	0	0
State government	10,837,348	6,608,931	5,785,811	5,702,753	4,708,139	6,990,691	2,267,189	2,064,036	4,296,628	4,261,307
On-behalf payments	5,584,198	10,356,618	15,389,330	14,544,623	13,031,001	12,075,075	11,174,726	8,770,788	7,345,516	6,703,401
Federal government	9,650,465	16,888,879	11,346,055	10,052,723	8,558,424	9,595,893	9,797,926	9,921,617	9,942,770	9,962,457
Facilities revenue	192,987	188,890	0	0	0	0	0	0	0	0
Investment income	2,332,978	38,589	40,050	561,598	789,320	387,659	164,482	44,419	24,227	44,931
Nongovernmental grants and gifts	170,855	225,736	771,100	511,199	0	0	0	0	0	0
Other revenue	489,432	773,084	0	0	0	0	0	0	0	0
Interest,	(2,226,568)	(1,568,946)	(1,536,071)	(1,653,184)	(1,949,256)	(1,839,089)	(2,887,900)	(3,194,707)	(3,532,897)	(3,766,198)
Amortization expense	0	0	(57,034)	(57,034)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)
Loss on disposal of asset	0	0	0	0	0	0	0	(1,320)	0	(20,229)
Total nonoperating revenues, net	57,793,197	63,207,517	58,456,468	55,941,247	51,180,138	53,183,744	43,718,678	38,967,824	39,049,231	37,157,307
Capital contributions	0	131,986	0	0	0	0	0	0	0	0
Change in net position	9,912,258	8,597,764	6,260,599	5,449,536	4,713,626	6,821,036	3,821,426	(833,874)	(1,779,147)	(1,849,501)
Beginning of year, as restated	67,594,244	58,996,480	52,735,881	47,376,316	41,828,730	35,007,694	48,036,244	48,870,115	50,649,262	52,498,763
End of year	\$77,506,502	\$67,594,244	\$58,996,480	\$52,825,852	\$46,542,356	\$41,828,730	\$51,857,670	\$48,036,241	\$48,870,115	\$50,649,262

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

Heartland Community College, Illinois

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
2022	\$5,200,460,439	\$15,601,381,317
2021	4,879,989,263	14,639,967,789
2020	4,705,470,640	14,116,411,920
2019	4,604,536,939	13,813,610,817
2018	4,528,294,413	13,584,883,239
2017	4,464,342,208	13,393,026,624
2016	4,424,104,515	13,272,313,545
2015	4,314,111,666	12,942,334,998
2014	4,240,488,783	12,721,466,349
2013	4,154,298,826	12,462,896,478

Source: College records

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

Heartland Community College, Illinois

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
2022	\$3,059,912,244	\$1,223,809,565	\$78,631,538	\$692,279,802	\$30,507,793	\$115,319,497	\$5,200,460,439	0.58454
2021	2,851,316,163	1,167,875,350	72,736,970	649,278,003	27,675,088	111,107,689	4,879,989,263	0.57806
2020	2,786,751,788	1,150,241,284	64,573,362	614,084,571	25,290,712	64,528,923	4,705,470,640	0.57772
2019	2,764,079,868	1,131,429,058	63,820,671	585,988,785	24,597,512	34,621,045	4,604,536,939	0.58179
2018	2,745,147,228	1,113,128,468	54,688,847	557,415,664	23,981,039	33,933,167	4,528,294,413	0.58099
2017	2,725,958,779	1,114,714,862	37,588,890	528,640,522	22,148,863	35,290,292	4,464,342,208	0.58576
2016	2,714,153,916	1,105,950,449	38,164,215	506,840,313	22,415,809	36,579,813	4,424,104,515	0.58875
2015	2,656,194,344	1,073,521,959	39,187,220	484,132,645	22,685,466	38,390,032	4,314,111,666	0.54116
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

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
McLean County	0.91064	0.91404	0.91390	0.91509	0.92082	0.91052	0.91399	0.91836	0.90133	0.90375
Town of Normal	0.95845	1.02710	1.02599	1.03263	1.02714	1.04145	0.95891	0.92500	0.91581	0.89427
Normal Library	0.40315	0.43207	0.43367	0.43648	0.44349	0.44962	0.45260	0.45049	0.44185	0.44646
Normal Township	0.21617	0.22822	0.23224	0.23312	0.23007	0.23281	0.23079	0.22786	0.22800	0.22296
Normal Road and Bridge	0.07945	0.08093	0.07848	0.09006	0.09177	0.09291	0.09589	0.09571	0.09346	0.09101
Normal School District #5	5.52060	5.61440	5.64704	5.35541	5.39197	5.03610	5.01469	5.05827	5.02707	5.00704
Bloomington/Normal Water District	0.17754	0.18052	0.18679	0.18835	0.18651	0.18466	0.17931	0.17446	0.17216	0.17011
Bloomington/Normal Airport Authority	0.13615	0.14267	0.14549	0.14367	0.09943	0.11937	0.12442	0.13572	0.13655	0.12736
City of Bloomington	1.08930	1.08580	1.09367	1.09010	1.08603	1.07967	1.08363	1.07729	1.06782	1.06121
City of Bloomington Township	0.11483	0.12213	0.12463	0.12503	0.12594	0.12660	0.12166	0.12433	0.12541	0.12243
Bloomington School District #87	5.18340	5.17240	5.17089	5.14481	5.15520	5.15321	5.13998	5.15877	4.95303	4.83486
Bloomington Library	0.30604	0.30457	0.26317	0.26230	0.26081	0.25959	0.25296	0.25098	0.25323	0.25811
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	15.09572	15.30485	15.31596	15.01705	15.01918	14.68651	14.56883	14.59724	14.31572	14.13957
Heartland Community College	0.58454	0.57806	0.57772	0.58179	0.58099	0.58576	0.58875	0.54116	0.50583	0.50161
Total rate	15.68026	15.88291	15.89368	15.59884	15.60017	15.27227	15.15758	15.13840	14.82155	14.64118

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	2022 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation	2013 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation
State Farm Insurance Company	Insurance	\$168,618	1	3.25%	\$171,806	1	4.14%
Bloomington Grove Wind Energy Center LLC	Energy	41,663	2	0.80%	0		
EDP Renweables North America	Energy	31,445	3	0.61%	0		
Rivian Automotive	Auto Manufacturing	14,432	4	0.28%	0		
White Oak Energy LLC	Energy	14,403	5	0.28%	19,172	2	0.46%
Westminster Village	Retirement Center	12,900	6	0.25%	0		
Wal-Mart Stores, Inc.	Retail	9,518	7	0.18%	12,803	4	0.31%
Illinois Agriculture Association	AG Insurance	9,415	8	0.18%	9,179	6	0.22%
C150		8,610	9	0.17%	0		
Eastland Mall LLC %CBL & Associates Mgt. Inc.	Retail Mall	8,513	10	0.16%	16,951	3	0.41%
High Trail Wind Farm	Energy	0			11,669	5	0.28%
Wingover Apts	Housing	0			6,696	9	0.16%
Mitsubishi Motors Manufacturing	Auto Manufacturing	0			7,471	7	0.18%
Advocate/Bromenn Healthcare Hospital	Hospital	0			6,025	10	0.15%
Brookridge Apartments LLC	Housing	0			6,761	8	0.16%
Total		\$319,517		6.16%	\$268,533		6.47%

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 2022 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, 2022	Collected During Year Ended June 30, 2023	Total Collected Through June 30, 2023	Percentage of Taxes Extended Collected Through June 30, 2023
2022	2024	5,200,460,439	0.58454	30,157,352	0	14,224,814	14,224,814	47.17%
2021	2023	4,879,989,263	0.57806	28,274,123	12,121,542	15,936,216	28,057,758	99.23%
2020	2022	4,705,470,640	0.57772	27,225,373	27,105,048	0	27,105,048	99.56%
2019	2021	4,604,536,939	0.58179	26,724,774	26,724,774	0	26,724,774	100.00%
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	20,775,082	99.70%

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
2023	4,774	\$182	\$338	\$514	83,087	\$17,673,632
2022	4,697	174	335	496	81,201	16,378,636
2021	4,485	163	318	473	78,068	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

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

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

Heartland Community College Community College District #540

Debt Capacity Ratios of Outstanding Debt by Type Last Ten Fiscal Years (Unaudited)

TABLE H

Fiscal Year	General Obligation Bonds (1)	General Obligation Debt Certificates	Bond Premium	Lease Obligations	Subscription Obligations	Total Outstanding Debt	District #540 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	Population	Total Outstanding Debt Per Capita	Percentage of Total Debt to Personal Income
2023	\$89,865,000	\$0	\$8,527,209	\$1,486,125	\$357,247	\$100,235,581	15,601,381,317	0.64%	210,243	476.76	1.59%
2022	67,555,000	0	6,437,161	1,733,823	651,716	76,377,700	14,639,967,789	0.52%	210,243	363.28	1.30%
2021	58,305,000	0	4,876,127	1,565,126	0	64,746,253	14,116,411,920	0.46%	212,818	304.23	1.16%
2020	57,100,000	0	5,008,062	15,966	0	62,124,028	13,813,610,817	0.45%	212,818	291.91	1.08%
2019	58,120,000	0	5,787,045	25,739	0	63,932,784	13,584,883,239	0.47%	213,009	300.14	1.12%
2018	68,565,000	0	6,592,077	0	0	75,157,077	13,393,026,624	0.56%	214,185	350.90	1.37%
2017	70,365,000	4,710,000	1,898,512	0	0	76,973,512	13,272,313,545	0.58%	214,185	359.38	1.43%
2016	75,840,000	5,015,000	1,351,624	0	0	82,206,624	12,942,334,998	0.64%	207,953	395.31	1.52%
2015	75,635,000	5,315,000	311,750	60,920	0	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	0	85,853,171	12,462,896,478	0.69%	208,539	411.69	1.61%

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
2023	\$ 89,865,000	\$0	\$ 8,527,209	\$ 98,392,209	\$ 15,601,381,317	0.63%	210,243	\$ 467.99
2022	67,555,000	0	6,437,161	73,992,161	14,639,967,789	0.51%	210,243	351.94
2021	58,305,000	0	4,876,127	63,181,127	14,116,411,920	0.45%	212,818	296.88
2020	57,100,000	0	5,008,062	62,108,062	13,813,610,817	0.45%	212,818	291.84
2019	58,120,000	0	5,787,045	63,907,045	13,584,883,239	0.47%	213,009	300.02
2018	68,565,000	0	6,592,077	75,157,077	13,393,026,624	0.56%	214,185	350.90
2017	70,365,000	4,710,000	1,898,512	76,973,512	13,272,313,545	0.58%	214,185	359.38
2016	75,840,000	5,015,000	1,351,624	82,206,624	12,942,334,998	0.64%	207,953	395.31
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

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
2023	5,200,460,439	2.875%	149,513,238	\$100,235,581	\$49,277,657	67.04%
2022	4,879,989,263	2.875%	140,299,691	76,377,700	63,921,991	54.44%
2021	4,705,470,640	2.875%	135,282,281	64,746,253	70,536,028	47.86%
2020	4,604,536,939	2.875%	132,380,437	62,124,028	70,256,409	46.93%
2019	4,528,294,413	2.875%	130,188,464	63,932,784	66,255,680	49.11%
2018	4,464,342,208	2.875%	128,349,838	75,157,077	53,192,761	58.56%
2017	4,424,104,515	2.875%	127,193,005	76,973,512	50,219,493	60.52%
2016	4,314,111,666	2.875%	124,030,710	82,206,624	41,824,086	66.28%
2015	4,240,488,783	2.875%	121,914,053	81,322,670	40,591,383	66.70%
2014	4,154,298,826	2.875%	119,436,091	85,853,171	33,582,920	71.88%

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)

	Fiscal Year 2023			Fiscal Year 2022		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	88,350,000	99.92%	88,274,903	77,495,000	100.00%	77,495,000
Ford County				0		
City of Bloomington	52,768,000	100.00%	52,768,000	38,179,000	100.00%	38,179,000
McLean County (including Public Building Commission)	42,875,000	94.53%	40,530,166			
B/N Airport Authority	8,385,000	100.00%	8,385,000	4,660,000	100.00%	4,660,000
Prairie Central School District #8	4,317,000	70.35%	3,037,010	5,997,000	69.19%	4,149,084
Town of Normal	75,175,000	100.00%	75,175,000	78,320,000	100.00%	78,320,000
Village of Carlock						
Olympia School District #16	19,814,600	99.97%	19,808,656	5,010,000	100.00%	5,010,000
Bloomington School District #87	47,455,000	100.00%	47,455,000	52,125,000	100.00%	52,125,000
Tri-Valley School District #3	16,390,000	99.89%	16,371,152	16,930,000	99.08%	16,773,736
Heyworth School District #4	11,115,000	100.00%	11,115,000	11,500,000	98.31%	11,305,650
Ridgeview School District #19						
Village of Heyworth	51,500	100.00%	51,500	51,500	99.75%	51,370
City of Lexington				834,000	100.00%	834,000
El Paso-Gridley School Unit #11	21,085,000	27.96%	5,894,944	21,540,000	25.76%	5,547,627
Lexington School District #7	8,512,000	100.00%	8,512,000	2,675,000	100.00%	2,675,000
City of El Paso						
City of Lincoln	51,500	100.00%	51,500	174,000	100.00%	174,000
City of Fairbury	295,000	100.00%	295,000	320,000	100.00%	320,000
City of Atlanta						
Chenoa Public Library District	810,000	100.00%	810,000	865,000	97.35%	842,078
Lincoln Rural Fire Protection District				0	0.00%	0
Lincoln Park District				0	0.00%	0
Chester-East Lincoln SD #61	1,672,000	99.96%	1,671,398	0	0.00%	0
Eureka CUSD #140	8,016,800	0.03%	2,485			
Illini Central CUSD #189	380,000	0.04%	144	745,000	0.04%	283
Lincoln CHSD #404	5,125,000	82.59%	4,232,481	4,975,000	88.73%	4,414,318
Lincoln SD #27						
Pontiac CCSD #429	1,056,000	99.15%	1,047,013			
Pontiac THSD #90						
West Lincoln-Broadwell SD #92	650,000	95.70%	622,044	905,000	93.87%	849,478
Woodland CUSD #5	5,156,000	0.14%	6,961	4,334,000	0.13%	5,504
Flanagan-Cornell CUSD #74	77,000	47.88%	36,868			
Village of Cooksville						
LeRoy CUSD #2	12,280,000	98.12%	12,048,522	12,835,000	0.37%	47,361
Clinton CUSD #15	9,638,000	0.02%	1,928	11,416,000	0.02%	2,397
LeRoy Community Fire Protection Dist	1,337,000	1.13%	15,081	1,335,000	0.15%	1,962
Mt. Pulaski Fire Protection District	80,000	0.18%	147			
Yates Township Road District	68,000	100.00%	68,000			
Waldo Township Road District	25,000	66.08%	16,520			
Subtotal	443,010,400		398,304,423	353,220,500		303,782,848
Heartland Community College #540	100,235,581	100.00%	100,235,581	76,377,700	100.00%	76,377,700
Total	\$543,245,981		\$498,540,004	\$429,598,200		\$380,160,548

Source: First Midstate/PMA

Heartland Community College Community College District #540

Debt Capacity Listing of Direct and Overlapping Bonded Debt (Continued) Last Ten Fiscal Years (Unaudited)

	Fiscal Year 2021			Fiscal Year 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						
City of Bloomington	42,304,000	100.00%	42,304,000	46,185,000	100.00%	46,185,000
McLean County (including Public Building Commission)						
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						
Town of Normal	78,320,000	100.00%	78,320,000	81,410,000	100.00%	81,410,000
Village of Carlock						
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			
City of Lexington	834,000	100.00%	834,000	890,000	100.00%	890,000
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 El Paso						
City of Lincoln	341,000	100.00%	341,000	494,000	100.00%	494,000
City of Fairbury	345,000	100.00%	345,000	370,000	99.93%	369,730
City of Atlanta						
Chenoa Public Library District	915,000	97.35%	890,753	965,000	96.99%	935,925
Lincoln Rural Fire Protection District	110,000	94.98%	104,475	230,000	94.55%	217,463
Lincoln Park District	705,000	100.00%	705,000	690,000	100.00%	690,000
Chester-East Lincoln SD #61	1,935,000	100.00%	1,935,000	2,055,000	97.50%	2,003,687
Eureka CUSD #140						
Illini Central CUSD #189	1,095,000	0.04%	416	1,430,000	0.04%	543
Lincoln CHSD #404	5,025,000	87.09%	4,376,222	948,200	86.98%	824,744
Lincoln SD #27						
Pontiac CCSD #429						
Pontiac THSD #90						
West Lincoln-Broadwell SD #92	1,150,000	93.87%	1,079,448	1,375,000	93.91%	1,291,249
Woodland CUSD #5	4,517,000	0.13%	5,737	4,842,000	0.13%	6,391
Flanagan-Cornell CUSD #74						
Village of Cooksville						
LeRoy CUSD #2	12,835,000	0.37%	47,361	3,015,000	0.37%	11,216
Clinton CUSD #15	13,146,000	0.02%	2,761	12,265,000	0.02%	2,698
LeRoy Community Fire Protection Dist	1,430,000	0.15%	2,102	1,520,000	0.14%	2,158
Mt. Pulaski Fire Protection District						
Yates Township Road District						
Waldo Township Road District						
Subtotal	402,627,300		351,785,239	395,114,200		368,406,885
Heartland Community College #540	64,746,253	100.00%	64,746,253	62,124,028	100.00%	62,124,028
Total	\$467,373,553		\$416,531,492	\$457,238,228		\$430,530,913

Source: First Midstate/PMA

Heartland Community College Community College District #540

Debt Capacity Listing of Direct and Overlapping Bonded Debt (Continued) Last Ten Fiscal Years (Unaudited)

	Fiscal Year 2019			Fiscal Year 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						
City of Bloomington	48,985,000	100.00%	48,985,000	56,085,000	100.00%	56,085,000
McLean County (including Public Building Commission)						
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				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				15,000	100.00%	15,000
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						
City of Lexington	932,000	100.00%	932,000			
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 El Paso						
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						
Chenoa Public Library District	995,000	97.11%	966,245			
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						
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						
Pontiac CCSD #429						
Pontiac THSD #90						
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			
Flanagan-Cornell CUSD #74	95,000	90.65%	86,114			
Village of Cooksville						
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 Dist	1,605,000	0.14%	2,215	1,685,000	1.22%	20,557
Mt. Pulaski Fire Protection District						
Yates Township Road District						
Waldo Township Road District						
Subtotal	415,625,000		381,632,543	395,584,000		365,451,738
Heartland Community College #540	63,932,784	100.00%	63,932,784	75,157,077	100.00%	75,157,077
Total	\$479,557,784		\$445,565,327	\$470,741,077		\$440,608,815

Source: First Midstate/PMA

Heartland Community College Community College District #540

Debt Capacity Listing of Direct and Overlapping Bonded Debt (Continued) Last Ten Fiscal Years (Unaudited)

	Fiscal Year 2017			Fiscal Year 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						
City of Bloomington	57,440,000	100.00%	57,440,000	66,705,000	100.00%	66,705,000
McLean County (including Public Building Commission)						
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
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						
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 El Paso				221,000	24.77%	54,742
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				15,000	100.00%	15,000
Chenoa Public Library District						
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						
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						
Pontiac CCSD #429						
Pontiac THSD #90						
West Lincoln-Broadwell SD #92	1,754,000	96.54%	1,693,312	1,185,000	96.54%	1,143,999
Woodland CUSD #5						
Flanagan-Cornell CUSD #74						
Village of Cooksville						
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 Dist	1,760,000	1.22%	21,472	1,830,000	1.22%	22,326
Mt. Pulaski Fire Protection District						
Yates Township Road District						
Waldo Township Road District						
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

Source: First Midstate/PMA

Heartland Community College Community College District #540

Debt Capacity Listing of Direct and Overlapping Bonded Debt (Continued) Last Ten Fiscal Years (Unaudited)

	Fiscal Year 2015			Fiscal Year 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 (including 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
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						
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 El Paso	509,000	24.77%	126,079			
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						
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						
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				95,000	99.28%	94,317
Pontiac THSD #90	3,825,000	81.81%	3,129,233	900,000	81.81%	736,320
West Lincoln-Broadwell SD #92	1,325,000	96.54%	1,279,155	1,325,000	96.54%	1,279,094
Woodland CUSD #5						
Flanagan-Cornell CUSD #74						
Village of Cooksville	315,000	100.00%	315,000			
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 Dist	1,900,000	1.22%	23,180	1,900,000	1.22%	23,188
Mt. Pulaski Fire Protection District						
Yates Township Road District						
Waldo Township Road District						
Subtotal	497,279,190		456,311,176	476,511,489		437,256,188
Heartland Community College #540	81,322,670	100.00%	81,322,670	85,853,171	100.00%	85,853,170
Total	\$578,601,860		\$537,633,846	\$562,364,660		\$523,109,358

Source: First Midstate/PMA

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
2023	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	210,243	171,141	\$6,300,555,915	\$36,815	4.30%
2022	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	210,243	170,889	5,894,986,944	\$34,496	3.80%
2021	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	212,818	173,231	5,593,628,990	32,290	4.20%
2020	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	212,818	171,517	5,774,119,805	33,665	2.90%
2019	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	213,009	172,828	5,693,472,804	32,943	3.30%
2018	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	214,185	172,290	5,470,552,080	31,752	4.70%
2017	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	214,185	172,418	5,397,545,490	31,305	5.50%
2016	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	207,953	175,890	5,404,747,920	30,728	5.20%
2015	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	207,953	174,061	5,301,898,060	30,460	3.90%
2014	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 square miles	208,539	174,647	5,319,747,620	30,460	7.30%

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

Notes:

- (1) Approximately 100% of Heartland Community College District #540 Metropolitan areas lie in McLean County.
All other counties in District #540 are considered Non-Metropolitan.
- (2) Square miles and population data were obtained from the most recent ICCB Summary Profiles available.
- (3) McLean County population for FY 2012 was based upon the US Department of Commerce 2012.
McLean County population for FY 2013 and FY2014 was based upon the ESRI and U S Census Bureau population for calendar year 2012 from the B/N EDC Report.
McLean County populations for FY2015-FY2021 was provided by the McLean Co. Economic Development Report.
- (4) McLean County Per Capita Income was obtained from demographic information from the US Census Bureau/McLean Co. Economic Development. McLean County Personal Income was calculated by multiplying the Per Capita Income by the McLean Co Population

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

Employer	2023			2022			2021			2020			2019			TABLE M
	District #540			District #540			District #540			District #540			District #540			% of
	Employees	Rank	% of Population	Employees	Rank	% of Population	Employees	Rank	% of Population	Employees	Rank	% of Population	Employees	Rank	% of Population	
Anderson Financial Network, Inc. (AFNI)							815	8	0.38%	815	8	0.38%	830	8	0.39%	
Advocate Bro Menn Medical Center	1,995	6	0.95%	2,278	6	1.07%	1,337	6	0.63%	1,337	5	0.63%	1,337	6	0.63%	
City of Bloomington	890	8	0.42%	1,008	9	0.47%	667	10	0.31%	667	10	0.31%	715	9	0.34%	
COUNTRY Financial	3,241	4	1.54%	3,718	4	1.75%	2,020	3	0.95%	2,020	3	0.95%	2,034	3	0.95%	
District 87 Schools (Bloomington)	745	10	0.35%	800	10	0.38%	687	9	0.32%	686	9	0.32%	686	10	0.32%	
GTE																
Illinois State University	3,452	3	1.64%	3,885	3	1.83%	3,940	2	1.85%	3,940	2	1.85%	3,319	2	1.56%	
McLean County	832	9	0.40%				817	7	0.38%	817	7	0.38%	846	7	0.40%	
Mitsubishi Motor Manufacturing																
OSF St. Joseph Medical Center	1,657	7	0.79%	1,286	8	0.60%	1,286	5	0.60%	1,286	6	0.60%	1,408	5	0.66%	
State Farm Insurance Companies	13,000	1	6.18%	13,000	1	6.11%	14,436	1	6.78%	14,436	1	6.78%	14,200	1	6.67%	
TEK Systems																
Unit 5 Schools (Normal)	2,350	5	1.12%	2,432	5	1.14%	1,874	4	0.88%	1,874	4	0.88%	1,600	4	0.75%	
Growmark																
Rivian	7,500	2	3.57%	5,532	2	2.60%										
Heritage Enterprises				2,000	7	0.94%										
Heartland Bank & Trust																
Total	35,662		16.96%	35,939		16.89%	27,879		13.08%	27,878		13.08%	26,975		12.67%	

Employer	2018			2017			2016			2015			2014			
	District #540			District #540			District #540			District #540			District #540			% of
	Employees	Rank	% of Population	Employees	Rank	% of Population	Employees	Rank	% of Population	Employees	Rank	% of Population	Employees	Rank	% of Population	
Anderson Financial Network, Inc. (AFNI)	830	8	0.39%	760	8	0.35%	765	8	0.37%	765	9	0.37%				
Advocate BroMenn Healthcare	1,305	5	0.61%	1,271	5	0.59%	1,402	5	0.67%	1,372	5	0.66%	791	9	0.38%	
City of Bloomington	679	10	0.32%	691	10	0.32%							765	10	0.37%	
COUNTRY Financial	1,972	3	0.92%	1,939	3	0.91%	1,910	3	0.92%	1,905	3	0.92%	1,949	3	0.93%	
District 87 Schools (Bloomington)	680	9	0.32%				657	9	0.32%	664	10	0.32%				
GTE																
Illinois State University	3,281	2	1.53%	3,300	2	1.54%	3,320	2	1.60%	3,639	2	1.75%	3,289	2	1.58%	
McLean County	835	7	0.39%	713	9	0.33%	829	7	0.40%	806	8	0.39%	812	8	0.39%	
Mitsubishi Motor Manufacturing										1,280	6	0.62%	1,251	5	0.60%	
OSF St. Joseph Medical Center	860	6	0.40%	894	6	0.42%	1,364	6	0.66%	1,225	7	0.59%	1,012	7	0.49%	
State Farm Insurance Companies	14,731	1	6.88%	14,532	1	6.78%	14,282	1	6.87%	14,109	1	6.78%	14,765	1	7.08%	
TEK Systems													1,131	6	0.54%	
Unit 5 Schools (Normal)	1,761	4	0.82%	1,669	4	0.78%	1,654	4	0.80%	1,549	4	0.74%	1,576	4	0.76%	
Growmark																
Heritage Enterprises							596	10	0.29%							
Heartland Bank & Trust				763	7	0.36%										
Total	26,934		12.58%	26,532		12.38%	26,779		12.90%	27,314		13.14%	27,341		13.12%	

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

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

Heartland Community College
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
2023	\$15,601,381	\$185,584	\$14,168,153
2022	14,639,968	185,584	14,268,590
2021	14,116,412	46,788	14,919,941
2020	13,813,611	186,535	13,842,304
2019	13,584,883	44,166	13,926,434
2018	13,393,027	64,587	14,573,979
2017	13,272,314	136,797	13,824,988
2016	12,942,335	72,605	13,377,016
2015	12,721,466	76,518	13,362,905
2014	12,462,896	92,567	13,362,905

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

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

Heartland Community College Community College District #540

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

TABLE O					
	2023	2022	2021	2020	2019
Faculty:					
Full-time	77	78	81	84	84
Part-time	130	143	128	168	175
Total faculty	207	221	209	252	259
Staff:					
Administrative	89	85	82	72	68
Classified	61	61	58	67	48
Professional/technical	86	83	75	81	93
Total staff	236	229	215	220	209
	2018	2017	2016	2015	2014
Faculty:					
Full-time	86	85	85	89	90
Part-time	187	179	172	186	187
Total faculty	273	264	257	275	277
Staff:					
Administrative	65	63	66	68	65
Classified	49	48	46	51	53
Professional/technical	91	94	88	89	94
Total staff	205	205	200	208	212

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	2023	2022	2021	2020	2019
Baccalaureate	59,585	59,847	59,389	64,985	66,432
Business occupational	2,489	2,043	1,528	2,009	2,155
Technical occupational	5,687	4,617	3,748	4,360	4,646
Health occupational	6,701	5,618	5,384	5,866	5,733
Remedial developmental	2,888	3,763	3,333	5,223	6,102
Adult basic education/adult secondary education	5,739	5,314	4,687	5,853	6,883
Total	83,087	81,201	78,068	88,296	91,951

Funding Category	2018	2017	2016	2015	2014
Baccalaureate	69,554	68,202	69,753	67,943	68,374
Business occupational	2,365	2,580	2,513	2,282	3,134
Technical occupational	5,207	5,056	4,029	4,154	4,381
Health occupational	5,856	5,417	4,552	5,090	5,359
Remedial developmental	7,553	8,309	8,720	9,649	10,371
Adult basic education/adult secondary education	7,325	6,042	7,711	10,052	9,260
Total	97,860	95,606	97,278	99,170	100,879

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
2023	4,774	2,740	2,038	2,736	1,599	3,175	18.81	190
2022	4,697	2,687	2,012	2,685	1,634	3,063	17.20	190
2021	4,485	2,657	1,876	2,609	1,614	2,871	16.00	190
2020	4,974	2,978	2,182	2,792	1,832	3,142	16.80	190
2019	5,063	3,055	2,270	2,793	1,884	3,179	16.64	193
2018	5,193	3,241	2,401	2,792	2,127	3,066	17.10	191
2017	5,282	3,219	2,318	2,655	2,153	3,129	17.21	179
2016	5,298	3,477	2,375	2,923	2,168	3,130	16.72	179
2015	5,286	3,418	2,413	2,873	2,073	3,213	16.70	179
2014	5,215	3,319	2,414	2,801	2,241	2,974	18.97	179

Fiscal Year	Continuing Students	First Time College Level Students	Nondegree Seeking	Transfer Students	High School Students	In District Residents	Median Age	Degrees Conferred
2023	1,443	717	1,481	330	1,157	3,957	20	688
2022	1,412	734	1,760	323	1,116	3,867	20	1,159
2021	1,634	721	2,930	279	935	3,697	20	1,088
2020	1,756	756	1,569	415	843	3,989	20	1,195
2019	1,875	740	1,670	445	830	3,991	21	1,143
2018	2,056	748	1,214	488	615	4,082	21	1,103
2017	2,145	734	991	538	616	4,129	21	1,088
2016	2,606	498	1,077	550	552	4,215	21	696
2015	2,485	861	960	332	531	4,692	21	639
2014	3,435	783	523	474	141	4,288	21	700

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				
	2023	Restated 2022	Restated 2021	2020	2019
Net capital assets:					
Land	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528
Furniture and equipment	5,882,318	5,716,901	5,318,262	4,337,714	4,622,152
Buildings	73,250,618	76,286,130	81,503,372	84,527,813	87,552,254
Infrastructure	11,133,771	9,311,356	6,913,083	6,819,279	6,741,336
Other assets (leases, subscriptions)	1,723,597	2,291,171	1,460,997	231,671	288,705
Construction in progress	23,138,821	3,326,196	502,523	495,524	402,841
Net capital assets	\$119,610,653	\$101,413,282	\$100,179,765	\$100,893,529	\$104,088,816
Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	5,372,101	5,022,454	4,672,817	4,600,676	4,544,453
Amortization expense (leases, subscriptions)	567,574	213,125	210,258	57,034	24,328
	2018	2017	2016	2015	2014
Net capital assets:					
Land	\$4,481,528	\$4,481,528	\$4,481,528	\$4,481,528	\$4,368,661
Furniture and equipment	4,502,625	4,405,598	4,915,531	5,312,171	5,816,802
Buildings	90,254,397	91,098,922	94,115,476	99,325,951	102,264,528
Infrastructure	7,562,628	10,542,328	11,284,558	9,887,357	10,080,223
Other assets (leases, subscriptions)	345,739	152,027	165,453	178,879	192,305
Construction in progress	79,346	102,958	102,958	102,958	564,957
Net capital assets	\$107,226,263	\$110,783,361	\$115,065,504	\$119,288,844	\$123,287,476
Other information:					
Capital contributions	\$0	\$0	\$0	\$0	\$0
Depreciation expense	4,491,303	4,533,451	4,587,293	4,638,829	4,710,573
Amortization expense (leases, subscriptions)	24,328	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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Land - acres	145.05	145.05	145.05	145.05	145.05	145.05	145.05	145.05	145.05	142.45
Furniture and equipment - No of Units:										
Education	97	93	92	93	92	92	96	97	110	112
Operations and maintenance	42	32	20	23	23	23	18	18	19	19
Operations and maintenance restricted	69	68	64	64	64	64	65	65	65	67
Restricted purposes	469	439	385	349	327	291	274	266	244	230
Liability, protection & settlement	26	21	20	19	19	19	11	11	8	7
Total furniture and equipment units	703	653	581	548	525	489	464	457	446	435
Buildings - square feet:										
Instructional commons building	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666
Instructional commons north building	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350
Astroth continuing education center	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751
Child development lab	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100
Fitness and recreation center	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784
Receiving and storage building	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556
Physical plant building	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436
Community commons building	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191
Student commons building	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182
Parkside project building	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	0
Workforce development center	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425
Total building square footage	525,575	525,575	525,575	525,575	525,575	525,575	525,575	525,575	525,575	524,441
Infrastructure - No. of improvements:										
Education	1	1	1	1	1	1	1	1	1	0
Operations and maintenance	15	15	14	15	14	12	11	11	11	9
operations and maintenance restricted	42	34	30	24	22	19	18	17	17	13
Auxiliary	1	1	1	1	1	1	1	1	1	1
Restricted purposes	8	5	3	10	8	8	8	8	8	7
Liability, protection & settlement	4	3	2	1	1	1	1	1	0	0
Total infrastructure improvements	71	59	51	52	47	42	40	39	38	30
Construction in progress - No of buildings/projects:										
Building/projects	14	11	10	6	8	4	2	2	2	4
Capital assets disposed - No. of units	3	1	1	3	0	17	1	15	8	13

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

	2022 Levy	2021 Levy	2020 Levy	2019 Levy	2018 Levy	2017 Levy	2016 Levy	2015 Levy	2014 Levy	2013 Levy
Equalized assessed valuation:										
DeWitt County	\$15,672,147	\$14,612,411	\$14,150,487	\$13,512,358	\$12,659,114	\$11,953,163	\$11,369,364	\$10,948,245	\$10,451,830	\$9,985,298
Ford County	338,770	316,150	297,640	281,850	258,270	244,000	223,770	219,550	205,650	196,500
Livingston County	419,042,757	392,834,041	373,304,294	352,536,420	342,122,329	331,881,287	325,462,512	313,498,012	300,293,602	302,920,748
Logan County	435,057,923	413,365,055	396,528,128	380,981,208	365,751,847	359,332,526	357,942,786	351,084,777	339,880,292	322,332,191
McLean County	4,218,706,511	3,952,492,538	3,817,949,584	3,755,926,691	3,708,384,369	3,663,250,300	3,632,459,522	3,542,390,690	3,494,423,465	3,424,724,043
Tazewell County	111,642,331	106,369,068	103,240,507	101,298,412	99,118,484	97,680,932	96,640,561	95,970,392	95,233,944	94,140,046
Total	\$5,200,460,439	\$4,879,989,263	\$4,705,470,640	\$4,604,536,939	\$4,528,294,413	\$4,464,342,208	\$4,424,098,515	\$4,314,111,666	\$4,240,488,783	\$4,154,298,826
Tax rates (per \$100 of equalized assessed valuation):										
Educational Fund	0.17500	0.17486	0.17430	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500
Operations and Maintenance Fund	0.05000	0.04996	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000
Audit Fund	0.00291	0.00286	0.00276	0.00284	0.00309	0.00337	0.00324	0.00316	0.00307	0.00314
Liability, Protection and Settlement Fund	0.07170	0.06466	0.05703	0.05813	0.05967	0.06014	0.05809	0.05551	0.05649	0.06092
Bond and Interest Fund	0.21641	0.21925	0.22454	0.22703	0.29323	0.29165	0.22198	0.19279	0.17681	0.17880
Operations and Maintenance Fund (Restricted)	0.00612	0.00082	0.00319	0.00329	0.00000	0.00549	0.00565	0.00116	0.00118	0.00094
Equity Tax	0.06240	0.06565	0.06590	0.06550	0.00000	0.00000	0.07470	0.06530	0.04310	0.03281
Total	0.58454	0.57806	0.57772	0.58179	0.58099	0.58565	0.58866	0.54292	0.50565	0.50161
Taxes extended:										
Educational Fund	\$9,182,611	\$8,541,963	\$8,234,574	\$8,057,235	\$7,924,505	\$7,816,599	\$7,742,172	\$7,549,695	\$7,420,855	\$7,270,023
Operations and Maintenance Fund	2,623,603	2,440,561	2,352,735	2,302,122	2,264,144	2,232,171	2,212,049	2,157,053	2,120,244	2,077,149
Audit Fund	150,000	140,000	130,000	130,000	140,000	150,491	143,325	136,500	130,000	130,000
Liability, Protection and Settlement Fund	3,690,000	3,167,000	2,685,100	2,664,100	2,702,100	2,685,100	2,570,000	2,395,000	2,395,000	2,530,799
Bond and Interest Fund	11,137,017	10,737,702	10,572,059	10,404,705	13,278,220	13,020,240	9,820,175	8,317,214	7,497,650	7,428,025
Operations and Maintenance Fund (Restricted)	315,000	40,000	150,000	150,640	0	245,000	250,000	50,000	50,000	38,800
Equity Tax	3,059,121	3,206,897	3,100,905	3,015,972	0	0	3,304,802	2,817,118	1,827,651	1,363,840
Total	\$30,157,352	\$28,274,123	\$27,225,373	\$26,724,774	\$26,308,969	\$26,149,601	\$26,042,523	\$23,422,580	\$21,441,400	\$20,838,636

Source: College records

Heartland Community College Community College District #540

Operating Information Summary of Taxes Receivable and Tax Collections Year ended June 30, 2023 (Unaudited)

TABLE U		
	2022 Levy	2021 Levy
Assessed valuations	\$5,200,460,439	\$4,879,989,263
Combined rate per \$100	0.58454	0.57806
Taxes extended	\$30,157,352	\$28,274,123
Total collected to June 30, 2022	\$0	\$12,121,542
Collected during year ended June 30, 2023	14,224,814	15,936,216
Total collected to June 30, 2023	\$14,224,814	\$28,057,758
Write-offs	\$0	\$0
Balance at June 30, 2023	\$15,932,538	\$216,365
Percent collected through June 30, 2023	47.17%	99.23%
Balance by funds:		
Education	6,448,732	
Operations and maintenance	1,398,930	
Operations and maintenance restricted	166,575	
Bond and Interest	5,886,734	
Audit	79,442	
Liability, protection, and settlement	1,952,125	
Total	\$15,932,538	

Source: College records

SPECIAL REPORTS SECTION

Supplemental Financial Information

Heartland Community College, Illinois

Community College District No. 540

Supplemental Financial Information Section

Uniform Financial Statements

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

The Uniform Financial Statements include the following:

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

Certificate of Chargeback Reimbursement

- No. 6 - Certificate of Chargeback Reimbursement

Heartland Community College, Illinois

Community College District No. 540

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2023</i>	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund
Fund balance (deficit), beginning of year	\$ 11,743,725	\$ 7,842,526	\$ 26,918,962	\$ (3,404)
Revenues:				
Local tax revenue	11,665,740	5,127,032	39,462	10,651,848
ICCB grants	3,825,699	-	-	-
All other state revenue	8,182	-	-	-
Federal revenue	553,423	-	-	-
Student tuition and fees	15,706,411	-	-	-
On-behalf CIP	-	-	-	-
On-behalf SURS	-	-	-	-
All other revenue	3,053,933	157,829	519,940	157,584
Total revenues	34,813,388	5,284,861	559,402	10,809,432
Expenditures:				
Instruction	13,008,857	15	-	-
Academic support	1,891,531	-	-	-
Student services	3,229,043	-	-	-
Public service/continuing education	2,324,486	-	-	-
Organized research	8,301	-	-	-
Auxiliary services	742	-	-	-
Operations and maintenance	1,360	3,545,945	15,818,481	-
Institutional support	7,410,782	451,776	482,896	10,737,196
Scholarships, grants, waivers	3,833,491	-	-	-
Total expenditures	31,708,593	3,997,736	16,301,377	10,737,196
Issuance of debt	-	-	18,570,000	-
Premium on issued debt	-	-	2,780,917	-
Transfers in	127,997	1,124,516	2,000,000	-
Transfers out	(1,930,301)	(2,000,000)	-	-
	(1,802,304)	(875,484)	23,350,917	-
Fund balance, end of year	\$ 13,046,216	\$ 8,254,167	\$ 34,527,904	\$ 68,832

Heartland Community College, Illinois

Community College District No. 540

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2023</i>	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund
Fund balance (deficit), beginning of year	\$ -	\$ 12,034,920	\$ 3,900,000	\$ 107,484
Revenues:				
Local tax revenue	-	-	-	138,741
ICCB grants	-	3,055,722	-	-
All other state revenue	-	3,947,745	-	-
Federal revenue	29,860	9,067,182	-	-
Student tuition and fees	1,967,221	-	-	-
On-behalf CIP	-	(2,853,982)	-	-
On-behalf SURS	-	8,438,180	-	-
All other revenue	639,555	380,603	127,997	9,913
Total revenues	2,636,636	22,035,450	127,997	148,654
Expenditures:				
Instruction	-	5,467,968	-	-
Academic support	-	1,143,102	-	-
Student services	-	623,062	-	-
Public service/continuing education	-	1,422,791	-	-
Organized research	-	32,363	-	-
Auxiliary services	3,290,661	115,847	-	-
Operations and maintenance	-	4,454,664	-	-
Institutional support	218	6,569,461	-	145,966
Scholarships, grants, waivers	-	11,041,759	-	-
Total expenditures	3,290,879	30,871,017	-	145,966
Issuance of debt	-	11,950,000	-	-
Premium on issued debt	-	358,320	-	-
Transfers in	654,243	1,276,058	-	-
Transfers out	-	(1,124,516)	(127,997)	-
	654,243	12,459,862	(127,997)	-
Fund balance, end of year	\$ -	\$ 15,659,215	\$ 3,900,000	\$ 110,172

Heartland Community College, Illinois

Community College District No. 540

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2023</i>	Liability, Protection Settlement Fund	Total
Fund balance (deficit), beginning of year	\$ 563,191	\$ 63,107,404
Revenues:		
Local tax revenue	3,138,679	30,761,502
ICCB grants	-	6,881,421
All other state revenue	-	3,955,927
Federal revenue	-	9,650,465
Student tuition and fees	-	17,673,632
On-behalf CIP	-	(2,853,982)
On-behalf SURS	-	8,438,180
All other revenue	110,662	5,158,016
Total revenues	3,249,341	79,665,161
Expenditures:		
Instruction	86,874	18,563,714
Academic support	1,536	3,036,169
Student services	21,335	3,873,440
Public service/continuing education	2,611	3,749,888
Organized research	-	40,664
Auxiliary services	-	3,407,250
Operations and maintenance	761,067	24,581,517
Institutional support	2,375,981	28,174,276
Scholarships, grants, waivers	-	14,875,250
Total expenditures	3,249,404	100,302,168
Issuance of debt	-	30,520,000
Premium on issued debt	-	3,139,237
Transfers in	-	5,182,814
Transfers out	-	(5,182,814)
	-	33,659,237
Fund balance, end of year	\$ 563,128	\$ 76,129,634

Heartland Community College, Illinois

Community College District No. 540

Uniform Financial Statement #2

Summary of Capital Assets and Long-Term Debt

<i>Year Ended June 30, 2023</i>	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets:				
Land	\$ 4,481,528	\$ -	\$ -	\$ 4,481,528
Construction in progress	3,326,196	20,595,066	(782,441)	23,138,821
Furniture and equipment	18,678,003	1,583,273	(32,985)	20,228,291
Buildings, additions, and improvements	121,480,089	-	-	121,480,089
Infrastructure	21,019,730	1,958,707	782,441	23,760,878
Lease assets - buildings	2,713,032	-	-	2,713,032
SBITA assets	975,796	-	-	975,796
Total capital assets	172,674,374	24,137,046	(32,985)	196,778,435
Accumulated depreciation	71,261,092	5,939,675	(32,985)	77,167,782
Total net capital assets	\$ 101,413,282	\$ 18,197,371	\$ -	\$ 119,610,653
Long-term debt:				
General obligation bonds	\$ 67,555,000	\$ 30,520,000	\$ (8,210,000)	\$ 89,865,000
Lease obligations	1,733,823	-	(247,698)	1,486,125
Subscription liability	651,716	-	(294,469)	357,247
Net OPEB liability	16,912,956	-	(9,999,833)	6,913,123
Total long-term debt	\$ 86,853,495	\$ 30,520,000	\$ (18,752,000)	\$ 98,621,495

Heartland Community College, Illinois

Community College District No. 540

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

<i>Year Ended June 30, 2023</i>	Education	Operations & Maintenance	Total
Revenues:			
Local government:			
Property taxes	\$ 11,665,740	\$ 2,423,284	\$ 14,089,024
Replacement taxes	-	2,703,748	2,703,748
Total local government	11,665,740	5,127,032	16,792,772
State government:			
ICCB base operating grants	3,300,232	-	3,300,232
ICCB equalization grants	338,230	-	338,230
ICCB career and technical education	180,067	-	180,067
Illinois Student Assistance Commission	8,182	-	8,182
Other state sources	7,170	-	7,170
Total state government	3,833,881	-	3,833,881
Total federal government	553,423	-	553,423
Student tuition and fees:			
Tuition	14,828,254	-	14,828,254
Student fees	878,157	-	878,157
Total tuition and fees	15,706,411	-	15,706,411
Other sources:			
Sales and service fees	1,454,470	-	1,454,470
Facilities revenue	192,987	-	192,987
Investment income	1,022,313	145,189	1,167,502
Nongovernmental grants and gifts	91,600	-	91,600
Other revenue	292,563	12,640	305,203
Total other sources	3,053,933	157,829	3,211,762
Total revenue	34,813,388	5,284,861	40,098,249
Less nonoperating items:			
Tuition chargeback	0	0	0
Adjusted revenue	\$ 34,813,388	\$ 5,284,861	\$ 40,098,249

Heartland Community College, Illinois

Community College District No. 540

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures (Continued)

<i>Year Ended June 30, 2023</i>	Education	Operations & Maintenance	Total
Operating expenditures:			
By program:			
Instruction	13,008,857	15	13,008,872
Academic support	1,891,531	-	1,891,531
Student services	3,229,043	-	3,229,043
Public services	2,324,486	-	2,324,486
Organized Research	8,301	-	8,301
Auxiliary services	742	-	742
Operations and maintenance	1,360	3,545,945	3,547,305
Institutional support	7,410,782	451,776	7,862,558
Scholarships, grants, waivers	3,833,491	-	3,833,491
Total operating expenditures by program	31,708,593	3,997,736	35,706,329
Less nonoperating items:*			
Net transfers	1,802,304	875,484	2,677,788
Adjusted expenditures	\$ 33,510,897	\$ 4,873,220	\$ 38,384,117
By object:			
Salaries	20,408,545	656,479	21,065,024
Employee benefits	3,416,101	135,325	3,551,426
Contractual services	1,364,830	1,205,721	2,570,551
General materials and supplies	1,887,911	419,963	2,307,874
Travel, conference and meeting expense	372,336	18,009	390,345
Fixed charges	239,288	59,085	298,373
Utilities	4,411	1,045,692	1,050,103
Capital outlay	43,618	155,067	198,685
Principal retirement	-	247,698	247,698
Interest, service charges, and issuance costs	-	54,697	54,697
Other	3,971,553	-	3,971,553
Total expenditures by object	31,708,593	3,997,736	35,706,329
Less nonoperating items:			
Net transfers	1,802,304	875,484	2,677,788
Adjusted expenditures	\$ 33,510,897	\$ 4,873,220	\$ 38,384,117

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

Heartland Community College, Illinois

Community College District No. 540

Uniform Financial Statement #4

Restricted Purposes Fund Revenues and Expenditures

Year Ended June 30, 2023

Revenue by source:

State government:

ICCB - adult education	\$ 384,445
ICCB grants - other	2,671,277
Illinois Student Assistance Commission	1,880,552
On-behalf CIP	(2,853,982)
On-behalf SURS	8,438,180
Other	2,067,193

Total state government	12,587,665
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Federal government:

Department of Education	7,877,443
Department of Labor	166,161
Other	1,023,578

Total federal government	9,067,182
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Other sources:

Investment income	272,091
Nongovernmental grants and gifts	79,255
Other revenue	29,257

Total other sources	380,603
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Total restricted purposes fund revenues	\$ 22,035,450
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Expenditures by program:

Instruction	5,467,968
Academic support	1,143,102
Student services	623,062
Public services	1,422,791
Organized Research	32,363
Auxiliary services	115,847
Operations and maintenance	4,454,664
Institutional support	6,569,461
Scholarships, student grants, and waivers	11,041,759

Total restricted purposes fund expenditures by program	\$ 30,871,017
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Heartland Community College, Illinois

Community College District No. 540

Uniform Financial Statement #4

Restricted Purposes Fund Revenues and Expenditures (Continued)

Year Ended June 30, 2023

Expenditures by object:

Salaries	1,849,492
Employee benefits	5,854,555
Contractual services	3,169,865
General materials and supplies	1,270,338
Travel, conference and meeting expense	150,051
Fixed Charges	150
Capital outlay	6,847,644
Principal Retirement	294,469
Interest, service charges, and issuance costs	141,035
Other	11,293,418

Total restricted purposes fund expenditures by object	\$ 30,871,017
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Heartland Community College, Illinois

Community College District No. 540

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

Year Ended June 30, 2023

Instruction:

Program	\$ 18,448,693
Support	115,021

Total instruction	18,563,714
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Academic support:

Library Resource Center	543,414
Instructional Materials Center	14,853
Educational Media Center	259,608
Academic computing support	150,598
Academic administration and planning	523,465
Other Academic Support	1,544,231

Total academic support	3,036,169
------------------------	-----------

Student services:

Admissions & Records	637,550
Counseling & Career Guidance	289,583
Financial Aid Administration	367,553
Other Student Services	2,578,754

Total student services	3,873,440
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Public service/continuing education:

Community Education	2,840,936
Customized Training	70,735
Community Services	69,797
Other Public Services	768,420

Total public service/continuing education	3,749,888
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Auxiliary	3,336,489
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Heartland Community College, Illinois
Community College District No. 540
Uniform Financial Statement #5
Current Funds* - Expenditures by Activity (Continued)

Year Ended June 30, 2023

Operations and maintenance of plant:

Maintenance	1,131,858
Custodial	647,469
Grounds	76,265
Campus Security	102,969
Transportation	44,739
Plant Utilities	895,251
Administration	371,797
Other Op & Maint	5,495,282

Total operations and maintenance of plant	8,765,630
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Institutional support:

Executive Management	1,595,599
Fiscal Operations	824,949
Community Relations	966,171
Administrative Support Services	463,148
Board of Trustees	31,813
General Institution	3,145,788
Institutional Research	223,426
Administrative Data Processing	2,407,605
Other Institutional Support	7,404,516

Total institutional support	17,063,015
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Scholarships, Grants, Waivers	14,875,250
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Total current funds expenditures	\$ 73,263,595
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* Current Funds include Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; and Liability, Protection, and Settlement.

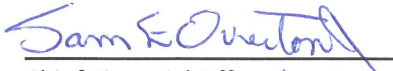
Heartland Community College, Illinois
Community College District No. 540
Certification of Chargeback Reimbursement

For Fiscal Year 2024

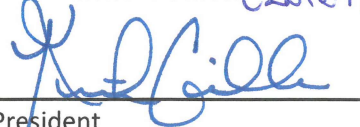
All fiscal year 2023 noncapital audited operating expenditures from the following funds:

1. Education Fund	31,610,493	
2. Operations and Maintenance Fund	3,073,409	
3. Public Building Commission Operations and Maintenance Fund	-	
4. Bond and Interest Fund	1,947,470	
5. Public Building Commission Rental Fund	-	
6. Restricted Purposes Fund	22,204,639	
7. Audit Fund	145,966	
8. Liability, Protection, and Settlement Fund	3,156,455	
9. Auxiliary Enterprises Fund (subsidy only)	-	
10. Total noncapital expenditures (sum of lines 1-9)		<u>\$ 62,138,432</u>
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$ 132,879</u>	
12. Total costs included (line 10 plus line 11)		<u>\$ 62,271,311</u>
13. Total certified semester credit hours for FY 2023	<u>83,087</u>	
14. Per capita cost (line 12 divided by line 13)		\$ 749.47
15. All FY 2023 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>\$ 12,918,943</u>	
16. FY 2023 state and federal grants per semester credit hour (line 15 divided by line 13)		155.49
17. District's average ICCB grant rate (excluding equalization grants) for FY 2024		45.68
18. District's student tuition and fee rate per semester credit hour for FY 2024		<u>182.00</u>
19. Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		<u>\$ 366.30</u>

Approved:


Chief Financial Officer (Interim)

11/14/2023
Date


President

11/14/2023
Date

ICCB State Grant Financial and Compliance Section

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

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

Opinion

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants of Heartland Community College - Community College District 540's as of and for the year ended June 30, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Adult Education and Family Literacy Grants of Heartland Community College - Community College District 540 as of June 30, 2023, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the State Adult Education and Family Literacy Grants and do not purport to, and do not present fairly, the financial position of Heartland Community College - Community College District 540 as of June 30, 2023, and the changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

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



Wipfli LLP

Sterling, Illinois

November 14, 2023

Independent Auditor's Report on Compliance with State Requirements for State Adult Education and Family Literacy Grants

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

Compliance

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State Adult Education and Family Literacy Grants Program of Heartland Community College - Community College District 540 (the "College"), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated November 14, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the College failed to comply with the terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants. Our audit was not directed primarily toward obtaining knowledge of all such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the College's noncompliance with the above referenced terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants.

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

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

Sterling, Illinois
November 14, 2023

Heartland Community College, Illinois

Community College District No. 540

Balance Sheet - State Adult Education and Family Literacy Funds

<i>As of June 30, 2023</i>	State Basic	Performance	Total
Assets			
Cash	\$ 30,518	\$ 14,336	\$ 44,854
Total assets	\$ 30,518	\$ 14,336	\$ 44,854
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 30,518	\$ 14,336	\$ 44,854
Total liabilities	30,518	14,336	44,854
Fund balances	-	-	\$ -
Total liabilities fund balances	\$ 30,518	\$ 14,336	\$ 44,854

See Notes to ICCB Grant Programs Financial Statements.

Heartland Community College, Illinois

Community College District No. 540

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

<i>Year Ended June 30, 2023</i>	State Basic	Performance	Total
Revenues:			
State sources	\$ 273,176	\$ 111,269	\$ 384,445
Total revenues	273,176	111,269	384,445
Expenditures:			
Personnel services	231,141	91,692	322,833
Fringe benefits	23,680	17,771	41,451
Travel	3,526	-	3,526
Supplies	5,597	1,806	7,403
Training and education	7,750	-	7,750
Miscellaneous	1,482	-	1,482
Total expenditures	273,176	111,269	384,445
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

See Notes to ICCB Grant Programs Financial Statements.

Heartland Community College, Illinois

Community College District No. 540

Background Information on State Grants

State Adult Education and Family Literacy Grant Programs

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

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

Heartland Community College, Illinois

Community College District No. 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 State Adult Education & Family Literacy grant programs. These transactions have been accounted for in the College's Restricted Purpose Fund.

Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2023. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2023 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

Fixed Assets

Capital asset purchases are recorded as capital outlay. However, for the Statement of Net Position for the College as a whole, capital assets are capitalized.

Note 2: Payment of Prior Year's Encumbrances

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

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

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

We have examined management of Heartland Community College - Community College District 540 (the "College")'s assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Credit Hour Data and Other Bases Upon Which Claims Are Filed of Heartland Community College - Community College District 540 during the period July 1, 2022 through June 30, 2023. The College's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the College's compliance with the specified requirement based on our examination.

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

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

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

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 Credit Hour Data and Other Bases Upon Which Claims Are Filed of Heartland Community College - Community College District 540 is fairly stated, in all material respects.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

Sterling, Illinois
November 14, 2023

HEARTLAND COMMUNITY COLLEGE DISTRICT #540
SCHEDULE OF CREDIT HOUR DATA AND OTHER BASES
UPON WHICH CLAIMS ARE FILED
YEAR ENDED JUNE 30, 2023

<u>Credit Hour Categories</u>	<u>Total Reimbursable Semester Credit Hours by Term</u>			
	<u>Summer Term</u>		<u>Fall Term</u>	
	<u>Unrestricted</u> <u>Hours</u>	<u>Restricted</u> <u>Hours</u>	<u>Unrestricted</u> <u>Hours</u>	<u>Restricted</u> <u>Hours</u>
Baccalaureate	6,400.0	48.0	27,005.0	136.0
Business Occupational	285.5	0.0	993.5	12.0
Technical Occupational	434.5	0.0	2,349.0	0.0
Health Occupational	492.0	36.0	1,973.0	508.0
Remedial/Developmental	273.0	0.0	1,537.0	0.0
Adult Education	362.0	44.0	545.0	2,044.5
Total	8,247.0	128.0	34,402.5	2,700.5

<u>Credit Hour Categories</u>	<u>Spring Term</u>		<u>Total All Terms</u>	
	<u>Unrestricted</u> <u>Hours</u>	<u>Restricted</u> <u>Hours</u>	<u>Unrestricted</u> <u>Hours</u>	<u>Restricted</u> <u>Hours</u>
Baccalaureate	25,996.0	0.0	59,401.0	184.0
Business Occupational	1,164.5	33.0	2,443.5	45.0
Technical Occupational	2,903.0	0.0	5,686.5	0.0
Health Occupational	3,263.5	428.0	5,728.5	972.0
Remedial/Developmental	1,078.0	0.0	2,888.0	0.0
Adult Education	333.0	2,410.0	1,240.0	4,498.5
Total	34,738.0	2,871.0	77,387.5	5,699.5

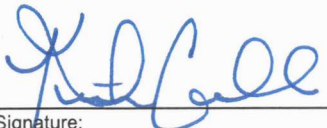
<u>In-District (All terms)</u>		
<u>Unrestricted</u> <u>Hours</u>	<u>Restricted</u> <u>Hours</u>	
Reimbursable Credit Hours:	62,863.5	5,439.0

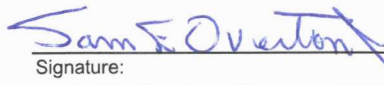
Credit Hours on Chargeback or Contractual Agreement: 0.0

	<u>Dual Credit (All Terms)</u>		<u>Dual Enrollment (All Terms)</u>	
	<u>Unrestricted</u> <u>Hours</u>	<u>Restricted</u> <u>Hours</u>	<u>Unrestricted</u> <u>Hours</u>	<u>Restricted</u> <u>Hours</u>
Reimbursable Credit Hours:	13,446.0	0.0	250.0	8.0

District Equalized Assessed Valuation: \$ 5,200,460,439

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


 Signature:
 College President

 11/14/2023
 Signature:
 Interim Vice President, Finance and Administration

**HEARTLAND COMMUNITY COLLEGE DISTRICT #540
RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS
YEAR ENDED JUNE 30, 2023**

Total Reimbursable Semester Credit Hours			
<u>Credit Hour Categories</u>	Total	Total	Difference
	Reported in Audit	Certified to ICCB	
	<u>Unrestricted Hours</u>	<u>Unrestricted Hours</u>	
Baccalaureate	59,401.0	59,401.0	0.0
Business Occupational	2,443.5	2,443.5	0.0
Technical Occupational	5,686.5	5,686.5	0.0
Health Occupational	5,728.5	5,728.5	0.0
Remedial/Developmental	2,888.0	2,888.0	0.0
Adult Education	1,240.0	1,240.0	0.0
Total:	77,387.5	77,387.5	0.0

<u>Credit Hour Categories</u>	Total	Total	Difference
	Reported in Audit	Certified to ICCB	
	<u>Restricted Hours</u>	<u>Restricted Hours</u>	
Baccalaureate	184.0	184.0	0.0
Business Occupational	45.0	45.0	0.0
Technical Occupational	0.0	0.0	0.0
Health Occupational	972.0	972.0	0.0
Remedial/Developmental	0.0	0.0	0.0
Adult Education	4,498.5	4,498.5	0.0
Total:	5,699.5	5,699.5	0.0

	Total	Total	Difference
	Reported in Audit	Certified to ICCB	
	<u>Unrestricted Hours</u>	<u>Unrestricted Hours</u>	
In-District Credit Hours:	62,863.5	62,863.5	0.0
Dual Credit Hours:	13,446.0	13,446.0	0.0
Dual Enrollment Hours:	250.0	250.0	0.0

	Total	Total	Difference
	Reported in Audit	Certified to ICCB	
	<u>Restricted Hours</u>	<u>Restricted Hours</u>	
In-District Credit Hours:	5,439.0	5,439.0	0.0
Dual Credit Hours:	0.0	0.0	0.0
Dual Enrollment Hours:	8.0	8.0	0.0

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

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

Heartland Community College, Illinois

Community College District No. 540

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

Note 1: Residency Verification Process

Procedures for Verifying and Classifying Residency

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

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

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

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

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

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

Annual Federal Financial Compliance Section

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit Heartland Community College - Community College District 540, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Heartland Community College - Community College District 540's basic financial statements, and have issued our report thereon dated November 14, 2023. The financial statements of Heartland Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Heartland Community College Foundation. Our report includes a reference to other auditors who audited the financial statements of Heartland Community College Foundation, as described in our report on the College's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Heartland Community College - Community College District 540's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors 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 Heartland Community College - Community College District 540's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Heartland Community College - Community College District 540's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wipfli LLP

Sterling, Illinois

November 14, 2023

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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Heartland Community College - Community College District 540's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2023. Heartland Community College - Community College District 540's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Heartland Community College - Community College District 540 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of Heartland Community College - Community College District 540 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Heartland Community College - Community College District 540's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Heartland Community College - Community College District 540's federal program.

Auditor's Responsibility for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Heartland Community College - Community College District 540's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Heartland Community College - Community College District 540's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Heartland Community College - Community College District 540's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid, with the letters "Wipfli" written in a larger, more stylized font than the "LLP" which is in a simpler, more upright script.

Wipfli LLP

Sterling, Illinois

November 14, 2023

Heartland Community College, Illinois

Community College District #540

Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

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	\$29,860	\$0
U.S. Department of Labor:				
WIOA Cluster				
Passed-through Career Link				
Youth Activities - Drop Out Recovery Grant	17.259	OOOSY2015-1	52,398	0
Subtotal WIOA Cluster			52,398	0
Passed-through Illinois Department of Commerce and Economic Opportunities				
Apprenticeship USA	17.285	21-111021	66,416	0
Total U.S. Department of Labor			118,814	0
U.S Department of State				
Passed-through World Learning				
Academic Exchange Programs				
Increase & Diversity Education for U.S. Students	19.009	not provided	20,780	0
U.S. Department of Treasury				
Passed-through Illinois Community College Board				
Coronavirus State and Local Fiscal Recovery Funds				
College Bridge Program	21.027	CURES 540-01-22	241,756	0
National Science Foundation				
Direct award				
Engineering				
ATE Flite	47.041	not provided	8,383	0
Passed-through Illinois Wesleyan University				
STEM Education				
NexSTEM	47.076	NSF DUE 1742224	24,525	0
NSF NEVC Grant	47.076	2202050-1	29,665	0
			54,190	0
Total National Science Foundation			62,573	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	197,887	0
Federal EL/Civics Program	84.002	54001	230,757	0
			428,644	0

See Notes to Schedule of Expenditures of Federal Awards

Heartland Community College, Illinois

Community College District #540

Schedule of Expenditures of Federal Awards (continued)

Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Award Notification Number	Expenditures	Passed Through to Subrecipients
Direct award				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant	84.007		111,250	0 (M)
Federal Work Study Program	84.033		88,813	0 (M)
Federal Pell Grant Program	84.063		4,352,677	0 (M)
Federal Direct Loans	84.268		1,951,845	0 (M)
Subtotal Student Financial Aid Cluster			6,504,585	0
Passed-through University of Illinois				
National Resource Centers Program for Foreign Language CEAPS - Title VI NRC	84.015A	not provided	4,000	0
Passed-through Indiana University				
Centers for International Business Education IU Center IBE&R	84.220	not provided	4,811	0
Direct award				
TRIO - Student Support Services	84.042	not provided	258,694	0
Passed-through Illinois Community College Board				
Career and Technical Education - Basic Grants to States: Perkins Title II Postsecondary/Adult	84.048	CTE54012	168,641	0
COVID-19 - Education Stabilization Fund				
Passed-through Illinois Community College Board				
Governor's Emergency Education Relief (GEER)	84.425C	GEER-540	12,201	0
Direct award				
Higher Education Emergency Relief Fund - Student	84.425E		556,201	0
Higher Education Emergency Relief Fund - Institutional	84.425F		0	0
Subtotal ALN 84.425			568,402	0
Direct award				
Child Care Access Means Parents in School	84.335		41,927	0
Total U.S. Department of Education			7,979,704	0
U.S. Department of Health and Human Services				
Child Care and Development Fund (CCDF) Cluster				
Passed-through Illinois Community College Board				
COVID-19 Child Care and Development Block Grant				
Early Childhood Grant	93.575	not provided	345,204	0
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
Strengthen & Grow Child Care Grant	93.596	not provided	156,872	0
Subtotal CCDF Cluster			502,076	0

See Notes to Schedule of Expenditures of Federal Awards

Heartland Community College, Illinois

Community College District #540

Schedule of Expenditures of Federal Awards (continued)
Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Pass-Through Award Notification Number	Expenditures	Passed Through to Subrecipients
Passed-through Illinois Network of Child Care Resource and Referral Agencies				
COVID-19 Every Student Succeeds Act/Preschool Development Grants				
ESSA and Preschool Development Grant	93.434	not provided	8,478	0
ITC Project Grant	93.434	not provided	159,971	0
			168,449	0
Total U.S. Department of Health and Human Services			670,525	0
Total expenditures of federal awards			\$9,124,012	\$0

(M) Denotes major program

See Notes to Schedule of Expenditures of Federal Awards

Heartland Community College, Illinois
Community College District No. 540
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1: General

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Heartland Community College - Community College District 540 under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of Heartland Community College - Community College District 540, it is not intended to and does not present the financial position, changes in net position or cash flows of Heartland Community College - Community College District 540.

Note 2: Basis of Accounting

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

Note 3: Indirect Cost Rate

Heartland Community College - Community College District 540 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The College has a federally negotiated rate with the US Department of Health and Human Services of 22.88%.

Note 4: Loan Program

For the year ended June 30, 2023, the College acted a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$1,951,845.

Note 5: Non-Cash Assistance

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2023.

Note 6: Other Federal Award Information

The College did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2023.

Heartland Community College, Illinois

Community College District No. 540

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

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

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

Unmodified

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

☐ Yes ☒ No

Identification of major programs

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

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

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Heartland Community College, Illinois Community College District No. 540

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II - Audit Findings in Relation to Financial Statements

No findings related to the financial statements.

Section III - Audit Findings and Questioned Costs in Relation to Federal Awards

No findings or questioned costs related to federal awards.

Heartland Community College, Illinois
Community College District No. 540

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

None