



# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

## Heartland Community College

Community College District #540 • 1500 West Raab Road • Normal, IL 61761



*"Modeling Stewardship and Sustainability"*

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
Normal, Illinois**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Years Ended June 30, 2015 and 2014**

Prepared by:

Business Services

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Vice President of Business Services

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Controller

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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## **INTRODUCTORY SECTION**

October 13, 2015

President's Letter



Members of the Board of Trustees,

I am pleased to submit, to you and the residents of District 540, the Heartland Community College *Comprehensive Annual Financial Report (CAFR)* for the Fiscal Year ended June 30, 2015. Heartland is committed to supporting the success of all students. The 2015 CAFR provides evidence that the College is well positioned to serve its communities as a leader in higher education and a responsible financial steward.

After 25 years serving the Central Illinois area, Heartland Community College remains an important educational option for area students. The College provides a significant return on investment for our community. Student success, community engagement and responsiveness, and fiscal responsibility are the bedrocks of Heartland's many great accomplishments. Those key priorities make Heartland an outstanding institution, intent on keeping higher education affordable for our students as they pursue their dreams and lifelong ambitions.

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

On behalf of all the people representing Heartland Community College, it is my honor to express pride in how we serve our students, our District 540 community, and anyone needing our programs and services.

Sincerely,

Robert D. Widmer  
President



HEARTLAND  
COMMUNITY COLLEGE

October 13, 2015

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

The Comprehensive Annual Financial Report (CAFR) of Heartland Community College District No. 540, Normal, Illinois, as of and for the fiscal year ended June 30, 2015 is hereby submitted. The CAFR provides a snapshot of Heartland's financial performance and major initiatives, as well as an overview of trends in the local economy. Above all, the report represents the College's commitment to inform members of the community about the College's finances.

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

CliftonLarsonAllen LLP, Certified Public Accountants, has issued an unqualified (clean) opinion on the Heartland Community College District No. 540 basic financial statements for the year ended June 30, 2015. 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 of the North Central Association of Colleges and Schools.

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The College District extends roughly from Lincoln, Illinois on the south, along Interstate 55, and north to Pontiac, Illinois. Of the almost 208,000 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 centers in both Lincoln (Logan County) and Pontiac (Livingston County).

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

Heartland Community College is committed to student success. The College represents a vital and progressive center for learning as manifested in its vision and mission statements. These are fulfilled through adherence to underlying Foundational Commitments and Enduring Goals.

### **Vision**

Heartland is an adaptable and collaborative community resource, promoting life-long learning and exceptional community progress.

### **Mission**

Heartland inspires lives through accessible and personalized student support, exemplary innovation, and high expectations for success in teaching and learning.

### **Foundational Commitments and Enduring Goals**

The eight Foundational Commitments that will support our priorities, goals and operations are: Valuing People, Collaborating Effectively, Serving as a Community Resource, Creating Access to Opportunities, Supporting Student Success, Leading Quality Innovation, Modeling Stewardship and Sustainability, and Exemplifying Teaching and Learning Excellence. For each Foundational Commitment, more specificity is defined by the following Enduring Goals:

#### ***Valuing People***

- HCC will engage internal and external constituents to encourage open communication, promote professional and personal development, and implement processes that enhance organizational culture.
- HCC will recruit, hire, professionally develop, and retain talented and collaborative employees to advance organizational excellence.

#### ***Collaborating Effectively***

- HCC will champion collaboration among internal and external constituents to stimulate social, economic, and environmental advancements.

#### ***Serving as a Community Resource***

- HCC will provide an array of expertise, programs and facilities to address community needs that align with our mission.

#### ***Creating Access to Opportunities***

- HCC will broaden pathways to lifelong learning by fostering personal growth, minimizing obstacles, and facilitating progress.

### ***Supporting Student Success***

- HCC will effectively transition students into college-level coursework by assessing, accelerating, and augmenting student readiness.
- HCC will empower our students to explore options, develop intentional pathways, and achieve relevant academic and career goals.
- HCC will improve student support by continually assessing and responding to diverse needs.
- HCC will promote a student-centered culture by intentionally building relationships that promote student engagement and development.

### ***Leading Quality Innovation***

- HCC will enhance decision making at all levels of the organization through processes and technologies that guarantee quality data and actionable intelligence to support improvement.
- HCC will incorporate systems-oriented, data-informed approaches to create, implement, and share exemplary practices.

### ***Modeling Stewardship and Sustainability***

- HCC will adhere to informed and responsible practices that safeguard social, economic, and environmental well-being.
- HCC will practice visionary planning, actively pursuing resources and partnerships to ensure our long-term viability.

### ***Exemplifying Teaching and Learning Excellence***

- HCC will recruit, hire, professionally develop, and retain high quality faculty, instructors, and learning support staff.
- HCC will design, deliver, and assess high quality curriculum and instruction for our diverse programs, supporting relevant career pathways for learners.
- HCC will design, develop, and maintain exemplary physical and technological infrastructure to create an optimal teaching and learning environment.
- HCC will effectively assess students' experiences, creating actionable intelligence applied at key momentum points to improve student learning.

While the College's strategic plan outlines a schedule for shifting emphasis among Enduring Goals during the 2013 through 2017 five year period, College leadership continued the institutional focus on selected Foundational Commitments during fiscal year 2015: (1) Supporting Student Success, (2) Serving as a Community Resource, and (3) Modeling Stewardship and Sustainability. In addition, the College has focused significantly on continuous improvement across the organization. Work on the Enduring Goals within these and other Foundational Commitment areas will continue in fiscal year 2016.

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

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

In an effort to continue to improve fiscal understanding of the College budget as well as to increase transparency and communication, a zero-based budgeting approach was used to develop both the fiscal year 2015 and 2016 annual budgets. A highly collaborative online tool and process were used to engage budget managers from across the College. For the 2016 budget, the process also included provision of spending targets, driven by conservative revenue assumptions and based on average prior year spending, for each budget area.

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 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. However, encumbrances are only re-authorized as part of the following year's budget 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 in spite of the slowly rebounding economy. This is attributed to historically steady and growing enrollments, sound financial planning, a long-term strategic financial plan, consistent budget performance, intentional efforts to improve student success and retention, and a healthy property tax base. Over the last ten years, the College's net position has increased from \$36.7 million in fiscal year 2006 to \$48.9 million in fiscal year 2015 for an annual average increase of \$1.2 million.

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

The State of Illinois economy continues to show some signs of improvement at a rate that nevertheless continues to lag the nation. The unemployment rate for Illinois as of August 2015 was 5.6 percent (down from 6.7 percent in August 2014), as compared to 5.3 percent for the nation as a whole.

The State's job growth numbers also continue to trail those of the rest of the nation and further delay Illinois' economic recovery from the 2007-2009 recession. Illinois has gained only a quarter of the job growth seen by the rest of the country. The Illinois Department of Employment Security has reported that had Illinois grown at the same pace as the rest of the country, Illinois would have added 40,000 more jobs by now. With the added problem of a widening job growth gap between Illinois and the rest of the nation, it has been forecast that Illinois won't achieve pre-recession job levels until September 2016, or nearly two and a half years after the entire nation regained its jobs.

The Illinois Department of Employment Security is also concerned about the large number of long-term unemployed in the State. In order to find gainful employment, many will be required to obtain additional training and education either from vocational schools, community colleges, or four year colleges and universities. However, State support of this training need has dwindled.

The State of Illinois also continues to struggle with its financial condition. The lack of a State budget for fiscal year 2016 has created even greater uncertainty. The economic forecast for a delayed return to pre-recession employment levels has caused a decline in the State's tax revenue stream since fiscal year 2010. In addition, the State's expenditures continue to well outpace revenues. Accordingly, the future of State funding and the impact of likely cost-shifting continue to be a concern for the College. As State funding continues to be questionable and pension reform proposals continue to be debated, the College has developed some long-term strategies for absorbing any shortcomings, late payments, and potential pension cost shifts from the State.

There is still much work ahead for the State of Illinois in its pension, Medicaid, education, unemployment and workers' compensation reforms. For the second consecutive year, the fiscal year 2015 State of Illinois budget provided essentially flat funding for higher education. Illinois higher education institutions, agencies, and grant programs received appropriations totaling \$3.54 billion in state general funds, an increase of \$34.5 million, or 1.0 percent over fiscal year 2014 appropriations. However, when funding for the State Universities Retirement System is excluded, funding for higher education operations and grants totaled \$1.99 billion, level with fiscal year 2014 appropriations.

The fiscal year 2015 State budget provided \$294.5 million for community colleges, which was also a slight increase of \$1.7 million over fiscal year 2014. In addition, the fiscal year 2015 budget included a total of \$373.3 million (an increase of only \$0.1 million, or 0.02 percent) for the Monetary Award Program, the State's needs-based student financial aid program. Albeit small increases, these were still positive signs of support for higher education in Illinois.

However, on March 27, 2015, the State of Illinois enacted Public Act 99-0001 and Public Act 99-0002. This late legislation closed gaps in the State budget for fiscal year 2015 by sweeping \$1.3 billion from various special funds and applying a 2.25 percent reduction in appropriations to line items funded by General Funds. This late legislation was passed to balance the State's budget for the remainder of fiscal year 2015. The State budget adopted in 2014 and approved for fiscal year 2015 did not account for the January 1, 2015 expiration of the temporary income tax rate increase. The fiscal effects of Public Act 99-0001 were relatively straightforward, reducing appropriations for the remainder of the State fiscal year by a reported \$300 million. Heartland's reduction was \$51,831. Absent any change to the income tax rate, uncertainty continues to be the constant in State funding.

### ***District Economy***

The Heartland Community College district is an important business and agricultural region in central Illinois, supported by two major insurance companies, an automobile manufacturer and related automotive suppliers, 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), Mitsubishi Motor Manufacturing, Illinois State University, COUNTRY Financial, Advocate BroMenn Medical Center, OSF-St. Joseph Medical Center, McLean County, Anderson Financial Network, Inc., and the two local school districts.

The District has several higher education institutions. Bloomington-Normal is the location of two major universities, Illinois State University in Normal (with an on-campus enrollment of 20,615 students in 2014) and Illinois Wesleyan University in Bloomington (with an enrollment of approximately 1,900 students). Lincoln, in the southern part of the district, has two colleges: Lincoln College, a private residential college that offers instruction in both Lincoln and Normal to about 1,700 total students, and Lincoln Christian University, a private four-year institution of about 250 students. Several cooperative arrangements and educational alliances have been established with some of these institutions, as well as with some of our peer Illinois community colleges.

Unemployment in McLean County has traditionally been relatively low when compared with other communities. From 2010 through 2014, annual average unemployment ranged between 5.5 percent and 7.7 percent (highest in 2010). For 2014, unemployment in McLean County was 5.5 percent, one of the lowest rates in the State. Declining unemployment rates have likely influenced recently declining enrollment trends. A recent announcement may impact local employment beginning late in calendar year 2015. Mitsubishi Motor Manufacturing announced plans to close its Normal, Illinois manufacturing plant in November 2015. This plant currently employs approximately 1,280 individuals.

McLean County retail sales in 2014 were \$2.64 billion which was a decrease of 3.8 percent from 2013 sales. Median household income for McLean County was \$62,089, making it one of the highest counties in the State. The population of McLean County has increased by more than 40,000 since 1991 when the College opened. The most recent population of the County was 174,061. Population in the County is projected to continue to grow, reaching 176,605 by 2017. The current population of the entire district is 207,953. These economic growth indicators bode well for a growing community college.

### ***Tax Base***

The Heartland Community College District 2014 tax levy base of \$4,240,488,783 increased by 2.07 percent from the 2013 tax base. This followed an increase of 0.55 percent in the previous year. Modest residential and commercial growth is expected to continue, with a projected increase of between one and two percent in the 2015 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 recent and new growth within the District in green economy initiatives such as wind farms.

The tax base is diverse, with the ten largest taxpayers making up only 6.3 percent of the District's EAV. The EAV is projected to increase slightly, between one and two percent per annum, for the next two to three years. Local property taxes will continue to be a significant source of revenue for the College. During fiscal year 2015, local property taxes accounted for 37.8 percent of total revenues. Local support represents 37.0 percent of total operating fund revenues in the fiscal year 2016 budget.

There is also some uncertainty regarding local tax support. Property tax freeze legislation has been advocated by the Governor and appears to have some support of the General Assembly. The College is monitoring the potential for a freeze and its impact on local property tax revenue.

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

The College's net position decreased from \$50.6 million at the end of fiscal year 2014 to \$48.9 million at the end of 2015. Net position was 91.0 percent of total fiscal year 2015 operating expenses. Liquidity is strong, with \$23.0 million of cash and short-term investments at year end.

## ***College Enrollment***

Credit hour enrollment declined by 1.7 percent during fiscal year 2015 as compared to a 3.4 percent decline in 2014. This was only the third consecutive year, in the College's history, for an enrollment decline. Heartland's enrollment patterns are affected by the economy and have trended more positively, in recent years, than State and national enrollments at other community colleges where declines have been larger and occurring for more years.

For the past three semesters, beginning with spring 2015, enrollment has been on the upswing and has increased slightly each semester. For the current fall semester of fiscal year 2016 (fall 2015) total credit hours and the full-time equivalent count both increased by 1.7 percent. Total credit hours for fall 2015 were 47,025 as compared to 46,233 in fall 2014. Student headcount at tenth day however, decreased by less than one half percent to 5,048 students from 5,064 students in the previous fall of 2014. Five years ago, in the fall 2010 semester, 5,459 students were enrolled in 52,144 credit hours. The five-year decline in students is 411 or 7.5 percent and in credit hours is 5,119 credit hours or 9.8 percent.

The College has established several initiatives and teams to address enrollment-related strategies for assessing and improving student registration, engagement, persistence and retention. *Heartland's "Guided Path to Success (GPS)"* initiative is a network of intentional supports embedded throughout the College to foster student success at every level. Partnerships are key to the overall *Heartland GPS* mission.

The *GPS* initiative partners the College with students, K-12 schools, universities, families, businesses, and our community to create the right circumstances for increased learning and planned progress. Essentially, Heartland is developing the capacity to increase high school graduation rates and college readiness by collaboratively developing and providing career, college, and life planning services. These broad support services will be provided at Heartland and in area high schools for students, whether or not they attend Heartland.

The College NOW program had significant growth during fiscal year 2015. This partnership with district high schools, to offer more college-level and vocational/technical courses in the high schools, saw 536 students enrolled for the fall 2014 semester as compared to 237 students in fall 2013. For the current fall 2015 semester 526 students are enrolled. Under this program, high school students were enrolled in dual credit courses at no cost. A major employer in the district donated funds to help support the costs of the College NOW program in fiscal year 2015.

The fiscal year 2016 budget was predicated on an overall 1.0 percent increase in credit hours from fiscal year 2015. We believe the enrollment declines during 2015 and the two 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 among District residents. Most of our peer institutions have seen similar declines in enrollment this year and in previous years. Credit hour leveling or modest growth is projected for fiscal year 2017 and beyond due to local and national economic and population factors, as well as to the College's *GPS* and College NOW efforts.

An increase of \$3.00 was made to the in-district tuition and fees rate between fiscal year 2015 and fiscal year 2016. Heartland's current per credit hour in-district tuition and fees rate of \$142.00 is one of the highest among other Illinois community colleges. The previous increase to the tuition and fee rate occurred effective with the summer 2013 semester.

In fiscal year 2015, overall enrollment in the College's continuing education programs declined slightly from fiscal year 2014. Sales and service fees from continuing education programs were \$2,127,936 in fiscal year 2015 as compared to \$2,179,600 in 2014.

Enrollment in Traffic Safety School decreased by approximately 8 percent, with course fees totaling \$200,055 in fiscal year 2015 and \$217,170 in 2014. McLean County officials informed the College of a projected decline in traffic safety enrollments due to a change in focus by local law enforcement groups. Challenger Learning Center revenues decreased from \$172,194 in 2014 to \$151,516 in 2015. This is a result of budget constraints at local school districts. Customized training contracts increased by approximately 2 percent as a result of increased outreach, new programming, recruitment of some new clients and perhaps, to an improving economy. Community education experienced an enrollment decrease. This decline can primarily be attributed to reductions in one large contract with an online training provider. Adult, community, and corporate education programs and offerings are projected to remain level for fiscal year 2016.

The ethnicity of Heartland's students, for the most part, reflects that of the District in that approximately 80 percent of the students are white non-Hispanic. More than 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 expected to increase during 2016. Federal grants accounted for 17.9 percent of the College's total revenues during fiscal year 2015 as compared to 17.8 percent in 2014. Federal financial aid dollars for student awards and loans accounted for \$8.9 million (or 89 percent) of the federal total. Increased federal funding is projected for green economy and other sustainability initiatives, as well as for job training and workforce development. As one of its strategic priorities, the College is committed to seeking alternate revenue sources, such as federal grant funds, to support new initiatives.

### ***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. During fiscal year 2015, the Foundation completed its first capital campaign. This effort will continue to increase endowment assets significantly over the next two to three years. The Foundation awarded \$221,697 in student scholarships during fiscal year 2015.

## DEBT ADMINISTRATION

The College had general bonded debt of \$81,261,750 as of June 30, 2015 and \$85,700,750 as of June 30, 2014. The \$4,439,000 decrease from 2015 to 2014 is the result of two factors: (1) principal payments totaling \$4,310,000; and (2) amortization of bond premium totaling \$129,000 during fiscal year 2015. No general obligation bonds, nor debt certificates, were issued during fiscal year 2015.

The Standard & Poor's rating on the College's most recent bond issue (June 2014) was AA+/Stable. It reflected the College's: "(1) participation in the diverse Bloomington-Normal economy; (2) good wealth and income levels; (3) good 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 2014 assessed valuation of \$4,240,488,783 results in a legal debt limit of \$121,914,053. 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 2011-2015, these indicators compare as follows:

| <u>Fiscal Year</u> | <u>General<br/>Obligation Debt</u> | <u>Debt/EAV</u> | <u>General Obligation<br/>Debt Per Capita</u> |
|--------------------|------------------------------------|-----------------|---|
| 2015               | \$81,261,750                       | 1.9 percent     | \$390.77                                      |
| 2014               | \$85,700,750                       | 2.1 percent     | \$410.96                                      |
| 2013               | \$84,805,000                       | 2.1 percent     | \$406.66                                      |
| 2012               | \$87,015,000                       | 2.1 percent     | \$417.26                                      |
| 2011               | \$82,280,000                       | 2.0 percent     | \$394.55                                      |

## PROSPECTS FOR THE FUTURE

The College's financial outlook for the future is stable reflecting its strong financial operations, combined with growing populations within the District. 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, fluctuating enrollments, student engagement and retention efforts, and long range master planning under these circumstances.

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

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 our needs, such as through leasing and bonding, will continue to be evaluated. The College also has the capacity to increase tuition rates since the current rate is 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 CliftonLarsonAllen LLP. The requirement has been satisfied and the auditor's opinion is unqualified. The auditor's report on the financial statements and schedules is included in the financial section of this report.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Heartland Community College for its CAFR for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

Heartland Community College has received the Certificate of Achievement annually since 1998. Staff believes the current report for the fiscal year ended June 30, 2015 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 Division and the external auditors, CliftonLarsonAllen LLP, have our sincere appreciation for the contributions made in preparation of this report.

Respectfully submitted,

**/s/ Douglas E. Minter**

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Douglas E. Minter  
Vice President of Business Services

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

**PRINCIPAL OFFICIALS**

**Board of Trustees**

|                  | <u>Position</u> | <u>Term Expires</u> |
|------------------|-----------------|---------------------|
| Gregg Chadwick   | Chair           | 2017                |
| Jim Drew         | Vice-Chair      | 2017                |
| John A. Copes    | Secretary       | 2021                |
| Becky Ropp       | Trustee         | 2021                |
| Jeffrey Flessner | Trustee         | 2019                |
| Donald Gibb      | Trustee         | 2019                |
| Patrick Hardesty | Trustee         | 2019                |
| Chad Rosenbaum   | Student Trustee | 2016                |

**Officers of the College**

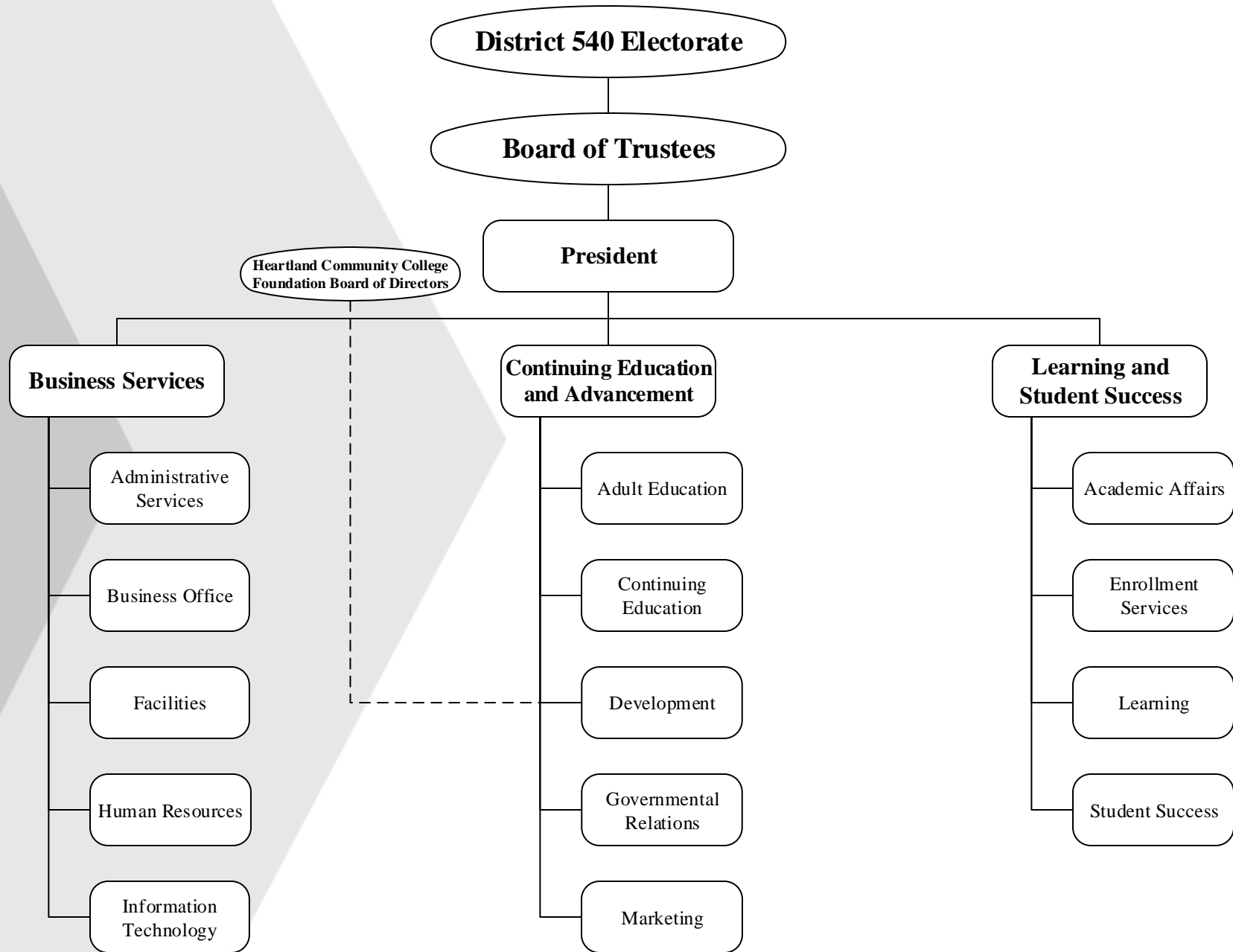
|                   |  |
|-------------------|--|
| Robert D. Widmer  | President  |
| Rick Pearce       | Vice President for Learning and Student Success        |
| Kelli Hill        | Vice President of Continuing Education and Advancement |
| Douglas E. Minter | Vice President of Business Services                    |

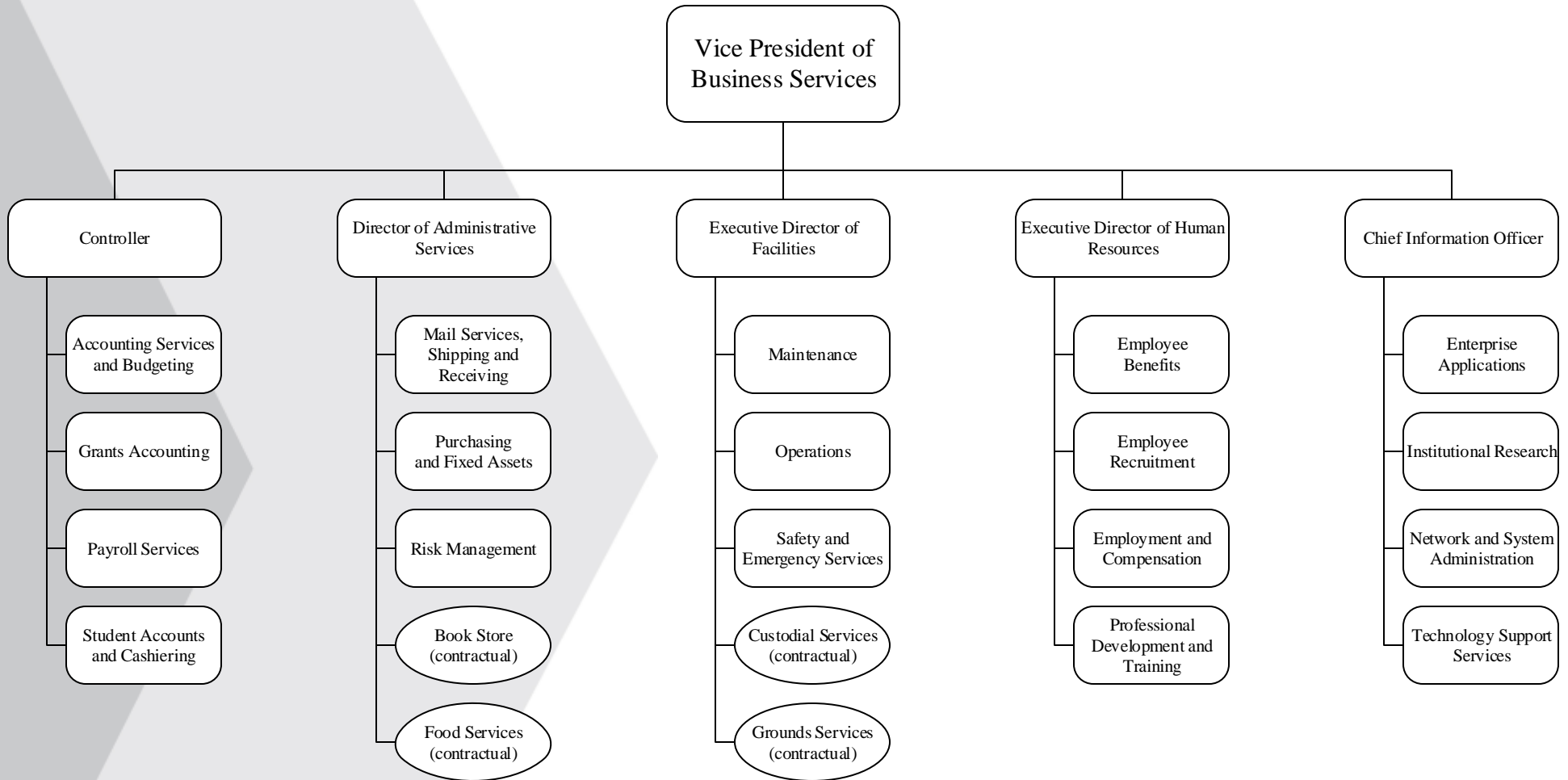
**Officials Issuing Report**

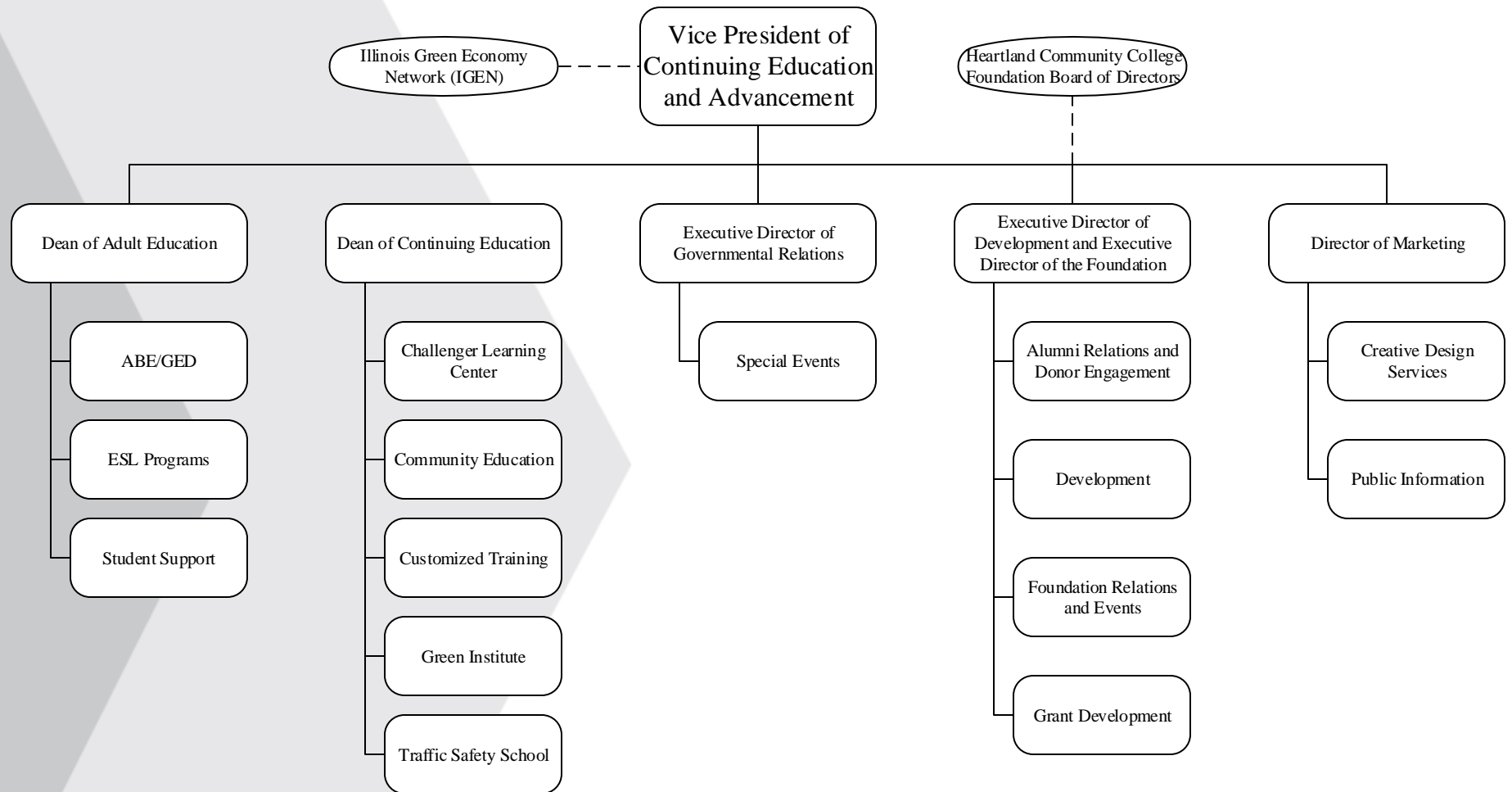
|                    |  |
|--------------------|--|
| Sue A. Gilpin      | Controller                                 |
| Sharon M. McDonald | Associate Director for Accounting Services |
| Shelley Marquis    | Associate Director for Payroll Services    |

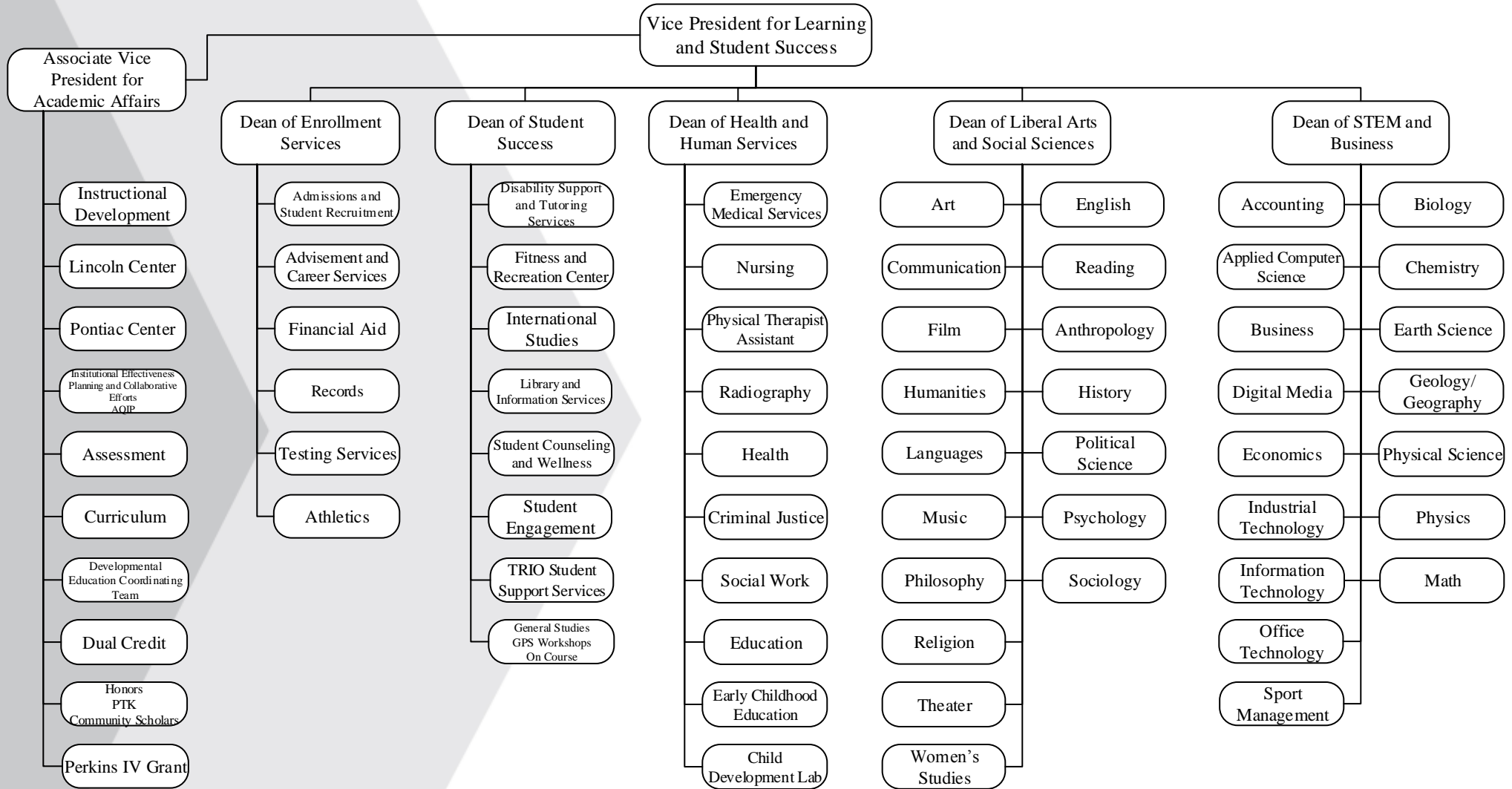
**Department Issuing Report**

Business Services Division











Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## **FINANCIAL SECTION**



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAAconnect.com

## Independent Auditors' Report

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

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

We have audited the accompanying basic financial statements of the business-type activities and the discretely presented component unit of Heartland Community College District #540 (District or College), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the basic financial statements based on our audits. We did not audit the financial statements of the discretely presented component unit, Heartland Community College Foundation, which statements reflect total assets of \$3,677,367 and \$4,210,273 and total net position of \$3,665,610 and \$3,991,428 as of June 30, 2015 and 2014, respectively, and total revenues of \$648,821 and \$1,443,747, respectively, for the years then ended. Those statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the reports of the other auditor. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the District's component unit were not audited in accordance with *Government Auditing Standards*.

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

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

**Opinion**

In our opinion, based on our audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Heartland Community College District #540 and its discretely presented component unit as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and defined benefit pension plan information on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Heartland Community College District #540's basic financial statements. The Uniform Financial Statement section (pages 92 through 98) and the Certification of Chargeback Reimbursement on page 77 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 104 through 105, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Uniform Financial Statement section, the Certification of Chargeback Reimbursement, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.

The introductory section, the statistical section, and the Documentation of Residency Verification Steps on page 91 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015, on our consideration of Heartland Community College District #540'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 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 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 Heartland Community College District #540's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Peoria, Illinois  
October 13, 2015

## **Management's Discussion and Analysis**

This section of Heartland Community College's (District or College) Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2015 and June 30, 2014. 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 letters, 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 Statements 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 Heartland'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.

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. Funds invested in capital assets, net of debt, provides the College's equity in property, plant and equipment owned by the College. 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. And unrestricted net position dollars are available to the College for any lawful purpose.

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 by 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.

### **Implementation of Governmental Accounting Standards Board (GASB) Statement Number 68**

The Governmental Accounting Standards Board (GASB) issued Statement Number 68, Accounting and Financial Reporting for Pensions, which addresses the accounting and financial reporting by state and local governments for pensions. GASB 68 replaces GASB Statement Number 27, Accounting for Pensions of State and Local Governmental Employers. In essence, GASB 68 provides that:

- The employer proportionate share of the Net Pension Liability be recognized in the financial statements.
- Employers will recognize an on-behalf contribution revenue and matching expense.
- Employers will reclassify their current fiscal year pension contributions related to federal/trust/grant/other contribution as Deferred Outflow.

- Employers will recognize their current fiscal year pension contributions related to federal/trust/grant/other contribution in the following fiscal year.

The District implemented GASB 68 during the fiscal year ended June 30, 2015. The effect of implementation is that the Total Net Position for June 30, 2015 was increased by \$49,214. Moving forward the District will recognize Deferred Outflows of Resources in accordance with GASB 68.

Due to the special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the District, it has been concluded that the District's proportionate share of the State Universities Retirement System of Illinois net pension liability will not be recognized in the financial statements of the District.

In the following discussions of the comparative financial information, the June 30, 2015 financial information has been prepared following GASB 68. The June 30, 2014 and 2013 financial information has been prepared following GASB 27. The only significant difference in the financial information is the recording of deferred inflows in 2015 of \$49,214.

### **Financial Highlights**

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows (net position) by \$48.9 million as of June 30, 2015. Of this amount, \$39.9 million is invested in capital assets (net of related debt), \$3.9 million is restricted for working cash, \$1,677 is restricted for capital projects, \$0.2 million is restricted for other specific purposes, and \$4.9 million is unrestricted and available to meet current and future obligations of the College.

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, 2015 were \$12,868,170. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as (1) property taxes, (2) State grants and contracts, (3) Federal and local grants and contracts, (4) investment income, and (5) the State Universities Retirement System contribution provided by the State of Illinois. Total net non-operating revenues for the year ended June 30, 2015 were \$39,049,231.

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 non-operating expenses. The College's operating expenses are funded primarily through non-operating revenue. Total operating expenses for the year ended June 30, 2015 were \$53,696,548.

The difference between total operating revenues of \$12,868,170 and total operating expenses of \$53,696,548 produced an operating loss of (\$40,828,378) for the year ended June 30, 2015. Net non-operating revenue of \$39,049,231 partially offset this loss and resulted in an overall decrease in net position of (\$1,779,147).

Following are comparative analyses of net position and operating results for fiscal years 2015, 2014, and 2013.

## Financial Analysis of the College as a Whole

|   | Net Position<br>as of June 30,<br>(in thousands) |                  |  |                   |                  |  |                   |
|---|--|------------------|--|-------------------|------------------|--|-------------------|
|   | <u>2015</u>                                      | <u>2014</u>      | Increase<br>(Decrease)<br><u>2015-2014</u> | Percent<br>Change | <u>2013</u>      | Increase<br>(Decrease)<br><u>2014-2013</u> | Percent<br>Change |
| Current assets  | \$43,660   | \$43,622         | \$38                                       | 0.1%              | \$41,391         | \$2,231                                    | 5.4%              |
| Non-current assets  |  |                  |  |                   |                  |  |                   |
| Long-term investments   | 248  | 1,832            | (1,584)                                    | (86.5)%           | 248              | 1,584                                      | 638.7%            |
| Capital assets, net of depreciation                               | <u>119,110</u>                                   | <u>123,095</u>   | <u>(3,985)</u>                             | <u>(3.2)%</u>     | <u>126,973</u>   | <u>(3,878)</u>                             | <u>(3.1)%</u>     |
| Total assets  | <u>\$163,018</u>                                 | <u>\$168,549</u> | <u>(\$5,531)</u>                           | <u>(3.3)%</u>     | <u>\$168,612</u> | <u>(63)</u>                                | <u>0.0%</u>       |
| Deferred outflows of resources                                    | <u>\$49</u>                                      | <u>\$0</u>       | <u>\$49</u>                                | NA                | <u>0</u>         | <u>0</u>                                   | <u>0.0%</u>       |
| Total assets and deferred outflows of resources                   | <u>\$163,067</u>                                 | <u>\$168,549</u> | <u>(\$5,482)</u>                           | <u>(3.3)%</u>     | <u>\$168,612</u> | <u>(\$63)</u>                              | <u>0.0%</u>       |
| Current liabilities   | \$15,096   | \$15,051         | \$45                                       | 0.3%              | \$15,752         | (701)                                      | (4.5)%            |
| Non-current liabilities   | <u>77,668</u>                                    | <u>82,010</u>    | <u>(4,342)</u>                             | <u>(5.3)%</u>     | <u>80,037</u>    | <u>1,973</u>                               | <u>2.5%</u>       |
| Total liabilities   | <u>\$92,764</u>                                  | <u>\$97,061</u>  | <u>(\$4,297)</u>                           | <u>(4.4)%</u>     | <u>\$95,789</u>  | <u>\$1,272</u>                             | <u>1.3%</u>       |
| Deferred inflows of resources                                     | <u>\$21,433</u>                                  | <u>\$20,839</u>  | <u>\$594</u>                               | <u>2.9%</u>       | <u>\$20,324</u>  | <u>\$515</u>                               | <u>2.5%</u>       |
| Net position  |  |                  |  |                   |                  |  |                   |
| Net investment in capital assets                                  | \$39,913   | \$41,635         | (1,722)                                    | (4.1)%            | \$46,574         | (4,939)                                    | (10.6)%           |
| Unrestricted  | 4,898  | 4,496            | 402  | 8.9%              | 1,231            | 3,265                                      | 265.2%            |
| Restricted  | <u>4,059</u>                                     | <u>4,518</u>     | <u>(459)</u>                               | <u>(10.2)%</u>    | <u>4,694</u>     | <u>(176)</u>                               | <u>(3.7)%</u>     |
| Total net position  | <u>48,870</u>                                    | <u>50,649</u>    | <u>(1,779)</u>                             | <u>(3.5)%</u>     | <u>52,499</u>    | <u>(1,850)</u>                             | <u>(3.5)%</u>     |
| Total liabilities, deferred inflows of resources and net position | <u>\$163,067</u>                                 | <u>\$168,549</u> | <u>(\$5,482)</u>                           | <u>(3.3)%</u>     | <u>\$168,612</u> | <u>(\$63)</u>                              | <u>0.0%</u>       |

This schedule was prepared from the College's Statement of Net Position which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Net assets invested in capital assets, net of related debt, 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.

### Fiscal Year 2015 Compared to Fiscal Year 2014

The College's net position at June 30, 2015 was \$48,870,115 and at June 30, 2014 was \$50,649,262, a decrease of \$1,779,147 (or -3.5 percent). The College had a current ratio of 1.20 at June 30, 2015, as compared to 1.22 at June 30, 2014. 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 \$1.20 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 have increased by only \$38,126 (or 0.1 percent) at June 30, 2015 when compared to June 30, 2014. There were however, some significant fluctuations between the various categories of current assets. Largest among these was the \$2.4 million decrease in cash and cash equivalents from \$14.1 million in 2014 to \$11.7 million in 2015 and the corresponding increase of \$2.5 million in short-term investments from \$8.8 million in 2014 to \$11.3 million in 2015. This represents a shifting of funds from cash to short-term investments for purposes of improving investment returns. While there were also fluctuations within the various types of accounts receivable, total accounts receivables decreased by only \$1,197. Property taxes receivable increased by approximately \$378 thousand (or 3.2 percent) due to an increase in the 2014 tax levy and to 2.1 percent growth in property tax values. Government receivables decreased by approximately \$274 thousand (or 18.5 percent). The State of Illinois' monthly payments to the College were timelier during 2015, as were drawdowns and receipt of federal grant funds.

Non-current assets have decreased by approximately \$5.6 million (or -4.5 percent) due to the \$4.0 million decrease in net capital assets and the \$1.6 million decrease in long-term investments. Net capital assets decreased due to the annual increase in accumulated depreciation. Long-term investments were liquidated during fiscal year 2015 as the prior year's technology bond fund issue was expended.

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust or grant contributions in the current year were \$49,214. These were required to be reported for the first time in fiscal year 2015 due to implementation of GASB Statement number 68.

Current liabilities have increased by only \$44,687 (or 0.3 percent) due to the combined effects of various factors. These factors were: (1) a decrease of \$130,000 in the current portion of bonds payable; (2) an increase of \$176,018 in unearned student tuition and fees due to growth in summer and fall 2015 term enrollments as compared to 2014; (3) an increase of \$137,326 in accrued interest payable due to debt service scheduling; (4) an increase of \$115,657 in accounts payables; (5) a decrease in other unearned revenue of \$187,870 due to schedule changes from 2014 to 2015 in an international instruction program; and (6) a decrease of \$50,279 in the deposit for bonds.

Total non-current liabilities decreased by \$4.3 million (or -5.3 percent) from 2014 balances as a result of bond and debt certificate principal payments and capital lease payments made during 2015.

Deferred inflows of resources from the subsequent year's property taxes increased by \$594,442 (or 2.9 percent) over the 2014 amount. This was due to the overall levy increase and to an increase of 2.07 percent in the district's equalized assessed valuation.

### Fiscal Year 2014 Compared to Fiscal Year 2013

The College's net position at June 30, 2014 was \$50,649,262 and at June 30, 2013 was \$52,498,763, a decrease of \$1,849,501 (or -3.5 percent). The College had a current ratio of 1.22 at June 30, 2014, as compared to 1.15 at June 30, 2013. The current ratio is total current assets 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 \$1.22 in current assets. This ratio is one indicator of the College's ability to pay its debts as they become due.

Current assets have increased by \$2,230,680 (or 5.4 percent) due to the combined effects of various factors. Largest among these was the increase in short-term investments from \$5.0 million in 2013 to \$8.8 million in 2014, an increase of \$3.8 million (or 76.0 percent). Short-term investments were acquired late in fiscal year 2014 using funds from the June 2014 general obligation bond issue. Accounts receivables also decreased from \$21.1 million in 2013 to \$19.5 million in 2014. This decrease is largely the result of the decrease of \$1.3 million in government receivables. The State of Illinois' monthly payments to the College were timelier during 2014 resulting in the reduction in receivables. Other receivables also decreased by \$0.3 million.

Non-current assets have decreased by approximately \$2.3 million (or -1.8 percent) due to the \$3.9 million decrease in net capital assets and the \$1.6 million increase in long-term investments. Net capital assets decreased due to the annual increase in accumulated depreciation. Long-term investments increased due to the increase in funds available for investing using the June 2014 technology bond fund monies.

Current liabilities have decreased by \$700,797 (or -4.5 percent) due to the combined effects of various factors. These factors were: (1) a decrease of \$1,035,000 in the current portion of bonds payable; (2) an increase of \$147,226 in other unearned revenue; (3) an increase of \$72,086 in unearned student tuition and fees due to smaller declines in summer and fall 2014 term enrollments as compared to 2013; and (4) a decrease of \$68,810 in accounts payables.

Total non-current liabilities increased by \$2.0 million (or 2.5 percent) over 2013 balances as a result of: (1) the issuance of \$4.1 million in general obligation bonds and \$6.2 million in debt certificates; (2) bond and debt certificate principal payments of \$9.8 million; (3) the receipt of \$0.5 million in bond premiums; and (4) the shifting of \$1.0 million in the current portion of bonds payable to non-current bonds.

Deferred inflows of resources from the subsequent year's property taxes increased by \$514,249 (or 2.5 percent) over the 2013 amount. This was due to the overall levy increase and to a small (less than one percent) increase in the district's equalized assessed valuation.

Operating Results for the Years Ended  
June 30  
(in thousands)

|                                   | <u>2015</u>     | <u>2014</u>     | Increase<br>(Decrease)<br><u>2015-2014</u> | Percent<br>Change | <u>2013</u>     | Increase<br>(Decrease)<br><u>2014-2013</u> | Percent<br>Change |
|-----------------------------------|-----------------|-----------------|--|-------------------|-----------------|--|-------------------|
| Operating revenues                |                 |                 |  |                   |                 |  |                   |
| Net tuition and fees              | \$9,323         | \$11,797        | (\$2,474)                                  | (21.0)%           | \$10,530        | 1,267                                      | 12.0%             |
| Other                             | 3,545           | 3,148           | 397  | 12.6%             | 4,755           | (1,607)                                    | (33.8)%           |
| Total operating revenues          | <u>12,868</u>   | <u>14,945</u>   | <u>(2,077)</u>                             | <u>(13.9)%</u>    | <u>15,285</u>   | <u>(340)</u>                               | <u>(2.2)%</u>     |
| Less operating expenses           | <u>53,696</u>   | <u>53,952</u>   | <u>(256)</u>                               | <u>(0.5)%</u>     | <u>53,911</u>   | <u>41</u>                                  | <u>0.1%</u>       |
| Operating (loss)                  | <u>(40,828)</u> | <u>(39,007)</u> | <u>(1,821)</u>                             | <u>(4.7)%</u>     | <u>(38,626)</u> | <u>(381)</u>                               | <u>(1.0)%</u>     |
| Non-operating revenues (expenses) |                 |                 |  |                   |                 |  |                   |
| Property taxes                    | 20,986          | 19,985          | 1,001                                      | 5.0%              | 19,799          | 186  | 0.9%              |
| SURS contribution by State        | 7,346           | 6,703           | 643  | 9.6%              | 6,494           | 209  | 3.2%              |
| State grants and contracts        | 4,296           | 4,261           | 35   | 0.8%              | 4,273           | (12)                                       | (0.3)%            |
| Federal grants and contracts      | 9,943           | 9,962           | (19)                                       | (0.2)%            | 9,840           | 122  | 1.2%              |
| Investment income                 | 24              | 45              | (21)                                       | (46.7)%           | 17              | 28   | 164.7%            |
| Interest expense                  | (3,533)         | (3,766)         | 233  | 6.2%              | (3,692)         | (74)                                       | (2.0)%            |
| Loss on disposal of assets        | 0               | (20)            | 20   | 100.0%            | 0               | (20)                                       | (100.0)%          |
| Amortization expense              | (13)            | (13)            | 0  | 0.0%              | (13)            | 0  | 0.0%              |
| Total net non-operating revenue   | <u>39,049</u>   | <u>37,157</u>   | <u>1,892</u>                               | <u>5.1%</u>       | <u>36,718</u>   | <u>439</u>                                 | <u>1.2%</u>       |
| Change in net position            | (1,779)         | (1,850)         | 71   | 3.8%              | (1,908)         | 58   | 3.0%              |
| Net position, beginning of year   | <u>50,649</u>   | <u>52,499</u>   | <u>(1,850)</u>                             | <u>(3.5)%</u>     | <u>54,407</u>   | <u>(1,908)</u>                             | <u>(3.5)%</u>     |
| Net position, end of year         | <u>\$48,870</u> | <u>\$50,649</u> | <u>(\$1,779)</u>                           | <u>(3.5)%</u>     | <u>\$52,499</u> | <u>(\$1,850)</u>                           | <u>(3.5)%</u>     |
| Total revenues                    | <u>\$55,463</u> | <u>\$55,901</u> | <u>(\$438)</u>                             | <u>-0.8%</u>      | <u>\$55,708</u> | <u>193</u>                                 | <u>0.4%</u>       |
| Total expenses                    | <u>\$57,242</u> | <u>\$57,751</u> | <u>(\$509)</u>                             | <u>-0.9%</u>      | <u>\$57,616</u> | <u>135</u>                                 | <u>0.2%</u>       |

### Fiscal Year 2015 Revenues Compared to Fiscal Year 2014

For fiscal year 2015, total revenues were \$55,463,724, a decrease of \$438,741 (or -0.8 percent) from 2014 total revenues. Operating revenues declined by \$2.1 million (or -13.9 percent) from 2014 to 2015. Student tuition and fees, net of scholarship allowances, decreased by \$2.4 million (or -21.0 percent) due to an increase of \$2.1 million in the calculated scholarship allowances amount from 2014 to 2015. Enrollment declines from 2014 to 2015 resulted in \$0.3 million less tuition and fees. While there was a significant increase in institutional waivers, students also used more grants, loans and scholarship funds to pay their tuition and fee charges during 2015. Other operating and auxiliary revenues increased by \$396,718 (or 12.6 percent) due to a donation in direct support of the College NOW program, an increase in fees charged at the child development lab and growth in an international instruction program.

Total net non-operating revenues increased by \$1,891,924 (or 5.1 percent) over 2014 non-operating revenues. The \$642,115 (or 9.6 percent) increase in the SURS contribution non-operating revenue and operating expense is due to increased pension funding required by the State of Illinois. Property tax revenues increased by \$1,001,349 (or 5.0 percent) due to increases in several individual tax fund levies and to 0.55 percent growth in the district's equalized assessed valuation. The Bond and Interest Fund levy, for debt service payments, increased by \$460,715 and the equity tax levy increased by \$256,804.

State grants funding increased by 0.8 percent. Interest expense decreased by \$233,301 (or -6.2 percent) due to the bond interest payment schedules. Total federal grants and contracts decreased by only \$19,687 or -0.2 percent. During 2015, \$8,910,305 was awarded in federal student awards and student and parent loans, as compared to \$8,887,559 in 2014, for an increase of \$22,746. Several other federal grants received less funding during 2015. Investment income decreased by \$20,704 due to the second year of technology bond fund spending and thereby declining funds available for investment during fiscal year 2015.

For fiscal year 2015, total expenses were \$57,242,971 resulting in a decrease of \$509,095 (or -0.9 percent) from 2014. Net position decreased by \$1,779,147 (or -3.5 percent) which was 3.8 percent less than the net position change in 2014.

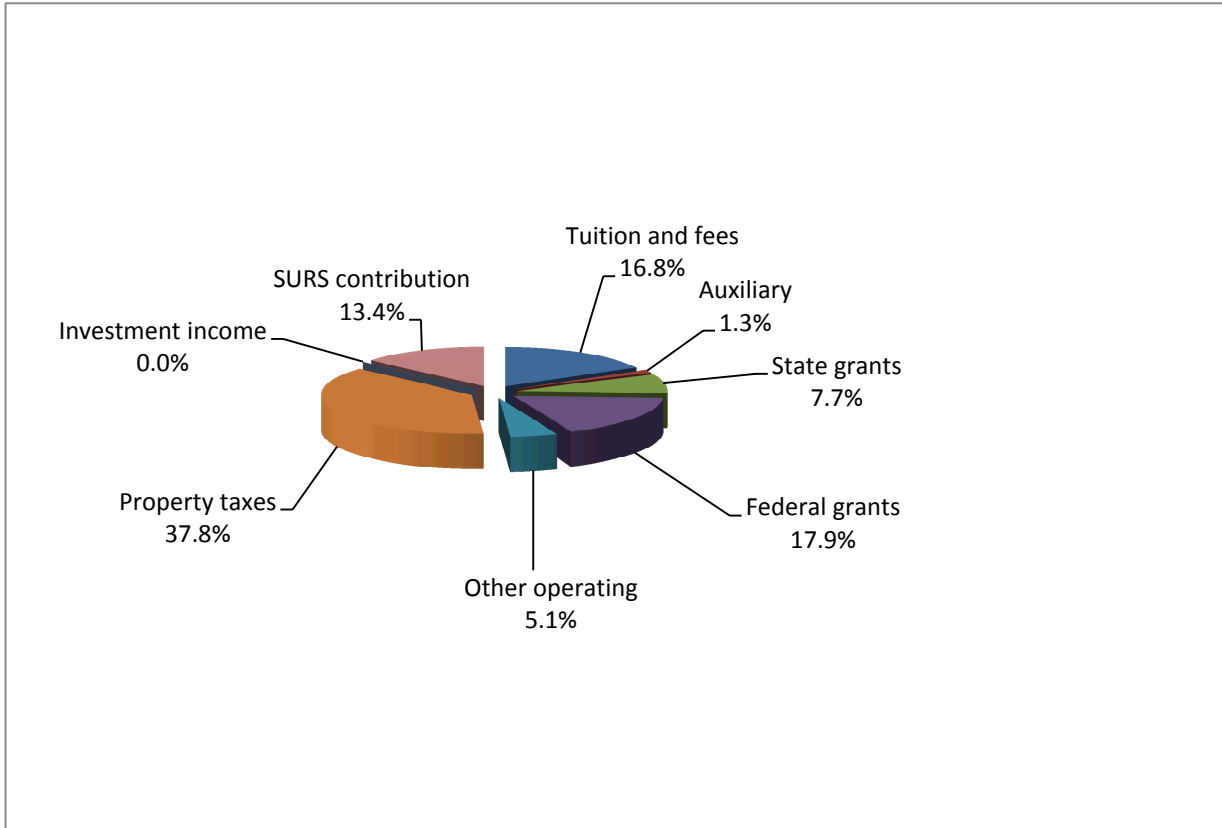
#### Fiscal Year 2014 Revenues Compared to Fiscal Year 2013

For fiscal year 2014, total revenues were \$55,902,465, an increase of \$193,781 (or 0.4 percent) over 2013 total revenues. Operating revenues declined by \$339,787 (or -2.2 percent) from 2013 to 2014. Student tuition and fees, net of scholarship allowances, increased by \$1,266,678 (or 12.0 percent) due to an increase of \$3 per credit hour in the student tuition and fees rate effective for fiscal year 2014 and to a decrease of \$1,560,228 in the scholarship allowances amount from 2013 to 2014. Other operating and auxiliary revenues declined by \$1,606,465 (or -33.8 percent) due to a reduction of more than \$1 million in one continuing education technology training contract, an overall decline in continuing education enrollments and a reduced enrollment in the child development lab.

Total net non-operating revenues increased by \$439,433 (or 1.2 percent) over 2013 non-operating revenues. The \$209,550 (or 3.2 percent) increase in the SURS contribution non-operating revenue and operating expense is due to an increase in pension funding by the State of Illinois. Property tax revenues increased by \$186,278 due to increases in several individual tax fund levies, offset by a decline in the equalized assessed valuation of -0.71 percent. The Bond and Interest Fund levy, for debt service payments, increased by \$321,290 and the equity tax levy increased by \$248,140. The protection, health and safety levy decreased by \$84,645. Interest expense increased by \$74,000 (or 2.0 percent) due to the bond interest payment schedules. Federal grants and contracts increased by \$121,761 and 1.2 percent. During 2014, \$8,887,559 was awarded in federal student awards and student and parent loans, as compared to \$8,771,824 in 2013, an increase of \$115,735. Investment income increased by \$28,021 due to slightly increased investment yields and larger investment balances during fiscal year 2014.

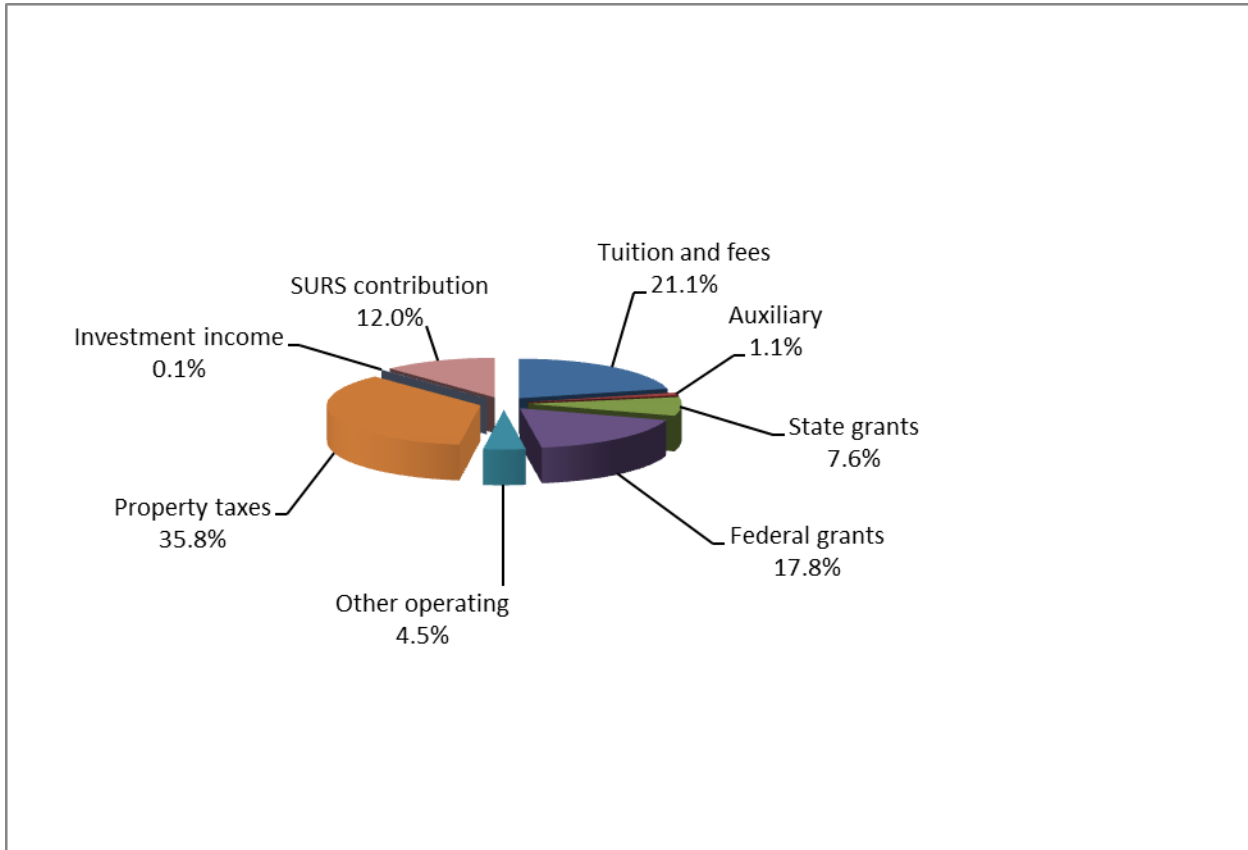
For fiscal year 2014, total expenses were \$57,751,966 resulting in an increase of \$134,921 (or 0.2 percent) over 2013. Net position decreased by \$1,849,501 (or -3.5 percent) which was 3.0 percent less than the net position change in 2013.

Following is a graphic illustration of revenues by source for fiscal year 2015:



The pie chart above shows all revenue from both operating and non-operating. The chart shows that local property taxes accounted for the largest percentage of the College's revenue at 37.8 percent. The next highest was federal grants at 17.9 percent. Tuition and fees accounted for 16.8 percent of the College's revenue and State grants accounted for 7.7 percent during fiscal year 2015. The SURS contribution reflected 13.4 percent of total revenues. Other operating revenue accounted for 5.1 percent of revenues. Auxiliary and investment income were negligible contributing only 1.3 percent and less than 0.1 percent of total revenue, respectively.

For purposes of comparison, following is a graphic illustration of revenues by source for fiscal year 2014:



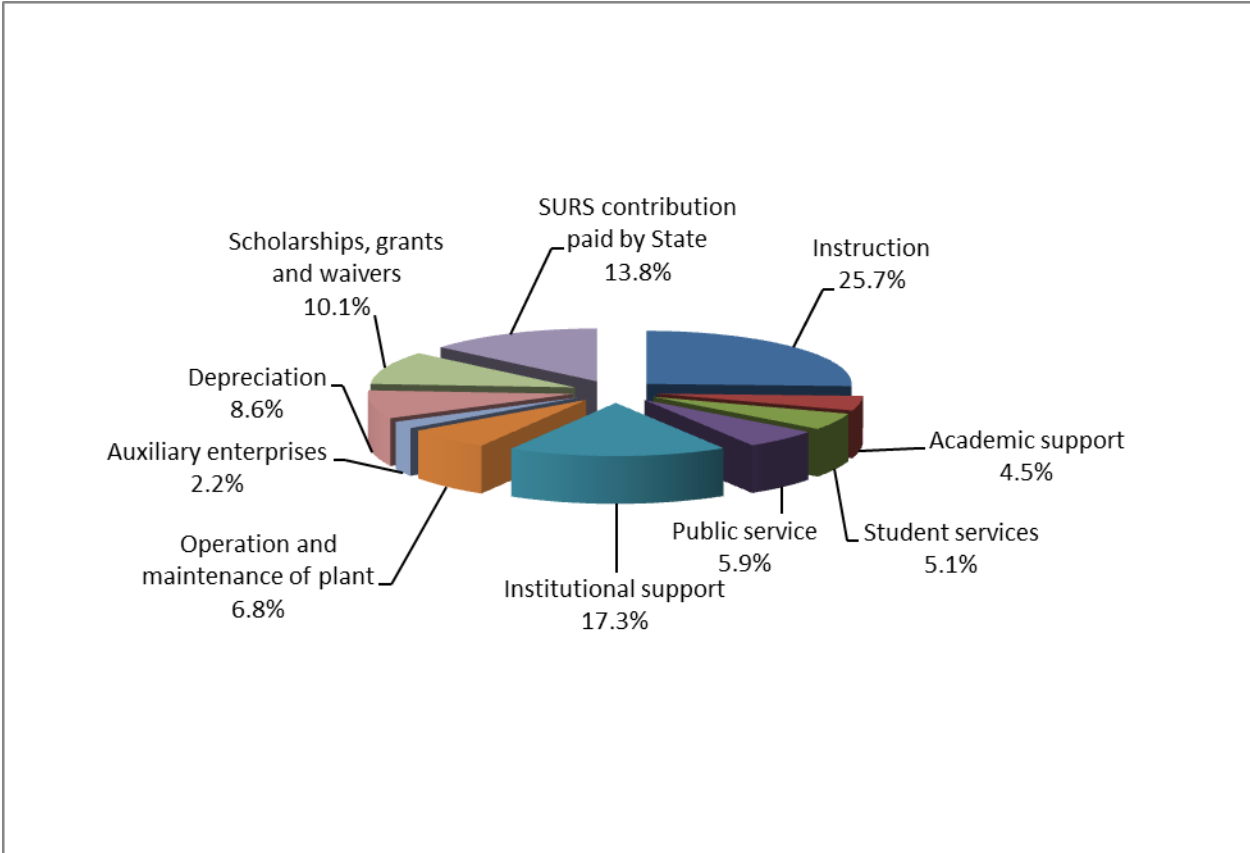
Following is a comparative analysis of operating expenses by program.

Operating Expenses by Program  
For the Years Ended June 30,  
(in thousands)

| Program                            | 2015            | 2014            | Increase<br>(Decrease)<br>2015-2014 | Percent<br>Change | 2013            | Increase<br>(Decrease)<br>2014-2013 | Percent<br>Change |
|------------------------------------|-----------------|-----------------|-------------------------------------|-------------------|-----------------|-------------------------------------|-------------------|
| Instruction                        | \$13,807        | \$13,666        | \$141                               | 1.0%              | \$13,617        | \$49                                | 0.4%              |
| Academic support                   | 2,407           | 2,324           | 83                                  | 3.6%              | 2,672           | (348)                               | (13.0)%           |
| Student services                   | 2,767           | 2,570           | 197                                 | 7.7%              | 2,579           | (9)                                 | (0.3)%            |
| Public service                     | 3,190           | 3,719           | (529)                               | (14.2)%           | 5,116           | (1,397)                             | (27.3)%           |
| Institutional support              | 9,287           | 8,601           | 686                                 | 8.0%              | 9,165           | (564)                               | (6.2)%            |
| Operation and maintenance of plant | 3,622           | 3,525           | 97                                  | 2.8%              | 3,454           | 71                                  | 2.1%              |
| Auxiliary enterprises              | 1,192           | 1,145           | 47                                  | 4.1%              | 1,237           | (92)                                | (7.4)%            |
| Depreciation                       | 4,639           | 4,710           | (71)                                | (1.5)%            | 4,722           | (12)                                | (0.3)%            |
| Scholarships, grants and waivers   | 5,440           | 6,989           | (1,549)                             | (22.2)%           | 4,855           | 2,134                               | 44.0%             |
| SURS contribution paid by State    | 7,345           | 6,703           | 642                                 | 9.6%              | 6,494           | 209                                 | 3.2%              |
| <b>Total</b>                       | <b>\$53,696</b> | <b>\$53,952</b> | <b>(\$256)</b>                      | <b>(0.5)%</b>     | <b>\$53,911</b> | <b>\$41</b>                         | <b>0.1%</b>       |

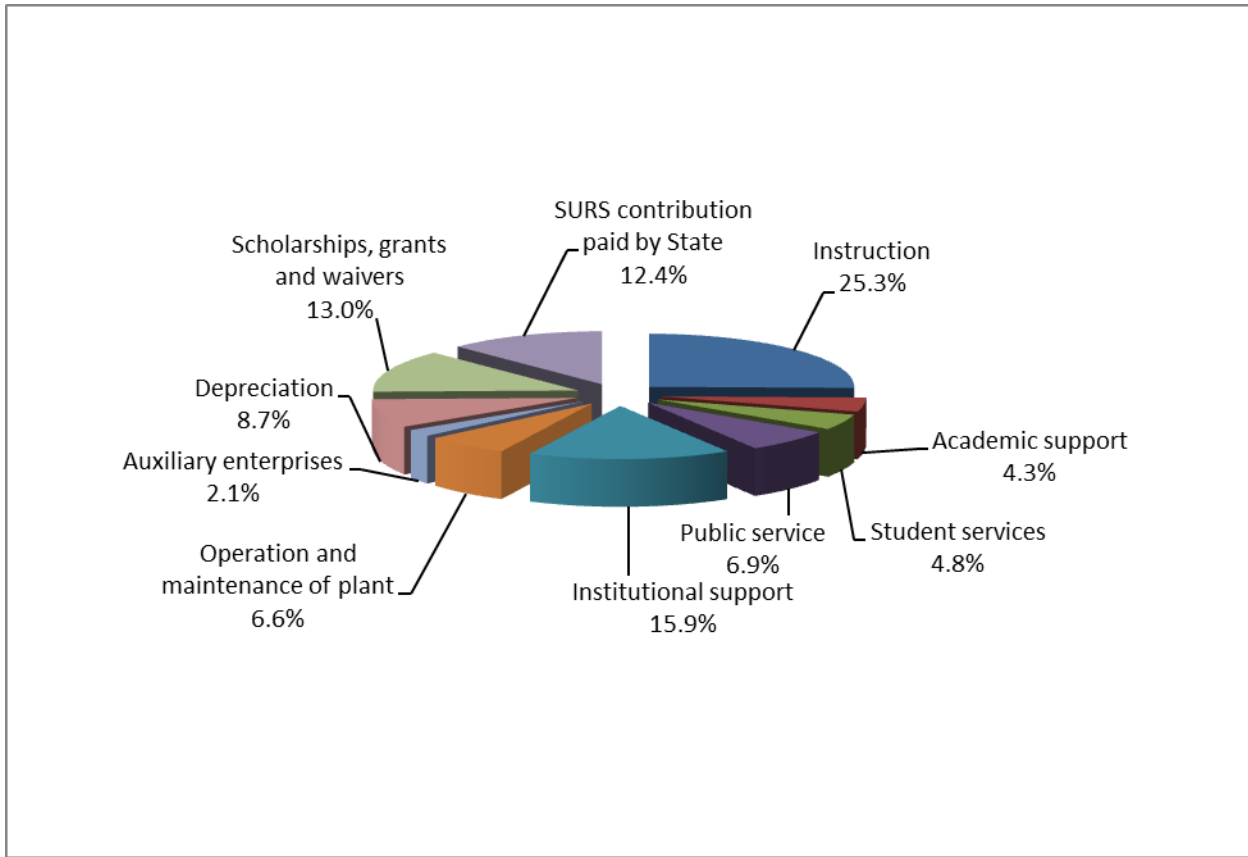
The pie chart following shows the operating expenses by program for fiscal year 2015 as a percentage of total expenses. Direct services to students accounted for 53.5 percent of total expenses. Direct services to students include: Instruction at 25.7 percent, Academic support at 4.5 percent, Student services at 5.1 percent, Public service at 5.9 percent, Scholarships, grants and waivers at 10.1 percent, and Auxiliary enterprises at 2.2 percent. Indirect services to students accounted for 46.5 percent of total expenses. Indirect services to students include: Operations and maintenance of plant at 6.8 percent, Institutional support at 17.3 percent, Depreciation at 8.6 percent and the SURS contribution at 13.8 percent.

Operating Expenses by Program  
Fiscal Year 2015



For purposes of comparison, following is a pie chart of the operating expenses by program for fiscal year 2014 as a percentage of total expenses.

## Operating Expenses by Program Fiscal Year 2014



### Capital Assets

As of June 30, 2015, the College investment in capital assets totaled \$157.0 million. Capital assets net of accumulated depreciation of \$37.9 million totaled \$119.1 million. The 3.2 percent decrease in net capital assets as of June 30, 2015 is due to the increase in accumulated depreciation of almost \$4.6 million or 13.8 percent. Additional information regarding capital assets can be found in Note 4 to the financial statements. Following is an analysis of capital assets.

Capital Assets  
For the Years Ended June 30,  
(in thousands)

|                                      | <u>2015</u>      | <u>2014</u>      | Increase<br>(Decrease)<br><u>2015-2014</u> | Percent<br>Change | <u>2013</u>      | Increase<br>(Decrease)<br><u>2014-2013</u> | Percent<br>Change |
|--------------------------------------|------------------|------------------|--|-------------------|------------------|--|-------------------|
| Capital Assets not being depreciated |                  |                  |  |                   |                  |  |                   |
| Land                                 | \$4,481          | \$4,369          | \$112                                      | 2.6%              | \$4,369          | \$0  | 0.0%              |
| Construction-in-Progress             | 103              | 565              | (\$462)                                    | (81.8)%           | 139              | 426  | 306.5%            |
| Capital Assets being depreciated     |                  |                  |  |                   |                  |  |                   |
| Buildings                            | 121,164          | 121,097          | \$67                                       | 0.1%              | 121,097          | 0  | 0.0%              |
| Infrastructure                       | 17,596           | 16,918           | \$678                                      | 4.0%              | 16,851           | 67   | 0.4%              |
| Furniture and equipment              | 13,636           | 13,427           | \$209                                      | 1.6%              | 13,154           | 273  | 2.1%              |
| Total                                | 156,980          | 156,376          | \$604                                      | 0.4%              | 155,610          | 766  | 0.5%              |
| Less Accumulated Depreciation        | (37,870)         | (33,281)         | (4,589)                                    | (13.8)%           | (28,637)         | (4,644)                                    | (16.2)%           |
| Net Capital Assets                   | <u>\$119,110</u> | <u>\$123,095</u> | <u>(\$3,985)</u>                           | <u>(3.2)%</u>     | <u>\$126,973</u> | <u>(\$3,878)</u>                           | <u>(3.1)%</u>     |

## Debt Administration

The College paid \$4,310,000 in bond and debt certificate principal and \$91,501 in principal on capital leases during fiscal year 2015. Compensated absences for employee vacations increased by a net amount of \$56,544 or 5.0 percent. Bond premiums were amortized and reduced by \$129,000 or 29.3 percent. Additional information regarding long-term liabilities can be found in Note 6 to the financial statements. Following is an analysis of long-term liabilities.

Long Term Debt  
For the Years Ended June 30,  
(in thousands)

|  | <u>2015</u>     | <u>2014</u>     | Increase<br>(Decrease)<br><u>2015-2014</u> | Percent<br>Change | <u>2013</u>     | Increase<br>(Decrease)<br><u>2014-2013</u> | Percent<br>Change |
|--|-----------------|-----------------|--|-------------------|-----------------|--|-------------------|
| Long-term debt                                 |                 |                 |  |                   |                 |  |                   |
| General obligation bonds and debt certificates | \$80,950        | \$85,260        | (\$4,310)                                  | -5.1%             | \$84,805        | \$455                                      | 0.5%              |
| Bond Premium                                   | 312             | 441             | (129)                                      | -29.3%            | 0               | 441  | 100.0%            |
| Compensated absences                           | 1,172           | 1,116           | 56   | 5.0%              | 1,150           | (34)                                       | -3.0%             |
| Capital lease obligations                      | 61              | 152             | (91)                                       | -59.9%            | 94              | 58   | 61.7%             |
| Total  | <u>\$82,495</u> | <u>\$86,969</u> | <u>(\$4,474)</u>                           | <u>-5.1%</u>      | <u>\$86,049</u> | <u>\$920</u>                               | <u>1.1%</u>       |

## Contacting Heartland'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 Sue A. Gilpin, Controller. College budgets and audited financial reports are also available on the College website at [www.heartland.edu/bs/bo](http://www.heartland.edu/bs/bo)

**Other**

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

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
STATEMENTS OF NET POSITION  
June 30, 2015 and 2014**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

|   | <u>Primary Government</u><br>College |                       | <u>Component Unit</u><br>Foundation |                     |
|---|--------------------------------------|-----------------------|-------------------------------------|---------------------|
|   | <u>2015</u>                          | <u>2014</u>           | <u>2015</u>                         | <u>2014</u>         |
| <b>CURRENT ASSETS</b>   |                                      |                       |                                     |                     |
| Cash and cash equivalents   | \$ 11,741,196                        | \$ 14,145,700         | \$ 421,865                          | \$ 928,458          |
| Short-term investments  | 11,275,073                           | 8,784,245             | 2,563,953                           | 2,436,305           |
| Accounts receivable:  |                                      |                       |                                     |                     |
| Property taxes  | 12,196,771                           | 11,819,060            | -                                   | -                   |
| Student tuition and fees, net of allowance of<br>\$437,000 for 2015 and 2014                                  | 5,859,295                            | 5,897,542             | -                                   | -                   |
| Government  | 1,210,810                            | 1,484,749             | -                                   | -                   |
| Pledges receivable  | -                                    | -                     | 97,000                              | 136,000             |
| Other receivables   | 262,204                              | 328,926               | 6,430                               | 557                 |
| Accrued interest receivable   | 8,174                                | 2,196                 | 21                                  | 7                   |
| Prepaid items   | 921,005                              | 904,883               | 4,762                               | 300                 |
| Other current assets  | 185,745                              | 254,846               | -                                   | -                   |
|   | <u>43,660,273</u>                    | <u>43,622,147</u>     | <u>3,094,031</u>                    | <u>3,501,627</u>    |
| Total current assets  |                                      |                       |                                     |                     |
| <b>NONCURRENT ASSETS</b>  |                                      |                       |                                     |                     |
| Long-term investments   | 247,500                              | 1,831,300             | 382,836                             | 282,646             |
| Pledges receivable  | -                                    | -                     | 200,500                             | 426,000             |
| Capital assets not being depreciated  | 4,584,486                            | 4,933,618             | -                                   | -                   |
| Capital assets, net of depreciation   | <u>114,525,479</u>                   | <u>118,161,553</u>    | <u>-</u>                            | <u>-</u>            |
|   | <u>119,357,465</u>                   | <u>124,926,471</u>    | <u>583,336</u>                      | <u>708,646</u>      |
| Total noncurrent assets   |                                      |                       |                                     |                     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                                      |                       |                                     |                     |
| Subsequent year's pension expense related to<br>federal, trust, or grant contributions in the<br>current year | <u>49,214</u>                        | <u>-</u>              | <u>-</u>                            | <u>-</u>            |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>  | <u>\$ 163,066,952</u>                | <u>\$ 168,548,618</u> | <u>\$ 3,677,367</u>                 | <u>\$ 4,210,273</u> |

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

|                                      | <u>Primary Government</u><br>College |                      | <u>Component Unit</u><br>Foundation |                     |
|--------------------------------------|--------------------------------------|----------------------|-------------------------------------|---------------------|
|                                      | <u>2015</u>                          | <u>2014</u>          | <u>2015</u>                         | <u>2014</u>         |
| <b>CURRENT LIABILITIES</b>           |                                      |                      |                                     |                     |
| Accounts payable                     | \$ 1,126,635                         | \$ 1,010,978         | \$ 11,757                           | \$ 218,845          |
| Accrued liabilities                  | 1,433,541                            | 1,447,397            | -                                   | -                   |
| Accrued interest payable             | 519,854                              | 382,528              | -                                   | -                   |
| Deposit for bonds                    | 163,556                              | 213,835              | -                                   | -                   |
| Unearned revenue:                    |                                      |                      |                                     |                     |
| Student tuition and fees             | 6,512,732                            | 6,336,714            | -                                   | -                   |
| Other                                | 512,449                              | 700,319              | -                                   | -                   |
| Accrued compensated absences         | 586,161                              | 557,889              | -                                   | -                   |
| Bonds payable                        | 4,180,000                            | 4,310,000            | -                                   | -                   |
| Capital lease obligations            | 60,920                               | 91,501               | -                                   | -                   |
|                                      | <u>15,095,848</u>                    | <u>15,051,161</u>    | <u>11,757</u>                       | <u>218,845</u>      |
| Total current liabilities            |                                      |                      |                                     |                     |
| <b>NONCURRENT LIABILITIES</b>        |                                      |                      |                                     |                     |
| Accrued compensated absences         | 586,161                              | 557,889              | -                                   | -                   |
| Bonds and debt certificates          | 77,081,750                           | 81,390,750           | -                                   | -                   |
| Capital lease obligations            | -                                    | 60,920               | -                                   | -                   |
|                                      | <u>77,667,911</u>                    | <u>82,009,559</u>    | <u>-</u>                            | <u>-</u>            |
| Total noncurrent liabilities         |                                      |                      |                                     |                     |
|                                      | <u>92,763,759</u>                    | <u>97,060,720</u>    | <u>11,757</u>                       | <u>218,845</u>      |
| Total liabilities                    |                                      |                      |                                     |                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                                      |                      |                                     |                     |
| Subsequent year's property taxes     | <u>21,433,078</u>                    | <u>20,838,636</u>    | <u>-</u>                            | <u>-</u>            |
| <b>NET POSITION</b>                  |                                      |                      |                                     |                     |
| Net investment in capital assets     | 39,912,827                           | 41,635,091           | -                                   | -                   |
| Restricted for:                      |                                      |                      |                                     |                     |
| Capital projects                     | 1,677                                | 337,411              | -                                   | -                   |
| Working cash                         | 3,900,000                            | 3,900,000            | -                                   | -                   |
| Specific purposes                    | 157,210                              | 280,128              | 2,937,849                           | 2,781,399           |
| Unrestricted                         | <u>4,898,401</u>                     | <u>4,496,632</u>     | <u>727,761</u>                      | <u>1,210,029</u>    |
|                                      | <u>\$ 48,870,115</u>                 | <u>\$ 50,649,262</u> | <u>\$ 3,665,610</u>                 | <u>\$ 3,991,428</u> |
| Total net position                   |                                      |                      |                                     |                     |

The accompanying notes are an integral part of the financial statements.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Years Ended June 30, 2015 and 2014**

|  | <u>Primary Government</u><br>College |                      | <u>Component Unit</u><br>Foundation |                     |
|--|--------------------------------------|----------------------|-------------------------------------|---------------------|
|  | <u>2015</u>                          | <u>2014</u>          | <u>2015</u>                         | <u>2014</u>         |
| <b>OPERATING REVENUES</b>  |                                      |                      |                                     |                     |
| Student tuition and fees (net of scholarship allowances<br>\$7,591,288 for 2015; \$5,460,622 for 2014) | \$ 9,322,824                         | \$ 11,796,677        | \$ -                                | \$ -                |
| Auxiliary enterprises revenue  | 724,995                              | 637,986              | -                                   | -                   |
| Annual campaign/gifts  | -                                    | -                    | 391,508                             | 1,007,250           |
| Fundraising  | -                                    | -                    | 193,384                             | 178,039             |
| Other operating revenues   | <u>2,820,351</u>                     | <u>2,510,642</u>     | <u>2,712</u>                        | <u>510</u>          |
| Total operating revenue  | <u>12,868,170</u>                    | <u>14,945,305</u>    | <u>587,604</u>                      | <u>1,185,799</u>    |
| <b>OPERATING EXPENSES</b>  |                                      |                      |                                     |                     |
| Institutional support  | 9,287,265                            | 8,600,653            | -                                   | -                   |
| Instruction  | 13,806,722                           | 13,665,862           | -                                   | -                   |
| Scholarships, student grants and waivers   | 5,439,759                            | 6,988,876            | 221,697                             | 217,317             |
| Operations and maintenance   | 3,622,478                            | 3,525,130            | -                                   | -                   |
| Student services   | 2,767,179                            | 2,569,575            | -                                   | -                   |
| Academic support   | 2,406,802                            | 2,323,736            | -                                   | -                   |
| Public services  | 3,190,156                            | 3,719,162            | -                                   | -                   |
| Depreciation   | 4,638,829                            | 4,710,573            | -                                   | -                   |
| SURS contribution paid by state  | 7,345,516                            | 6,703,401            | -                                   | -                   |
| Auxiliary enterprises  | 1,191,842                            | 1,145,145            | -                                   | -                   |
| General and administrative   | -                                    | -                    | 676,463                             | 131,480             |
| Fundraising  | -                                    | -                    | 76,479                              | 52,179              |
| Total operating expenses   | <u>53,696,548</u>                    | <u>53,952,113</u>    | <u>974,639</u>                      | <u>400,976</u>      |
| Operating income (loss)  | <u>(40,828,378)</u>                  | <u>(39,006,808)</u>  | <u>(387,035)</u>                    | <u>784,823</u>      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |                                      |                      |                                     |                     |
| Property taxes   | 20,986,413                           | 19,985,064           | -                                   | -                   |
| State grants and contracts   | 4,296,628                            | 4,261,307            | -                                   | -                   |
| Federal grants and contracts   | 9,942,770                            | 9,962,457            | -                                   | -                   |
| Interest expense   | (3,532,897)                          | (3,766,198)          | -                                   | -                   |
| Investment income  | 24,227                               | 44,931               | 61,217                              | 257,948             |
| Amortization expense   | (13,426)                             | (13,426)             | -                                   | -                   |
| Loss on disposal of assets   | -                                    | (20,229)             | -                                   | -                   |
| SURS contribution provided by state  | <u>7,345,516</u>                     | <u>6,703,401</u>     | <u>-</u>                            | <u>-</u>            |
| Total nonoperating<br>revenues (expenses)  | <u>39,049,231</u>                    | <u>37,157,307</u>    | <u>61,217</u>                       | <u>257,948</u>      |
| Increase (decrease) in net position  | (1,779,147)                          | (1,849,501)          | (325,818)                           | 1,042,771           |
| <b>NET POSITION</b>  |                                      |                      |                                     |                     |
| Beginning of year  | <u>50,649,262</u>                    | <u>52,498,763</u>    | <u>3,991,428</u>                    | <u>2,948,657</u>    |
| End of year  | <u>\$ 48,870,115</u>                 | <u>\$ 50,649,262</u> | <u>\$ 3,665,610</u>                 | <u>\$ 3,991,428</u> |

The accompanying notes are an integral part of the financial statements.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2015 and 2014**

|   | <u>Primary Government</u><br><u>College</u> |                      | <u>Component Unit</u><br><u>Foundation</u> |                   |
|---|---|----------------------|--|-------------------|
|   | <u>2015</u>                                 | <u>2014</u>          | <u>2015</u>                                | <u>2014</u>       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |   |                      |  |                   |
| Tuition and fees  | \$ 9,537,089                                | \$ 11,939,131        | \$ -                                       | \$ -              |
| Payments to suppliers   | (20,460,259)                                | (21,806,501)         | (964,493)                                  | (37,982)          |
| Payments to employees   | (21,104,325)                                | (20,719,403)         | -  | -                 |
| Auxiliary enterprise charges                                    | 724,995                                     | 637,986              | -  | -                 |
| Receipts from contributors                                      | -   | -                    | 658,721                                    | 1,445,760         |
| Receipts from fundraising activities                            | -   | -                    | 187,511                                    | 246,779           |
| Payments for scholarships                                       | -   | -                    | (221,697)                                  | (217,317)         |
| Other   | 2,649,989                                   | 2,940,407            | -  | -                 |
| Net cash provided by (used in) operating activities             | <u>(28,652,511)</u>                         | <u>(27,008,380)</u>  | <u>(339,958)</u>                           | <u>1,437,240</u>  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |   |                      |  |                   |
| Property taxes  | 21,203,144                                  | 20,416,969           | -  | -                 |
| State, federal and local grants and contracts                   | 14,513,337                                  | 15,528,058           | -  | -                 |
| Proceeds from debt certificates                                 | -   | 4,500,000            | -  | -                 |
| Principal payments on debt certificates                         | -   | (4,500,000)          | -  | -                 |
| Direct lending receipts   | 3,868,239                                   | 3,844,406            | -  | -                 |
| Direct lending payments   | (3,868,239)                                 | (3,844,406)          | -  | -                 |
| Net cash provided by noncapital financing activities            | <u>35,716,481</u>                           | <u>35,945,027</u>    | <u>-</u>                                   | <u>-</u>          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |   |                      |  |                   |
| Purchases of capital assets                                     | (653,623)                                   | (591,969)            | -  | -                 |
| Premium on bonds  | -   | 440,750              | -  | -                 |
| Proceeds from debt certificates                                 | -   | 1,700,000            | -  | -                 |
| Proceeds from bonds   | -   | 4,100,000            | -  | -                 |
| Principal payments on bonds payable                             | (4,310,000)                                 | (5,345,000)          | -  | -                 |
| Interest payments on long-term debt                             | (3,524,571)                                 | (3,781,327)          | -  | -                 |
| Principal payments on capital leases                            | (91,501)                                    | (127,633)            | -  | -                 |
| Net cash used in capital and related financing activities       | <u>(8,579,695)</u>                          | <u>(3,605,179)</u>   | <u>-</u>                                   | <u>-</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |   |                      |  |                   |
| Interest received   | 18,249                                      | 49,367               | 128,647                                    | 63,331            |
| Proceeds from maturities of investments                         | 15,734,145                                  | 23,487,651           | -  | -                 |
| Purchases of investments  | (16,641,173)                                | (28,866,745)         | (295,282)                                  | (1,013,704)       |
| Net cash used in investing activities                           | <u>(888,779)</u>                            | <u>(5,329,727)</u>   | <u>(166,635)</u>                           | <u>(950,373)</u>  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | (2,404,504)                                 | 1,741                | (506,593)                                  | 486,867           |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>             | <u>14,145,700</u>                           | <u>14,143,959</u>    | <u>928,458</u>                             | <u>441,591</u>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                   | <u>\$ 11,741,196</u>                        | <u>\$ 14,145,700</u> | <u>\$ 421,865</u>                          | <u>\$ 928,458</u> |

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2015 and 2014**

|   | <b>Primary Government<br/>College</b> |                               | <b>Component Unit<br/>Foundation</b> |                            |
|---|---------------------------------------|-------------------------------|--------------------------------------|----------------------------|
|   | <b>2015</b>                           | <b>2014</b>                   | <b>2015</b>                          | <b>2014</b>                |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED BY (USED IN)<br/>OPERATING ACTIVITIES</b> |                                       |                               |                                      |                            |
| Operating income (loss)   | \$ (40,828,378)                       | \$ (39,006,808)               | \$ (387,035)                         | \$ 784,823                 |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used in) operating activities:     |                                       |                               |                                      |                            |
| Depreciation  | 4,638,829                             | 4,710,573                     | -                                    | -                          |
| SURS contribution paid by state   | 7,345,516                             | 6,703,401                     | -                                    | -                          |
| Changes in deferred outflows of resources   | (49,214)                              | -                             | -                                    | -                          |
| Change in assets and liabilities:   |                                       |                               |                                      |                            |
| Receivables   | 104,969                               | 352,907                       | 264,500                              | 438,000                    |
| Prepaid items   | (29,548)                              | (26,697)                      | (4,462)                              | (180)                      |
| Other   | 69,101                                | 1,033                         | (5,873)                              | 68,740                     |
| Accounts payable  | 115,657                               | (6,190)                       | (207,088)                            | 145,857                    |
| Accrued liabilities   | (13,856)                              | 52,718                        | -                                    | -                          |
| Deferred tuition and fees   | 176,018                               | 72,086                        | -                                    | -                          |
| Deferred other revenue  | (187,870)                             | 147,226                       | -                                    | -                          |
| Deposits  | (50,279)                              | 25,371                        | -                                    | -                          |
| Accrued compensated absences  | 56,544                                | (34,000)                      | -                                    | -                          |
| <b>NET CASH PROVIDED BY (USED IN)<br/>OPERATING ACTIVITIES</b>  | <b><u>\$ (28,652,511)</u></b>         | <b><u>\$ (27,008,380)</u></b> | <b><u>\$ (339,958)</u></b>           | <b><u>\$ 1,437,240</u></b> |
| <b>SIGNIFICANT NONCASH TRANSACTIONS</b>   |                                       |                               |                                      |                            |
| Capital assets included in accounts payable   | <u>\$ -</u>                           | <u>\$ 75,000</u>              | <u>\$ -</u>                          | <u>\$ -</u>                |
| Capital assets financed through capital leases  | <u>\$ -</u>                           | <u>\$ 186,238</u>             | <u>\$ -</u>                          | <u>\$ -</u>                |

The accompanying notes are an integral part of the financial statements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are based on accounts prescribed or permitted by the *Fiscal Management Manual* of the Illinois Community College Board. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as set forth in GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The following is a summary of the more significant policies:

**Organization**

Heartland Community College, Community College District #540 (District or 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 District. The Board is responsible for establishing the policies and procedures of the District.

Revenues are substantially generated as a result of taxes assessed and allocated to the District and grants received from state and federal governmental agencies. The District'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.

**Significant Accounting Policies**

Financial Reporting Entity

In evaluating how to define the District 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 of America. 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 District,
- The District 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 District is entitled to, or has the ability to otherwise access, are significant to the District.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued)**

Financial Reporting Entity (Continued)

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

The Foundation assists the District 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, 2015 and 2014 were \$221,697 and \$217,317, respectively.

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

The Foundation is a private not-for-profit 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 not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. For purposes of the District'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. Requests should be made to Douglas E. Minter, Secretary/Treasurer of the Foundation, at 309-268-8109.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the District'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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued)**

Basis of Accounting (Continued)

Nonexchange transactions, in which the District 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Investments

Investment securities are stated at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, except money market investments with maturities of one year or less and certificates of deposit which are stated at cost, which approximates fair value. Fair values for investment securities are based on quoted market prices. Income is recognized on the accrual basis of accounting. Changes in the carrying value of investments, resulting in unrealized gains or losses are reported as a component of investment income in the statements of revenues, expenses, and changes in net position. The types of investments allowed are regulated by Illinois state laws and include municipal bonds, U.S. Government or Illinois obligations, insured deposits or other investments of state or national banks, Federal National Mortgage Association obligations, Illinois Funds, and agreements collateralized by securities or mortgages in an amount at least equal to the fair value of the funds deposited.

Property Taxes

The District's property taxes are levied each calendar year on all taxable real property located in the 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 2014 become due and payable in two installments (June and September 2015). In accordance with Board resolution, property taxes extended for the 2014 tax year and collected in 2015 are recorded as revenue in fiscal year 2016. 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued)**

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (such as roads and sidewalks), and intangibles (software and other) which are reported at cost at the date of acquisition or their estimated fair value at the date of donation. The District'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. Renovations to buildings, infrastructure, and land improvements that increase the value more than \$50,000 or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed, with interest accrued during the construction period.

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

| <u>Assets</u>                | <u>Years</u> |
|------------------------------|--------------|
| Land improvements            | 10-20        |
| Buildings and infrastructure | 40-60        |
| Furniture and equipment      | 3-10         |

Risk Management

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

Unearned Tuition and Grant Revenues

Tuition collected prior to June 30 for the subsequent fall semester and the portion of tuition collected for the summer session that is not earned as of June 30, is recorded as unearned revenue at June 30 and recognized as revenue in the following year.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued)**

Noncurrent Liabilities

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

Scholarship Discounts and Allowances

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

On-behalf Payments for Fringe Benefits and Salaries

The District recognizes as revenues and expenses contributions made by the State of Illinois to the State Universities Retirement System on behalf of the District's employees. In fiscal years 2015 and 2014, the State made contributions of \$7,345,516 and \$6,703,401, respectively.

Use of Estimates

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

Cash and Cash Equivalents

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

Prepaid Items

Prepaid items represent current expenditures which benefit future periods.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued)**

Deferred Outflows of Resources

The District reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The District has one type of item which occurs related to pension expense. Employer paid federal, trust or grant contributions were made subsequent to the pension liability measurement date.

Deferred Inflows of Resources

The District's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District has one type of item which occurs related to revenue recognition. This occurs because property tax receivables are recorded in the current year but the revenue will be recorded in the subsequent year.

Pensions

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

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a 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 contributing entities.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued)**

Net Position

The District's net position is classified as follows:

- **Net Investment in Capital Assets:** This represents the District'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, 2015 and 2014, the District had \$1,813,782 and \$3,952,341, respectively, of unspent bond proceeds.
- **Restricted Net Position:** This includes resources that the District 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 District's policy to use restricted resources first, then unrestricted resources when they are needed.
- **Unrestricted:** This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the governing board to meet current expenses for any purpose.

Classification of Revenues

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

Classification of Expenses

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant Accounting Policies (Continued)**

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Loans, Student Support Services, and other educational programs. Federal programs are subject to an audit in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

Implementation of GASB 68 and Comparative Financial Statements

The District implemented Governmental Accounting Standards Board Statement No. 68, Financial Reporting for Pension Plans, for the year end June 30, 2015. The District determined it was not practical to restate June 30, 2014 because the information is not available from the State Universities Retirement System of Illinois (SURS). The June 30, 2014 financial statements have been prepared following GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as GASB Statement No. 50, Pension Disclosures. The only significant difference in the financial statements is the recording of deferred inflows of \$49,214 in 2015. Refer to Note 8 Pension Plan for further explanation and information.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Cash**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. At June 30, 2015 and 2014, the bank balance of the District's deposits, which primarily consists of demand deposits, was \$23,387,957 and \$25,051,932, respectively. At June 30, 2015 and 2014, all deposits were covered by federal depository insurance or by collateral held by the District's agent in the District's name.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

|  | <u><b>2015</b></u>          | <u><b>2014</b></u>          |
|--|-----------------------------|-----------------------------|
| Deposits:  |                             |                             |
| At June 30, 2015 and 2014, the District's deposits had the following balances: |                             |                             |
| Cash and cash equivalents  | \$ 11,741,196               | \$ 14,145,700               |
| Investments and certificates of deposit  | <u>11,522,573</u>           | <u>10,615,545</u>           |
|  | 23,263,769                  | 24,761,245                  |
| Less:  |                             |                             |
| Illinois Funds   | (6,116,681)                 | (2,530,561)                 |
| Illinois School District Liquid Asset Fund (ISDLAF)                            | <u>(3,239,648)</u>          | <u>(8,524,115)</u>          |
| <b>Carrying amount of deposits</b>   | <u><b>\$ 13,907,440</b></u> | <u><b>\$ 13,706,569</b></u> |

**Investments**

At June 30, 2015, the District's investment balances were as follows:

|        | <u><b>Fair Market Value</b></u> | <u><b>Less Than 1 Year</b></u> | <u><b>More Than 1 Year</b></u> | <u><b>Rating</b></u>   |
|--------|---------------------------------|--------------------------------|--------------------------------|------------------------|
| ISDLAF | <u>\$11,522,573</u>             | <u>\$11,275,073</u>            | <u>\$ 247,500</u>              | AAAm Standard & Poor's |

At June 30, 2014, the District's investment balances were as follows:

|        | <u><b>Fair Market Value</b></u> | <u><b>Less Than 1 Year</b></u> | <u><b>More Than 1 Year</b></u> | <u><b>Rating</b></u>   |
|--------|---------------------------------|--------------------------------|--------------------------------|------------------------|
| ISDLAF | <u>\$10,615,545</u>             | <u>\$ 8,784,245</u>            | <u>\$ 1,831,300</u>            | AAAm Standard & Poor's |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Credit Risk**

Credit risk is the risk that the District will not recover its investments due to the inability of the counterparty to fulfill its obligation. Illinois statutes authorize the District 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 District to invest funds in accordance with the Illinois Community College Act and the Investment of Public Funds Act with the exception that investments are not permitted in short-term obligations of U.S. corporations.

**Custodial Credit Risk**

Investments and deposits held by a financial institution which are in excess of \$250,000 are permitted if pledged securities are obtained to fully collateralize the investment and deposits. All of the District's investments and deposits are held in the District's name and are not subject to creditors of the custodial institution.

**Concentration of Credit Risk**

The District may be invested in a single institution so long as such funds do not exceed 30 percent of the institution's capital structure.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The State Treasurer maintains the Illinois Funds at cost through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the District's investment in the funds is the same as the value of the pool shares. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Funds is rated AAAM by Standard & Poors.

The ISDLAF is an investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. The ISDLAF is not registered with the SEC as an investment company. Investments in the ISDLAF are valued at share price, which is the price the investment could be sold for.

**NOTE 3 - PROPERTY TAXES**

Property taxes are recorded as deferred inflows of resources in the year of the levy and are recognized as revenue in the following year for which they are budgeted. Accordingly, at June 30, 2015 and 2014, the District had \$21,433,078 and \$20,838,636, respectively, of deferred inflows of resources.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 4 - CAPITAL ASSETS**

The following tables present the changes in the various capital asset categories for fiscal years 2015 and 2014.

**Capital Assets - Fiscal Year 2015**

|   | <b>Balance<br/>July 1,<br/>2014</b> | <b>Additions</b>      | <b>Deletions</b>    | <b>Balance<br/>June 30,<br/>2015</b> |
|---|-------------------------------------|-----------------------|---------------------|--------------------------------------|
| Capital assets not being depreciated:         |                                     |                       |                     |                                      |
| Land  | \$ 4,368,661                        | \$ 112,867            | \$ -                | \$ 4,481,528                         |
| Construction-in-progress                      | <u>564,957</u>                      | <u>20,447</u>         | <u>(482,446)</u>    | <u>102,958</u>                       |
| Total capital assets not<br>being depreciated | <u>4,933,618</u>                    | <u>133,314</u>        | <u>(482,446)</u>    | <u>4,584,486</u>                     |
| Capital assets being depreciated:             |                                     |                       |                     |                                      |
| Furniture and equipment                       | 13,427,141                          | 258,330               | (49,164)            | 13,636,307                           |
| Buildings                                     | 121,096,775                         | 66,899                | -                   | 121,163,674                          |
| Infrastructure                                | <u>16,918,334</u>                   | <u>677,526</u>        | <u>-</u>            | <u>17,595,860</u>                    |
| Total capital assets<br>being depreciated     | <u>151,442,250</u>                  | <u>1,002,755</u>      | <u>(49,164)</u>     | <u>152,395,841</u>                   |
| Less accumulated depreciation for:            |                                     |                       |                     |                                      |
| Furniture and equipment                       | (7,610,339)                         | (762,961)             | 49,164              | (8,324,136)                          |
| Buildings                                     | (18,832,247)                        | (3,005,476)           | -                   | (21,837,723)                         |
| Infrastructure                                | <u>(6,838,111)</u>                  | <u>(870,392)</u>      | <u>-</u>            | <u>(7,708,503)</u>                   |
| Total accumulated<br>depreciation             | <u>(33,280,697)</u>                 | <u>(4,638,829)</u>    | <u>49,164</u>       | <u>(37,870,362)</u>                  |
| Net capital assets being<br>depreciated       | <u>118,161,553</u>                  | <u>(3,636,074)</u>    | <u>-</u>            | <u>114,525,479</u>                   |
| <b>Net capital assets</b>                     | <u>\$ 123,095,171</u>               | <u>\$ (3,502,760)</u> | <u>\$ (482,446)</u> | <u>\$ 119,109,965</u>                |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

**Capital Assets - Fiscal Year 2014**

|   | <u>Balance<br/>July 1,<br/>2013</u> | <u>Additions</u>      | <u>Deletions</u>   | <u>Balance<br/>June 30,<br/>2014</u> |
|---|-------------------------------------|-----------------------|--------------------|--------------------------------------|
| Capital assets not being depreciated:         |                                     |                       |                    |                                      |
| Land  | \$ 4,368,661                        | \$ -                  | \$ -               | \$ 4,368,661                         |
| Construction-in-progress                      | <u>139,573</u>                      | <u>425,384</u>        | <u>-</u>           | <u>564,957</u>                       |
| Total capital assets not<br>being depreciated | <u>4,508,234</u>                    | <u>425,384</u>        | <u>-</u>           | <u>4,933,618</u>                     |
| Capital assets being depreciated:             |                                     |                       |                    |                                      |
| Furniture and equipment                       | 13,154,534                          | 360,188               | (87,581)           | 13,427,141                           |
| Buildings                                     | 121,096,775                         | -                     | -                  | 121,096,775                          |
| Infrastructure                                | <u>16,850,699</u>                   | <u>67,635</u>         | <u>-</u>           | <u>16,918,334</u>                    |
| Total capital assets<br>being depreciated     | <u>151,102,008</u>                  | <u>427,823</u>        | <u>(87,581)</u>    | <u>151,442,250</u>                   |
| Less accumulated depreciation for:            |                                     |                       |                    |                                      |
| Furniture and equipment                       | (6,828,748)                         | (848,943)             | 67,352             | (7,610,339)                          |
| Buildings                                     | (15,831,996)                        | (3,000,251)           | -                  | (18,832,247)                         |
| Infrastructure                                | <u>(5,976,732)</u>                  | <u>(861,379)</u>      | <u>-</u>           | <u>(6,838,111)</u>                   |
| Total accumulated<br>depreciation             | <u>(28,637,476)</u>                 | <u>(4,710,573)</u>    | <u>67,352</u>      | <u>(33,280,697)</u>                  |
| Net capital assets being<br>depreciated       | <u>122,464,532</u>                  | <u>(4,282,750)</u>    | <u>(20,229)</u>    | <u>118,161,553</u>                   |
| <b>Net capital assets</b>                     | <u>\$ 126,972,766</u>               | <u>\$ (3,857,366)</u> | <u>\$ (20,229)</u> | <u>\$ 123,095,171</u>                |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 5 - SHORT TERM DEBT**

In fiscal year 2015, the District issued no new short term debt.

Short term liability activity for the year ended June 30, 2014 is as follows:

|                   | <b>Balance<br/>July 1,<br/>2013</b> | <b>Additions</b> | <b>Deletions</b> | <b>Balance<br/>June 30,<br/>2014</b> |
|-------------------|-------------------------------------|------------------|------------------|--------------------------------------|
| Debt certificates | \$ -                                | \$ 4,500,000     | \$ (4,500,000)   | \$ -                                 |

**NOTE 6 - LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2015 is as follows:

|   | <b>Balance<br/>July 1,<br/>2014</b> | <b>Additions</b>         | <b>Deletions</b>             | <b>Balance<br/>June 30,<br/>2015</b> | <b>Balance<br/>Due Within<br/>One Year</b> |
|---|-------------------------------------|--------------------------|------------------------------|--------------------------------------|--|
| General obligation bonds<br>and debt certificates | \$ 85,260,000                       | \$ -                     | \$ (4,310,000)               | \$ 80,950,000                        | \$ 4,180,000                               |
| Bond premium                                      | 440,750                             | -                        | (129,000)                    | 311,750                              | -  |
| Capital lease obligations                         | 152,421                             | -                        | (91,501)                     | 60,920                               | 60,920                                     |
| Compensated absences                              | <u>1,115,778</u>                    | <u>825,316</u>           | <u>(768,772)</u>             | <u>1,172,322</u>                     | <u>586,161</u>                             |
| <b>Total</b>                                      | <b><u>\$ 86,968,949</u></b>         | <b><u>\$ 825,316</u></b> | <b><u>\$ (5,299,273)</u></b> | <b><u>\$ 82,494,992</u></b>          | <b><u>\$ 4,827,081</u></b>                 |

Long-term liability activity for the year ended June 30, 2014 is as follows:

|   | <b>Balance<br/>July 1,<br/>2013</b> | <b>Additions</b>           | <b>Deletions</b>             | <b>Balance<br/>June 30,<br/>2014</b> | <b>Balance<br/>Due Within<br/>One Year</b> |
|---|-------------------------------------|----------------------------|------------------------------|--------------------------------------|--|
| General obligation bonds<br>and debt certificates | \$ 84,805,000                       | \$ 5,800,000               | \$ (5,345,000)               | \$ 85,260,000                        | \$ 4,310,000                               |
| Bond premium                                      | -                                   | 474,050                    | (33,300)                     | 440,750                              | -  |
| Capital lease obligations                         | 93,816                              | 186,238                    | (127,633)                    | 152,421                              | 91,501                                     |
| Compensated absences                              | <u>1,149,778</u>                    | <u>766,971</u>             | <u>(800,971)</u>             | <u>1,115,778</u>                     | <u>557,889</u>                             |
| <b>Total</b>                                      | <b><u>\$ 86,048,594</u></b>         | <b><u>\$ 7,227,259</u></b> | <b><u>\$ (6,306,904)</u></b> | <b><u>\$ 86,968,949</u></b>          | <b><u>\$ 4,959,390</u></b>                 |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

Accrued compensated absences (earned vacation leave) at June 30, 2015 and 2014 is \$1,172,322 and \$1,115,778, respectively, and is expected to be paid out ratably or taken over the next two years.

In September 2012, the District issued \$990,000 in General Obligation Debt Certificates, Series 2012, dated September 1, 2012. Proceeds of the certificates were used to finance capital improvements. Principal on the certificates is due annually beginning with December 1, 2013 through December 1, 2022, with interest rates ranging from 1.10 to 2.45 percent. Interest payments are due semiannually beginning December 1, 2013.

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

|                      | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|----------------------|-------------------|------------------|-------------------|
| Year ending June 30: |                   |                  |                   |
| 2016                 | \$ 100,000        | \$ 14,275        | \$ 114,275        |
| 2017                 | 100,000           | 13,075           | 113,075           |
| 2018                 | 100,000           | 11,675           | 111,675           |
| 2019                 | 100,000           | 10,025           | 110,025           |
| 2020                 | 100,000           | 8,100            | 108,100           |
| 2021-2023            | <u>300,000</u>    | <u>10,775</u>    | <u>310,775</u>    |
|                      | <u>\$ 800,000</u> | <u>\$ 67,925</u> | <u>\$ 867,925</u> |

In June 2012, the District issued \$4,500,000 in General Obligation Community College Bonds, Series 2012, dated June 1, 2012. The Series 2012 bonds are due December 1, 2015, and have an interest rate of 2.0 percent. The proceeds were used to finance new instructional and institutional technology, various facility improvement measures designed to enhance the operational efficiency of college buildings, including the acquisition, installation and related training for technology infrastructure, equipment, software and services.

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

|                      | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>      |
|----------------------|-------------------|-----------------|-------------------|
| Year ending June 30: |                   |                 |                   |
| 2016                 | <u>\$ 800,000</u> | <u>\$ 8,000</u> | <u>\$ 808,000</u> |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

In September 2011, the District issued \$3,300,000 in General Obligation Debt Certificates, Series 2011, dated September 1, 2011. The Series 2011 certificates are due December 1, 2026, and have interest rates ranging from 2.0 to 4.0 percent. The proceeds were used to fund the construction of a wind turbine.

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

|                      | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|----------------------|---------------------|-------------------|---------------------|
| Year ending June 30: |                     |                   |                     |
| 2016                 | \$ 200,000          | \$ 96,050         | \$ 296,050          |
| 2017                 | 205,000             | 92,000            | 297,000             |
| 2018                 | 210,000             | 86,800            | 296,800             |
| 2019                 | 215,000             | 80,425            | 295,425             |
| 2020                 | 220,000             | 73,900            | 293,900             |
| 2021-2025            | 1,215,000           | 234,500           | 1,449,500           |
| 2026-2027            | <u>550,000</u>      | <u>22,200</u>     | <u>572,200</u>      |
|                      | <u>\$ 2,815,000</u> | <u>\$ 685,875</u> | <u>\$ 3,500,875</u> |

In November 2013, the District issued \$1,700,000 in General Obligation Debt Certificates, Series 2013, dated November 1, 2013. The Series 2013 certificates are due December 1, 2016, and have an interest rate of 2.9 percent. The proceeds were used to refund the Series 2010 certificates.

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

|                      | <u>Principal</u>    | <u>Interest</u>  | <u>Total</u>        |
|----------------------|---------------------|------------------|---------------------|
| Year ending June 30: |                     |                  |                     |
| 2016                 | \$ -                | \$ 49,300        | \$ 49,300           |
| 2017                 | <u>1,700,000</u>    | <u>24,650</u>    | <u>1,724,650</u>    |
|                      | <u>\$ 1,700,000</u> | <u>\$ 73,950</u> | <u>\$ 1,773,950</u> |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

On July 1, 2007, the District issued General Obligation Community College Bonds, Series 2007, in the amount of \$72,805,000, due on December 1, 2013 through December 1, 2026 with interest rates ranging from 3 to 5 percent. Proceeds of the Bonds were used to fund and pay claims against the District, consisting of the refunding of the District's outstanding \$59,000,000 General Obligation Debt Certificates, dated April 12, 2007, which were issued to construct and equip new buildings, repair existing buildings, improve sites and construct a wind generation facility, advance refund all or a portion of the District's outstanding General Obligation Community College Bonds, Series 2000, dated May 1, 2000 (the *Series 2000 Bonds*), General Obligation Community College Bonds, Series 2002, dated June 1, 2002 (the *Series 2002 Bonds*), General Obligation Community College Bonds, Series 2004, dated August 1, 2004 (the *Series 2004 Bonds*) and General Obligation Community College Bonds, Series 2006, dated June 1, 2006 (the *Series 2006 Bonds*) and pay for certain costs of issuance.

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

|                      | <u>Principal</u>    | <u>Interest</u>      | <u>Total</u>         |
|----------------------|---------------------|----------------------|----------------------|
| Year ending June 30: |                     |                      |                      |
| 2016                 | \$ 2,380,000        | \$ 3,268,650         | \$ 5,648,650         |
| 2017                 | 2,870,000           | 3,137,400            | 6,007,400            |
| 2018                 | 3,390,000           | 2,980,900            | 6,370,900            |
| 2019                 | 3,945,000           | 2,797,525            | 6,742,525            |
| 2020                 | 4,550,000           | 2,585,150            | 7,135,150            |
| 2021-2025            | 33,765,000          | 8,538,625            | 42,303,625           |
| 2026-2027            | <u>19,835,000</u>   | <u>704,475</u>       | <u>20,539,475</u>    |
|                      | <u>\$70,735,000</u> | <u>\$ 24,012,725</u> | <u>\$ 94,747,725</u> |

On June 1, 2014, The District issued General Obligation Community College Bonds, Series 2014, in the amount of \$4,100,000, due on December 1, 2015 through December 1, 2017 with an interest rate of 5.0 percent. Proceeds of the bonds were used to finance capital improvements and to fund and pay claims against the District. Interest payments are due semiannually beginning December 1, 2015.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

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

|                      | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|----------------------|---------------------|-------------------|---------------------|
| Year ending June 30: |                     |                   |                     |
| 2016                 | \$ 700,000          | \$ 392,500        | \$ 1,092,500        |
| 2017                 | 2,000,000           | 120,000           | 2,120,000           |
| 2018                 | <u>1,400,000</u>    | <u>35,000</u>     | <u>1,435,000</u>    |
|                      | <u>\$ 4,100,000</u> | <u>\$ 547,500</u> | <u>\$ 4,647,500</u> |

The District is leasing equipment under a capital lease which will expire in fiscal year 2016. The total equipment capitalized under this lease was \$186,238 and the accumulated depreciation was \$15,931. Monthly payments began in February 2014 with the final payment due in January 2016. The interest rate on the lease is 16.912 percent.

The annual requirements on this capital lease as of June 30, 2014 were as follows:

|                      | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|----------------------|------------------|-----------------|------------------|
| Year ending June 30: |                  |                 |                  |
| 2016                 | <u>\$ 60,920</u> | <u>\$ 3,483</u> | <u>\$ 64,403</u> |

At June 30, 2015, the annual requirements to retire the District's long-term debt were as follows:

| <u>Fiscal Year</u> | <u>General<br/>Obligation<br/>Bonds and<br/>Debt<br/>Certificates</u> | <u>Capital<br/>Lease<br/>Obligations</u> | <u>Total<br/>Principal</u> | <u>Total<br/>Interest</u> | <u>Total<br/>Principal<br/>and Interest</u> |
|--------------------|---|--|----------------------------|---------------------------|---|
| 2016               | \$ 4,180,000  | \$ 60,920                                | \$ 4,240,920               | \$ 3,832,258              | \$ 8,073,178                                |
| 2017               | 6,875,000   | -  | 6,875,000                  | 3,387,125                 | 10,262,125                                  |
| 2018               | 5,100,000   | -  | 5,100,000                  | 3,114,375                 | 8,214,375                                   |
| 2019               | 4,260,000   | -  | 4,260,000                  | 2,887,975                 | 7,147,975                                   |
| 2020               | 4,870,000   | -  | 4,870,000                  | 2,667,150                 | 7,537,150                                   |
| 2021-2025          | 35,280,000  | -  | 35,280,000                 | 8,783,900                 | 44,063,900                                  |
| 2026-2027          | <u>20,385,000</u>   | <u>-</u>                                 | <u>20,385,000</u>          | <u>726,675</u>            | <u>21,111,675</u>                           |
|                    | <u>\$ 80,950,000</u>  | <u>\$ 60,920</u>                         | <u>\$ 81,010,920</u>       | <u>\$ 25,399,458</u>      | <u>\$ 106,410,378</u>                       |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

At June 30, 2015, the legal debt limit was \$121,914,053 based on a statutory limit of 2.875 percent of assessed valuation of \$4,240,488,783. At June 30, 2014, the legal debt limit was \$119,436,091 based on a statutory limit of 2.875 percent of assessed valuation of \$4,154,298,826.

In July 2007, the District defeased all of its Series 2000, Series 2004 and Series 2006 General Obligation Community College Bonds and a portion of its Series 2002 General Obligation Community College Bonds. These bonds were defeased with the issuance of the 2007 General Obligation Community College Bonds. Portions of the proceeds of the new bonds were placed in irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability related to the defeased bonds are not included in the District's financial statements.

**NOTE 7 - OPERATING LEASES**

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

|                      | <u>Facility</u>     | <u>Equipment</u> | <u>Total</u>        |
|----------------------|---------------------|------------------|---------------------|
| Year ending June 30: |                     |                  |                     |
| 2016                 | \$ 156,366          | \$ 45,900        | \$ 202,266          |
| 2017                 | 135,171             | 22,812           | 157,983             |
| 2018                 | 113,976             | -                | 113,976             |
| 2019                 | 113,976             | -                | 113,976             |
| 2020                 | 113,976             | -                | 113,976             |
| Thereafter           | <u>398,915</u>      | <u>-</u>         | <u>398,915</u>      |
|                      | <u>\$ 1,032,380</u> | <u>\$ 68,712</u> | <u>\$ 1,101,092</u> |

Lease expense amounted to \$187,952 and \$155,519 for the years ended June 30, 2015 and 2014, respectively.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 8 - PENSION PLAN**

**General Information about the Pension Plan**

*Plan Description.* The District 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 Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.SURS.org](http://www.SURS.org).

*Benefits Provided.* A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2014 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

*Contributions.* The State of Illinois 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 2014 and 2015 respectively, was 11.91 % and 11.71 % 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. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**General Information about the Pension Plan (Continued)**

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

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

*Net Pension Liability*

At June 30, 2014, SURS reported a net pension liability (NPL) of \$21,790,983,139. The net pension liability was measured as of June 30, 2013.

*Employer Proportionate Share of Net Pension Liability*

The amount of the proportionate share of the net pension liability to be recognized for the District is \$0. The proportionate share of the State's net pension liability associated with the District is \$96,989,820 or 0.4451%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2014.

*Pension Expense*

At June 30, 2014 SURS reported a collective net pension expense of \$1,650,338,263.

*Employer Proportionate Share of Pension Expense*

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable earnings made to SURS during fiscal year 2014. As a result, the District recognized on-behalf revenue and pension expense of \$7,345,516 for the fiscal year ended June 30, 2015.

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

SURS Collective Deferred Outflows and Deferred Inflows of Resources

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Difference between expected and actual experience                                | \$ -                                      | \$ -                                     |
| Changes in assumption  | 88,940,815                                | -  |
| Net difference between projected and actual earnings on pension plan investments | -   | <u>1,271,105,952</u>                     |
| <b>Total</b>   | <u>\$ 88,940,815</u>                      | <u>\$ 1,271,105,952</u>                  |

**Employer Deferral of Fiscal Year 2015 Pension Expense**

Employer paid \$49,214 in federal, trust or grant contributions for the fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as Deferred Outflows of Resources as of June 30, 2015.

**Assumptions and Other Inputs**

*Actuarial Assumptions.* The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2006 - 2010 and an economic study completed June 2014. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.75 percent  |
| Salary increases          | 3.75 to 12.00 percent, including inflation                              |
| Investment rate of return | 7.25 percent beginning with the actuarial valuation as of June 30, 2014 |

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**Assumptions and Other Inputs (Continued)**

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(ies). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

| <u>Asset Class</u>                      | <u>Target Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|---|--------------------------|---|
| U.S. Equity                             | 31%                      | 7.65%   |
| Private Equity                          | 6%                       | 8.65%   |
| Non-U.S. Equity                         | 21%                      | 7.85%   |
| Global Equity                           | 8%                       | 7.90%   |
| Fixed Income                            | 19%                      | 2.50%   |
| Treasury-Inflation Protected Securities | 4%                       | 2.30%   |
| Real Estate                             | 6%                       | 6.20%   |
| REITS                                   | 4%                       | 6.20%   |
| Opportunity Fund                        | 1%                       | 2.50%   |
| Total                                   | <u>100%</u>              | 5.00%   |
| Inflation                               |                          | <u>2.75%</u>                                      |

**Expected Geometrical Normal Return** 7.75%

*Discount Rate.* A single discount rate of 7.090% 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 7.250% and a municipal bond rate of 4.290% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's 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 2065. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, and the municipal bond rate was applied to all benefit payments after that date.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**Assumptions and Other Inputs (Continued)**

*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 plan's net pension liability, calculated using a single discount rate of 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentagepoint lower or 1-percentage-point higher:

| <b>1% Decrease</b>  | <b>Current Single Discount<br/>Rate Assumption</b> | <b>1% Increase</b>  |
|---------------------|--|---------------------|
| <b><u>6.09%</u></b> | <b><u>7.09%</u></b>                                | <b><u>8.09%</u></b> |
| \$ 26,583,701,134   | \$ 21,790,983,139                                  | \$ 17,796,570,836   |

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at [www.SURS.org](http://www.SURS.org).

*Changes of Benefit Terms.* There were no benefit changes recognized in the Total Pension Liability as of June 30, 2014.

*Changes of Assumptions.* In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five 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, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.

**NOTE 9 - RISK MANAGEMENT**

The District 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 District's employee medical insurance up to \$105,000 in eligible claims per covered member per year. The aggregate stop loss coverage limit (for all covered members) equals the average number of employees during the stop loss coverage period multiplied by the aggregate stop loss limit claim value of \$12,989. In no event will the aggregate stop loss coverage limit be less than \$3,401,682.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 9 - RISK MANAGEMENT (CONTINUED)**

The reserve for health care costs reported in the fund at June 30, 2015 and 2014, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements 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 prior fiscal years. The reserve is based on deposits net of changes.

|   | <u><b>2015</b></u>       | <u><b>2014</b></u>       |
|---|--------------------------|--------------------------|
| Reserve for health care costs at July 1             | \$ 467,356               | \$ 365,141               |
| Claims incurred during the period                   | 3,865,372                | 3,336,134                |
| Changes in the IBNR estimate                        | 112,188                  | 189,503                  |
| Payments on claims                                  | <u>(3,679,544)</u>       | <u>(3,423,422)</u>       |
| <b>Reserve for health care costs at<br/>June 30</b> | <u><b>\$ 765,372</b></u> | <u><b>\$ 467,356</b></u> |

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, 2015 and 2014, respectively.

**NOTE 10 - RESTRICTED AND DESIGNATED NET POSITION**

At June 30, 2015 and 2014, net position was restricted for the following purposes:

|   | <u><b>2015</b></u>       | <u><b>2014</b></u>       |
|---|--------------------------|--------------------------|
| Capital projects                                      | <u>\$ 1,677</u>          | <u>\$ 337,411</u>        |
| Working cash  | <u>\$ 3,900,000</u>      | <u>\$ 3,900,000</u>      |
| Restricted for:                                       |                          |                          |
| Audit   | \$ 46,391                | \$ 41,570                |
| Liability, protection, and settlement                 | <u>110,819</u>           | <u>238,558</u>           |
| <b>Total other restricted expendable net position</b> | <u><b>\$ 157,210</b></u> | <u><b>\$ 280,128</b></u> |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 10 - RESTRICTED AND DESIGNATED 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 for 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, 2015 and 2014, the District had \$4,898,401 and \$4,496,632, respectively, of unrestricted net position. Of these balances, the District has \$1,000,965 and \$951,026 designated for payment of self insurance claims at June 30, 2015 and 2014, respectively. The District also has \$178,400 designated for pension liabilities at June 30, 2015 and 2014. 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 11 - COMPONENT UNIT - FOUNDATION**

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

The Foundation is a private not-for-profit organization that reports its financial results under applicable Financial Accounting Standards Board (FASB) Statements.

The financial statements separately identify the net position of the Foundation according to the legal restrictions placed on the assets by donors as follows:

Unrestricted net position - Includes net position that is not restricted by donor-imposed stipulations which can be used at the discretion of the Foundation's Board to accomplish the purposes for which the Foundation was founded.

Temporarily restricted net position - Includes net position that is temporarily restricted by donor-imposed stipulations that require the Foundation to expend the resources either for a particular purpose or after the expiration of a certain period of time. As donor-imposed stipulations are satisfied, the related net position is transferred to unrestricted net position and reported in the statement of revenues, expenses, and changes in net position as net position released from restrictions.

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 11 - COMPONENT UNIT - FOUNDATION (CONTINUED)**

**Revenue Recognition**

Funds that are not restricted by their sources are recognized as revenue as they are received. Funds that are restricted by their sources are recorded as additions to the net position 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.

**Investments**

Investments in marketable securities with readily determinable fair values are reported at fair value in the statement of net position. Unrealized gains and losses are included in the change in net position. Investment income and gains restricted by a donor are reported as increases in unrestricted net position 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.

Investments as of June 30, 2015 and 2014 are as follows:

|              | <b>Fair Market Values</b> |                     |
|--------------|---------------------------|---------------------|
|              | <b><u>2015</u></b>        | <b><u>2014</u></b>  |
| Mutual funds | <u>\$ 2,946,789</u>       | <u>\$ 2,718,951</u> |

**Restricted Net Position**

Temporarily restricted net position at June 30, 2015 and 2014 is available for the following purposes or period:

|  | <b><u>2015</u></b>         | <b><u>2014</u></b>         |
|--|----------------------------|----------------------------|
| Scholarships and awards                          | \$ 2,256,172               | \$ 2,209,158               |
| Miscellaneous                                    | <u>332,801</u>             | <u>257,663</u>             |
| <b>Total temporarily restricted net position</b> | <b><u>\$ 2,588,973</u></b> | <b><u>\$ 2,466,821</u></b> |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 11 - COMPONENT UNIT - FOUNDATION (CONTINUED)**

**Restricted Net Position (Continued)**

Permanently restricted net position at June 30, 2015 and 2014 consisted of the following purposes:

|  | <u><b>2015</b></u>       | <u><b>2014</b></u>       |
|--|--------------------------|--------------------------|
| Astroth Student Athlete Award Fund               | \$ 10,000                | \$ 10,000                |
| AAWCC Endowed Fund                               | 10,000                   | 10,000                   |
| Becky Ijams Widmer Endowment Scholarship         | 10,000                   | 10,000                   |
| WNET Endowed Scholarship Fund                    | 20,000                   | 20,000                   |
| Joseph McCauley Art Scholarship Fund             | 10,000                   | 10,000                   |
| GPS Dual Credit Scholarship Fund                 | 10,000                   | 10,000                   |
| CAT Endowed Scholarship                          | 40,000                   | 40,000                   |
| Charlotte Corray Kinkade Endowed Scholarship     | 8,876                    | 4,578                    |
| Erlenbush Family Scholarship                     | 10,000                   | 10,000                   |
| State Farm Endowed Scholarship Fund              | 10,000                   | 10,000                   |
| Murl Wunderle Business Scholarship Fund          | 10,000                   | 10,000                   |
| Pearl Davies Bowman Scholarship Fund             | 10,000                   | 10,000                   |
| Star for Education Foundation Fund               | 10,000                   | 10,000                   |
| Scott Bettisch Honorary MT                       | 10,000                   | 10,000                   |
| Poulton Mitchell Scholarship Fund                | 10,000                   | 10,000                   |
| Shelly Weidenbenner Scholarship Fund             | 10,000                   | 10,000                   |
| Prairie Scholarship Fund                         | 20,000                   | 20,000                   |
| BN Trades, Livingston McLean Endowed Fund        | 10,000                   | 10,000                   |
| First Midstate Inc. Scholarship                  | 10,000                   | 10,000                   |
| James Adams "Thank You Veterans"                 | 10,000                   | 10,000                   |
| Annual Faculty Endowed Fund                      | 10,000                   | 10,000                   |
| Nursing Scholarship Fund                         | 10,000                   | 10,000                   |
| Art Adams Scholarship Fund                       | 10,000                   | 10,000                   |
| Robert Blass Memorial Scholarship Fund           | 10,000                   | 10,000                   |
| BLDD Architects Scholarship Fund                 | 10,000                   | 10,000                   |
| Childcare Endowment Fund                         | 10,000                   | 10,000                   |
| Hinthorn Memorial Endowed Scholarship Fund       | 10,000                   | 10,000                   |
| Heritage Enterprises Scholarship                 | 10,000                   | -                        |
| McManus Family Scholarship                       | 10,000                   | -                        |
| Town of Normal Endowed Scholarship               | 10,000                   | -                        |
|  | <u>10,000</u>            | <u>-</u>                 |
| <b>Total permanently restricted net position</b> | <u><b>\$ 348,876</b></u> | <u><b>\$ 314,578</b></u> |

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 12 - CONTINGENCIES**

The District is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, the District has determined that the resolution of this matter will not have an adverse effect on the financial condition of the District.

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HEARTLAND COMMUNITY COLLEGE DISTRICT #540  
REQUIRED SUPPLEMENTARY INFORMATION (COVERED PAYROLL)  
Year Ended June 30, 2014**

|   | <u><b>Fiscal Year 2014</b></u> |
|---|--------------------------------|
| (a) Proportion Percentage of the Collective Net Pension Liability   | 0%                             |
| (b) Proportion Amount of the Collective Net Pension Liability   | \$ -                           |
| (c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer | 96,989,820                     |
| Total (b) + (c)   | 96,989,820                     |
| Employer Covered-employee payroll   | 20,083,402                     |
| Proportion of Collective Net Pension Liability associated with Employer as a percentage of covered-employee payroll             | 482.94%                        |
| <br>SURS Plan Net Position as a Percentage of Total Pension Liability   | <br>44.39%                     |
| <br>Federal, Trust, Grant and Other contribution  | <br>49,214                     |
| Contribution in relation to required contribution   | 49,214                         |
| Contribution deficiency (excess)  | -                              |
| <br>Employer Covered-employee payroll   | <br>20,083,402                 |
| Contributions as a percentage of covered-employee payroll   | .39%                           |

**Additional Information**

|   | <u><b>Fiscal Year 2014</b></u> | <u><b>Fiscal Year 2015</b></u> |
|---|--------------------------------|--------------------------------|
| On-Behalf Payments for Community College Health Insurance Program | \$ 83,373                      | \$ 84,273                      |

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

**STATISTICAL SECTION**  
**(Unaudited)**

**Heartland Community College  
Community College District #540  
Statistical Section  
(Unaudited)**

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

| <b><u>Contents</u></b>   | <b><u>Page</u></b> |
|--|--------------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.   | 53-54              |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.   | 55-60              |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.                                       | 61-66              |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.  | 67-69              |
| <b>Operating Information</b><br>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 70-76              |

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

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

**FINANCIAL TRENDS**

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

(Unaudited)

|                                  | <b>2015</b>         | <b>2014</b>         | <b>2013</b>         | <b>2012</b>         | <b>2011</b>         | <b>2010</b>         | <b>2009</b>         | <b>2008</b>         | <b>2007</b>         | <b>2006</b>         |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net position:                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets | \$39,912,827        | \$41,635,091        | \$46,573,950        | \$46,469,388        | \$40,937,774        | \$37,581,516        | \$27,452,287        | \$32,007,788        | \$33,413,824        | \$20,061,050        |
| Restricted for:                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Capital Projects                 | 1,677               | 337,411             | 651,580             | 384,545             | 537,080             | 72,427              | 1,874,660           | 189,405             | 2,224,417           | 1,826,438           |
| Working Cash                     | 3,900,000           | 3,900,000           | 3,900,000           | 3,900,000           | 3,900,000           | 3,900,000           | 3,900,000           | -                   | -                   | -                   |
| Specific Purposes                | 157,210             | 280,128             | 142,602             | 24,509              | 1,542,279           | 2,597,613           | 8,395,101           | 4,679,466           | 4,404,032           | 12,382,102          |
| Unrestricted                     | 4,898,401           | 4,496,632           | 1,230,631           | 3,933,290           | 4,341,765           | 4,862,254           | 4,474,335           | 5,692,700           | 571,398             | 2,472,550           |
| <b>Total Net Position</b>        | <b>\$48,870,115</b> | <b>\$50,649,262</b> | <b>\$52,498,763</b> | <b>\$54,711,732</b> | <b>\$51,258,898</b> | <b>\$49,013,810</b> | <b>\$46,096,383</b> | <b>\$42,569,359</b> | <b>\$40,613,671</b> | <b>\$36,742,140</b> |

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

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

**FINANCIAL TRENDS**

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

(Unaudited)

|  | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Operating Revenues</b>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Student tuition and fees, net of scholarship     | \$ 9,322,824         | \$ 11,796,677        | \$ 10,529,999        | \$ 11,575,275        | \$ 9,405,410         | \$ 7,849,080         | \$ 6,793,175         | \$ 5,757,064         | \$ 5,033,308         | \$ 4,035,122         |
| Auxiliary enterprises revenue                    | 724,995              | 637,986              | 856,864              | 584,994              | 578,892              | 619,166              | 477,929              | 913,262              | 382,941              | 389,816              |
| Other operating revenues                         | 2,820,351            | 2,510,642            | 3,898,229            | 2,721,908            | 1,424,609            | 1,314,230            | 1,274,313            | 1,688,035            | 1,499,100            | 1,164,309            |
| <b>Total Operating Revenues</b>                  | <b>12,868,170</b>    | <b>14,945,305</b>    | <b>15,285,092</b>    | <b>14,882,177</b>    | <b>11,408,911</b>    | <b>9,782,476</b>     | <b>8,545,417</b>     | <b>8,358,361</b>     | <b>6,915,349</b>     | <b>5,589,247</b>     |
| <b>Operating Expenses</b>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Instruction                                      | 13,806,722           | 13,665,862           | 13,616,377           | 13,865,346           | 12,556,027           | 11,188,713           | 6,091,926            | 9,669,362            | 9,203,568            | 7,914,671            |
| Academic Support                                 | 2,406,802            | 2,323,736            | 2,672,241            | 2,531,533            | 1,755,930            | 1,827,783            | 10,437,426           | 1,790,851            | 1,359,979            | 1,155,085            |
| Public services                                  | 3,190,156            | 3,719,162            | 5,116,227            | 3,657,252            | 2,820,304            | 2,283,646            | 2,602,753            | 1,763,109            | 1,492,929            | 1,589,043            |
| Student services                                 | 2,767,179            | 2,569,575            | 2,578,637            | 2,826,803            | 2,508,947            | 2,304,352            | 2,823,286            | 2,112,189            | 1,904,431            | 1,602,529            |
| Institutional support                            | 9,287,265            | 8,600,653            | 9,165,271            | 8,833,998            | 7,884,575            | 7,334,067            | 2,270,247            | 6,687,070            | 8,614,770            | 6,432,083            |
| Scholarships, student grants and waivers         | 5,439,759            | 6,988,876            | 4,854,931            | 6,710,771            | 6,249,924            | 3,711,205            | 1,716,290            | 2,003,966            | 1,995,506            | 1,715,888            |
| Operations and maintenance                       | 3,622,478            | 3,525,130            | 3,454,321            | 4,124,979            | 3,725,177            | 3,162,645            | 1,943,093            | 2,898,289            | 2,826,933            | 2,472,018            |
| Auxiliary enterprises                            | 1,191,842            | 1,145,145            | 1,237,178            | 1,118,834            | 1,762,563            | 1,641,309            | 1,986,178            | 1,283,096            | 712,380              | 411,218              |
| Depreciation                                     | 4,638,829            | 4,710,573            | 4,722,293            | 4,430,553            | 3,625,303            | 2,457,929            | 1,814,969            | 1,812,825            | 1,309,995            | 1,216,898            |
| SURS contribution paid by state                  | 7,345,516            | 6,703,401            | 6,493,851            | 4,861,925            | 3,477,359            | 2,895,964            | 1,356,181            | 1,309,964            | 950,630              | 642,404              |
| <b>Total operating expenses</b>                  | <b>53,696,548</b>    | <b>53,952,113</b>    | <b>53,911,327</b>    | <b>52,961,994</b>    | <b>46,366,109</b>    | <b>38,807,613</b>    | <b>33,042,349</b>    | <b>31,330,721</b>    | <b>30,371,121</b>    | <b>25,151,837</b>    |
| <b>Operating loss</b>                            | <b>(40,828,378)</b>  | <b>(39,006,808)</b>  | <b>(38,626,235)</b>  | <b>(38,079,817)</b>  | <b>(34,957,198)</b>  | <b>(29,025,137)</b>  | <b>(24,496,932)</b>  | <b>(22,972,360)</b>  | <b>(23,455,772)</b>  | <b>(19,562,589)</b>  |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property taxes                                   | 20,986,413           | 19,985,064           | 19,798,786           | 19,502,637           | 18,587,282           | 17,807,436           | 16,744,021           | 14,563,671           | 13,401,204           | 12,584,524           |
| State grants and contracts                       | 4,296,628            | 4,261,307            | 4,273,349            | 4,932,733            | 4,172,813            | 4,186,981            | 4,545,743            | 4,627,970            | 4,506,707            | 4,419,129            |
| Federal grants and contracts                     | 9,942,770            | 9,962,457            | 9,840,696            | 12,459,068           | 11,282,682           | 7,377,813            | 4,917,827            | 3,461,924            | 3,482,085            | 3,381,524            |
| Local grants and contracts                       | -                    | -                    | -                    | -                    | -                    | (388,331)            | -                    | -                    | -                    | -                    |
| Interest expense                                 | (3,532,897)          | (3,766,198)          | (3,692,292)          | (388,353)            | (329,219)            | 113,198              | (1,697,059)          | (3,217,685)          | (1,458,870)          | (916,507)            |
| Investment income                                | 24,227               | 44,931               | 16,910               | 201,497              | 39,716               | (50,497)             | 1,705,568            | 3,466,130            | 1,708,638            | 784,041              |
| Amortization expense                             | (13,426)             | (13,426)             | (13,426)             | (36,856)             | (28,347)             | -                    | (47,213)             | (23,431)             | -                    | -                    |
| Gain on bond refunding                           | -                    | -                    | -                    | -                    | -                    | -                    | 40,100               | 41,352               | -                    | -                    |
| Loss on disposal of assets                       | -                    | (20,229)             | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| SURS contribution provided by state              | 7,345,516            | 6,703,401            | 6,493,851            | 4,861,925            | 3,477,359            | 2,895,964            | 1,814,969            | 1,309,964            | 950,630              | 642,404              |
| <b>Total non-operating revenues, net</b>         | <b>39,049,231</b>    | <b>37,157,307</b>    | <b>36,717,874</b>    | <b>41,532,651</b>    | <b>37,202,286</b>    | <b>31,942,564</b>    | <b>28,023,956</b>    | <b>24,229,895</b>    | <b>22,590,394</b>    | <b>20,895,115</b>    |
| <b>Capital contributions</b>                     | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>698,153</b>       | <b>4,736,909</b>     | <b>8,880,816</b>     |
| <b>Change in net position</b>                    | <b>(1,779,147)</b>   | <b>(1,849,501)</b>   | <b>(1,908,361)</b>   | <b>3,452,834</b>     | <b>2,245,088</b>     | <b>2,917,427</b>     | <b>3,527,024</b>     | <b>1,955,688</b>     | <b>3,871,531</b>     | <b>10,213,342</b>    |
| <b>Beginning of year, as previously reported</b> | <b>50,649,262</b>    | <b>52,498,763</b>    | <b>54,711,732</b>    | <b>51,258,898</b>    | <b>49,013,810</b>    | <b>46,096,383</b>    | <b>42,569,359</b>    | <b>40,613,671</b>    | <b>36,742,140</b>    | <b>26,528,798</b>    |
| <b>GASB 65 implementation</b>                    | <b>-</b>             | <b>-</b>             | <b>(304,608)</b>     | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Beginning of year, as restated</b>            | <b>50,649,262</b>    | <b>52,498,763</b>    | <b>54,407,124</b>    | <b>51,258,898</b>    | <b>49,013,810</b>    | <b>46,096,383</b>    | <b>42,569,359</b>    | <b>40,613,671</b>    | <b>36,742,140</b>    | <b>26,528,798</b>    |
| <b>End of Year</b>                               | <b>\$ 48,870,115</b> | <b>\$ 50,649,262</b> | <b>\$ 52,498,763</b> | <b>\$ 54,711,732</b> | <b>\$ 51,258,898</b> | <b>\$ 49,013,810</b> | <b>\$ 46,096,383</b> | <b>\$ 42,569,359</b> | <b>\$ 40,613,671</b> | <b>\$ 36,742,140</b> |

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

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

**REVENUE CAPACITY**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN LEVY YEARS**

(Unaudited)

| <b><u>Tax<br/>Levy<br/>Year</u></b> | <b><u>Assessed<br/>Value</u></b> | <b><u>Estimated<br/>Actual Value</u></b> |
|-------------------------------------|----------------------------------|--|
| 2014                                | \$ 4,240,488,783                 | \$ 12,721,466,349                        |
| 2013                                | 4,154,298,826                    | 12,462,896,478                           |
| 2012                                | 4,131,636,881                    | 12,394,910,643                           |
| 2011                                | 4,161,237,754                    | 12,483,713,262                           |
| 2010                                | 4,118,116,444                    | 12,354,349,332                           |
| 2009                                | 4,048,351,290                    | 12,145,053,870                           |
| 2008                                | 3,934,147,396                    | 11,802,532,188                           |
| 2007                                | 3,764,474,185                    | 11,293,422,555                           |
| 2006                                | 3,580,079,454                    | 10,740,238,362                           |
| 2005                                | 3,406,317,505                    | 10,218,952,515                           |

Source: College Records

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

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

**REVENUE CAPACITY**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN LEVY YEARS**

(Unaudited)

| <b>Levy Year</b> | <b>Residential Property</b> | <b>Commercial Property</b> | <b>Industrial Property</b> | <b>Farm Property</b> | <b>Railroad Property</b> | <b>Other Property</b> | <b>Total Taxable Assessed Value</b> | <b>Total Direct Tax Rate</b> |
|------------------|-----------------------------|----------------------------|----------------------------|----------------------|--------------------------|-----------------------|-------------------------------------|------------------------------|
| 2014             | \$2,612,074,796             | \$1,057,963,549            | \$42,589,895               | \$467,616,790        | \$19,975,744             | \$40,268,009          | \$4,240,488,783                     | 0.50583                      |
| 2013             | 2,561,430,797               | 1,050,697,690              | 43,963,693                 | 436,999,100          | 19,745,865               | 41,461,681            | 4,154,298,826                       | 0.50161                      |
| 2012             | 2,573,618,223               | 1,049,682,431              | 39,273,863                 | 407,565,002          | 17,913,945               | 43,583,417            | 4,131,636,881                       | 0.49191                      |
| 2011             | 2,620,093,718               | 1,060,939,966              | 40,604,960                 | 385,515,518          | 16,757,294               | 37,326,298            | 4,161,237,754                       | 0.47673                      |
| 2010             | 2,607,206,669               | 1,067,531,559              | 41,660,214                 | 366,976,710          | 15,701,968               | 19,039,324            | 4,118,116,444                       | 0.47315                      |
| 2009             | 2,582,151,424               | 1,053,616,203              | 43,482,610                 | 341,410,855          | 13,673,024               | 14,017,174            | 4,048,351,290                       | 0.45988                      |
| 2008             | 2,505,052,129               | 1,046,680,547              | 43,546,041                 | 327,029,856          | 11,700,513               | 138,310               | 3,934,147,396                       | 0.45331                      |
| 2007             | 2,412,182,985               | 995,472,661                | 43,619,701                 | 302,525,068          | 10,535,460               | 138,310               | 3,764,474,185                       | 0.44423                      |
| 2006             | 2,286,033,435               | 943,368,468                | 43,319,871                 | 297,019,383          | 10,199,987               | 138,310               | 3,580,079,454                       | 0.40655                      |
| 2005             | 2,137,679,528               | 902,984,157                | 37,691,791                 | 318,042,121          | 9,784,274                | 135,634               | 3,406,317,505                       | 0.39291                      |

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)

| <b>Taxing Bodies</b>                 | <b>2014</b>     | <b>2013</b>     | <b>2012</b>     | <b>2011</b>     | <b>2010</b>     | <b>2009</b>     | <b>2008</b>     | <b>2007</b>     | <b>2006</b>     | <b>2005</b>     |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| McLean County                        | 0.90133         | 0.90375         | 0.91165         | 0.91571         | 0.91673         | 0.90687         | 0.89659         | 0.90098         | 0.91927         | 0.93885         |
| Town of Normal                       | 0.91581         | 0.89427         | 0.76272         | 0.77488         | 0.78259         | 0.78476         | 0.74289         | 0.74897         | 0.75819         | 0.79281         |
| Normal Library                       | 0.44185         | 0.44646         | 0.43971         | 0.41484         | 0.39507         | 0.36452         | 0.35069         | 0.33915         | 0.32919         | 0.33345         |
| Normal Township                      | 0.22800         | 0.22296         | 0.16692         | 0.16501         | 0.15807         | 0.15138         | 0.14934         | 0.14858         | 0.11826         | 0.12249         |
| Normal Road and Bridge               | 0.09346         | 0.09101         | 0.09070         | 0.08965         | 0.08589         | 0.08115         | 0.08115         | 0.08086         | 0.07591         | 0.07863         |
| Normal School District #5            | 5.02707         | 5.00704         | 4.88412         | 4.73499         | 4.76383         | 4.69289         | 4.58932         | 4.53253         | 4.44755         | 4.47579         |
| Bloomington/Normal Water District    | 0.17216         | 0.17011         | 0.16402         | 0.16390         | 0.16391         | 0.16476         | 0.16036         | 0.15871         | 0.15303         | 0.14835         |
| Bloomington/Normal Airport Authority | 0.13655         | 0.12736         | 0.12745         | 0.15486         | 0.09855         | 0.08546         | 0.11008         | 0.10781         | 0.11621         | 0.05202         |
| City of Bloomington                  | 1.06782         | 1.06121         | 1.05990         | 1.05955         | 1.06013         | 1.07616         | 0.99541         | 1.00665         | 0.99730         | 0.99901         |
| City of Bloomington Township         | 0.12541         | 0.12243         | 0.14145         | 0.14328         | 0.17309         | 0.18217         | 0.18683         | 0.2208          | 0.22972         | 0.23686         |
| Bloomington School District #87      | 4.95303         | 4.83486         | 4.72322         | 4.65741         | 4.65682         | 4.61222         | 4.58085         | 4.51459         | 4.48221         | 4.48075         |
| Bloomington Library                  | 0.25323         | 0.25811         | 0.25620         | 0.25073         | 0.25087         | 0.26108         | 0.26108         | 0.26601         | 0.27099         | 0.27284         |
| Bloomington Cemetery                 | 0.00000         | 0.00000         | 0.00000         | 0.00000         | 0.00000         | 0.00000         | 0.00000         | 0.00000         | 0.00000         | 0.00000         |
| <b>Total overlapping rate</b>        | <b>14.31572</b> | <b>14.13957</b> | <b>13.72806</b> | <b>13.52481</b> | <b>13.50555</b> | <b>13.36342</b> | <b>13.10459</b> | <b>13.02564</b> | <b>12.89783</b> | <b>12.93185</b> |
| Heartland Community College          | 0.50583         | 0.50161         | 0.49191         | 0.47673         | 0.47315         | 0.45988         | 0.45331         | 0.44423         | 0.40655         | 0.39291         |
| <b>TOTAL RATE</b>                    | <b>14.82155</b> | <b>14.64118</b> | <b>14.21997</b> | <b>14.00154</b> | <b>13.97870</b> | <b>13.82330</b> | <b>13.55790</b> | <b>13.46987</b> | <b>13.30438</b> | <b>13.32476</b> |

Source: McLean County Clerk's Office

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

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

**REVENUE CAPACITY**

**PRINCIPAL TAXPAYERS  
CURRENT LEVY YEAR AND NINE YEARS AGO**

(Dollars in Thousands)

(Unaudited)

| <u>Taxpayer Name</u>                          | <u>Type of Business/Service</u> | <u>2014 Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of District 540 Assessed Valuation</u> | <u>2005 Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of District 540 Assessed Valuation</u> |
|---|---------------------------------|--------------------------------|-------------|--|--------------------------------|-------------|--|
| State Farm Insurance Company                  | Insurance                       | \$171,831                      | 1           | 4.05%  | \$150,548                      | 1           | 4.42%  |
| White Oak Energy LLC                          | Energy                          | 18,614                         | 2           | 0.44%  |                                |             |  |
| Eastland Mall LLC %CBL & Associates Mgt. Inc. | Retail Mall                     | 16,951                         | 3           | 0.40%  |                                |             |  |
| Wal-Mart Stores, Inc.                         | Retail                          | 12,405                         | 4           | 0.29%  | 11,021                         | 3           | 0.32%  |
| High Trail Wind Farm                          | Energy                          | 11,221                         | 5           | 0.26%  |                                |             |  |
| Illinois Agriculture Association              | AG Insurance                    | 9,179                          | 6           | 0.22%  | 9,376                          | 5           | 0.28%  |
| Mitsubishi Motors Manufacturing               | Auto Manufacturing              | 7,470                          | 7           | 0.18%  | 7,471                          | 6           | 0.22%  |
| Brookridge Apartments LLC                     | Apartments                      | 6,760                          | 8           | 0.16%  |                                |             |  |
| Wingover Apts                                 | Housing                         | 6,695                          | 9           | 0.16%  |                                |             |  |
| Intercontinental                              | Hotel                           | 6,166                          | 10          | 0.15%  |                                |             |  |
| Advocate/Bromenn Healthcare Hospital          | Hospital                        |                                |             |  |                                |             |  |
| Country Insurance & F.S.                      | Insurance                       |                                |             |  | 13,385                         | 2           | 0.41%  |
| IMI College Hills Development LLC             | Retail                          |                                |             |  | 9,536                          | 4           | 0.28%  |
| American Disposal of Illinois                 | Waste Management                |                                |             |  |                                | 7           |  |
| Westminister Village                          | Retirement Center               |                                |             |  | 5,340                          | 8           | 0.16%  |
| Verizon                                       | Communications                  |                                |             |  | 5,352                          | 9           | 0.16%  |
| Amresco                                       | Retail                          |                                |             |  |                                | 10          | 0.16%  |
| <b>TOTAL</b>                                  |                                 | <u><b>\$267,292</b></u>        |             | <u><b>6.30%</b></u>                                  | <u><b>\$212,029</b></u>        |             | <u><b>6.41%</b></u>                                  |

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 2014 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)

| <b>Tax Levy Year</b> | <b>Fiscal Year</b> | <b>Assessed Valuation</b> | <b>Direct Tax Rate</b> | <b>Taxes Extended</b> | <b>Total Collected Through June 30, 2014</b> | <b>Collected During Year Ended June 30, 2015</b> | <b>Total Collected Through June 30, 2015</b> | <b>Percentage of Taxes Extended Collected Through June 30, 2015</b> |
|----------------------|--------------------|---------------------------|------------------------|-----------------------|--|--|--|---|
| 2014                 | 2016               | \$ 4,240,488,783          | 0.50583                | \$ 21,433,078         | \$ -   | \$ 9,236,307                                     | \$ 9,236,307                                 | 43.09%  |
| 2013                 | 2015               | 4,154,298,826             | 0.50161                | 20,838,636            | 9,019,576                                    | 11,819,060                                       | 20,838,636                                   | 100.00%   |
| 2012                 | 2014               | 4,131,636,881             | 0.49191                | 20,324,387            | 19,985,064                                   | 147,777  | 20,132,841                                   | 99.06%  |
| 2011                 | 2013               | 4,161,237,754             | 0.47673                | 19,838,409            | 19,798,786                                   | -  | 19,798,786                                   | 99.80%  |
| 2010                 | 2012               | 4,118,116,444             | 0.47315                | 19,484,868            | 19,502,637                                   | -  | 19,502,637                                   | 100.09%   |
| 2009                 | 2011               | 4,048,351,290             | 0.45988                | 18,617,490            | 18,587,282                                   | -  | 18,587,282                                   | 99.84%  |
| 2008                 | 2010               | 3,934,177,396             | 0.45331                | 17,833,705            | 17,807,437                                   | -  | 17,807,437                                   | 99.85%  |
| 2007                 | 2009               | 3,764,474,185             | 0.44423                | 16,726,407            | 16,744,020                                   | -  | 16,744,020                                   | 100.11%   |
| 2006                 | 2008               | 3,580,079,454             | 0.40655                | 14,562,903            | 14,563,671                                   | -  | 14,563,671                                   | 100.01%   |
| 2005                 | 2007               | 3,406,317,505             | 0.39291                | 13,353,583            | 13,401,204                                   | -  | 13,401,204                                   | 100.36%   |

Source: Heartland Community College Comprehensive Annual Financial Reports and accounting 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)

| <u>Fiscal Year</u> | <u>Headcount<br/>Credit Courses</u> | <u>Tuition and Fee Rates</u>                                      |   |  | <u>ICCB S3</u>   | <u>Tuition &amp; Fee Revenue</u> |
|--------------------|-------------------------------------|---|---|--|--|----------------------------------|
|                    |                                     | <u>In District<br/>Tuition and<br/>Fees per<br/>Semester Hour</u> | <u>Out of District<br/>Tuition and<br/>Fees per<br/>Semester Hour</u> | <u>Out of State<br/>Tuition and<br/>Fees per<br/>Semester Hour</u> | <u>Total<br/>Semester<br/>Credit Hours<br/>Generated</u> | <u>All<br/>Funds</u>             |
| 2015               | 5,286                               | \$142   | \$275   | \$408  | 99,170   | \$16,914,112                     |
| 2014               | 5,215                               | 139   | 269   | 399  | 100,879  | 17,259,646                       |
| 2013               | 5,456                               | 136   | 263   | 390  | 104,408  | 17,551,049                       |
| 2012               | 5,610                               | 131   | 254   | 377  | 111,560  | 17,844,502                       |
| 2011               | 5,459                               | 115   | 223   | 331  | 108,514  | 15,231,883                       |
| 2010               | 5,266                               | 95  | 183   | 271  | 105,787  | 12,430,415                       |
| 2009               | 5,062                               | 87  | 167   | 247  | 95,110   | 10,393,191                       |
| 2008               | 4,827                               | 77  | 154   | 231  | 88,111   | 8,442,661                        |
| 2007               | 4,764                               | 70  | 140   | 210  | 85,855   | 7,529,795                        |
| 2006               | 4,736                               | 63  | 126   | 189  | 82,810   | 6,482,511                        |

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

| <b>Fiscal Year</b> | <b>General Obligation Bonds (1)</b> | <b>General Obligation Debt Certificates</b> | <b>Bond Premium</b> | <b>Capital Lease Obligations</b> | <b>Total Outstanding Debt</b> | <b>District #540 Estimated Actual Taxable Property Value</b> | <b>Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value</b> | <b>Population</b> | <b>Total Outstanding Debt Per Capita</b> | <b>Percentage of Total Debt To Personal Income</b> |
|--------------------|-------------------------------------|---|---------------------|----------------------------------|-------------------------------|--|--|-------------------|--|--|
| 2015               | \$ 75,635,000                       | \$ 5,315,000                                | \$ 311,750          | \$ 60,920                        | \$ 81,322,670                 | \$ 12,721,466,349  | 0.64%  | 207,953           | 391.06                                   | 1.05%  |
| 2014               | 79,650,000                          | 5,610,000                                   | 440,750             | 152,421                          | 85,853,171                    | 12,462,896,478   | 0.69%  | 208,539           | 411.69                                   | 1.04%  |
| 2013               | 78,915,000                          | 5,890,000                                   | -                   | 93,816                           | 84,898,816                    | 12,394,910,643   | 0.68%  | 208,539           | 407.11                                   | 1.05%  |
| 2012               | 82,015,000                          | 5,000,000                                   | -                   | 184,109                          | 87,199,109                    | 12,483,713,262   | 0.70%  | 208,539           | 418.14                                   | 1.24%  |
| 2011               | 80,580,000                          | 1,700,000                                   | -                   | 267,100                          | 82,547,100                    | 12,354,349,332   | 0.67%  | 208,539           | 395.84                                   | 1.23%  |
| 2010               | 83,040,000                          | -   | -                   | 258,570                          | 83,298,570                    | 12,145,053,870   | 0.69%  | 203,178           | 409.98                                   | 1.29%  |
| 2009               | 80,560,000                          | -   | -                   | 300,650                          | 80,860,650                    | 11,802,532,188   | 0.69%  | 203,178           | 397.98                                   | 1.31%  |
| 2008               | 77,820,000                          | -   | -                   | 4,089                            | 77,824,089                    | 11,293,422,555   | 0.69%  | 203,178           | 383.03                                   | 1.31%  |
| 2007               | 20,115,000                          | 59,000,000                                  | -                   | 15,397                           | 79,130,397                    | 10,740,238,362   | 0.74%  | 199,593           | 396.46                                   | 1.39%  |
| 2006               | 22,165,000                          | -   | -                   | 21,193                           | 22,186,193                    | 10,218,952,515   | 0.22%  | 199,593           | 111.16                                   | 0.41%  |

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

Notes:

- (1) Balances include current and non-current portions of bond principal outstanding.
- (2) Details of the College's outstanding debt can be found in Note 6 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)

| <b>Fiscal Year</b> | <b>General Obligation Bonds (1)</b> | <b>General Obligation Debt Certificates</b> | <b>Bond Premium</b> | <b>Net General Bonded Debt</b> | <b>District #540 Estimated Actual Taxable Property Value</b> | <b>Percentage of Net General Bonded Debt to Estimated Actual Taxable Property Value</b> | <b>Population</b> | <b>Net General Bonded Debt Per Capita</b> |
|--------------------|-------------------------------------|---|---------------------|--------------------------------|--|---|-------------------|---|
| 2015               | \$ 75,635,000                       | \$ 5,315,000                                | \$ 311,750          | \$ 81,261,750                  | \$ 12,721,466,349  | 0.64%   | 207,953           | \$ 390.77                                 |
| 2014               | 79,650,000                          | 5,610,000                                   | 440,750             | 85,700,750                     | 12,462,896,478   | 0.69%   | 208,539           | 410.96                                    |
| 2013               | 78,915,000                          | 5,890,000                                   | -                   | 84,805,000                     | 12,394,910,643   | 0.68%   | 208,539           | 406.66                                    |
| 2012               | 82,015,000                          | 5,000,000                                   | -                   | 87,015,000                     | 12,483,713,262   | 0.70%   | 208,539           | 417.26                                    |
| 2011               | 80,580,000                          | 1,700,000                                   | -                   | 82,280,000                     | 12,354,349,332   | 0.67%   | 208,539           | 394.55                                    |
| 2010               | 83,040,000                          | -   | -                   | 83,040,000                     | 12,145,053,870   | 0.68%   | 203,178           | 408.71                                    |
| 2009               | 80,560,000                          | -   | -                   | 80,560,000                     | 11,802,532,188   | 0.68%   | 203,178           | 396.50                                    |
| 2008               | 77,820,000                          | -   | -                   | 77,820,000                     | 11,293,422,555   | 0.69%   | 203,178           | 383.01                                    |
| 2007               | 20,115,000                          | 59,000,000                                  | -                   | 79,115,000                     | 10,740,238,362   | 0.74%   | 199,593           | 396.38                                    |
| 2006               | 22,165,000                          | -   | -                   | 22,165,000                     | 10,218,952,515   | 0.22%   | 199,593           | 111.05                                    |

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

Notes:

- (1) Balances include current and non-current portions of bond principal outstanding.
- (2) Details of the College's outstanding debt can be found in Note 6 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)

| 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 |
|-------------|-----------------|-----------------|---|---------------------------------------|-------------------|---|
| 2015        | \$4,240,488,783 | 2.875%          | \$121,914,053                                 | \$81,261,750                          | \$40,652,303      | 66.65%  |
| 2014        | 4,154,298,826   | 2.875%          | 119,436,091                                   | 85,700,750                            | 33,735,341        | 71.75%  |
| 2013        | 4,131,636,881   | 2.875%          | 118,784,560                                   | 84,805,000                            | 33,979,560        | 71.39%  |
| 2012        | 4,161,237,754   | 2.875%          | 119,635,585                                   | 87,015,000                            | 32,620,585        | 72.73%  |
| 2011        | 4,118,116,444   | 2.875%          | 118,395,848                                   | 82,280,000                            | 36,115,848        | 69.50%  |
| 2010        | 4,048,351,290   | 2.875%          | 116,390,100                                   | 83,040,000                            | 33,350,100        | 71.35%  |
| 2009        | 3,934,177,396   | 2.875%          | 113,107,600                                   | 80,560,000                            | 32,547,600        | 71.22%  |
| 2008        | 3,764,474,185   | 2.875%          | 108,228,633                                   | 77,820,000                            | 30,408,633        | 71.90%  |
| 2007        | 3,580,079,454   | 2.875%          | 102,927,284                                   | 79,115,000                            | 23,812,284        | 76.86%  |
| 2006        | 3,406,317,505   | 2.875%          | 97,931,628                                    | 22,165,000                            | 75,766,628        | 22.63%  |

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

Notes:

- (1) Balances include current and non-current 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**

**LISTING OF DIRECT AND OVERLAPPING BONDED DEBT  
LAST TEN FISCAL YEARS**

(Unaudited)

|  | Fiscal Year 2015                   |   |   | Fiscal Year 2014                   |   |   | Fiscal Year 2013                   |   |   |
|--|------------------------------------|---|---|------------------------------------|---|---|------------------------------------|---|---|
|  | Total<br>Gross Debt<br>Outstanding | Percentage of<br>Debt Applicable<br>to District<br>#540 | College's<br>Direct and<br>Overlapping<br>Bonded Debt | Total<br>Gross Debt<br>Outstanding | Percentage of<br>Debt Applicable<br>to District<br>#540 | College's<br>Direct and<br>Overlapping<br>Bonded Debt | Total<br>Gross Debt<br>Outstanding | Percentage of<br>Debt Applicable<br>to District<br>#540 | College's<br>Direct and<br>Overlapping<br>Bonded Debt |
| Normal School District                   | \$171,020,000                      | 99.92%  | \$170,883,184   | \$175,930,000                      | 99.92%  | \$175,792,254   | \$179,790,000                      | 99.96%  | \$179,718,084   |
| Ford County                              | 1,270,000                          | 0.08%   | 1,016   | 1,165,000                          | 0.08%   | 924   | 475,000                            | 0.10%   | 475   |
| City of Bloomington                      | 71,555,000                         | 100.00%   | 71,555,000  | 79,485,000                         | 100.00%   | 79,485,000  | 73,360,000                         | 100.00%   | 73,360,000  |
| McLean County Public Building Commission | 8,697,489                          | 94.71%  | 8,237,392   | 8,697,489                          | 94.71%  | 8,237,126   | 10,625,282                         | 95.01%  | 10,095,310  |
| B/N Airport Authority                    | 17,190,000                         | 100.00%   | 17,190,000  | 14,695,000                         | 100.00%   | 14,695,000  | 15,080,000                         | 100.00%   | 15,080,000  |
| Prairie Central School District #8       | 5,154,923                          | 69.21%  | 3,567,722   | 2,101,000                          | 69.21%  | 1,454,166   | 3,976,248                          | 70.17%  | 2,790,133   |
| Town of Normal                           | 84,365,000                         | 100.00%   | 84,365,000  | 78,055,000                         | 100.00%   | 78,055,000  | 78,060,000                         | 100.00%   | 78,060,000  |
| Village of Carlock                       | 45,000                             | 100.00%   | 45,000  | 55,000                             | 100.00%   | 55,000  | 65,000                             | 100.00%   | 65,000  |
| Town of Normal Special Service Area #1   |                                    |   |   |                                    |   |   | 4,870,000                          | 100.00%   | 4,870,000   |
| Olympia School District #16              | 17,050,000                         | 99.97%  | 17,044,885  | 12,530,000                         | 99.97%  | 12,526,094  | 13,670,000                         | 99.97%  | 13,665,899  |
| Bloomington School District #87          | 45,955,000                         | 100.00%   | 45,955,000  | 37,795,000                         | 100.00%   | 37,795,000  | 39,795,000                         | 100.00%   | 39,795,000  |
| Tri-Valley School District #3            | 5,695,000                          | 99.91%  | 5,689,875   | 4,505,000                          | 99.91%  | 4,500,841   | 4,875,000                          | 99.88%  | 4,869,150   |
| Heyworth School District #4              | 7,660,000                          | 100.00%   | 7,660,000   | 6,810,000                          | 100.00%   | 6,810,000   | 7,345,000                          | 100.00%   | 7,345,000   |
| Ridgeview School District #19            | 1,920,000                          | 48.30%  | 927,360   | 2,660,000                          | 48.30%  | 1,285,742   | 2,220,000                          | 82.08%  | 1,822,176   |
| Village of Heyworth                      | 149,700                            | 100.00%   | 149,700   | 15,000                             | 100.00%   | 15,000  | 30,000                             | 100.00%   | 30,000  |
| Gridley School District #10              |                                    |   |   |                                    |   |   |                                    |   |   |
| Chenoa School District #9                |                                    |   |   |                                    |   |   |                                    |   |   |
| El Paso-Gridley School Unit #11          | 4,445,000                          | 24.77%  | 1,101,027   | 3,795,000                          | 24.77%  | 939,973   | 3,795,000                          | 25.10%  | 952,545   |
| Lexington School District #7             | 6,090,000                          | 100.00%   | 6,090,000   | 5,380,000                          | 100.00%   | 5,380,000   | 5,655,000                          | 100.00%   | 5,655,000   |
| City of Chenoa                           |                                    |   |   |                                    |   |   | 8,700                              | 100.00%   | 8,700   |
| City of El Paso                          | 509,000                            | 24.77%  | 126,079   |                                    |   |   |                                    |   |   |
| Randolph Fire Protection District        |                                    |   |   |                                    |   |   |                                    |   |   |
| Village of Stanford                      |                                    |   |   |                                    |   |   |                                    |   |   |
| Village of Towanda                       |                                    |   |   |                                    |   |   |                                    |   |   |
| Village of Gridley                       |                                    |   |   |                                    |   |   |                                    |   |   |
| Village of McLean                        |                                    |   |   |                                    |   |   |                                    |   |   |
| City of Lincoln                          | 493,000                            | 100.00%   | 493,000   | 493,000                            | 100.00%   | 493,000   | 175,000                            | 100.00%   | 175,000   |
| City of Fairbury                         | 480,000                            | 79.68%  | 382,464   | 500,000                            | 79.68%  | 398,406   | 500,000                            | 100.00%   | 500,000   |
| City of Atlanta                          | 30,000                             | 100.00%   | 30,000  | 45,000                             | 100.00%   | 45,000  | 60,000                             | 100.00%   | 60,000  |
| Randolph Township Road & Bridge          |                                    |   |   |                                    |   |   |                                    |   |   |
| Town of Randolph Road District           |                                    |   |   |                                    |   |   |                                    |   |   |
| Lincoln Rural Fire Protection District   | 750,000                            | 97.64%  | 732,300   | 840,000                            | 97.64%  | 820,180   | 925,000                            | 97.96%  | 906,130   |
| Lincoln Park District                    | 3,600,000                          | 100.00%   | 3,600,000   | 600,000                            | 100.00%   | 600,000   | 595,000                            | 100.00%   | 595,000   |
| Chester-East Lincoln SD #61              | 2,075,000                          | 99.37%  | 2,061,928   | 2,075,000                          | 99.37%  | 2,061,903   | 2,105,000                          | 99.93%  | 2,103,527   |
| Eureka CUSD #140                         |                                    |   |   |                                    |   |   |                                    |   |   |
| Illini Central CUSD #189                 | 2,890,000                          | 0.03%   | 867   | 3,140,000                          | 0.03%   | 967   | 3,375,000                          | 0.04%   | 1,350   |
| Lincoln CHSD #404                        | 3,200,000                          | 92.65%  | 2,964,800   | 3,200,000                          | 92.65%  | 2,964,943   | 3,480,000                          | 90.11%  | 3,135,828   |
| Lincoln SD #27                           | 670,000                            | 100.00%   | 670,000   | 670,000                            | 100.00%   | 670,000   | 1,085,000                          | 100.00%   | 1,085,000   |
| Pontiac CCSD #429                        |                                    |   |   | 95,000                             | 99.28%  | 94,317  | 350,000                            | 99.01%  | 346,535   |
| Pontiac THSD #90                         | 3,825,000                          | 81.81%  | 3,129,233   | 900,000                            | 81.81%  | 736,320   | 1,150,000                          | 90.57%  | 1,041,555   |
| Rooks Creek CCSD #425                    |                                    |   |   |                                    |   |   | 25,000                             | 100.00%   | 25,000  |
| West Lincoln-Broadwell SD #92            | 1,325,000                          | 96.54%  | 1,279,155   | 1,325,000                          | 96.54%  | 1,279,094   | 1,390,000                          | 94.58%  | 1,314,662   |
| Logan County                             |                                    |   |   |                                    |   |   | 600,000                            | 72.28%  | 433,680   |
| Downs Fire Protection District           |                                    |   |   |                                    |   |   |                                    |   |   |
| Tazewell County                          |                                    |   |   |                                    |   |   |                                    |   |   |
| 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  |                                    |   |   |
| Octavia Park District                    |                                    |   |   |                                    |   |   | 10,000                             | 100.00%   | 10,000  |
| SubTotal                                 | \$497,279,190                      |   | \$456,311,174   | \$476,416,489                      |   | \$437,161,871   | \$459,520,230                      |   | \$449,915,738   |
| Heartland Community College #540         | 81,261,750                         | 100.00%   | 81,261,750  | 85,700,750                         | 100.00%   | 85,700,750  | 84,805,000                         | 100.00%   | 84,805,000  |
| Total                                    | \$578,540,940                      |   | \$537,572,924   | \$562,117,239                      |   | \$522,862,621   | \$544,325,230                      |   | \$534,420,738   |

Source: First Midstate

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

**LISTING OF DIRECT AND OVERLAPPING BONDED DEBT  
LAST TEN FISCAL YEARS**

(Unaudited)

| Fiscal Year 2012                   |   |   | Fiscal Year 2011                   |   |   | Fiscal Year 2010                   |   |   | Total<br>Gross Debt<br>Outstanding |
|------------------------------------|---|---|------------------------------------|---|---|------------------------------------|---|---|------------------------------------|
| Total<br>Gross Debt<br>Outstanding | Percentage of<br>Debt Applicable<br>to District<br>#540 | College's<br>Direct and<br>Overlapping<br>Bonded Debt | Total<br>Gross Debt<br>Outstanding | Percentage of<br>Debt Applicable<br>to District<br>#540 | College's<br>Direct and<br>Overlapping<br>Bonded Debt | Total<br>Gross Debt<br>Outstanding | Percentage of<br>Debt Applicable<br>to District<br>#540 | College's<br>Direct and<br>Overlapping<br>Bonded Debt |                                    |
| \$183,650,000                      | 99.96%  | \$183,576,540   | \$193,137,884                      | 99.96%  | \$193,060,629   | \$175,290,000                      | 99.96%  | \$175,219,884   | \$175,290,000                      |
| 580,000                            | 0.10%   | 580   |                                    |   |   | 1,060,000                          | 0.06%   | 636   | 1,060,000                          |
| 77,145,000                         | 100.00%   | 77,145,000  | 73,055,000                         | 100.00%   | 73,055,000  | 77,330,000                         | 100.00%   | 77,330,000  | 79,430,000                         |
| 12,563,993                         | 95.19%  | 11,959,665  |                                    |   |   | 18,709,513                         | 95.24%  | 17,818,940  | 18,709,513                         |
| 15,460,000                         | 100.00%   | 15,460,000  |                                    |   |   | 23,710,000                         | 100.00%   | 23,710,000  | 14,770,000                         |
| 5,630,008                          | 70.17%  | 3,950,577   | 4,994,576                          | 70.12%  | 3,502,197   | 9,559,215                          | 70.12%  | 6,702,922   | 9,559,215                          |
| 78,940,000                         | 100.00%   | 78,940,000  |                                    |   |   | 89,590,000                         | 100.00%   | 89,590,000  | 89,590,000                         |
| 75,000                             | 100.00%   | 75,000  | 85,000                             | 100.00%   | 85,000  | 100,000                            | 100.00%   | 100,000   | 100,000                            |
| 5,150,000                          | 100.00%   | 5,150,000   | 80,000,000                         | 100.00%   | 80,000,000  | 5,510,000                          | 100.00%   | 5,510,000   | 5,510,000                          |
| 13,205,000                         | 99.97%  | 13,201,039  | 13,905,802                         | 99.97%  | 13,901,630  | 13,990,000                         | 99.97%  | 13,985,803  | 13,990,000                         |
| 41,580,000                         | 100.00%   | 41,580,000  | 43,195,000                         | 100.00%   | 43,195,000  | 45,965,000                         | 100.00%   | 45,965,000  | 45,965,000                         |
| 5,215,000                          | 99.88%  | 5,208,742   | 5,523,460                          | 99.88%  | 5,516,832   | 3,060,000                          | 99.88%  | 3,056,328   | 3,060,000                          |
| 7,810,000                          | 100.00%   | 7,810,000   | 8,005,000                          | 100.00%   | 8,005,000   | 9,730,000                          | 100.00%   | 9,730,000   | 9,730,000                          |
| 3,395,000                          | 82.08%  | 2,786,616   | 3,500,691                          | 82.08%  | 2,873,367   | 5,515,000                          | 82.08%  | 4,526,712   | 5,515,000                          |
| 45,000                             | 100.00%   | 45,000  | 60,000                             | 100.00%   | 60,000  | 9,075,000                          | 100.00%   | 9,075,000   | 90,000                             |
| 4,850,000                          | 25.10%  | 1,217,350   | 1,460,618                          | 25.10%  | 366,615   | 7,500,000                          | 25.10%  | 1,882,500   | 7,500,000                          |
| 4,470,000                          | 100.00%   | 4,470,000   | 4,735,000                          | 100.00%   | 4,735,000   | 2,490,000                          | 100.00%   | 2,490,000   | 2,490,000                          |
| 17,400                             | 100.00%   | 17,400  | 26,100                             | 100.00%   | 26,100  | 103,500                            | 100.00%   | 103,500   | 43,500                             |
|                                    |   |   |                                    |   |   | 510,000                            | 100.00%   | 510,000   |                                    |
|                                    |   |   |                                    |   |   | 1,090,000                          | 100.00%   | 1,090,000   |                                    |
|                                    |   |   |                                    |   |   | 780,000                            | 100.00%   | 780,000   |                                    |
| 345,000                            | 100.00%   | 345,000   | 500,000                            | 100.00%   | 500,000   | 610,000                            | 100.00%   | 610,000   | 330,000                            |
| 500,000                            | 100.00%   | 500,000   |                                    |   |   | 170,000                            | 100.00%   | 170,000   |                                    |
| 70,000                             | 100.00%   | 70,000  | 80,000                             | 100.00%   | 80,000  | 450,000                            | 100.00%   | 450,000   | 100,000                            |
|                                    |   |   |                                    |   |   | 230,000                            | 100.00%   | 230,000   |                                    |
| 1,005,000                          | 97.96%  | 984,498   |                                    |   |   | 1,215,000                          | 97.96%  | 1,190,214   | 1,215,000                          |
| 575,000                            | 100.00%   | 575,000   |                                    |   |   | 545,000                            | 100.00%   | 545,000   | 545,000                            |
| 88,000                             | 99.93%  | 87,938  | 134,900                            | 99.93%  | 134,806   | 110,000                            | 99.93%  | 109,923   | 110,000                            |
| 365,000                            | 0.04%   | 146   | 287                                | 0.04%   | 0   | 1,655,000                          | 0.04%   | 662   | 1,655,000                          |
| 3,595,000                          | 0.04%   | 1,438   | 1,352                              | 0.04%   | 1   | 4,000,000                          | 0.04%   | 1,600   | 4,000,000                          |
| 3,745,000                          | 90.11%  | 3,374,620   | 3,599,885                          | 90.11%  | 3,243,856   | 4,455,000                          | 90.11%  | 4,014,401   | 4,455,000                          |
| 1,490,000                          | 100.00%   | 1,490,000   | 1,855,000                          | 100.00%   | 1,855,000   | 5,370,000                          | 100.00%   | 5,370,000   | 2,540,000                          |
| 595,000                            | 99.01%  | 589,110   | 821,783                            | 99.01%  | 813,647   | 1,245,000                          | 99.01%  | 1,232,675   | 1,245,000                          |
| 1,390,000                          | 90.57%  | 1,258,923   | 1,467,234                          | 90.57%  | 1,328,874   | 2,050,000                          | 90.57%  | 1,856,685   | 2,050,000                          |
| 50,000                             | 100.00%   | 50,000  | 75,000                             | 100.00%   | 75,000  | 120,000                            | 100.00%   | 120,000   | 120,000                            |
| 1,450,000                          | 94.58%  | 1,371,410   | 1,423,487                          | 94.58%  | 1,346,334   | 1,600,000                          | 94.58%  | 1,513,280   | 1,600,000                          |
|                                    |   |   |                                    |   |   | 2,795,000                          | 92.66%  | 2,589,847   |                                    |
|                                    |   |   |                                    |   |   | 6,655,000                          | 3.89%   | 258,880   |                                    |
| 340,000                            | 100.00%   | 340,000   | 340,000                            | 100.00%   | 340,000   |                                    |   |   |                                    |
| <u>\$475,384,401</u>               |   | <u>\$463,631,592</u>                                  | <u>\$441,983,059</u>               |   | <u>\$438,099,888</u>                                  | <u>\$533,942,228</u>               |   | <u>\$509,440,392</u>                                  | <u>\$502,367,228</u>               |
| 87,015,000                         | 100.00%   | 87,015,000  | 82,280,000                         | 100.00%   | 82,280,000  | 83,040,000                         | 100.00%   | 83,040,000  | 80,560,000                         |
| <u>\$562,399,401</u>               |   | <u>\$550,646,592</u>                                  | <u>\$524,263,059</u>               |   | <u>\$520,379,888</u>                                  | <u>\$616,982,228</u>               |   | <u>\$592,480,392</u>                                  | <u>\$582,927,228</u>               |

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

**LISTING OF DIRECT AND OVERLAPPING BONDED DEBT  
LAST TEN FISCAL YEARS**

(Unaudited)

| Fiscal Year 2009                               |  | Fiscal Year 2008             |  |  | Fiscal Year 2007             |  |  | Fiscal Year 2006             |  |  |
|--|--|------------------------------|--|--|------------------------------|--|--|------------------------------|--|--|
| 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 | 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 |
| 99.96%   | \$175,219,884                                | \$89,210,000                 | 100.00%  | \$89,210,000                                 | \$192,110,000                | 100.00%  | \$192,110,000                                | \$197,090,000                | 100.00%  | \$197,090,000                                |
| 0.06%  | 636  |                              |  |  |                              |  |  |                              |  |  |
| 100.00%  | 79,430,000                                   | 58,968,544                   | 100.00%  | 58,968,544                                   | 76,902,552                   | 100.00%  | 76,902,552                                   | 79,844,956                   | 100.00%  | 79,844,956                                   |
| 95.24%   | 15,304,382                                   | 20,693,284                   | 100.00%  | 23,278,284                                   | 23,278,284                   | 100.00%  | 23,278,284                                   | 16,135,000                   | 100.00%  | 16,135,000                                   |
| 100.00%  | 14,770,000                                   | 6,775,000                    | 100.00%  | 6,775,000                                    | 8,320,000                    | 100.00%  | 8,320,000                                    | 8,975,000                    | 100.00%  | 8,975,000                                    |
| 70.12%   | 6,702,922                                    | 10,733,110                   | 56.80%   | 6,096,406                                    | 11,795,486                   | 56.80%   | 6,699,836                                    | 12,743,585                   | 56.80%   | 7,238,356                                    |
| 100.00%  | 89,590,000                                   | 64,500,000                   | 100.00%  | 64,500,000                                   | 39,900,000                   | 100.00%  | 39,900,000                                   | 40,000,000                   | 100.00%  | 40,000,000                                   |
| 100.00%  | 100,000                                      |                              |  |  |                              |  |  |                              |  |  |
| 100.00%  | 5,510,000                                    | 5,510,000                    | 100.00%  | 5,510,000                                    |                              |  |  |                              |  |  |
| 99.97%   | 13,985,803                                   | 15,070,000                   | 100.00%  | 15,070,000                                   | 3,035,000                    | 100.00%  | 3,035,000                                    | 4,835,000                    | 100.00%  | 4,835,000                                    |
| 100.00%  | 45,965,000                                   | 28,570,000                   | 100.00%  | 28,570,000                                   | 29,670,000                   | 100.00%  | 29,670,000                                   | 30,195,000                   | 100.00%  | 30,195,000                                   |
| 99.88%   | 3,056,328                                    | 3,440,000                    | 100.00%  | 3,440,000                                    | 3,790,000                    | 100.00%  | 3,790,000                                    | 4,110,000                    | 100.00%  | 4,110,000                                    |
| 100.00%  | 9,730,000                                    | 5,865,000                    | 100.00%  | 5,865,000                                    | 6,095,000                    | 100.00%  | 6,095,000                                    | 6,300,000                    | 100.00%  | 6,300,000                                    |
| 82.08%   | 4,526,712                                    | 4,340,000                    | 100.00%  | 4,340,000                                    | 4,610,000                    | 100.00%  | 4,610,000                                    | 1,675,000                    | 100.00%  | 1,675,000                                    |
| 100.00%  | 90,000                                       | 780,000                      | 100.00%  | 780,000                                      | 1,000,000                    | 100.00%  | 1,000,000                                    | 1,205,000                    | 100.00%  | 1,205,000                                    |
| 25.10%   | 1,882,500                                    | 8,715,000                    | 26.27%   | 2,289,431                                    | 9,325,000                    | 26.27%   | 2,449,678                                    | 9,845,000                    | 26.27%   | 2,586,282                                    |
| 100.00%  | 2,490,000                                    | 795,000                      | 100.00%  | 795,000                                      | 600,000                      | 100.00%  | 600,000                                      | 890,000                      | 100.00%  | 890,000                                      |
| 100.00%  | 43,500                                       | 162,200                      | 100.00%  | 162,200                                      | 69,600                       | 100.00%  | 69,600                                       | 78,300                       | 100.00%  | 78,300                                       |
| 100.00%  |  | 280,000                      | 98.84%   | 276,752                                      | 305,000                      | 98.84%   | 301,462                                      | 330,000                      | 98.84%   | 326,172                                      |
| 100.00%  |  | 385,000                      | 100.00%  | 385,000                                      | 400,000                      | 100.00%  | 400,000                                      | 20,000                       | 100.00%  | 20,000                                       |
| 100.00%  | 330,000                                      |                              |  |  |                              |  |  |                              |  |  |
| 100.00%  | 100,000                                      |                              |  |  |                              |  |  |                              |  |  |
| 100.00%  |  | 85,000                       | 100.00%  | 85,000                                       | 105,000                      | 100.00%  | 105,000                                      | 120,000                      | 100.00%  | 120,000                                      |
| 97.96%   | 1,190,214                                    |                              |  |  |                              |  |  |                              |  |  |
| 100.00%  | 545,000                                      |                              |  |  |                              |  |  |                              |  |  |
| 99.93%   | 109,923                                      |                              |  |  |                              |  |  |                              |  |  |
| 0.04%  | 662  |                              |  |  |                              |  |  |                              |  |  |
| 0.04%  | 1,600  |                              |  |  |                              |  |  |                              |  |  |
| 90.11%   | 4,014,401                                    |                              |  |  |                              |  |  |                              |  |  |
| 100.00%  | 2,540,000                                    |                              |  |  |                              |  |  |                              |  |  |
| 99.01%   | 1,232,675                                    |                              |  |  |                              |  |  |                              |  |  |
| 90.57%   | 1,856,685                                    |                              |  |  |                              |  |  |                              |  |  |
| 100.00%  | 120,000                                      |                              |  |  |                              |  |  |                              |  |  |
| 94.58%   | 1,513,280                                    |                              |  |  |                              |  |  |                              |  |  |
|  |  | 2,800,000                    | 100.00%  | 2,800,000                                    |                              |  |  |                              |  |  |
|  |  |                              |  |  | 80,000                       | 100.00%  | 80,000                                       | 120,000                      | 100.00%  | 120,000                                      |
|  | \$481,952,107                                | \$327,677,138                |  | \$319,196,617                                | \$411,390,922                |  | \$399,416,412                                | \$414,511,841                |  | \$401,744,066                                |
| 100.00%  | 80,560,000                                   | 77,820,000                   | 100.00%  | 77,820,000                                   | 20,550,000                   | 100.00%  | 20,550,000                                   | 20,870,000                   | 100.00%  | 20,870,000                                   |
|  | \$562,512,107                                | \$405,497,138                |  | \$397,016,617                                | \$431,940,922                |  | \$419,966,412                                | \$435,381,841                |  | \$422,614,066                                |

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

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**PERSONAL INCOME PER CAPITA  
LAST TEN FISCAL YEARS**

(Unaudited)

| <u>Year</u> | <u>District #540 Counties Served</u>              | <u>Size of District (2)</u> | <u>District #540<br/>Population (2)</u> | <u>McLean Co.<br/>Population</u> | <u>McLean Co.<br/>Personal Income</u> | <u>McLean Co.<br/>Per Capita<br/>Income</u> | <u>McLean Co.<br/>Unemployment<br/>Rate</u> |
|-------------|---|-----------------------------|---|----------------------------------|---------------------------------------|---|---|
| 2015        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 207,953                                 | 174,061                          | \$5,301,898,060                       | \$30,460                                    | 3.90%                                       |
| 2014        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 208,539                                 | 174,647                          | 5,319,747,620                         | 30,460                                      | 7.30%                                       |
| 2013        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 208,539                                 | 171,166                          | 5,128,133,360                         | 29,960                                      | 7.20%                                       |
| 2012        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 208,539                                 | 170,556                          | 5,018,610,300                         | 29,425                                      | 7.20%                                       |
| 2011        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 208,539                                 | 169,572                          | 4,776,334,524                         | 28,167                                      | 7.70%                                       |
| 2010        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 203,178                                 | 168,854                          | 4,553,823,526                         | 26,969                                      | 6.40%                                       |
| 2009        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 203,178                                 | 167,066                          | 4,350,398,640                         | 26,040                                      | 6.70%                                       |
| 2008        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 203,178                                 | 165,298                          | 4,261,713,036                         | 25,782                                      | 5.50%                                       |
| 2007        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 199,593                                 | 165,148                          | 4,094,026,630                         | 24,790                                      | 3.90%                                       |
| 2006        | Dewitt, Ford, Livingston, Logan, McLean, Tazewell | 1,863 square miles          | 199,593                                 | 162,069                          | 3,900,676,692                         | 24,068                                      | 3.90%                                       |

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

Notes:

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

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

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**PRINCIPAL EMPLOYERS  
LAST TEN FISCAL YEARS**

(Unaudited)

| Employer                                | 2015          |      |                               | 2014          |      |                               | 2013          |      |                               | 2012          |      |                               | 2011          |      |                               |
|---|---------------|------|-------------------------------|---------------|------|-------------------------------|---------------|------|-------------------------------|---------------|------|-------------------------------|---------------|------|-------------------------------|
|   | Employees     | Rank | District #540 % of Population | Employees     | Rank | District #540 % of Population | Employees     | Rank | District #540 % of Population | Employees     | Rank | District #540 % of Population | Employees     | Rank | District #540 % of Population |
| Anderson Financial Network, Inc. (AFNI) | 765           | 9    | 0.44%                         |               |      |                               | 700           | 10   | 0.34%                         | 778           | 10   | 0.37%                         | 900           | 8    | 0.43%                         |
| Advocate Bro Menn Medical Center        | 1,372         | 5    | 0.79%                         | 791           | 9    | 0.38%                         | 1,347         | 5    | 0.65%                         | 1,157         | 6    | 0.55%                         | 1,522         | 5    | 0.73%                         |
| City of Bloomington                     |               |      |                               | 765           | 10   | 0.37%                         |               |      |                               |               |      |                               | 743           | 10   | 0.36%                         |
| COUNTRY Financial                       | 1,905         | 3    | 1.09%                         | 1,949         | 3    | 0.93%                         | 1,955         | 3    | 0.94%                         | 2,049         | 3    | 0.98%                         | 2,084         | 3    | 1.00%                         |
| District 87 Schools (Bloomington)       | 664           | 10   | 0.38%                         |               |      |                               | 700           | 9    | 0.34%                         |               |      |                               |               |      |                               |
| GTE                                     |               |      |                               |               |      |                               |               |      |                               |               |      |                               |               |      |                               |
| Illinois State University               | 3,639         | 2    | 2.09%                         | 3,289         | 2    | 1.58%                         | 3,251         | 2    | 1.56%                         | 3,275         | 2    | 1.57%                         | 3,259         | 2    | 1.56%                         |
| McLean County                           | 806           | 8    | 0.46%                         | 812           | 8    | 0.39%                         | 806           | 8    | 0.39%                         | 806           | 9    | 0.39%                         | 806           | 9    | 0.39%                         |
| Mitsubishi Motor Manufacturing          | 1,280         | 6    | 0.74%                         | 1,251         | 5    | 0.60%                         | 1,294         | 6    | 0.62%                         | 1,270         | 5    | 0.61%                         | 1,278         | 6    | 0.61%                         |
| OSF St. Joseph Medical Center           | 1,225         | 7    | 0.70%                         | 1,012         | 7    | 0.49%                         | 1,028         | 7    | 0.49%                         | 832           | 8    | 0.40%                         | 1,140         | 7    | 0.55%                         |
| State Farm Insurance Companies          | 14,109        | 1    | 8.11%                         | 14,765        | 1    | 7.08%                         | 14,935        | 1    | 7.16%                         | 14,528        | 1    | 6.97%                         | 14,450        | 1    | 6.93%                         |
| TEK Systems                             |               |      |                               | 1,131         | 6    | 0.54%                         |               |      |                               |               |      |                               |               |      |                               |
| Unit 5 Schools (Normal)                 | 1,549         | 4    | 0.89%                         | 1,576         | 4    | 0.76%                         | 1,674         | 4    | 0.80%                         | 1,754         | 4    | 0.84%                         | 1,826         | 4    | 0.88%                         |
| Growmark                                |               |      |                               |               |      |                               |               |      |                               | 932           | 7    | 0.45%                         |               |      |                               |
| <b>Total</b>                            | <b>27,314</b> |      | <b>15.69%</b>                 | <b>27,341</b> |      | <b>13.11%</b>                 | <b>27,690</b> |      | <b>13.28%</b>                 | <b>27,381</b> |      | <b>13.13%</b>                 | <b>28,008</b> |      | <b>13.43%</b>                 |

| Employer                                | 2010          |      |                               | 2009          |      |                               | 2008          |      |                               | 2007          |      |                               | 2006          |      |                               |
|---|---------------|------|-------------------------------|---------------|------|-------------------------------|---------------|------|-------------------------------|---------------|------|-------------------------------|---------------|------|-------------------------------|
|   | Employees     | Rank | District #540 % of Population | Employees     | Rank | District #540 % of Population | Employees     | Rank | District #540 % of Population | Employees     | Rank | District #540 % of Population | Employees     | Rank | District #540 % of Population |
| Anderson Financial Network, Inc. (AFNI) | 750           | 9    | 0.37%                         | 883           | 8    | 0.43%                         | 1,012         | 7    | 0.50%                         | 1,217         | 7    | 0.61%                         | 1,217         | 7    | 0.61%                         |
| BroMenn Healthcare                      | 2,006         | 5    | 0.99%                         | 1591          | 5    | 0.78%                         | 1,537         | 6    | 0.76%                         | 1,514         | 6    | 0.76%                         | 2,142         | 4    | 1.07%                         |
| City of Bloomington                     |               |      |                               |               |      |                               | 645           | 10   | 0.32%                         |               |      |                               | 830           | 10   | 0.42%                         |
| Country Insurance & Fin. Services       | 2,174         | 3    | 1.07%                         | 2178          | 3    | 1.07%                         | 2,204         | 3    | 1.08%                         | 2,158         | 3    | 1.08%                         | 2,200         | 3    | 1.10%                         |
| District 87 Schools (Bloomington)       | 699           | 10   | 0.34%                         | 680           | 10   | 0.33%                         |               |      |                               | 675           | 10   | 0.34%                         |               |      |                               |
| GTE                                     |               |      |                               |               |      |                               |               |      |                               |               |      |                               |               |      |                               |
| Illinois State University               | 3,542         | 2    | 1.74%                         | 3205          | 2    | 1.58%                         | 3,152         | 2    | 1.55%                         | 3,121         | 2    | 1.56%                         | 3,267         | 2    | 1.64%                         |
| McLean County                           | 806           | 8    | 0.40%                         | 820           | 9    | 0.40%                         | 870           | 9    | 0.43%                         | 870           | 9    | 0.44%                         | 859           | 9    | 0.43%                         |
| Mitsubishi Motor Manufacturing          | 1,303         | 6    | 0.64%                         | 1418          | 6    | 0.70%                         | 1,725         | 5    | 0.85%                         | 1,800         | 4    | 0.90%                         | 1,898         | 5    | 0.95%                         |
| OSF St. Joseph Medical Center           | 1,096         | 7    | 0.54%                         | 1122          | 7    | 0.55%                         | 997           | 8    | 0.49%                         | 956           | 8    | 0.48%                         | 951           | 8    | 0.48%                         |
| State Farm Insurance Companies          | 15,359        | 1    | 7.56%                         | 15509         | 1    | 7.63%                         | 15,297        | 1    | 7.53%                         | 14,653        | 1    | 7.34%                         | 14,315        | 1    | 7.17%                         |
| Unit 5 Schools (Normal)                 | 2,037         | 4    | 1.00%                         | 1692          | 4    | 0.83%                         | 1,754         | 4    | 0.86%                         | 1,785         | 5    | 0.89%                         | 1,666         | 6    | 0.83%                         |
| <b>Total</b>                            | <b>29,772</b> |      | <b>14.65%</b>                 | <b>29,098</b> |      | <b>14.30%</b>                 | <b>29,193</b> |      | <b>14.37%</b>                 | <b>28,749</b> |      | <b>14.40%</b>                 | <b>29,345</b> |      | <b>14.70%</b>                 |

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

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

All other counties in District #540 are considered Non-Metropolitan.

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

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**PROPERTY VALUES, CONSTRUCTION, AND BANK DEPOSITS  
LAST TEN FISCAL YEARS**

(Dollars in Thousands)

(Unaudited)

| <u>Fiscal Year</u> | <u>District #540<br/>Property Value</u> | <u>McLean Co.<br/>Construction</u> | <u>McLean Co.<br/>Bank Deposits</u> |
|--------------------|---|------------------------------------|-------------------------------------|
| 2015               | \$ 12,721,466                           | \$ 76,518                          | \$ 13,362,905                       |
| 2014               | 12,462,897                              | 92,567                             | 13,362,905                          |
| 2013               | 12,394,911                              | 48,823                             | 12,453,121                          |
| 2012               | 12,483,713                              | 62,499                             | 12,440,671                          |
| 2011               | 12,354,349                              | 62,284                             | 12,415,000                          |
| 2010               | 12,145,054                              | 67,808                             | 12,796,000                          |
| 2009               | 11,802,532                              | 53,865                             | 12,147,000                          |
| 2008               | 11,293,423                              | 72,767                             | 12,026,000                          |
| 2007               | 10,740,238                              | 97,578                             | 11,449,000                          |
| 2006               | 10,218,952                              | 99,671                             | 9,549,000                           |

Sources: Heartland Community College Comprehensive Annual Financial Reports, College Records, McLean County Economic Development Council, U.S. Census Bureau-McLean County Construction, 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 Non-Metropolitan.

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

**OPERATING INFORMATION**

**NUMBER OF EMPLOYEES  
LAST TEN FISCAL YEARS**

(Unaudited)

|                        | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Faculty</b>         |             |             |             |             |             |
| Full Time              | 89          | 90          | 93          | 95          | 94          |
| Part Time              | 186         | 187         | 172         | 232         | 213         |
| <b>Total Faculty</b>   | <u>275</u>  | <u>277</u>  | <u>265</u>  | <u>327</u>  | <u>307</u>  |
| <b>Staff</b>           |             |             |             |             |             |
| Administrative         | 68          | 65          | 69          | 66          | 57          |
| Classified             | 51          | 53          | 63          | 67          | 62          |
| Professional/Technical | 89          | 94          | 96          | 100         | 98          |
| <b>Total Staff</b>     | <u>208</u>  | <u>212</u>  | <u>228</u>  | <u>233</u>  | <u>217</u>  |
|                        |             |             |             |             |             |
|                        | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
| <b>Faculty</b>         |             |             |             |             |             |
| Full Time              | 89          | 85          | 80          | 75          | 75          |
| Part Time              | 200         | 189         | 171         | 180         | 199         |
| <b>Total Faculty</b>   | <u>289</u>  | <u>274</u>  | <u>251</u>  | <u>255</u>  | <u>274</u>  |
| <b>Staff</b>           |             |             |             |             |             |
| Administrative         | 50          | 49          | 43          | 42          | 35          |
| Classified             | 56          | 58          | 51          | 49          | 48          |
| Professional/Technical | 85          | 89          | 74          | 66          | 66          |
| <b>Total Staff</b>     | <u>191</u>  | <u>196</u>  | <u>168</u>  | <u>157</u>  | <u>149</u>  |

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)

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

| <b>Funding Category</b>                             | <b>2010</b>           | <b>2009</b>          | <b>2008</b>          | <b>2007</b>          | <b>2006</b>          |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Baccalaureate                                       | 74,823                | 68,423               | 64,090               | 63,198               | 60,854               |
| Business Occupational                               | 3,950                 | 3,615                | 3,970                | 3,561                | 3,032                |
| Technical Occupational                              | 5,171                 | 4,959                | 4,319                | 3,669                | 4,150                |
| Health Occupational                                 | 5,355                 | 4,483                | 3,617                | 3,894                | 3,517                |
| Remedial Developmental                              | 11,985                | 10,039               | 9,609                | 9,179                | 8,755                |
| Adult Basic Education/<br>Adult Secondary Education | <u>4,503</u>          | <u>3,591</u>         | <u>2,507</u>         | <u>2,354</u>         | <u>2,502</u>         |
| <b>TOTAL</b>  | <u><u>105,787</u></u> | <u><u>95,110</u></u> | <u><u>88,112</u></u> | <u><u>85,855</u></u> | <u><u>82,810</u></u> |

Source: College Records

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

**OPERATING INFORMATION**

**STUDENT ENROLLMENT DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

(Unaudited)

| <b>Fiscal Year</b> | <b>Enrollment Headcount</b> | <b>Full-Time Equivalent</b> | <b>Male</b> | <b>Female</b> | <b>Full-Time</b> | <b>Part-Time</b> | <b>Average Class Size</b> | <b>Number of Classrooms and Labs</b> |
|--------------------|-----------------------------|-----------------------------|-------------|---------------|------------------|------------------|---------------------------|--------------------------------------|
| 2015               | 5,286                       | 3,418                       | 2,413       | 2,873         | 2,073            | 3,213            | 16.70                     | 179                                  |
| 2014               | 5,215                       | 3,319                       | 2,414       | 2,801         | 2,241            | 2,974            | 18.97                     | 179                                  |
| 2013               | 5,456                       | 3,459                       | 2,529       | 2,927         | 2,452            | 3,004            | 18.01                     | 179                                  |
| 2012               | 5,610                       | 3,632                       | 2,616       | 2,994         | 2,591            | 3,019            | 18.42                     | 179                                  |
| 2011               | 5,459                       | 3,508                       | 2,545       | 2,914         | 2,599            | 2,860            | 17.30                     | 179                                  |
| 2010               | 5,266                       | 3,395                       | 2,451       | 2,815         | 2,524            | 2,742            | 18.09                     | 179                                  |
| 2009               | 5,062                       | 3,156                       | 2,298       | 2,764         | 2,273            | 2,710            | 18.36                     | 179                                  |
| 2008               | 4,827                       | 3,006                       | 2,186       | 2,641         | 2,137            | 2,690            | 17.89                     | 170                                  |
| 2007               | 4,764                       | 2,813                       | 2,092       | 2,672         | 2,001            | 2,774            | 17.47                     | 136                                  |
| 2006               | 4,736                       | 2,814                       | 2,080       | 2,656         | 1,955            | 2,712            | 18.20                     | 136                                  |

| <b>Fiscal Year</b> | <b>Continuing Students</b> | <b>First Time College Level Students</b> | <b>Non-Degree Seeking</b> | <b>Transfer Students</b> | <b>High School Students</b> | <b>In District Residents</b> | <b>Median Age</b> | <b>Degrees Conferred</b> |
|--------------------|----------------------------|--|---------------------------|--------------------------|-----------------------------|------------------------------|-------------------|--------------------------|
| 2015               | 2,485                      | 861                                      | 960                       | 332                      | 531                         | 4,692                        | 21                | 639                      |
| 2014               | 3,435                      | 783                                      | 523                       | 474                      | 141                         | 4,288                        | 21                | 700                      |
| 2013               | 2,532                      | 1,019                                    | 824                       | 663                      | 210                         | 4,341                        | 21                | 654                      |
| 2012               | 2,568                      | 1,062                                    | 868                       | 709                      | NA                          | 4,346                        | 21                | 723                      |
| 2011               | 2,514                      | 1,019                                    | 870                       | 668                      | NA                          | 4,192                        | 21                | 718                      |
| 2010               | 2,805                      | 1,129                                    | 1,082                     | 250                      | NA                          | 4,240                        | 22                | 673                      |
| 2009               | 343                        | 2,919                                    | 170                       | 1,551                    | NA                          | 4,834                        | 21                | 655                      |
| 2008               | 521                        | 2,728                                    | 121                       | 1,455                    | NA                          | 4,667                        | 22                | 646                      |
| 2007               | 731                        | 2,519                                    | 38                        | 1,487                    | NA                          | 4,681                        | 22                | 783                      |
| 2006               | 871                        | 2,325                                    | 32                        | 1,439                    | NA                          | 4,583                        | 22                | 775                      |

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 ASSET STATISTICS  
LAST TEN FISCAL YEARS**

(Unaudited)

| <b><u>Net Capital Assets:</u></b> | <b><u>2015</u></b>    | <b><u>2014</u></b>    | <b><u>2013</u></b>    | <b><u>2012</u></b>    | <b><u>2011</u></b>    |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Land                              | \$ 4,481,528          | \$ 4,368,661          | \$ 4,368,661          | \$ 4,368,661          | \$ 4,368,661          |
| Furniture and equipment           | 5,303,195             | 5,816,802             | 6,325,786             | 6,880,156             | 2,278,654             |
| Buildings                         | 97,207,864            | 102,264,528           | 105,264,779           | 106,121,515           | 106,546,605           |
| Infrastructure                    | 12,014,420            | 10,080,223            | 10,873,967            | 11,779,288            | 9,777,203             |
| Other Assets (Tower Leases)       | 178,879               | 192,305               | 205,732               | 219,158               | 232,584               |
| Construction in progress          | 102,958               | 564,957               | 139,573               | 84,849                | 281,167               |
| Total Net Capital Assets          | <u>\$ 119,288,844</u> | <u>\$ 123,287,476</u> | <u>\$ 127,178,498</u> | <u>\$ 129,453,627</u> | <u>\$ 123,484,874</u> |

| <b><u>Other Information:</u></b>    | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> | <b><u>2012</u></b> | <b><u>2011</u></b> |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Capital contributions               | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               |
| Depreciation expense                | 4,638,829          | 4,710,573          | 4,722,293          | 4,430,553          | 3,620,387          |
| Amortization expense (Tower Leases) | 13,426             | 13,426             | 13,426             | 13,426             | 4,916              |

| <b><u>Net Capital Assets:</u></b> | <b><u>2010</u></b>    | <b><u>2009</u></b>   | <b><u>2008</u></b>   | <b><u>2007</u></b>   | <b><u>2006</u></b>   |
|-----------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Land                              | \$ 2,225,290          | \$ 2,225,290         | \$ 2,225,290         | \$ 2,225,290         | \$ 2,225,290         |
| Furniture and equipment           | 1,687,340             | 1,315,471            | 1,323,346            | 1,089,975            | 614,641              |
| Buildings                         | 85,362,347            | 50,745,044           | 44,518,586           | 26,417,208           | 27,245,482           |
| Infrastructure                    | 6,209,081             | 2,593,895            | 2,806,254            | 2,459,877            | 2,644,530            |
| Other Assets (Tower Leases)       | -                     | -                    | -                    | -                    | -                    |
| Construction in progress          | 18,311,046            | 28,285,153           | 7,835,443            | 18,585,501           | 9,517,300            |
| Total Net Capital Assets          | <u>\$ 113,795,104</u> | <u>\$ 85,164,853</u> | <u>\$ 58,708,919</u> | <u>\$ 50,777,851</u> | <u>\$ 42,247,243</u> |

| <b><u>Other Information:</u></b>    | <b><u>2010</u></b> | <b><u>2009</u></b> | <b><u>2008</u></b> | <b><u>2007</u></b> | <b><u>2006</u></b> |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Capital contributions               | \$ -               | \$ -               | \$ 698,153         | \$ 4,736,909       | \$ 8,880,816       |
| Depreciation expense                | 2,457,929          | 1,986,177          | 1,812,824          | 1,309,995          | 1,211,947          |
| Amortization expense (Tower Leases) | -                  | -                  | -                  | -                  | -                  |

Source: College Records

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

**OPERATING INFORMATION**

**CAPITAL ASSET STATISTICS - SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

(Unaudited)

| <b>CAPITAL ASSET TYPE:</b>                           | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> | <b><u>2012</u></b> | <b><u>2011</u></b> | <b><u>2010</u></b> | <b><u>2009</u></b> | <b><u>2008</u></b> | <b><u>2007</u></b> | <b><u>2006</u></b> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Land - Acres   | <u>145.05</u>      | <u>142.45</u>      | <u>142.45</u>      | <u>142.45</u>      | <u>142.45</u>      | <u>45</u>          | <u>45</u>          | <u>45</u>          | <u>45</u>          | <u>45</u>          |
| Furniture and Equipment - No. of Units               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Education  | 110                | 112                | 117                | 116                | 123                | 113                | 110                | 97                 | 90                 | 90                 |
| Operations & Maintenance                             | 19                 | 19                 | 18                 | 14                 | 12                 | 12                 | 14                 | 14                 | 14                 | 15                 |
| Operations & Maintenance Restricted                  | 65                 | 67                 | 68                 | 68                 | 85                 | 85                 | 85                 | 85                 | 83                 | 83                 |
| Restricted Purposes                                  | 244                | 230                | 219                | 193                | 185                | 153                | 131                | 129                | 91                 | 36                 |
| Liability, Protection & Settlement                   | 8                  | 7                  | 7                  | 7                  | 6                  | 5                  | 5                  | 5                  | 5                  | 4                  |
| Total Furniture and Equipment Units                  | <u>446</u>         | <u>435</u>         | <u>429</u>         | <u>398</u>         | <u>411</u>         | <u>368</u>         | <u>345</u>         | <u>330</u>         | <u>283</u>         | <u>228</u>         |
| 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             | -                  | -                  | -                  | -                  |
| Astroth Continuing Education Center                  | 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             | -                  | -                  | -                  |
| Fitness and Recreation Center                        | 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              | -                  | -                  | -                  |
| 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            | 79,932             | 79,932             | 79,932             | 79,932             |
| Parkside Project Building                            | 1,134              | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Workforce Development Center                         | 101,425            | 101,425            | 101,425            | 101,425            | 101,425            | 101,425            | 101,425            | 101,425            | -                  | -                  |
| Total Building Square Footage                        | <u>525,575</u>     | <u>524,441</u>     | <u>524,441</u>     | <u>524,441</u>     | <u>524,441</u>     | <u>477,657</u>     | <u>370,306</u>     | <u>342,650</u>     | <u>241,225</u>     | <u>241,225</u>     |
| Infrastructure - No. of Improvements                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Education  | 1                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Operations & Maintenance                             | 11                 | 9                  | 9                  | 8                  | 6                  | 4                  | 3                  | 3                  | 2                  | 2                  |
| Operations & Maintenance Restricted                  | 17                 | 13                 | 12                 | 11                 | 11                 | 10                 | 9                  | 9                  | 8                  | 8                  |
| Auxillary  | 1                  | 1                  | 1                  | 1                  | 1                  | -                  | -                  | -                  | -                  | -                  |
| Restricted Purposes                                  | 8                  | 7                  | 6                  | 4                  | 2                  | 1                  | -                  | -                  | -                  | -                  |
| Total Infrastructure Improvements                    | <u>38</u>          | <u>30</u>          | <u>28</u>          | <u>24</u>          | <u>20</u>          | <u>15</u>          | <u>12</u>          | <u>12</u>          | <u>10</u>          | <u>10</u>          |
| Construction in Progress - No. of Buildings/Projects |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Buildings/Projects                                   | 2                  | 4                  | 2                  | 2                  | 4                  | 1                  | 4                  | 4                  | 1                  | 1                  |
| Total Construction in Progress Buildings/Projects    | <u>2</u>           | <u>4</u>           | <u>2</u>           | <u>2</u>           | <u>4</u>           | <u>1</u>           | <u>4</u>           | <u>4</u>           | <u>1</u>           | <u>1</u>           |
| Capital Assets Disposed - No. of Units               | <u>8</u>           | <u>13</u>          | <u>-</u>           | <u>28</u>          | <u>3</u>           | <u>2</u>           | <u>22</u>          | <u>1</u>           | <u>2</u>           | <u>-</u>           |

Source: College records

**Heartland Community College  
Community College District #540**

**Equalized Assessed Valuations and Taxes Extended and Collected**

**Levy Years 2014 through 2006  
(Unaudited)**

|  | <u>2014 Levy</u>        | <u>2013 Levy</u>        | <u>2012 Levy</u>        | <u>2011 Levy</u>        | <u>2010 Levy</u>        | <u>2009 Levy</u>        | <u>2008 Levy</u>        | <u>2007 Levy</u>        | <u>2006 Levy</u>        |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Equalized Assessed Valuation</b>                          |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| DeWitt County  | \$ 10,451,830           | \$ 9,985,298            | \$ 9,661,719            | \$ 9,257,216            | \$ 8,821,882            | \$ 8,855,821            | \$ 8,329,686            | \$ 7,858,785            | \$ 7,580,231            |
| Ford County  | 205,650                 | 196,500                 | 187,310                 | 179,260                 | 171,980                 | 165,330                 | 103,980                 | 98,840                  | 100,160                 |
| Livingston County  | 300,293,602             | 302,920,748             | 304,334,001             | 304,891,479             | 298,191,608             | 293,226,900             | 282,111,917             | 274,909,954             | 266,104,899             |
| Logan County   | 339,880,292             | 322,332,191             | 314,407,415             | 310,343,406             | 311,309,611             | 303,802,499             | 300,251,023             | 290,588,199             | 283,541,893             |
| McLean County  | 3,494,423,465           | 3,424,724,043           | 3,410,957,250           | 3,447,174,824           | 3,411,002,045           | 3,359,472,510           | 3,263,561,003           | 3,117,253,117           | 2,952,989,453           |
| Tazewell County  | 95,233,944              | 94,140,046              | 92,089,186              | 89,391,569              | 88,619,318              | 82,828,230              | 79,819,787              | 73,765,290              | 69,762,818              |
| <b>Total</b>   | <u>\$ 4,240,488,783</u> | <u>\$ 4,154,298,826</u> | <u>\$ 4,131,636,881</u> | <u>\$ 4,161,237,754</u> | <u>\$ 4,118,116,444</u> | <u>\$ 4,048,351,290</u> | <u>\$ 3,934,177,396</u> | <u>\$ 3,764,474,185</u> | <u>\$ 3,580,079,454</u> |
| <b>Tax Rates (Per \$100 of Equalized Assessed Valuation)</b> |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Educational Fund   | 0.17500                 | 0.17500                 | 0.17500                 | 0.17500                 | 0.17500                 | 0.17500                 | 0.17500                 | 0.17500                 | 0.17500                 |
| Operations and Maintenance Fund                              | 0.05000                 | 0.05000                 | 0.05000                 | 0.05000                 | 0.05000                 | 0.05000                 | 0.05000                 | 0.05000                 | 0.05000                 |
| Audit Fund   | 0.00307                 | 0.00314                 | 0.00350                 | 0.00327                 | 0.00300                 | 0.00291                 | 0.00261                 | 0.00259                 | 0.00266                 |
| Liability, Protection and Settlement Fund                    | 0.05653                 | 0.06092                 | 0.06770                 | 0.05901                 | 0.05513                 | 0.05184                 | 0.04883                 | 0.04638                 | 0.04529                 |
| Bond and Interest Fund                                       | 0.17695                 | 0.17880                 | 0.16860                 | 0.15971                 | 0.16256                 | 0.15284                 | 0.14836                 | 0.14260                 | 0.10254                 |
| Operations and Maintenance Fund (Restricted)                 | 0.00118                 | 0.00094                 | 0.00061                 | 0.00264                 | 0.00096                 | 0.00099                 | 0.00191                 | 0.00093                 | -                       |
| Equity Tax   | 0.04310                 | 0.03281                 | 0.02650                 | 0.02710                 | 0.02650                 | 0.02630                 | 0.02660                 | 0.02673                 | 0.03106                 |
| <b>Total</b>   | <u>0.50583</u>          | <u>0.50161</u>          | <u>0.49191</u>          | <u>0.47673</u>          | <u>0.47315</u>          | <u>0.45988</u>          | <u>0.45331</u>          | <u>0.44423</u>          | <u>0.40655</u>          |
| <b>Taxes Extended</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Educational Fund   | \$ 7,415,423            | \$ 7,270,023            | \$ 7,230,365            | \$ 7,282,166            | \$ 7,206,704            | \$ 7,084,615            | \$ 6,884,810            | \$ 6,587,830            | \$ 6,265,139            |
| Operations and Maintenance Fund                              | 2,118,692               | 2,077,149               | 2,065,818               | 2,080,619               | 2,059,058               | 2,024,176               | 1,967,089               | 1,882,237               | 1,790,040               |
| Audit Fund   | 130,000                 | 130,000                 | 142,704                 | 135,909                 | 123,554                 | 117,670                 | 102,543                 | 97,660                  | 95,278                  |
| Liability, Protection and Settlement Fund                    | 2,395,000               | 2,530,799               | 2,797,118               | 2,456,000               | 2,270,000               | 2,099,000               | 1,921,000               | 1,746,441               | 1,621,441               |
| Bond and Interest Fund                                       | 7,497,650               | 7,428,025               | 6,967,310               | 6,646,020               | 6,694,465               | 6,187,314               | 5,836,772               | 5,368,360               | 3,670,440               |
| Operations and Maintenance Fund (Restricted)                 | 50,000                  | 38,800                  | 25,355                  | 110,000                 | 39,600                  | 40,000                  | 75,000                  | 35,000                  | -                       |
| Equity Tax   | 1,826,313               | 1,363,840               | 1,095,717               | 1,127,695               | 1,091,301               | 1,064,716               | 1,046,491               | 1,008,879               | 1,120,565               |
| <b>Total</b>   | <u>\$ 21,433,078</u>    | <u>\$ 20,838,636</u>    | <u>\$ 20,324,387</u>    | <u>\$ 19,838,409</u>    | <u>\$ 19,484,682</u>    | <u>\$ 18,617,491</u>    | <u>\$ 17,833,705</u>    | <u>\$ 16,726,407</u>    | <u>\$ 14,562,903</u>    |

**Heartland Community College  
Community College District #540**

**Summary of Taxes Receivable and Tax Collections**

**Year Ended June 30, 2015  
(Unaudited)**

|   | <u><b>2014 Levy</b></u> | <u><b>2013 Levy</b></u> |
|---|-------------------------|-------------------------|
| Assessed valuations                       | \$ 4,240,488,783        | \$ 4,154,298,826        |
| Combined rate per \$100                   | 0.50583                 | 0.50161                 |
| Taxes Extended                            | <u>\$ 21,433,078</u>    | <u>\$ 20,838,636</u>    |
| Total collected to June 30, 2014          | \$ -                    | \$ 9,019,576            |
| Collected during year ended June 30, 2015 | <u>\$ 9,236,307</u>     | <u>\$ 11,819,060</u>    |
| Total collected to June 30, 2015          | <u>\$ 9,236,307</u>     | <u>\$ 20,838,636</u>    |
| Write-offs                                | <u>\$ -</u>             | <u>\$ -</u>             |
| Balance at June 30, 2015                  | <u>\$ 12,196,771</u>    | <u>\$ -</u>             |
| Percent collected through June 30, 2015   | <u>43.09%</u>           | <u>100.00%</u>          |
|   |                         |                         |
| Balance by Funds:                         |                         |                         |
| Education                                 | \$ 5,285,006            |                         |
| Operations and Maintenance                | 1,203,621               |                         |
| Operations and Maintenance (restricted)   | 28,405                  |                         |
| Bond and Interest                         | 4,248,981               |                         |
| Audit                                     | 73,629                  |                         |
| Liability, Protection and Settlement      | <u>1,357,129</u>        |                         |
| Total                                     | <u>\$ 12,196,771</u>    |                         |

**CERTIFICATION OF CHARGEBACK REIMBURSEMENT  
FOR FISCAL YEAR 2016**

**(Unaudited)**

## **Fiscal Year 2016 Certificate of Chargeback Reimbursement Form**

The Fiscal Year 2016 Certificate of Chargeback Reimbursement Form was unable to be completed by the October 15, 2015 audit due date because line 17 of the form (the FY 2016 average grant rate based on FY 2016 ICCB grants) was unavailable since the State of Illinois budget had not yet been approved by the General Assembly and the Governor of the State of Illinois. This page will be issued at a later date as an addendum/replacement page once all information is available to complete the FY 2016 Chargeback Form.

**ILLINOIS COMMUNITY COLLEGE BOARD  
STATE GRANTS SECTION**



**Independent Auditors' Report on the  
Career and Technical Education - Program Improvement  
Grants and Adult Education and Family Literacy Grants Program**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Career and Technical Education-Program Improvement Grants and the Adult Education and Family Literacy Grants Program of Heartland Community College District #540 (District), which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenditures and changes in net position for the year then ended, and the related note to the financial statements.

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

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

**Auditors' Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Career and Technical Education-Program Improvement Grants and the Adult Education and Family Literacy Grants Program of Heartland Community College District #540 as of June 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Emphasis of Matter**

The financial statements of the Career and Technical Education-Program Improvement Grants and the Adult Education and Family Literacy Grants Program are intended to present the net position and changes in net position of only that portion of the business-type activities of Heartland Community College District #540 that is attributable to the Career and Technical Education-Program Improvement Grants and the Adult Education and Family Literacy Grants Program, respectively. These financial statements do not purport to, and do not, present fairly the statement of net position of Heartland Community College District #540 as of June 30, 2015, or the revenues, expenses, and changes in net position, 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.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Career and Technical Education-Program Improvement Grants and the Adult Education and Family Literacy Grants Program's basic financial statements. The supplementary schedule, on page 87 is presented for purposes of additional analysis and is not a required part of the basic financial statements.



Peoria, Illinois  
October 13, 2015



## Independent Auditors' Report on Compliance

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Career and Technical Education-Program Improvement Grants and the Adult Education and Family Literacy Grants Program of Heartland Community College District #540 (the "District"), which comprise the statement of net position as of June 30, 2015, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related note to the financial statements, and have issued our report thereon dated October 13, 2015.

In connection with our audit, nothing came to our attention that caused us to believe that Heartland Community College District #540 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 accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District'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 accounting matters.

This report is intended solely for the information and use of the board of trustees and management of Heartland 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 these specified parties.

*CliftonLarsonAllen LLP*

Peoria, Illinois  
October 13, 2015

**Heartland Community College  
Community College District #540**

**Career and Technical Education - Program Improvement Grant  
Statement of Net Position  
June 30, 2015**

**Assets**

Cash

\$ -  
                    

**Net Position**

Net Position

\$ -  
                    

See Note to ICCB Grant Programs Financial Statements.

**Heartland Community College  
Community College District #540**

**Career and Technical Education - Program Improvement Grant  
Statement of Revenue, Expenditures and Changes in Net Position  
Year Ended June 30, 2015**

|                                     |                 |
|-------------------------------------|-----------------|
| <b>Revenue</b>                      |                 |
| State sources                       | <u>\$ 8,571</u> |
| <b>Expenditures</b>                 |                 |
| Salaries and wages                  | \$ -            |
| Travel                              | 3,000           |
| Materials and supplies              | <u>5,571</u>    |
| Excess of revenue over expenditures | -               |
| Net Position, July 1, 2014          | <u>-</u>        |
| Net Position, June 30, 2015         | <u>\$ -</u>     |

See Note to ICCB Grant Programs Financial Statements.

**Heartland Community College  
Community College District #540**

**Adult Education and Family Literacy Grant  
Statement of Net Position  
June 30, 2015**

|                     | <b>State<br/>Basic</b> | <b>Public<br/>Assistance</b> | <b>Performance</b> | <b>Total</b> |
|---------------------|------------------------|------------------------------|--------------------|--------------|
| <b>Assets</b>       |                        |                              |                    |              |
| Cash                | \$ -                   | \$ -                         | \$ -               | \$ -         |
| <b>Net Position</b> |                        |                              |                    |              |
| Net Position        | \$ -                   | \$ -                         | \$ -               | \$ -         |

See Note to ICCB Grant Programs Financial Statements.

**Heartland Community College  
Community College District #540**

**Adult Education and Family Literacy Grant  
Statement of Revenue, Expenditures and Changes in Net Position  
Year Ended June 30, 2015**

|   | Public      |            |             |            |
|---|-------------|------------|-------------|------------|
|   | State Basic | Assistance | Performance | Total      |
| <b>Revenue</b>                              |             |            |             |            |
| State sources                               | \$ 187,996  | \$ 51,128  | \$ 96,312   | \$ 335,436 |
| <b>Expenditures by program</b>              |             |            |             |            |
| Vocational Instruction                      | 10,804      | 3,790      | -           | 14,594     |
| All Other Instructional Types               | 73,813      | 21,030     | 137         | 94,980     |
| Social work services                        | 11,861      | 2,115      | 6,828       | 20,804     |
| Guidance services                           | 11,140      | 1,410      | 6,828       | 19,378     |
| Assessment and testing                      | 5,892       | 2,759      | 6,792       | 15,443     |
| Student transportation services             | -           | -          | 2,200       | 2,200      |
| Literacy services                           | 946         | -          | -           | 946        |
| Child care services                         | -           | -          | 13,761      | 13,761     |
| Subtotal instructional and student services | 114,456     | 31,104     | 36,546      | 182,106    |
| Improvement of instructional services       | 9,530       | 7,460      | 21,446      | 38,436     |
| General administration                      | 25,194      | 5,543      | 15,964      | 46,701     |
| Operation & maintenance of plant services   | -           | -          | 3,320       | 3,320      |
| Data and information services               | 38,816      | 7,021      | 19,036      | 64,873     |
| Subtotal program support                    | 73,540      | 20,024     | 59,766      | 153,330    |
| Total expenditures                          | 187,996     | 51,128     | 96,312      | 335,436    |
| Excess of revenue over expenditures         | -           | -          | -           | -          |
| Net Position, July 1, 2014                  | -           | -          | -           | -          |
| Net Position, June 30, 2015                 | \$ -        | \$ -       | \$ -        | \$ -       |

See Note to ICCB Grant Programs Financial Statements.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
BACKGROUND INFORMATION ON STATE GRANT ACTIVITY**

**ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS**

State Basic Grant. 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 other instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high schools, and for Americanization and general education development review classes. Included in this grant are funds for support services, such as student transportation and childcare facilities or provision.

Public Assistance Grant. Grant awarded to Adult Education and Family Literacy providers to pay for any fees, books, and materials incurred in the program for students who are identified as recipients of public assistance.

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

**CAREER AND TECHNICAL EDUCATION**

Grant dedicated to enhancing instruction and academic support activities to strengthen and improve career and technical programs and services.

**HEARTLAND COMMUNITY COLLEGE  
NOTE TO FINANCIAL STATEMENTS  
CAREER AND TECHNICAL EDUCATION - PROGRAM IMPROVEMENT GRANTS  
AND ADULT EDUCATION AND FAMILY LITERACY GRANTS PROGRAM  
June 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

The accompanying statements include only those transactions resulting from the ICCB Adult Education and Family Literacy Grants, and Career and Technical Education - Program Improvement Grants of the District. These transactions have been accounted for in the Restricted Purposes Fund.

**Basis of Accounting**

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

**Heartland Community College  
Community College District #540**

**Adult Education and Family Literacy Grant  
Supplementary Schedule  
Expenditure Amounts and Percentages for ICCB Grant Funds Only  
Year Ended June 30, 2015**

|  | Audited<br>Expenditure<br>Amount | Actual<br>Expenditure<br>Percentage |
|--|----------------------------------|-------------------------------------|
| <hr/>  |                                  |                                     |
| State Basic                                  |                                  |                                     |
| <hr/>  |                                  |                                     |
| Instruction (45% Minimum Required)           | \$ 84,617                        | 45%                                 |
| General Administration (15% Maximum Allowed) | 25,194                           | 13%                                 |
| <br>   |                                  |                                     |
| <hr/>  |                                  |                                     |
| State Public Assistance                      |                                  |                                     |
| <hr/>  |                                  |                                     |
| Instruction (45% Minimum Required)           | 24,820                           | 49%                                 |
| General Administration (15% Maximum Allowed) | 5,543                            | 11%                                 |

**SUPPLEMENTARY ICCB SCHEDULES**



**Independent Accountants' Report on Schedule of Enrollment Data  
and Other Bases Upon Which Claims Are Filed**

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed and the Reconciliation of Total Semester Credit Hours of Heartland Community College District #540 for the year ended June 30, 2015. Management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and guidelines of the Illinois Community College Board's Fiscal Management Manual and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed and the Reconciliation of Total Semester Credit Hours and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed and reconciliation of semester credit hours of Heartland Community College District #540 for the year ended June 30, 2015, in accordance with the provisions of the aforementioned guidelines.

*CliftonLarsonAllen LLP*

Peoria, Illinois  
October 13, 2015

Heartland Community College District  
Community College District #540

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

For the Year Ended June 30, 2015

| Categories:  | Total Reimbursable<br>Semester Credit Hours by Term* |             |                 |                |                 |                |                 |                |
|--|--|-------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
|  | Summer   |             | Fall            |                | Spring          |                | Total           |                |
|  | Unrestricted   | Restricted  | Unrestricted    | Restricted     | Unrestricted    | Restricted     | Unrestricted    | Restricted     |
| Baccalaureate  | 7,401.0  | 25.0        | 31,303.0        | 30.0           | 29,153.5        | 30.0           | 67,857.5        | 85.0           |
| Business Occupational                                  | 299.5  | -           | 994.5           | -              | 988.0           | -              | 2,282.0         | -              |
| Technical Occupational                                 | 170.0  | -           | 1,696.5         | 13.5           | 2,238.5         | 36.0           | 4,105.0         | 49.5           |
| Health Occupational                                    | 579.0  | -           | 1,794.5         | -              | 2,716.5         | -              | 5,090.0         | -              |
| Remedial Developmental                                 | 855.0  | -           | 5,071.0         | -              | 3,723.0         | -              | 9,649.0         | -              |
| Adult Basic Education/<br>Adult Secondary<br>Education | 1,057.0  | -           | 897.5           | 2,968.0        | 1,948.5         | 3,181.0        | 3,903.0         | 6,149.0        |
| <b>Total credit hours certified</b>                    | <u>10,361.5</u>                                      | <u>25.0</u> | <u>41,757.0</u> | <u>3,011.5</u> | <u>40,768.0</u> | <u>3,247.0</u> | <u>92,886.5</u> | <u>6,283.5</u> |

|  | <u>Attending<br/>In-District</u> | <u>Attending<br/>Out-of-District<br/>on Chargeback<br/>or Contractual<br/>Agreement</u> | <u>Total</u>            |
|--|----------------------------------|---|-------------------------|
| Reimbursable semester credit hours               | <u>80,380.5</u>                  | <u>390.0</u>  | <u>80,770.5</u>         |
|  | <u>Dual Credit</u>               | <u>Dual Enrollment</u>  |                         |
| Reimbursable semester credit hours               | <u>5,475.0</u>                   | <u>250.0</u>  |                         |
| District prior year equalized assessed valuation |                                  |   | <u>\$ 4,154,298,826</u> |

Signatures    /s/ Robert D. Widmer                      /s/ Robert D. Widmer  
                          Chief Executive Officer                      Chief Financial Officer

\* Unrestricted credit hours are supported with 50 percent or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements. Restricted credit hours are supported with more than 50 percent of restricted sources of funding.

Heartland Community College District  
Community College District #540

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

For the Year Ended June 30, 2015

Reconciliation of Total Semester Credit Hours  
For the Year Ended June 30, 2015

| <u>Categories</u>                               | <u>Total<br/>Unrestricted<br/>Credit<br/>Hours</u> | <u>Total<br/>Unrestricted<br/>Credit Hours<br/>Certified to<br/>the ICCB</u> | <u>Difference</u> | <u>Total<br/>Restricted<br/>Credit<br/>Hours</u> | <u>Total<br/>Restricted<br/>Credit Hours<br/>Certified to<br/>the ICCB</u> | <u>Difference</u> |
|---|--|--|-------------------|--|--|-------------------|
| Baccalaureate                                   | 67,857.5   | 67,857.5   | -                 | 85.0   | 85.0   | -                 |
| Business Occupational                           | 2,282.0  | 2,282.0  | -                 | -  | -  | -                 |
| Technical Occupational                          | 4,105.0  | 4,105.0  | -                 | 49.5   | 49.5   | -                 |
| Health Occupational                             | 5,090.0  | 5,090.0  | -                 | -  | -  | -                 |
| Remedial Developmental                          | 9,649.0  | 9,649.0  | -                 | -  | -  | -                 |
| Adult Basic Education/Adult Secondary Education | 3,903.0  | 3,903.0  | -                 | 6,149.0  | 6,149.0  | -                 |
| <b>Total</b>                                    | <u>92,886.5</u>                                    | <u>92,886.5</u>  | <u>-</u>          | <u>6,283.5</u>                                   | <u>6,283.5</u>   | <u>-</u>          |

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

|  | <u>Total<br/>Attending<br/>(Unrestricted<br/>and Restricted)</u> | <u>Total<br/>Attending<br/>as Certified<br/>to the ICCB<br/>(Unrestricted<br/>and Restricted)</u> | <u>Difference</u> |
|--|--|---|-------------------|
| In-District Residents                                  | 80,380.5   | 80,380.5  | -                 |
| Out-of-District on Chargeback or Contractual Agreement | 390.0  | 390.0   | -                 |
| <b>Total</b>   | <u>80,770.5</u>  | <u>80,770.5</u>   | <u>-</u>          |

|                 | <u>Total<br/>Reimbursable</u> | <u>Total<br/>Reimbursable<br/>Certified<br/>to the ICCB</u> | <u>Difference</u> |
|-----------------|-------------------------------|---|-------------------|
| Dual Credit     | 5,475.0                       | 5,475.0   | -                 |
| Dual Enrollment | 250.0                         | 250.0   | -                 |
| <b>Total</b>    | <u>5,725.0</u>                | <u>5,725.0</u>  | <u>-</u>          |

| <u>Categories</u>                               | <u>Total<br/>Correctional<br/>Credit<br/>Hours</u> | <u>Total<br/>Correctional<br/>Credit Hours<br/>Certified to<br/>the ICCB</u> | <u>Difference</u> |
|---|--|--|-------------------|
| Baccalaureate                                   | -  | -  | -                 |
| Business Occupational                           | -  | -  | -                 |
| Technical Occupational                          | -  | -  | -                 |
| Health Occupational                             | -  | -  | -                 |
| Remedial Developmental                          | -  | -  | -                 |
| Adult Basic Education/Adult Secondary Education | -  | -  | -                 |
| <b>TOTAL</b>                                    | <u>-</u>   | <u>-</u>   | <u>-</u>          |

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

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS  
(UNAUDITED)**

**June 30, 2015**

**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 enrollment 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 verify residency in-district. Proper documentation includes one or more of the following:

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

**UNIFORM FINANCIAL STATEMENT SECTION**

**Heartland Community College**  
**Community College District #540**  
**UNIFORM FINANCIAL STATEMENT NO. 1**  
**All Funds Summary**  
**Year Ended June 30, 2015**

|   | Education<br>Fund   | Operations<br>and<br>Maintenance<br>Fund | Operations<br>and<br>Maintenance<br>Fund<br>(Restricted) | Bond and<br>Interest<br>Fund | Auxiliary<br>Enterprises<br>Fund | Restricted<br>Purposes<br>Fund | Working<br>Cash<br>Fund | Audit<br>Fund    | Liability,<br>Protection<br>Settlement<br>Fund | Total                |
|---|---------------------|--|--|------------------------------|----------------------------------|--------------------------------|-------------------------|------------------|--|----------------------|
| Fund Balance July 1, 2014               | \$ 2,722,328        | \$ 2,195,371                             | \$ 358,997   | \$ 1,018,772                 | \$ 12,372                        | \$ 3,993,781                   | \$ 3,900,000            | \$ 42,552        | \$ 234,048                                     | \$ 14,478,221        |
| Revenues:                               |                     |  |  |                              |                                  |                                |                         |                  |  |                      |
| Local Tax Revenue                       | 8,985,530           | 2,932,537                                | 38,987   | 7,495,383                    | -                                | 11,372                         | -                       | 130,195          | 2,262,419                                      | 21,856,423           |
| ICCB Grants                             | 2,368,384           | -  | -  | -                            | -                                | 344,007                        | -                       | -                | -  | 2,712,391            |
| All Other State Revenue                 | -                   | -  | -  | -                            | -                                | 721,256                        | -                       | -                | -  | 721,256              |
| Federal Revenue                         | 10,439              | -  | -  | -                            | 17,968                           | 6,128,178                      | -                       | -                | -  | 6,156,585            |
| Student Tuition and Fees                | 14,941,675          | 585,000                                  | -  | -                            | 1,176,862                        | 221,790                        | -                       | -                | -  | 16,925,327           |
| All Other Revenue                       | 2,618,393           | 7,155                                    | 123,478  | 3,229                        | 748,825                          | 38,946                         | 7,721                   | 88               | 1,826  | 3,549,661            |
| Total Revenue                           | <u>28,924,421</u>   | <u>3,524,692</u>                         | <u>162,465</u>   | <u>7,498,612</u>             | <u>1,943,655</u>                 | <u>7,465,549</u>               | <u>7,721</u>            | <u>130,283</u>   | <u>2,264,245</u>                               | <u>51,921,643</u>    |
| Expenditures:                           |                     |  |  |                              |                                  |                                |                         |                  |  |                      |
| Instruction                             | 12,413,572          | -  | 113,339  | -                            | -                                | 1,055,714                      | -                       | -                | 197,847  | 13,780,472           |
| Academic Support                        | 1,418,010           | -  | -  | -                            | 147,318                          | 264,391                        | -                       | -                | 3,966  | 1,833,685            |
| Student Services                        | 2,503,175           | -  | -  | -                            | -                                | 183,410                        | -                       | -                | 18,231   | 2,704,816            |
| Public Service/<br>Continuing Education | 2,967,403           | -  | -  | -                            | -                                | 239,722                        | -                       | -                | 3,043  | 3,210,168            |
| Auxiliary Services                      | -                   | -  | -  | -                            | 1,308,356                        | 16,404                         | -                       | -                | 83,421   | 1,408,181            |
| Operations and Maintenance              | -                   | 2,580,745                                | 240,370  | -                            | -                                | 101,707                        | -                       | -                | 930,855  | 3,853,677            |
| Institutional Support                   | 5,925,220           | 414,754                                  | 45,388   | 3,124,116                    | 166,425                          | 6,450,507                      | -                       | 125,462          | 1,154,550                                      | 17,406,422           |
| Scholarships, Grants, Waivers           | 3,543,936           | -  | -  | -                            | 400,210                          | 5,566,157                      | -                       | -                | -  | 9,510,303            |
| Total Expenditures                      | <u>28,771,316</u>   | <u>2,995,499</u>                         | <u>399,097</u>   | <u>3,124,116</u>             | <u>2,022,309</u>                 | <u>13,878,012</u>              | <u>-</u>                | <u>125,462</u>   | <u>2,391,913</u>                               | <u>53,707,724</u>    |
| Net Transfers                           | <u>(70,930)</u>     | <u>(409,909)</u>                         | <u>409,909</u>   | <u>(4,822,718)</u>           | <u>78,654</u>                    | <u>4,822,715</u>               | <u>(7,721)</u>          | <u>-</u>         | <u>-</u>                                       | <u>-</u>             |
| Fund Balance June 30, 2015              | <u>\$ 2,804,503</u> | <u>\$ 2,314,655</u>                      | <u>\$ 532,274</u>  | <u>\$ 570,550</u>            | <u>\$ 12,372</u>                 | <u>\$ 2,404,033</u>            | <u>\$ 3,900,000</u>     | <u>\$ 47,373</u> | <u>\$ 106,380</u>                              | <u>\$ 12,692,140</u> |

**Heartland Community College  
Community College District #540**

**UNIFORM FINANCIAL STATEMENT NO. 2  
SUMMARY OF CAPITAL ASSETS AND DEBT  
Year Ended June 30, 2015**

|  | Balance<br>July 1, 2014 | Additions             | Deletions           | Balance<br>June 30, 2015 |
|--|-------------------------|-----------------------|---------------------|--------------------------|
| <b>Capital Assets</b>                  |                         |                       |                     |                          |
| Land and site improvements             | \$ 4,368,661            | \$ 112,867            | \$ -                | \$ 4,481,528             |
| Buildings, Additions, and Improvements | 121,096,775             | 66,899                | -                   | 121,163,674              |
| Furniture and equipment                | 13,427,141              | 258,330               | 49,164              | 13,636,307               |
| Infrastructure                         | 16,918,334              | 677,526               | -                   | 17,595,860               |
| Construction in Progress               | 564,957                 | 20,447                | 482,446             | 102,958                  |
| Accumulated Depreciation               | 33,280,697              | 4,638,829             | 49,164              | 37,870,362               |
| Net Fixed Assets                       | <u>\$ 123,095,171</u>   | <u>\$ (3,502,760)</u> | <u>\$ 482,446</u>   | <u>\$ 119,109,965</u>    |
| <b>Fixed Debt</b>                      |                         |                       |                     |                          |
| General obligation bonds               | \$ 79,650,000           | \$ -                  | \$ 4,015,000        | \$ 75,635,000            |
| General obligation debt certificates   | 5,610,000               | -                     | 295,000             | 5,315,000                |
| Capital lease obligations              | 152,421                 | -                     | 91,501              | 60,920                   |
| Total Fixed Liabilities                | <u>\$ 85,412,421</u>    | <u>\$ -</u>           | <u>\$ 4,401,501</u> | <u>\$ 81,010,920</u>     |

**Heartland Community College  
Community College District #540**

**UNIFORM FINANCIAL STATEMENT NO. 3  
OPERATING FUND REVENUES AND EXPENDITURES  
Year Ended June 30, 2015**

|   | Education<br>Fund    | Operations<br>and<br>Maintenance<br>Fund | Total<br>Operating<br>Funds |
|---|----------------------|--|-----------------------------|
| <b>OPERATING REVENUES BY SOURCE</b>         |                      |  |                             |
| Local Government Revenue:                   |                      |  |                             |
| Local Taxes                                 | \$ 8,985,530         | \$ 2,073,898                             | \$ 11,059,428               |
| Corporate Personal Property Replacement Tax | -                    | 858,639                                  | 858,639                     |
| <b>TOTAL LOCAL GOVERNMENT</b>               | <b>8,985,530</b>     | <b>2,932,537</b>                         | <b>11,918,067</b>           |
| State Government:                           |                      |  |                             |
| ICCB Base Operating Grant                   | 2,251,760            | -  | 2,251,760                   |
| ICCB Career & Technical Education           | 116,624              | -  | 116,624                     |
| <b>TOTAL STATE GOVERNMENT</b>               | <b>2,368,384</b>     | <b>-</b>                                 | <b>2,368,384</b>            |
| Federal Government:                         |                      |  |                             |
| Dept. of Education                          | 10,439               | -  | 10,439                      |
| Other                                       | -                    | -  | -                           |
| <b>TOTAL FEDERAL GOVERNMENT</b>             | <b>10,439</b>        | <b>-</b>                                 | <b>10,439</b>               |
| Student Tuition and Fees:                   |                      |  |                             |
| Tuition                                     | 14,082,569           | 585,000                                  | 14,667,569                  |
| Fees  | 859,106              | -  | 859,106                     |
| <b>TOTAL STUDENT TUITION AND FEES</b>       | <b>14,941,675</b>    | <b>585,000</b>                           | <b>15,526,675</b>           |
| Other Sources:                              |                      |  |                             |
| Sales and Service Fees                      | 2,133,264            | 10                                       | 2,133,274                   |
| Facilities Revenue                          | 128,916              | -  | 128,916                     |
| Investment Revenue                          | 938                  | 2,103                                    | 3,041                       |
| Other                                       | 355,275              | 5,042                                    | 360,317                     |
| <b>TOTAL OTHER REVENUE</b>                  | <b>2,618,393</b>     | <b>7,155</b>                             | <b>2,625,548</b>            |
| <b>TOTAL REVENUE</b>                        | <b>\$ 28,924,421</b> | <b>\$ 3,524,692</b>                      | <b>\$ 32,449,113</b>        |

**Heartland Community College  
Community College District #540**

**UNIFORM FINANCIAL STATEMENT NO. 3  
OPERATING FUND REVENUES AND EXPENDITURES - CONTINUED  
Year Ended June 30, 2015**

| OPERATING EXPENDITURES  | Education<br>Fund | Operations<br>and<br>Maintenance<br>Fund | Total<br>Operating<br>Funds |
|---|-------------------|--|-----------------------------|
| <b>BY PROGRAM</b>   |                   |  |                             |
| Instruction   | \$ 12,413,572     | \$ -                                     | \$ 12,413,572               |
| Academic Support  | 1,418,010         | -  | 1,418,010                   |
| Student Services  | 2,503,175         | -  | 2,503,175                   |
| Public Service/Continuing Education                                   | 2,967,403         | -  | 2,967,403                   |
| Operations and Maintenance  | -                 | 2,580,745                                | 2,580,745                   |
| Institutional Support   | 5,925,220         | 414,754                                  | 6,339,974                   |
| Scholarships, Grants, Waivers   | 3,543,936         | -  | 3,543,936                   |
| TOTAL EXPENDITURES BY PROGRAM   | 28,771,316        | 2,995,499                                | 31,766,815                  |
| Adjusting Non-Operating Items:<br>Transfers                           | 70,930            | 409,909                                  | 480,839                     |
| ADJUSTED EXPENDITURES   | \$ 28,842,246     | \$ 3,405,408                             | \$ 32,247,654               |
| <b>BY OBJECT</b>  |                   |  |                             |
| Salaries  | \$ 18,072,671     | \$ 519,787                               | \$ 18,592,458               |
| Employee Benefits   | 2,903,432         | 108,239                                  | 3,011,671                   |
| Contractual Services  | 1,817,257         | 639,639                                  | 2,456,896                   |
| General Materials and Supplies  | 1,299,657         | 247,245                                  | 1,546,902                   |
| Library Materials**   | 74,615            | -  | 74,615                      |
| Conference and Meeting Expenses                                       | 400,712           | 14,832                                   | 415,544                     |
| Fixed Charges   | 292,337           | 639,354                                  | 931,691                     |
| Utilities   | 467               | 826,403                                  | 826,870                     |
| Capital Outlay  | -                 | -  | -                           |
| Other   | 3,984,783         | -  | 3,984,783                   |
| Student Grants & Scholarships**                                       | 3,543,936         | -  | 3,543,936                   |
| TOTAL EXPENDITURES  | 28,771,316        | 2,995,499                                | 31,766,815                  |
| Adjusting Non-Operating Items<br>Net Transfers to Non-Operating Funds | 70,930            | 409,909                                  | 480,839                     |
| ADJUSTED EXPENDITURES   | \$ 28,842,246     | \$ 3,405,408                             | \$ 32,247,654               |

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

**Heartland Community College  
Community College District #540**

**UNIFORM FINANCIAL STATEMENT NO. 4  
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES  
Year Ended June 30, 2015**

**REVENUE BY SOURCE:**

|  |                                |
|--|--------------------------------|
| Local Government:                                  |                                |
| Other  | \$ 11,372                      |
| <br>   |                                |
| State Government:                                  |                                |
| ICCB - Program Improvement Grant                   | 8,571                          |
| ICCB - Adult Education                             | 335,436                        |
| Illinois Student Assistance Commission             | 499,012                        |
| Other  | 222,244                        |
| <b>TOTAL STATE GOVERNMENT</b>                      | <u>1,065,263</u>               |
| <br>   |                                |
| Federal Government:                                |                                |
| Dept. of Education                                 | 5,634,979                      |
| Other  | 493,199                        |
| <b>TOTAL FEDERAL GOVERNMENT</b>                    | <u>6,128,178</u>               |
| <br>   |                                |
| Other Sources:                                     |                                |
| Tuition and Fees                                   | 221,790                        |
| Investment Revenue                                 | 7,441                          |
| Other  | 31,505                         |
| <b>TOTAL OTHER SOURCES</b>                         | <u>260,736</u>                 |
| <br><b>TOTAL RESTRICTED PURPOSES FUND REVENUES</b> | <br><u><u>\$ 7,465,549</u></u> |

**EXPENDITURES BY PROGRAM**

|                                     |              |
|-------------------------------------|--------------|
| Instruction                         | \$ 1,055,714 |
| Academic Support                    | 264,391      |
| Student Services                    | 183,410      |
| Public Service/Continuing Education | 239,722      |
| Auxiliary Services                  | 16,404       |
| Operations and Maintenance          | 101,707      |
| Institutional Support               | 6,450,507    |
| Scholarships, Grants and Waivers    | 5,566,157    |

**TOTAL RESTRICTED PURPOSES FUND EXPENDITURES** \$ 13,878,012

**EXPENDITURES BY OBJECT**

|                                       |            |
|---------------------------------------|------------|
| Salaries                              | \$ 958,887 |
| Employee Benefits                     | 170,474    |
| Contractual Services                  | 1,135,247  |
| Student Financial Aid                 | 5,566,157  |
| General Materials and Supplies        | 1,478,044  |
| Travel & Conference//Meeting Expenses | 75,037     |
| Fixed Charges                         | 4,179,362  |
| Utilities                             | 20,800     |
| Capital Outlay                        | 261,353    |
| Other                                 | 32,651     |
| Scholarships, Grants, Waivers*        | 5,566,157  |

**TOTAL RESTRICTED PURPOSES FUND EXPENDITURES** \$ 13,878,012

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

**Heartland Community College  
Community College District #540**

**UNIFORM FINANCIAL STATEMENT NO. 5  
CURRENT FUNDS\* EXPENDITURES BY ACTIVITY  
Year Ended June 30, 2015**

INSTRUCTION

|                        |                      |
|------------------------|----------------------|
| Instructional Programs | <u>\$ 13,667,133</u> |
|------------------------|----------------------|

ACADEMIC SUPPORT

|                                      |                  |
|--------------------------------------|------------------|
| Library Center                       | 579,866          |
| Educational Media Services           | 219,854          |
| Academic Administration and Planning | 344,722          |
| Other                                | 689,243          |
| Total Academic Support               | <u>1,833,685</u> |

STUDENT SERVICES SUPPORT

|                                |                  |
|--------------------------------|------------------|
| Admissions and Records         | 446,369          |
| Counseling and Career Services | 1,330,644        |
| Financial Aid Administration   | 334,641          |
| Other                          | 593,162          |
| Total Student Services Support | <u>2,704,816</u> |

PUBLIC SERVICE/CONTINUING EDUCATION

|   |                  |
|---|------------------|
| Community Education                       | 2,413,111        |
| Customized Training (Instructional)       | 545,388          |
| Community Services                        | 177,665          |
| Other                                     | 74,004           |
| Total Public Service/Continuing Education | <u>3,210,168</u> |

AUXILIARY SERVICES

|                  |
|------------------|
| <u>1,408,181</u> |
|------------------|

**Heartland Community College  
Community College District #540**

**UNIFORM FINANCIAL STATEMENT NO. 5  
CURRENT FUNDS\* EXPENDITURES BY ACTIVITY (CONTINUED)  
Year Ended June 30, 2015**

OPERATIONS AND MAINTENANCE OF PLANT

|   |              |
|---|--------------|
| Maintenance                               | \$ 1,107,693 |
| Custodial Services                        | 512,756      |
| Grounds                                   | 72,510       |
| Campus Security                           | 356,165      |
| Transportation                            | 53,709       |
| Utilities                                 | 713,789      |
| Administration                            | 441,961      |
| Other                                     | 354,724      |
| Total Operations and Maintenance of Plant | 3,613,307    |

INSTITUTIONAL SUPPORT

|                                 |            |
|---------------------------------|------------|
| Executive Management            | 943,353    |
| Fiscal Operations               | 675,984    |
| Community Relations             | 1,208,660  |
| Administrative Support Services | 896,236    |
| Board of Trustees               | 23,492     |
| General Institutional           | 1,721,203  |
| Institutional Research          | 236,726    |
| Administrative Data Processing  | 4,119,316  |
| Other                           | 4,411,948  |
| Total Institutional Support     | 14,236,918 |

SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS 9,510,303

TOTAL CURRENT FUNDS EXPENDITURES \$ 50,184,511

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

**FEDERAL FINANCIAL AND COMPLIANCE SECTION**



**Independent Auditors' 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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Heartland Community College District #540 (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Heartland Community College District #540's basic financial statements, and have issued our report thereon dated October 13, 2015. Our report includes a reference to another auditor who audited the component unit of the District, as described in our report on Heartland Community College District #540's financial statements. The financial statements of the District's discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Heartland Community College District #540's internal control over financial reporting (internal control) to determine the 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 Heartland Community College District #540's internal control. Accordingly, we do not express an opinion on the effectiveness of Heartland Community College District #540's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2015-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

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

Heartland Community College District #540's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Heartland Community College District #540's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Peoria, Illinois  
October 13, 2015



**Independent Auditors' Report on Compliance With Requirements  
That Could Have a Direct and Material Effect on Each Major  
Federal Program and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133**

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

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

We have audited Heartland Community College District #540's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2015. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Major Federal Program**

In our opinion, the District 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, 2015.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003. Our opinion on the major federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003, that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

Peoria, Illinois  
October 13, 2015

**Heartland Community College**  
**Community College District #540**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2015**

| Federal Grantor/Pass Through<br>Grantor/Program Title or Cluster Title                  | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|---|---------------------------|--|-------------------------|
| <b>U.S. Department of Education</b>   |                           |  |                         |
| Student Financial Aid Cluster (Direct):   |                           |  |                         |
| Federal Pell Grant Program  | (M) 84.063                |  | \$4,880,771             |
| Federal Pell Grant Program-Administrative Cost Allowance                                | (M) 84.063                |  | 8,180                   |
| Federal VA - Administrative Cost Allowance  | (M) 84.063                |  | 2,259                   |
| Federal Work Study Program  | (M) 84.033                |  | 50,000                  |
| Federal Supplemental Educational Opportunity Grant                                      | (M) 84.007                |  | 100,856                 |
| Federal Parent Plus Loans   | (M) 84.268                |  | 82,054                  |
| Federal Subsidized Student Loans  | (M) 84.268                |  | 1,806,243               |
| Federal Unsubsidized Student Loans  | (M) 84.268                |  | 1,979,942               |
| Subtotal Student Financial Aid Cluster (Direct)   |                           |  | <u>8,910,305</u>        |
| TRIO - Student Support Services (Direct)  | 84.042                    |  | <u>238,426</u>          |
| Heartland Equity & Inclusion Paraprofessional Preservice<br>Program Improvement Project | 84.325N                   |  | <u>7,854</u>            |
| Pass-through Illinois State University:   |                           |  |                         |
| Race to the Top - Early Childhood Central IL Regional<br>Articulation Partnership       | 84.412A                   | 5022   | <u>14,701</u>           |
| Pass-through Illinois Community College Board:  |                           |  |                         |
| Race to the Top - STEM College and Career Readiness Grant                               | 84.413A                   | 13RTTT540                                    | <u>50,000</u>           |
| Career and Technical Education Federal Grants from ICCB                                 |                           |  |                         |
| Career and Technical Education Special Populations Support Grant                        | 84.048                    | 15SPS540                                     | 4,216                   |
| Career and Technical Education Dual Credit Enhancement Grant                            | 84.048                    | 15DCE540                                     | 10,000                  |
| Subtotal Career and Technical Education<br>Federal Grants from ICCB                     |                           |  | <u>14,216</u>           |
| Adult Education - Basic Grants to States:   |                           |  |                         |
| Federal Adult Education-Basic   | 84.002                    | 54001  | 167,206                 |
| EL/Civics Program   | 84.002                    | 54001  | 55,957                  |
| Adult Education Leadership ICAPS  | 84.002A                   | AELICAPS54014                                | 5,000                   |
| Subtotal Adult Education Federal Grants from ICCB                                       |                           |  | <u>228,163</u>          |
| Vocational Educational Basic Grants to States:  |                           |  |                         |
| V.E. Perkins Title II Postsecondary/Adult   | 84.048                    | CTE54012                                     | 187,551                 |
| Career and Technical Education ICAPS  | 84.048                    | CTEICAPS54014                                | 5,000                   |
| Subtotal Vocational Educational Basic Grants to States                                  |                           |  | <u>192,551</u>          |
| Total U.S. Department of Education  |                           |  | <u>9,656,216</u>        |
| <b>U.S. Department of Labor</b>   |                           |  |                         |
| Pass-through College of Lake County   |                           |  |                         |
| Trade Adjustment Assistance Community College and Career Training                       | 17.282                    | TC-22517-11-60-A-17                          | <u>128,901</u>          |

**Heartland Community College  
Community College District #540  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015**

| Federal Grantor/Pass Through<br>Grantor/Program Title or Cluster Title  | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures   |
|---|---------------------------|--|---------------------------|
| <b>U.S. Department of Health and Human Services</b>   |                           |  |                           |
| Pass-through Illinois Council on Developmental Disabilities<br>HALO Peer Mentoring & Faculty Training                       | 93.575                    | 1088   | <u>\$ 42,257</u>          |
| <b>U.S. Department of Agriculture</b>   |                           |  |                           |
| Pass-through State Board of Education<br>Child and Adult Food Care Program  | 10.558                    | 1376002057                                   | 17,968                    |
| Rural Business Enterprise Grant   | 10.769                    | 1357371271517                                | <u>6,000</u>              |
| Total U.S. Department of Agriculture  |                           |  | <u>23,968</u>             |
| <b>U.S. Fish and Wildlife Service's Partners for Fish and Wildlife Program</b>  |                           |  |                           |
| Pass-through Illinois Department of Natural Resources<br>Schoolyard Habitat Grant-ILCF                                      | 15.631                    | HCC  | <u>92</u>                 |
| <b>National Aeronautics and Space Administration</b>  |                           |  |                           |
| Pass-through Museum Science & Industry<br>NRA/Competitive Program for Science Museums and<br>Planetariums (Mission To Mars) | 43.008                    | NNX10AD93G                                   | <u>42,017</u>             |
| <b>National Science Foundation</b>  |                           |  |                           |
| Pass-through Independence Science<br>Independence Science Grant   | 47.041                    | HCC  | <u>7,464</u>              |
| Total Expenditures of Federal Awards  |                           |  | <u><u>\$9,900,915</u></u> |

(M) Denotes major program

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2015**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Heartland Community College, Community College District #540 (District) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - LOANS OUTSTANDING**

The federal award programs of the District had no outstanding loan balances nor were there any loan guarantees as of June 30, 2015.

**NOTE 3 - INSURANCE**

The District maintains property and liability insurance which management believes is sufficient to meet its needs. None of the insurance coverages are directly funded by federal awards.

**NOTE 4 - SUBRECIPIENTS**

No funding was passed through to subrecipients during the year ended June 30, 2015.

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

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2015**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?   x   Yes        None reported
- Noncompliance material to financial statements noted?        Yes   x   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?   x   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 Section 510(a) of Circular A-133?   x   Yes        No

Identification of major programs:

| <u>CFDA Number(s)</u>          | <u>Name of Federal Program or Cluster</u> |
|--------------------------------|---|
| 84.063, 84.007, 84.033, 84.268 | Student Financial Aid Cluster             |

Dollar threshold used to distinguish between Type A and Type B programs:   \$300,000  

Auditee qualified as low-risk auditee?   x   Yes        No

HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

**Section II - Findings Related to the Financial Statement Audit as Required to be Reported  
in Accordance with Generally Accepted Government Auditing Standards**

**A. Internal Control**

Finding No. 2015-001 - Review of Journal Entries

For a portion of the year under audit, there was no formal review process in place for journal entries.

*Condition:*

In 4 of 5 journal entries tested, we noted that there was no second review prior to posting into the general ledger.

*Criteria:*

All journal entries should be reviewed by a second independent person in order to lessen the chance of errors in financial reporting.

*Effect:*

Erroneous or fraudulent entries could be posted that could materially misstate the financial statements.

*Recommendation:*

As of November 25, 2014, the District implemented an electronic workflow process in which all manual journal entries require a reviewer approval prior to posting to the general ledger. No further action is necessary.

*Response and Corrective Action Plan:*

As noted above, we implemented an electronic workflow process during the year and all manual journal entries do require approval prior to posting.

*Responsible Party:*

Sue Gilpin, Controller

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

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2015**

**Section II - Findings Related to the Financial Statement Audit as Required to be Reported  
in Accordance with Generally Accepted Government Auditing Standards (Continued)**

**B. Compliance Findings**

None

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

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2015**

**Section III - Federal Award Findings and Questioned Costs.**

Finding 2015-002

Department of Education

Federal Supplemental Educational Opportunity Grants – 84.007

Federal Work-Study Program – 84.033

Federal Pell Grant Program – 84.063

Federal Direct Student Loans – 84.268

*Condition:*

In three out of twenty-five students tested who had withdrawn during the semester, the District did not calculate the return of funds accurately.

*Criteria:*

According to the grant agreement, the school must perform return of Title IV funds calculations within 45 days of determining a student has withdrawn from courses.

*Questioned Costs:*

No questioned costs in the current year.

*Effect:*

Three of the twenty-five students did not have their Return of Title IV Funds calculated accurately. One calculation resulted in an excess of approximately \$48 being returned to the Department of Education, while the other two were under refunded by \$34.

*Cause:*

Inaccurate input data was used in the return of funds calculations in calculating break days.

*Recommendation:*

The District should strengthen procedures in place to ensure that return of funds calculations are computed properly.

*Response and Corrective Action Plan:*

Heartland will put a process into place, to adjust the number of enrollment and break days used in the RT4 calculation for spring term to include the Saturday classes. Break days will be calculated based upon 8 days instead of 9 if a Saturday course exists in the term. This calculation will be used for all spring term enrollments. The financial aid office will confirm Saturday classes are available and then set the software to calculate break days at 8 days (Sunday-Sunday) for all students. The school calendar will be reviewed annually to determine break days and the impact Saturday classes will have on the number of break days. All future calculations will be based on this formula.

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

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2015**

**Section III - Federal Award Findings and Questioned Costs. (Continued)**

Finding 2015-003

Department of Education

Federal Supplemental Educational Opportunity Grants – 84.007

Federal Work-Study Program – 84.033

Federal Pell Grant Program – 84.063

Federal Direct Student Loans – 84.268

*Condition:*

During our testing, we noted the National Student Loan Data Systems (NSLDS) rosters returned yielded error reports that were not corrected and resubmitted within the required 10 days. The District utilizes the National Student Clearinghouse (NSC) as a third party provider in order to submit student information to NSLDS. NSC had software conversion issues that failed in monitoring and correcting submission errors. However, it is possible for the District to create an Enrollment Reporting Summary Report after reporting student status changes on NSLDS, which would have detected these types of errors.

*Criteria:*

Federal regulation requires enrollment status for each student be reported accurately to NSLDS. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that don't pass the NSLDS enrollment reporting edits.

*Questioned Costs:*

No questioned costs in the current year.

*Effect:*

The District did not update student enrollment statuses correctly or timely to NSLDS.

*Cause:*

Management was not aware of the NSC software conversion issues and did not utilize the Enrollment Reporting Summary Report to determine if student status changes were being updated accurately and timely.

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

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2015**

**Section III - Federal Award Findings and Questioned Costs. (Continued)**

*Recommendation:*

We recommend that the College put a process in place to ensure enrollment statuses are accurately and timely reported to NSLDS. The system should include understanding if and when the NSC third party servicer has corrected the failed software programming.

*Response and Corrective Action Plan:*

Heartland will put a process into place, and utilize the Enrollment Reporting Summary Report, to ensure that student enrollment status is accurately reflected and timely reported to the NSLDS. When NSLDS rosters are submitted, the Enrollment Reporting department (IR) will notify the Financial Aid Officer to download the SCHER1 Report. This report identifies files that do not pass the NSLDS enrollment reporting edits. The college Financial Aid Officer will give this SCHER1 report to the college Enrollment reporting office (IR) to make necessary corrections. The Enrollment Reporting office (IR) will resubmit those records within 10 days from the original submission.

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

**Summary Schedule of Prior Audit Findings**

**Year Ended June 30, 2015**

**I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

**A. Internal Control**

**Finding 2014-001**

In 5 of 5 journal entries tested, we noted that there was no second review prior to posting into the general ledger. This finding was repeated in the current year

**B. Compliance Findings**

None

**II. Findings and Questioned Costs for Federal Awards**

**A. Internal Control**

None

**B. Compliance**

None