



# Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2017 and 2016

## 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**

**COMPREHENSIVE ANNUAL FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2017 AND 2016**

Prepared by:

Business Services

Doug Minter  
Vice President of Business Services

Sharon McDonald  
Controller

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COMMUNITY COLLEGE DISTRICT #540  
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## **INTRODUCTORY SECTION**

October 16, 2017

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, 2017. Heartland is committed to supporting the success of all students. The 2017 CAFR provides evidence that the College is well positioned to serve its communities as a leader in higher education and a responsible financial steward.

Serving the Central Illinois area for over 25 years, Heartland Community College remains an important educational option for area students. The College continues to provide 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.

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 16, 2017

**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, 2017 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.

Clifton Larson Allen 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, 2017. 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 a summary of 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.

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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 nearly 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 and Pontiac.

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

Heartland Community College is committed to student success. The College is a vital and progressive center for learning. These are fulfilled through adherence to its vision, mission and college-wide priorities and goals, which were all updated in August 2017 as an outcome of the College's most recent round of strategic planning.

### **Vision**

Leading our community to lifelong learning and success.

### **Mission**

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

### **College-Wide Priorities and Goals**

#### ***Promote Student Success***

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

#### ***Ensure Resource Stewardship***

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

#### ***Serve as a Community Resource***

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

#### ***Model Effective Communication, Collaboration and Transparency***

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

## **FINANCIAL INFORMATION**

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

The Business Services 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 modified, zero-based budgeting approach was used to develop both the fiscal year 2017 and 2018 annual budgets. A highly collaborative online tool and process was used to engage budget managers from across the College. For the 2017 and 2018 budget, the process also incorporated spending limits, driven by conservative revenue assumptions.

College management has established and maintains 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 strong enrollments, sound financial planning, a long-term strategic financial management approach, 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 \$40.6 million in fiscal year 2007 to \$51.8 million in fiscal year 2017 for an annual average increase of \$1 million over 11 years.

### ***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 May 2017 was 4.6% (down from 5.3% in May 2016).

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 0.4% job growth over the last year, from August 2016 to August 2017, as reported by the US Bureau of Labor Statistics.

The Illinois Department of Employment Security has projected employment growth through the year 2024 by industry for the State of Illinois. The top two areas of growth are in Professional-Business Services and Health Care & Social Assistance. In order to find gainful employment in both of these industries, many will be required to obtain additional training and education from vocational schools, community colleges, or four-year colleges and universities.

The State of Illinois continues to struggle with its financial condition. In lieu of passing 2016 and 2017 fiscal year budgets, the State passed two different stopgap budgets for fiscal years 2016 and 2017. Stopgap I – Public Act 99-502 – provided partial funding for community colleges that included approximately \$70 million for base operating and equalization grants, as well as Fall 2015 Monetary Award Program (MAP) grants for students. Stopgap II – Public Act 99-524 – provided approximately \$108 million for community colleges in the form of base operating and equalization grants, as well as Spring 2016 MAP grants for students.

On July 6, 2017, the General Assembly of the State finally ended a two-year budget impasse. It enacted a budget for the State fiscal year ending June 30, 2018 that represented a 10% reduction from fiscal year 2015 levels. Additionally, it retroactively appropriated funding for the fiscal year ending June 30, 2017 at 100% of fiscal year 2015 levels.

Prior to July 6, 2017, Heartland had only received \$1,354,224 in State funding which included the State Base Operating Grant, Career and Technical Education Grant, and Adult Education Grants. Resolution of the State budget impasse yielded Fiscal Year 2017 funding for the College for an additional \$2,492,810 (includes the adult education state funding, base operating grant, career and technical education funding, a state veteran's grant, and ISAC-MAP funding). However, because of Governmental Accounting Standard Board (GASB) rules, this funding must be recognized as revenue in Fiscal Year 2018, despite the State's legislative intent for it to be assigned to Fiscal Year 2017.

### ***District Economy***

The Heartland Community College district is an important business and agricultural region in central Illinois, supported by two major insurance companies, farm implement and agricultural products dealers, and financial and health care institutions. Some of the largest employers in the district are State Farm Insurance Companies (corporate and regional headquarters), Illinois State University, COUNTRY Financial, Advocate BroMenn Medical Center, Normal School District #5, TEK Systems, OSF St. Joseph Medical Center, Heartland Community College, and Growmark. The former Mitsubishi Motors of North America plant, which ceased operations in May of 2016, has been purchased by Rivian Automotive. The electric car company plans to invest \$40.5 million in the factory over the next five years and begin vehicle production in 2019. Rivian has long-term plans to employ 1,000 people.

The District has several higher education institutions. Illinois State University, located in Normal, had an on-campus enrollment of 18,426 undergraduate students in 2016. Illinois Wesleyan University, located in Bloomington, reported enrollment of approximately 1,776 students in 2016. In the southern part of the district, the city of Lincoln has two colleges. Lincoln College, a private residential college, offers instruction to about 1,100 total students, and Lincoln Christian University, a private four-year institution, enrolls about 886 students. Heartland has established several cooperative arrangements and educational alliances with some of these institutions, as well as with some peer Illinois community colleges.

Bloomington-Normal retail sales tax receipts in 2016 were \$14,113,962, which was an increase of 2.0% from 2015 sales tax receipts. Median household income for McLean County was \$62,211, among the highest counties in the State. The most recent population of the County was 175,890. Population in the County is projected to continue to grow, reaching 184,413 by 2021. The current population of the entire district is 214,185. These economic growth indicators bode well for a young community college.

### ***Tax Base***

The Heartland Community College District 2016 tax levy base of \$4,425,909,176 increased by 2.49% from the 2015 tax base. This followed an increase of 1.89% in the previous year. Modest residential and commercial growth is expected to continue, with a projected increase of 1-2% in the 2017 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.

Equalized Assessed Valuation (EAV) is projected to increase slightly, 1-2% 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 2017, local property taxes accounted for 39.7% of total revenues. Local support represents 40.0% of total operating fund revenues in the fiscal year 2018 budget.

There is 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 increased from \$48.0 million at the end of fiscal year 2016 to \$51.8 million at the end of 2017. Net position was 95.4% of total fiscal year 2017 operating expenses. Liquidity is strong, with \$28.9 million of cash and short-term investments at year-end.

### ***College Enrollment***

Credit hour enrollment declined by 1.7% during fiscal year 2017 as compared to a 1.5% decline in 2016. This was the fourth 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 longer.

For the current fall semester in fiscal year 2018 (fall 2017), total credit hours decreased by 1%. Total credit hours for fall 2017 were 45,972 as compared to 46,439 in fall 2016. Student headcount, decreased by 1.6%. Total headcount for fall 2017 was 4,955 students as compared to 5,037 students in fall of 2016. Five years ago, in the fall 2012 semester, 5,324 students were enrolled in 50,405 credit hours. The five-year decline in student headcount is 369 or 6.9% and in credit hours is 4,433 or 9.6%.

The College has established several initiatives and teams to address enrollment-related strategies for assessing and improving student registration, engagement, persistence and retention. The *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 *GPS* mission.

The *GPS* initiative partners the College with students, K-12 schools, universities, families, businesses, and the community to create the right circumstances for increased learning and planned progress. 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 are provided at Heartland and in area high schools for students, whether or not they attend Heartland.

The fiscal year 2018 budget was predicated on an overall 3.0% decrease in credit hours from the fiscal year 2017 budgeted amount. Enrollment declines during 2017 and the four 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 Heartland's peer institutions have seen similar declines in enrollment this year and in previous years.

An increase of \$2.00 was made to the in-district tuition and fees rate between fiscal year 2017 and fiscal year 2018. A \$2.00 per credit hour universal fee for support of the online Learning Management System (LMS) replaced a fee previously charged on a per-course basis. Heartland's current total per credit hour in-district tuition and fees rate is \$148.00, which places it twelfth from the top among other Illinois community colleges.

Adult Education FY17 funding was in limbo until the State of Illinois passed the Supplemental Budget on July 6, 2017 that funded FY18 along with providing supplemental funding for FY17.

In fiscal year 2017, overall revenues in the College's continuing education programs increased from fiscal year 2016 mainly due to one instructional provider (Omnikron). Sales and service fees from continuing education programs were \$2,978,703 in fiscal year 2017 as compared to \$2,298,398 in 2016.

Omnikron provided \$1,710,978 in revenue during 2017 compared to \$915,178 revenue in 2016. Traffic Safety School's course fees were higher than one year ago, at \$213,615 in fiscal year 2017 and \$194,845 in 2016. Challenger Learning Center revenues decreased from \$140,227 in 2016 to \$125,680 in 2017 due to K-12 programs cutting back on spending as a result of budget constraints at local school districts. Truck Driver Training revenues decreased from \$179,220 in 2016 to \$137,919 in 2017. Customized Training contracts decreased by approximately 9.0%. Community Education combined with the Youth Enrichment Program experienced a decrease of 9.0%. Both customized training contracts and community education decreases are a result of the slow economy in the State. Significant transitions of staff roles during a reorganization of the Continuing Education division likely contributed, as well. Adult, community, and corporate education programs and offerings are projected to remain level for fiscal year 2018, but future growth is anticipated as a result of the recent reorganization and greater focuses on data-informed decision making for course and program offerings.

The ethnicity of Heartland's students, for the most part, reflects that of the District in that approximately 80% of the students are white non-Hispanic. More than 47% 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 remain constant in 2018. Federal grants accounted for 14.8% of the College's total revenues during fiscal year 2017 as compared to 15.8% in 2016. Federal financial aid dollars for student awards and loans accounted for approximately \$8.9 million (or 91.8%) of the federal total. 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. The Foundation's net position increased from \$5.8 million at the end of fiscal year 2016 to \$6.4 million in 2017. The Foundation also awarded \$415,365 in student scholarships during fiscal year 2017.

## DEBT ADMINISTRATION

The College had general bonded debt of \$76,973,512 as of June 30, 2017 and \$82,206,624 as of June 30, 2016. The \$5,233,112 decrease from 2017 to 2016 is the result of several different factors: (1) principal payments totaling \$5,325,000 (reducing debt); (2) amortization of bond premiums totaling approximately \$333,924 (reducing debt); and (3) advanced refunding of \$9,300,000 of the outstanding balance of the Series 2007 issue of General Obligation Community College Bonds with General Obligation Refunding Bonds, Series 2017A of \$8,845,000, which included additional bond premiums of \$880,812 (increasing debt by \$425,812). The net proceeds related to the refunding of \$9,480,312 were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the portion of the Series 2007 being refunded. The savings to the College due to this refunding will be a reduction in the interest rate by 3.15% to 2.80 % on the issue of \$8,845,000.

Standard and Poor’s Investor Services rated the College at AA+. The College continues to be rated high because of “(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% of assessed valuation. The 2016 assessed valuation of \$4,424,104,515 results in a legal debt limit of \$127,193,005. 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 2013-2017, these indicators compare as follows:

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Debt/EAV</u>	<u>General Obligation Debt Per Capita</u>
2017	\$76,973,512	1.7%	\$370.15
2016	\$82,206,624	1.9%	\$395.31
2015	\$81,261,750	1.9%	\$390.77
2014	\$85,700,750	2.1%	\$410.96
2013	\$84,805,000	2.1%	\$406.65

## 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, declining enrollments, and expected loss of a portion of local property tax revenue. Under these circumstances, ongoing student engagement and retention efforts, and long range master planning emphasis continue to be high priorities.

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. The long-term master plan for future campus development will also be updated as one of the final phases of the current strategic and operational planning cycle.

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 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 Clifton Larson Allen 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 (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Heartland Community College for its CAFR for the fiscal year ended June 30, 2016. 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. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year.

Heartland Community College has received the Certificate of Achievement annually since 1998. Staff believes the current report for the fiscal year ended June 30, 2017 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, Clifton Larson Allen 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**

	<b><u>Position</u></b>	<b><u>Term Expires</u></b>
Gregg Chadwick	Chair	2023
Jeffrey Flessner	Vice-Chair	2019
Rebecca Ropp	Secretary	2021
Donald Gibb	Trustee	2019
Patrick Hardesty	Trustee	2019
Mary E. Campbell	Trustee	2023
Janet M. Hood	Trustee	2021
Renee Vaessen	Student Trustee	2018

**Officers of the College**

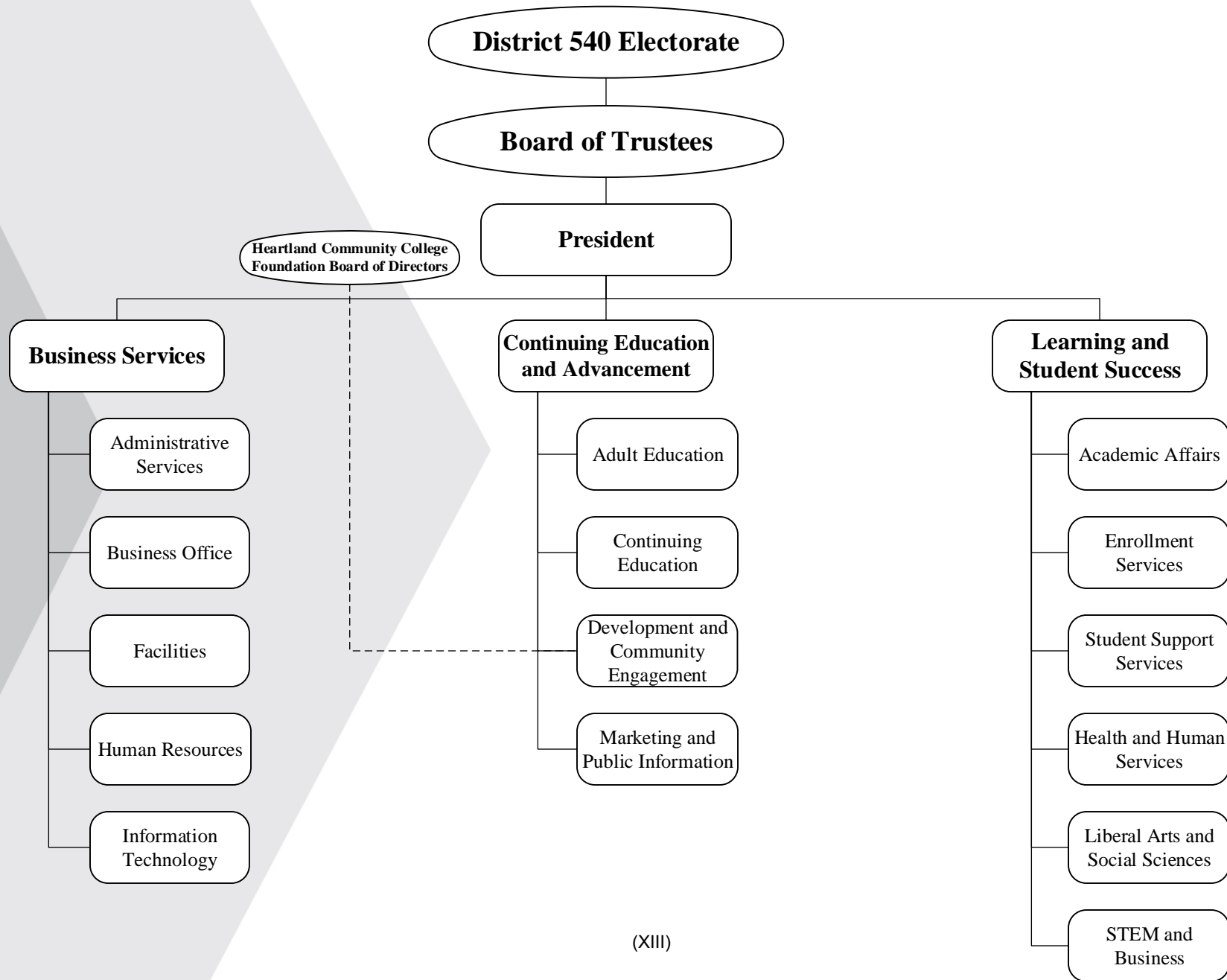
Robert D. Widmer	President
Douglas E. Minter	Vice President of Business Services
Kelli Hill	Vice President of Continuing Education and Advancement
Rick Pearce	Vice President for Learning and Student Success

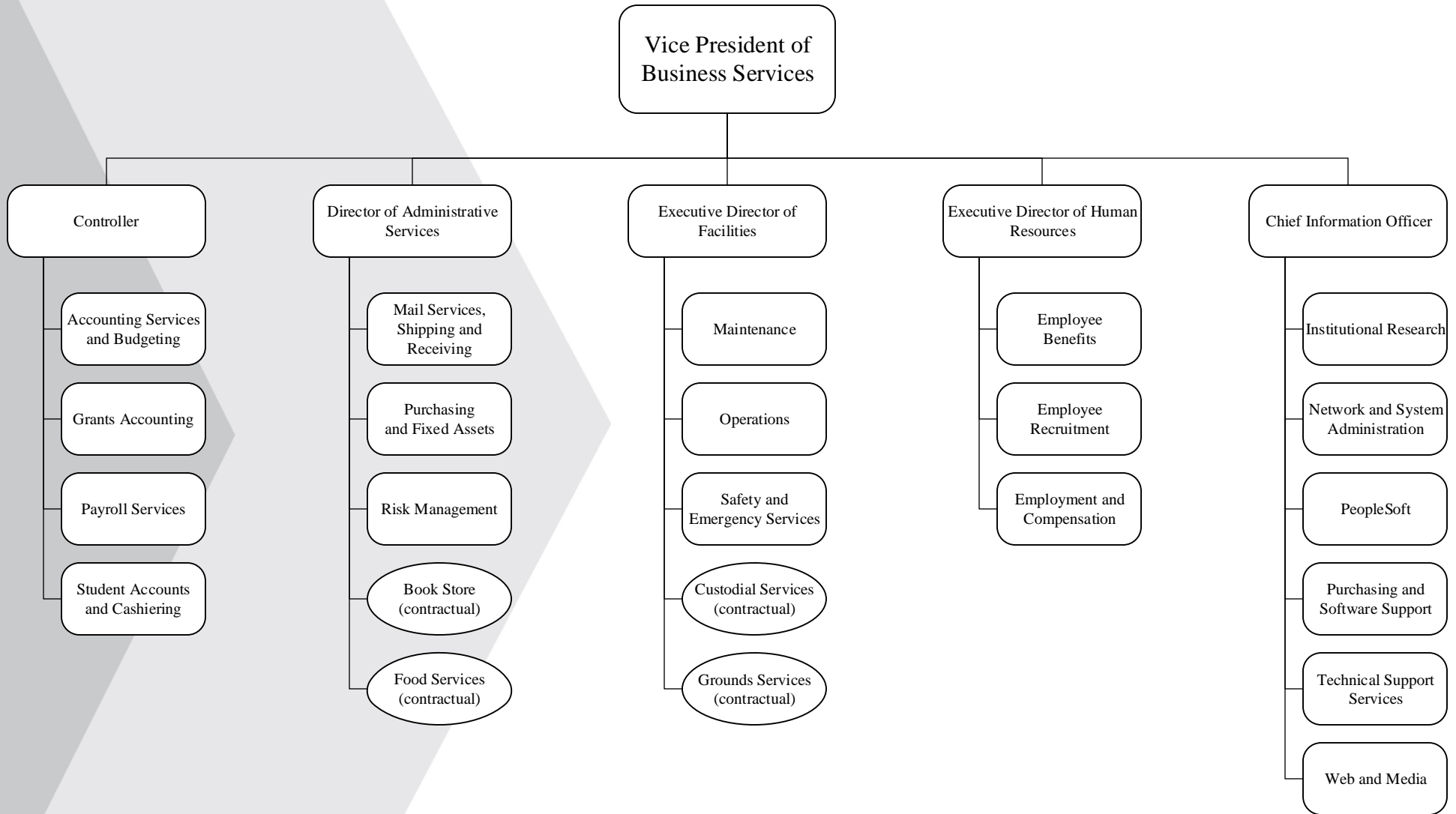
**Officials Issuing Report**

Sharon M. McDonald	Controller
Shelley Marquis	Director for Payroll Services and Student Accounts
Bridget Miller	Associate Director for Accounting Service

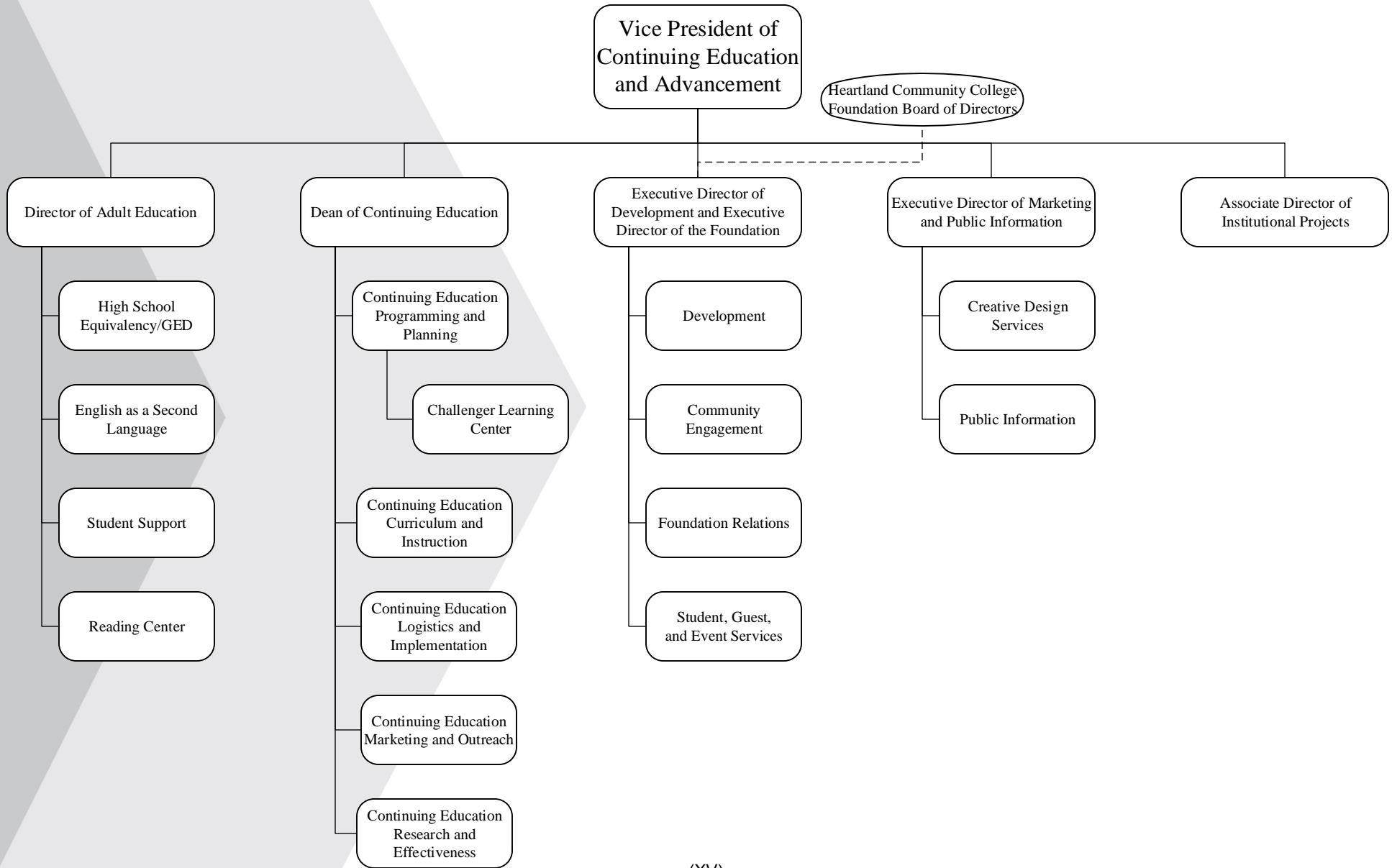
**Department Issuing Report**

Business Services Division

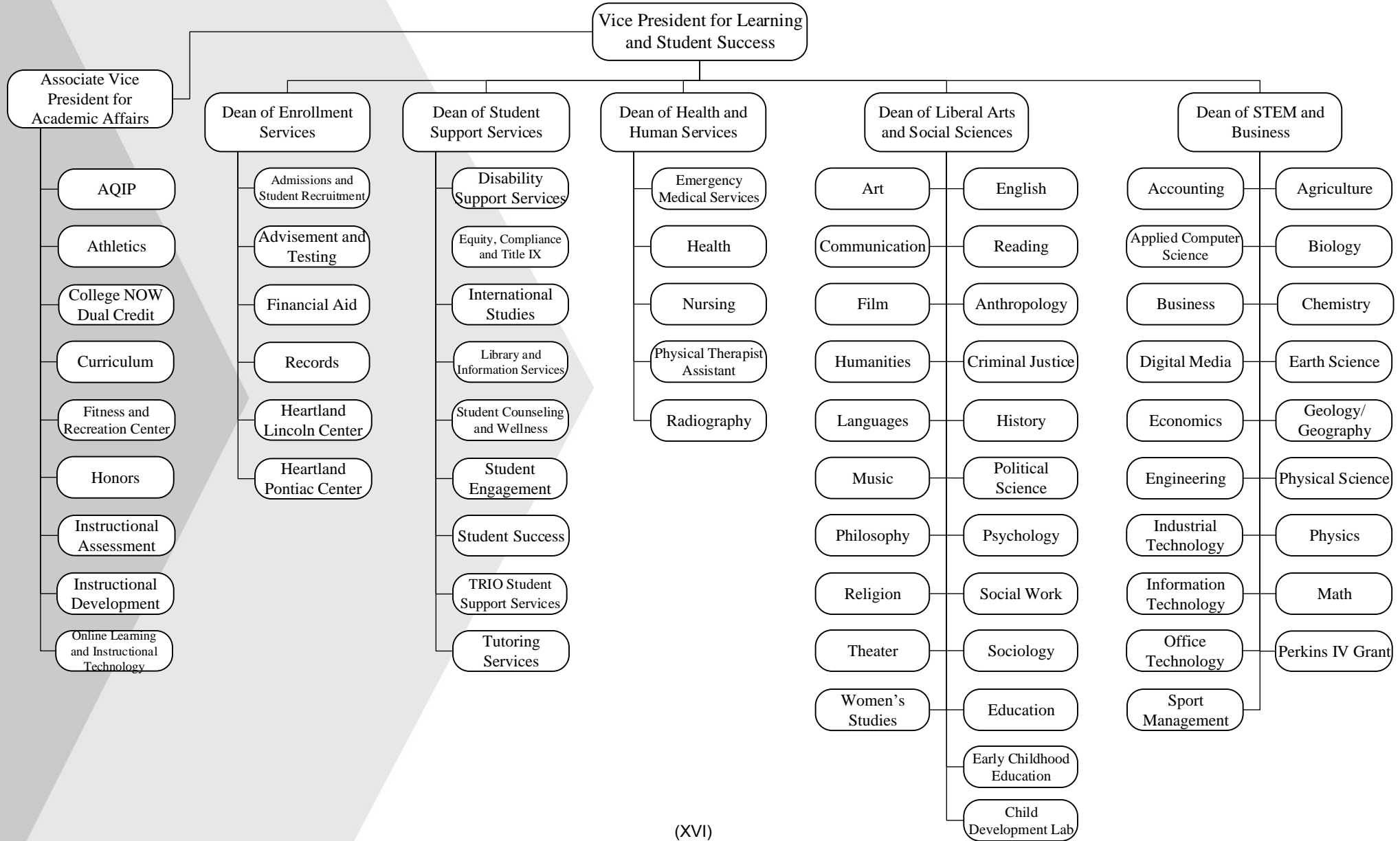




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**Heartland Community College**  
**District #540, Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

## **FINANCIAL SECTION**

## 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, 2017 and 2016, 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 represents 100% of the assets, net position, and revenue of the component unit. Those statements were audited by another auditor whose report has 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 report 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.

### ***Opinions***

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, 2017 and 2016, 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 17 and defined benefit pension plan information on page 50 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 opinions on the financial statements that collectively comprise Heartland Community College District #540's basic financial statements. The Uniform Financial Statement section (pages 97 through 103) and the Certification of Chargeback Reimbursement on page 79 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 105 through 113, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Board of Trustees  
Heartland Community College  
Community College District #540

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 95 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 16, 2017, 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 result 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.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 16, 2017

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

**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, 2017 and June 30, 2016. Since this discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the transmittal letter, the College's basic financial statements, and the notes to the basic financial statements. Responsibility for the completeness and fairness of this information rests with the College.

**Using This Annual Report**

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

The Statements of Net Position are designed to provide 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. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the College are included in the Statement of Net Position.

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

The Statements of Cash Flows focus on the incomings and outgoings of cash and shows the net increase (decrease) in cash and cash equivalents. It is grouped by operating, noncapital financing, capital and related financing, and investing activities. This statement also reconciles Operating Income (loss) to the net cash provided by the operating activities of the College.

Finally, the Statements provide a picture of the net position (assets and deferred outflows minus liabilities and deferred inflows) and its availability for expenditure by the College. Net position is divided into three major categories. Funds invested in capital assets, net of debt, provides the College's equity in property, plant and equipment. 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. Unrestricted net position dollars are available to the College for any lawful purpose.

**Financial Highlights**

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows (net position) by \$51,857,670 as of June 30, 2017. Of this amount, \$37,316,749 is invested in capital assets (net of related debt), \$3,900,000 is restricted for working cash, \$314,078 is restricted for capital projects, \$59,079 is restricted for other specific purposes, and \$10,267,764 is unrestricted and available to meet current and future obligations of the College.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

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, 2017 were \$14,475,113. 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 contributions provided by the State of Illinois. Total net non-operating revenues for the year ended June 30, 2017 were \$43,719,726.

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, 2017 were \$54,373,413.

The difference between total operating revenues of \$14,475,113 and total operating expenses of \$54,373,413 produced an operating loss of (\$39,898,300) for the year ended June 30, 2017. Net nonoperating revenues of \$43,719,726 offset this loss and resulted in an overall increase in net position of \$3,821,426.

Following are comparative analyses of net position and operating results for fiscal years 2017, 2016, and 2015.

**Financial Analysis of the College as a Whole**

Net Position as of June 30, (in Thousands)

	2017	2016	Increase (Decrease) 2017-2016	Percent Change	2015	Increase (Decrease) 2016-2015	Percent Change
Current Assets	\$ 48,771	\$ 42,703	\$ 6,068	14.2 %	\$ 39,396	\$ 3,307	8.4 %
Noncurrent Assets							
Long-Term Investments	-	1,973	(1,973)	(100.0)	248	1,725	695.6
Capital Assets, Net of Depreciation	110,623	114,912	(4,289)	(3.7)	119,110	(4,198)	(3.5)
Total Assets	<u>159,394</u>	<u>159,588</u>	<u>(194)</u>	<u>(0.1)</u>	<u>158,754</u>	<u>834</u>	<u>0.5</u>
Deferred Outflows of Resources	<u>1,144</u>	<u>825</u>	<u>319</u>	<u>38.7</u>	<u>49</u>	<u>776</u>	<u>1.0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 160,538</u>	<u>\$ 160,413</u>	<u>\$ 125</u>	<u>0.1</u>	<u>\$ 158,803</u>	<u>\$ 1,610</u>	<u>1.0</u>
Current Liabilities	\$ 14,056	\$ 13,256	800	6.0	\$ 10,832	2,424	22.4
Noncurrent Liabilities	68,577	75,774	(7,197)	(9.5)	77,668	(1,894)	(2.4)
Total Liabilities	<u>82,633</u>	<u>89,030</u>	<u>(6,397)</u>	<u>(7.2)</u>	<u>88,500</u>	<u>530</u>	<u>0.6</u>
Deferred Inflows of Resources	26,047	23,347	2,700	11.6	21,433	1,914	8.9
Net Position							
Net Investment in Capital Assets	37,317	38,389	(1,072)	(2.8)	39,913	(1,524)	(3.8)
Unrestricted	10,268	5,319	4,949	93.0	4,898	421	8.6
Restricted	4,273	4,328	(55)	(1.3)	4,059	269	6.6
Total Net Position	<u>51,858</u>	<u>48,036</u>	<u>3,822</u>	<u>8.0</u>	<u>48,870</u>	<u>(834)</u>	<u>(1.7)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 160,538</u>	<u>\$ 160,413</u>	<u>\$ 125</u>	<u>0.1</u>	<u>\$ 158,803</u>	<u>\$ 1,610</u>	<u>1.0</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.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

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

In Fiscal Year 2017 and 2016, the current assets and current liabilities were adjusted to reflect only unearned revenue and related student accounts receivable for student payments received for Fall 2017 and Fall 2016 as of June 30, 2017 and June 30, 2016 respectively. The prior year of Fiscal Year 2015 was adjusted accordingly in this narrative for comparison purposes.

Fiscal Year 2017 Compared to Fiscal Year 2016

The College's net position at June 30, 2017 was \$51,857,670 and at June 30, 2016 was \$48,036,244, an increase of \$3,821,426 (8.0%). The College had a current ratio of 1.24 at June 30, 2017, as compared to 1.19 at June 30, 2016. 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 \$1.24 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 \$6,068,510 (14.2%) at June 30, 2017 when compared to June 30, 2016. There were some significant fluctuations between the various categories of current assets. Largest among these was the \$6,933,201 increase in short-term investments from \$9,979,670 in 2016 to \$16,912,871 in 2017. There was a decrease of \$2,648,877 in cash and cash equivalents from \$14,685,237 in 2016 to \$12,036,360 in 2017. This represents a shifting of funds from cash to short-term investments. Total accounts receivables increased by \$1,399,941. Property taxes receivable increased by \$1,788,077 (13.6%) due to an increase in the 2015 tax levy and 1.8% growth in property tax values. Student receivables increased by \$302,528 (20.7%). Government receivables decreased by \$502,701 (-25.8%). Other receivables decreased by \$187,963 (-29.9%). Other receivables include Foundation scholarships due for \$11,000, Illinois Army National Guard Normal Readiness Center maintenance expenditures due for approximately \$52,900, bus ridership payment due of approximately \$14,000, insurance reimbursement due for approximately \$172,000, various Customized Training receivables of approximately \$29,000, Corporate receivables of approximately \$17,000, and other miscellaneous receivables due such as childcare tuition and room rentals.

Non-current assets have decreased by \$6,262,038 (-5.4%) due to the \$4,288,838 decrease in net capital assets and a \$1,973,200 decrease in long-term investments. Net capital assets decreased due to the annual increase in accumulated depreciation. Long-term investments were moved to short-term investments during fiscal year 2017 because of technology bond fund purchases planned for the next fiscal year.

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust or grant contributions in the current year decreased by \$1,088 from fiscal year 2016. Also included in deferred outflows of resources for fiscal year 2017 are deferred charges on the refunding bond issues. The additional deferred charges on the refunding issue in 2017 and the amortization of the deferred charges of all refunding issues resulted in an increase of \$319,961 to the deferred charges on refunding. The result of the outflows of resources in fiscal year 2017 resulted in an overall increase of deferred outflows of resources of \$318,873.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

Current liabilities have increased by \$799,981 (6.0%) due to the combined effects of various factors. These factors were: (1) an increase of \$1,960,000 in the current portion of bonds payable; (2) a decrease of \$321,621 in unearned student tuition and fees due to lower credit hours for Summer and Fall 2017; (3) a decrease of \$75,082 in accrued interest payable due to debt service; (4) an increase of \$53,526 in accounts payables; (5) a decrease in other unearned revenue of \$178,924; (6) an increase of \$53,930 in the deposit for bonds; (7) a decrease of \$3,401 for accrued compensated absences; and (8) a decrease of \$688,447 in accrued liabilities, which reflects less days of payroll accruals between pay periods in fiscal year 2017 (5 days) versus fiscal year 2016 (14 days).

Total non-current liabilities decreased by \$7,196,512 (-9.5%) from 2016 balances as a result of bond and debt certificate principal payments, bond and debt principal due in the next fiscal year moved to bonds payable classified under current liabilities, and a small decrease in accrued compensated absences.

Deferred inflows of resources from the subsequent year's property taxes increased by \$2,700,449 (11.6%) over the 2016 amount. This was due to the overall levy increase and an Equalized Assessed Valuation (EAV) increase of 1.8%.

Fiscal Year 2016 Compared to Fiscal Year 2015

The College's net position at June 30, 2016 was \$48,036,244 and at June 30, 2015 was \$48,870,115, a decrease of \$833,871 (-1.7%). The College had a current ratio of 1.19 at June 30, 2016, as compared to 1.20 at June 30, 2015. 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 \$1.19 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 \$3,306,785 (8.4%) at June 30, 2016 when compared to June 30, 2015. There were some significant fluctuations between the various categories of current assets. Largest among these was the \$2,944,041 increase in cash and cash equivalents from \$11,741,196 in 2015 to \$14,685,237 in 2016. There was a decrease of \$1,295,403 in short-term investments from \$11,275,073 in 2015 to \$9,979,670 in 2016. This represents a shifting of funds from short-term investments to cash for purposes of paying operating expenditures in absence of a FY16 State budget and uncertainty of what funding would come from the State. Total accounts receivables increased by \$1,908,739. Property taxes receivable increased by \$945,294 (7.8%) due to an increase in the 2015 tax levy and 1.8% growth in property tax values. Government receivables increased by approximately \$734,163 (61%). Student receivables decreased by approximately \$136,461 (-8.6%). Other receivables increased by \$365,743 (139%), Other receivables include Foundation scholarships due for \$13,000, Illinois Army National Guard Normal Readiness Center maintenance expenditures due for approximately \$58,000, bus ridership payment due of approximately \$10,000, various Customized Training receivables of approximately \$116,000, and other miscellaneous receivables due such as childcare tuition and room rentals.

Non-current assets decreased by \$2,472,394 (-2.1%) due to the \$4,198,094 decrease in net capital assets and a \$1,725,700 increase in long-term investments. Net capital assets decreased due to the annual increase in accumulated depreciation. Long-term investments were increased during fiscal year 2016 due to the technology bond fund issued in fiscal year 2016.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust, or grant contributions in the current year decreased by \$11,174 from fiscal year 2015. Also included in deferred outflows of resources for fiscal year 2016 was the deferred charge on the refunding bond issue of \$787,261. The result of the two deferred outflows of resources in fiscal year 2016 resulted in an overall increase of deferred outflows of resources of \$776,087.

Current liabilities increased by \$2,424,961 (22.4%) due to the combined effects of various factors. These factors were: (1) an increase of \$2,845,000 in the current portion of bonds payable; (2) a decrease of \$223,751 in unearned student tuition and fees due to lower credit hours for Fall 2016; (3) a decrease of \$159,292 in accrued interest payable due to debt service scheduling; (4) a decrease of \$250,720 in accounts payables; (5) an increase in other unearned revenue of \$120,882; and (6) an increase of \$65,078 in the deposit for bonds.

Total non-current liabilities decreased by \$1,894,125 (-2.4%) from 2015 balances as a result of bond and debt certificate principal payments and capital lease payments made during 2016.

Deferred inflows of resources from the subsequent year's property taxes increased by \$1,913,514 (8.9%) over the 2015 amount. This was due to the overall levy increase and to an increase of 1.81% in the District's EAV.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

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

	2017	2016	Increase (Decrease) 2017-2016	Percent Change	2015	Increase (Decrease) 2016-2015	Percent Change
<b>Operating Revenues</b>							
Net Tuition and Fees	\$ 10,692	\$ 10,201	\$ 491	4.8%	\$ 9,323	\$ 878	9.4%
Other	3,783	3,718	65	1.7%	3,545	173	4.9%
Total Operating Revenues	<u>14,475</u>	<u>13,919</u>	<u>556</u>	4.0%	<u>12,868</u>	<u>1,051</u>	8.2%
Less Operating Expenses	<u>54,373</u>	<u>53,721</u>	<u>652</u>	1.2%	<u>53,696</u>	<u>25</u>	0.0%
Operating (Loss)	(39,898)	(39,802)	(96)	0.2%	(40,828)	1,026	-2.5%
<b>Nonoperating Revenues (Expenses)</b>							
Property Taxes	23,216	21,376	1,840	8.6%	20,986	390	1.9%
SURS Contribution by State	11,175	8,771	2,404	27.4%	7,346	1,425	19.4%
State Grants and Contracts	2,267	2,064	203	9.8%	4,296	(2,232)	-52.0%
Federal Grants and Contracts	9,799	9,922	(123)	-1.2%	9,943	(21)	-0.2%
Investment Income	164	44	120	272.7%	24	20	83.3%
Interest Expense	(2,888)	(3,195)	307	-9.6%	(3,533)	338	-9.6%
Loss on Disposal of Assets	-	(1)	1	N/A	-	(1)	-100.0%
Amortization Expense	(13)	(13)	-	0.0%	(13)	-	0.0%
Total Net Nonoperating Revenue	<u>43,720</u>	<u>38,968</u>	<u>4,752</u>	12.2%	<u>39,049</u>	<u>(81)</u>	-0.2%
Change in Net Position	3,822	(834)	4,656	-558.3%	(1,779)	945	-53.1%
Net Position - Beginning of Year	48,036	48,870	(834)	-1.7%	50,649	(1,779)	-3.5%
Net Position - End of Year	<u>\$ 51,858</u>	<u>\$ 48,036</u>	<u>\$ 3,822</u>	8.0%	<u>\$ 48,870</u>	<u>\$ (834)</u>	-1.7%
Total Revenues	<u>\$ 61,096</u>	<u>\$ 56,096</u>	<u>\$ 5,000</u>	8.9%	<u>\$ 55,463</u>	<u>\$ 633</u>	1.1%
Total Expenses	<u>\$ 57,275</u>	<u>\$ 56,930</u>	<u>\$ 345</u>	0.6%	<u>\$ 57,242</u>	<u>\$ (312)</u>	-0.5%

**Fiscal Year 2017 Revenues Compared to Fiscal Year 2016**

For fiscal year 2017, total revenues were \$61,096,165, an increase of \$4,999,708 (8.9%) from 2016 total revenues. Operating revenues increased by approximately \$556,981 (4.0%) from 2016 to 2017. Student tuition and fees, net of scholarship allowances increased by \$490,790 (4.8%) due to a tuition increase of \$2 per credit hour. Credit hours did decline by approximately 1.7% from 2017 to 2016. Auxiliary revenues decreased by \$732,333 (-64.7%) mainly due to International Institute of Teaching and Learning revenue received in 2016 that was not received in 2017. Other operating revenues increased by \$798,524 (30.9%) because of a Community Education instructional service provider that generated more revenue in 2017 than in 2016.

Total non-operating revenues increased by \$4,442,727 (10.5%) over 2016 non-operating revenues due to several variable factors. The largest increase of \$2,403,938 (27.4%) was the SURS contribution provided by the State due to increased pension funding required by the State of Illinois. Property tax revenue increased by \$1,839,264 (8.6%) due to EAV increases and a levy increase. The State Grants and Contracts increased by a little over \$203,153 (9.8%) due to the following factors: (1) ICCB Credit Hour Grant along with the Career and Technical Education (CTE) Grant funds increased by \$495,493; (2) the Corporate Personal Property Replacement Tax (CPPRT) funds increased by \$88,457; (3) Illinois Student Assistance Commission (ISAC) Monetary Award Program (MAP) awards decreased by \$346,002 due to revenue appropriated for fiscal year 2017 that will be recognized in fiscal year 2018

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

according to Governmental Accounting Standards Board (GASB) rules; (4) Adult Education grant funds decreased \$11,227; and (5) other State grant funds decreased \$16,753.

Total federal grants and contracts decreased by \$122,643. During 2017, \$8,994,266 was awarded in federal student awards and student and parent loans, as compared to \$9,087,879 in 2016, for a decrease of \$93,613. Adult Education and Perkins federal grants from the ICCB decreased approximately \$23,000 during 2017 compared to 2016. TRIO grant funds increased by approximately \$68,700 during 2017 compared to 2016. Department of Labor grant funds decreased by \$70,800 during 2017 compared to 2016. Overall other federal grant funding decreased by approximately \$5,000. Investment income increased by approximately \$120,000 due to a full year of interest on the new issue of technology bond funds that have been invested and not yet expensed; a dividend paid out by Cincinnati Insurance of approximately \$44,000; interest rates have been higher during 2017 compared to 2016; and approximately \$5,000,000 more is invested in certificates of deposit and term series investments as of June 30, 2017 compared to June 30, 2016.

For fiscal year 2017, total expenses were \$57,274,739 resulting in an increase of \$344,411 (0.6%) from 2016. Net position increased by \$3,821,426, which was 558.3% more than the net position change in 2016.

Fiscal Year 2016 Revenues Compared to Fiscal Year 2015

For fiscal year 2016, total revenues were \$56,096,000, a decrease of approximately \$633,000 (-1.1%) from 2015 total revenues. Operating revenues increased by approximately \$1,051,000 (8.2%) from 2015 to 2016. Student tuition and fees, net of scholarship allowances, increased by approximately \$878,000 (9.4%) due to a tuition increase of \$2 per credit hour. Credit hours declined by approximately 1% from 2016 to 2015. Other operating and auxiliary revenues increased by \$173,000 (4.9%) due to an additional international instruction program in fall 2015.

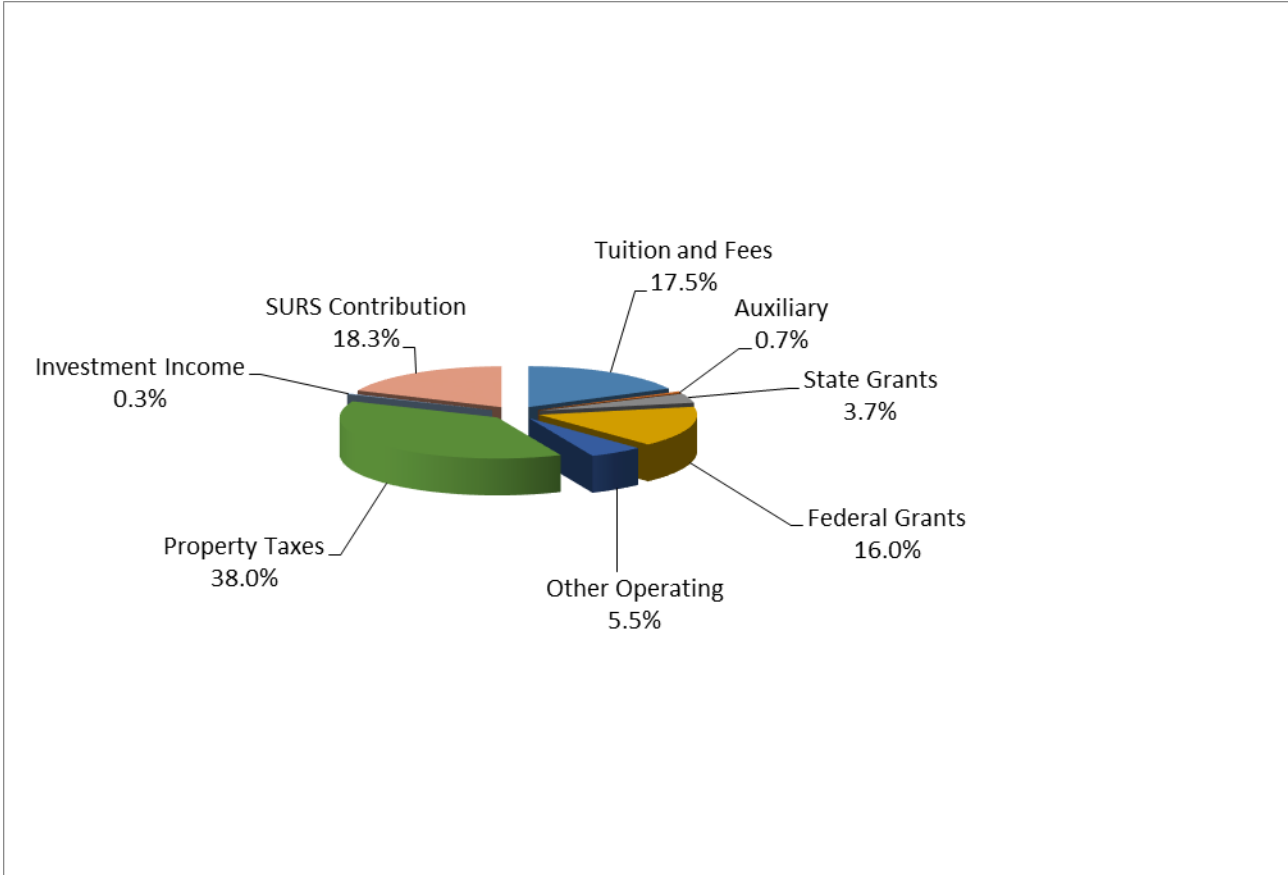
Total net non-operating revenues decreased by approximately \$81,000 (-0.2%) over 2015 non-operating revenues due to several variable factors. The largest decrease was in State Grants and Contracts due to the State budget impasse for fiscal year 2016 and only partial funding through Stopgap I and Stopgap II appropriations. The decrease was a little over \$2,232,000 (-52%). An increase in the SURS contribution provided by the State of approximately \$1,425,000 (19.4%) is due to increased pension funding required by the State. Property tax revenues increased slightly by \$390,000 (1.9%).

Total federal grants and contracts decreased by only \$21,000. During 2016, \$9,087,879 was awarded in federal student awards and student and parent loans, as compared to \$8,910,305 in 2015, for an increase of \$177,574. Investment income increased by \$20,000 due to the new issue of technology bonds that have been invested and not yet expensed.

For fiscal year 2016, total expenses were \$56,930,000 resulting in a decrease of approximately \$312,000 (-0.5%) from 2015. Net position decreased by approximately \$834,000, which was 1.7% less than the net position change in 2015.

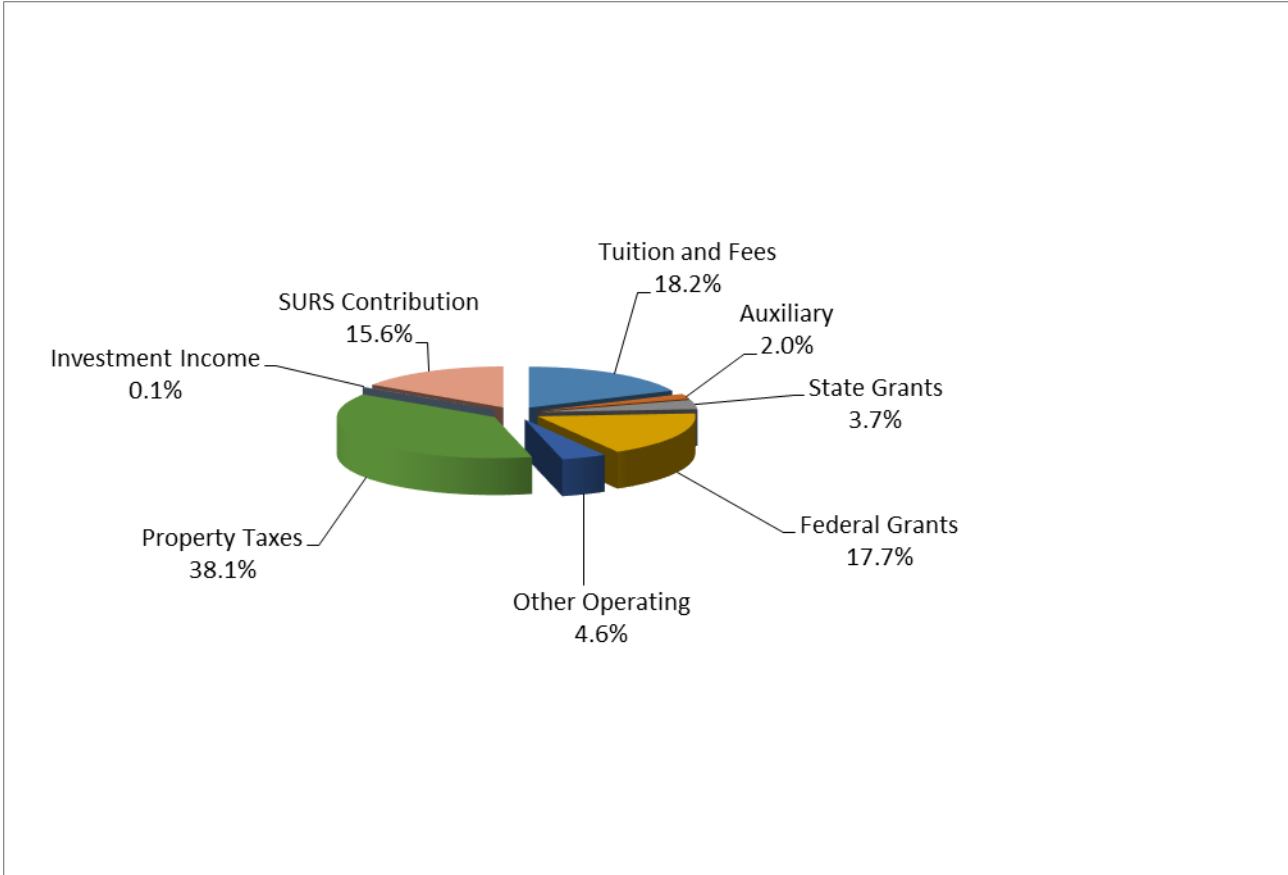
**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

Following is a graphic illustration of revenues by source for fiscal year 2017:



**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

For purposes of comparison, following is a graphic illustration of revenues by source for fiscal year 2016:



**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

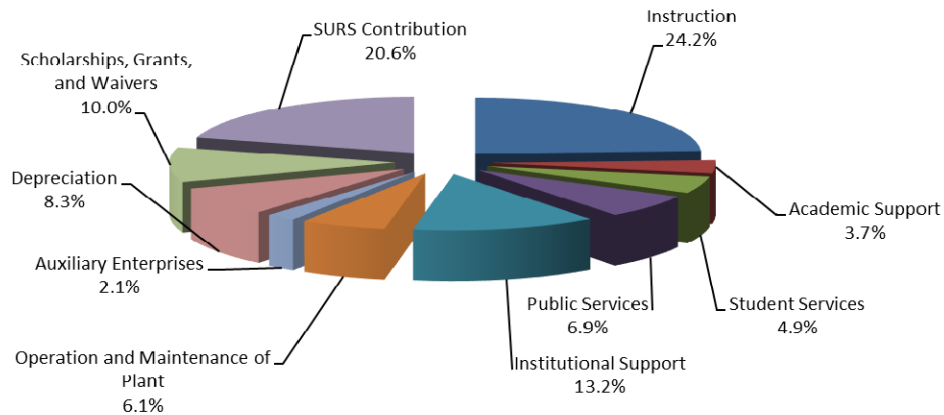
Following is a comparative analysis of operating expense by program:

Operating Expenses by Program for the Years Ended June 30, (in Thousands)

Program:			Increase				Increase	
	2017	2016	(Decrease) 2017-2016	Percent Change	2015	(Decrease) 2016-2015	Percent Change	
Instruction	\$ 13,155	\$ 13,525	\$ (370)	-2.7%	\$ 13,807	\$ (282)	-2.0%	
Academic Support	2,022	2,410	(388)	-16.1%	2,407	3	0.1%	
Student Services	2,657	2,811	(154)	-5.5%	2,767	44	1.6%	
Public Service	3,762	3,136	626	20.0%	3,190	(54)	-1.7%	
Institutional Support	7,149	8,144	(995)	-12.2%	9,287	(1,143)	-12.3%	
Operating and Maintenance of Plant	3,332	3,420	(88)	-2.6%	3,622	(202)	-5.6%	
Auxiliary Enterprises	1,146	1,207	(61)	-5.1%	1,192	15	1.3%	
Depreciation	4,533	4,587	(54)	-1.2%	4,639	(52)	-1.1%	
Scholarships, Grants, and Waivers	5,442	5,710	(268)	-4.7%	5,440	270	5.0%	
SURS Contribution Paid by the State	11,175	8,771	2,404	27.4%	7,345	1,426	19.4%	
Total Expenses	<u>\$ 54,373</u>	<u>\$ 53,721</u>	<u>\$ 652</u>	1.2%	<u>\$ 53,696</u>	<u>\$ 25</u>	0.0%	

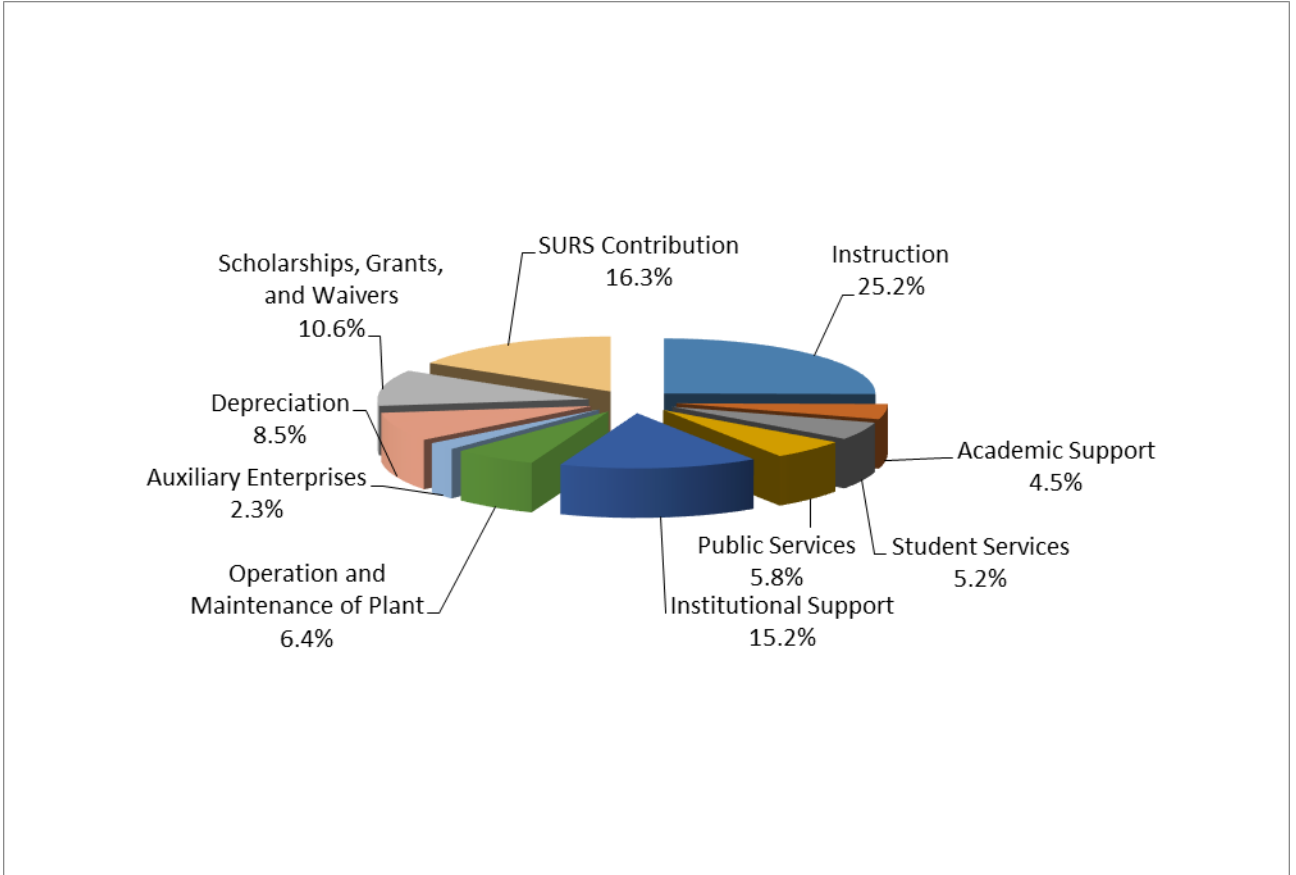
**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

The pie chart following shows the operating expenses by program for fiscal year 2017 as a percentage of total expenses. Direct services to students accounted for 51.8% of total expenses. Direct services to students include: Instruction at 24.2%, Academic Support at 3.7%, Student Services at 4.9%, Public Services at 6.9%, Scholarships, Grants, and Waivers at 10.0%, and Auxiliary Enterprises at 2.1%. Indirect services to students accounted for 48.2% of total expenses. Indirect services to students include: Operations and Maintenance of Plant at 6.1%, Institutional Support at 13.2%, Depreciation at 8.3%, and the SURS Contribution at 20.6%.



**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

For purposes of comparison, following is a pie chart of the operating expenses by program for fiscal year 2016 as a percentage of total expenses:



**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

**Capital Assets**

As of June 30, 2017, the College investment in capital assets totaled \$157,411,785. Capital assets net of accumulated depreciation of \$46,788,752 totaled \$110,623,033. The 3.7% decrease in net capital assets as of June 30, 2017 is due to the increase in accumulated depreciation of \$4,519,689 (10.7%). 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)

	2017	2016	Increase (Decrease) 2017-2016	Percent Change	2015	Increase (Decrease) 2016-2015	Percent Change
Capital Assets not Being Depreciated							
Land	\$ 4,481	\$ 4,481	\$ -	0.0%	\$ 4,481	\$ -	0.0%
Construction-in-Progress	103	103	-	0.0%	103	-	0.0%
Capital Assets Being Depreciated							
Buildings	121,164	121,164	-	0.0%	121,164	-	0.0%
Infrastructure	17,824	17,679	145	0.8%	17,596	83	0.5%
Furniture and Equipment	13,840	13,754	86	0.6%	13,636	118	0.9%
Total	<u>157,412</u>	<u>157,181</u>	<u>231</u>	<u>0.1%</u>	<u>156,980</u>	<u>201</u>	<u>0.1%</u>
Less Accumulated Depreciation	<u>(46,789)</u>	<u>(42,269)</u>	<u>(4,520)</u>	<u>10.7%</u>	<u>(37,870)</u>	<u>(4,399)</u>	<u>11.6%</u>
Net Capital Assets	<u>\$ 110,623</u>	<u>\$ 114,912</u>	<u>\$ (4,289)</u>	<u>-3.7%</u>	<u>\$ 119,110</u>	<u>\$ (4,198)</u>	<u>-3.5%</u>

**Debt Administration**

In January 2017, the College issued \$8,845,000 of General Obligation Refunding Bonds, Series 2017A to refund a portion of the outstanding balance of the General Obligation Bonds, Series 2007. This was Phase II of the refunding plan for the Series 2007 Bonds. Phase I included a refunding in fiscal year 2016.

The College paid \$5,325,000 in bond and debt certificate principal. The Phase II refunding in fiscal year 2017 added additional bond premiums of \$880,812. All bond premiums were amortized and reduced by \$333,924. The net effect of the bond premium activity for fiscal year 2017 was an increase of \$546,888 (40.4%). Compensated absences for employee vacations decreased by a net amount of \$6,800 (-0.5%). Additional information regarding long-term liabilities can be found in Note 5 to the financial statements. Following is an analysis of long-term liabilities.

	2017	2016	Increase (Decrease) 2017-2016	Percent Change	2015	Increase (Decrease) 2016-2015	Percent Change
Long-Term Debt							
General Obligation Bonds and Debt Certificates	\$ 75,075	\$ 80,855	\$ (5,780)	-7.1%	\$ 80,950	\$ (95)	-0.1%
Bond Premium	1,898	1,352	546	40.4%	312	1,040	333.3%
Compensated Absences	1,178	1,184	(6)	-0.5%	1,172	12	1.0%
Capital Lease Obligations	-	-	-	0.0%	61	(61)	-100.0%
Total	<u>\$ 78,151</u>	<u>\$ 83,391</u>	<u>\$ (5,240)</u>	<u>-6.3%</u>	<u>\$ 82,495</u>	<u>\$ 896</u>	<u>1.1%</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017 AND 2016**

**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 Sharon M. McDonald, Controller. College budgets and audited financial reports are also available on the College website at [www.heartland.edu/about/financials.html](http://www.heartland.edu/about/financials.html).

**Other**

After the fiscal year 2017 ended, the College implemented Phase III of its refunding plan (previously noted) for the outstanding balance of the Series 2007 bonds. This occurred in September of 2017 (fiscal year 2018). The refunding included \$37,535,000 General Obligation Refunding Bonds, Series 2017B, and \$1,325,000 Taxable General Obligation Refunding Bonds, Series 2017C.

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, 2017 AND 2016**

	Primary Government		Component Unit	
	College		Foundation	
	2017	2016	2017	2016
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 12,036,360	\$ 14,685,237	\$ 782,522	\$ 810,955
Short-Term Investments	16,912,871	9,979,670	5,019,698	4,285,864
Accounts Receivable:				
Property Taxes	14,930,142	13,142,065	-	-
Student Tuition and Fees, Net of Allowance of \$337,000 for 2017 and \$437,000 for 2016	1,761,151	1,458,623	-	-
Government	1,442,272	1,944,973	-	-
Pledges Receivable	-	-	81,500	88,500
Other Receivables	439,984	627,947	15,170	-
Accrued Interest Receivable	32,138	12,281	23	21
Prepaid Items	1,022,346	667,503	-	-
Other Current Assets	194,093	184,548	-	-
Total Current Assets	<u>48,771,357</u>	<u>42,702,847</u>	<u>5,898,913</u>	<u>5,185,340</u>
<b>NONCURRENT ASSETS</b>				
Long-Term Investments	-	1,973,200	463,764	601,515
Pledges Receivable	-	-	74,000	106,050
Capital Assets not Being Depreciated	4,584,486	4,584,486	-	-
Capital Assets, Net of Depreciation	106,038,547	110,327,385	-	-
Total Noncurrent Assets	<u>110,623,033</u>	<u>116,885,071</u>	<u>537,764</u>	<u>707,565</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	1,107,222	787,261	-	-
Subsequent Year's Pension Expense Related to Federal, Trust, or Grant Contributions in the Current Year	36,952	38,040	-	-
Total Deferred Outflows of Resources	<u>1,144,174</u>	<u>825,301</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 160,538,564</u>	<u>\$ 160,413,219</u>	<u>\$ 6,436,677</u>	<u>\$ 5,892,905</u>

See accompanying Notes to Financial Statements.

	Primary Government		Component Unit	
	College		Foundation	
	2017	2016	2017	2016
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 929,441	\$ 875,915	\$ 18,956	\$ 33,435
Accrued Liabilities	827,777	1,516,224	-	-
Accrued Interest Payable	285,480	360,562	-	-
Deposit for Bonds	282,564	228,634	-	-
Unearned Revenue:				
Student Tuition and Fees	1,703,149	2,024,770	-	-
Other	454,407	633,331	-	-
Accrued Compensated Absences	588,761	592,162	-	-
Bonds Payable	8,985,000	7,025,000	-	-
Capital Lease Obligations	-	-	-	-
Total Current Liabilities	<u>14,056,579</u>	<u>13,256,598</u>	<u>18,956</u>	<u>33,435</u>
<b>NONCURRENT LIABILITIES</b>				
Accrued Compensated Absences	588,762	592,162	-	-
Bonds and Debt Certificates	67,988,512	75,181,624	-	-
Total Noncurrent Liabilities	<u>68,577,274</u>	<u>75,773,786</u>	<u>-</u>	<u>-</u>
Total Liabilities	82,633,853	89,030,383	18,956	33,435
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Subsequent Year's Property Taxes	26,047,041	23,346,592	-	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	37,316,749	38,389,218	-	-
Restricted for:				
Capital Projects	314,078	374,520	-	-
Working Cash	3,900,000	3,900,000	-	-
Specific Purposes	59,079	53,206	5,290,629	5,143,129
Unrestricted	10,267,764	5,319,300	1,127,092	716,341
Total Net Position	<u>\$ 51,857,670</u>	<u>\$ 48,036,244</u>	<u>\$ 6,417,721</u>	<u>\$ 5,859,470</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2017 AND 2016**

	Primary Government		Component Unit	
	College		Foundation	
	2017	2016	2017	2016
<b>OPERATING REVENUES</b>				
Student Tuition and Fees (Net of Scholarship Allowances \$6,351,657 for 2017; \$6,707,021 for 2016)	\$ 10,691,518	\$ 10,200,728	\$ -	\$ -
Auxiliary Enterprises Revenue	398,189	1,131,570	-	-
Annual Campaign/Gifts	-	-	445,307	2,434,709
Fundraising	-	-	217,970	213,754
Other Operating Revenues	3,385,406	2,586,882	390	195
Total Operating Revenue	<u>14,475,113</u>	<u>13,919,180</u>	<u>663,667</u>	<u>2,648,658</u>
<b>OPERATING EXPENSES</b>				
Institutional Support	7,148,890	8,144,174	-	-
Instruction	13,155,043	13,525,124	-	-
Scholarships, Student Grants, and Waivers	5,442,292	5,709,869	415,365	370,240
Operations and Maintenance	3,331,613	3,419,832	-	-
Student Services	2,656,640	2,811,517	-	-
Academic Support	2,021,859	2,409,502	-	-
Public Services	3,762,448	3,135,985	-	-
Depreciation	4,533,451	4,587,293	-	-
SURS Contribution Paid by State	11,174,726	8,770,788	-	-
Auxiliary Enterprises	1,146,451	1,206,791	-	-
General and Administrative	-	-	152,969	188,382
Fundraising	-	-	77,506	59,021
Total Operating Expenses	<u>54,373,413</u>	<u>53,720,875</u>	<u>645,840</u>	<u>617,643</u>
<b>OPERATING INCOME (LOSS)</b>	(39,898,300)	(39,801,695)	17,827	2,031,015
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	23,215,681	21,376,417	-	-
State Grants and Contracts	2,267,189	2,064,036	-	-
Federal Grants and Contracts	9,798,974	9,921,617	-	-
Interest Expense	(2,887,900)	(3,194,707)	-	-
Investment Income	164,482	44,419	540,424	162,845
Amortization Expense	(13,426)	(13,426)	-	-
Loss on Disposal of Assets	-	(1,320)	-	-
SURS Contribution Provided by State	11,174,726	8,770,788	-	-
Total Nonoperating Revenues (Expenses)	<u>43,719,726</u>	<u>38,967,824</u>	<u>540,424</u>	<u>162,845</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	3,821,426	(833,871)	558,251	2,193,860
Net Position - Beginning of Year	<u>48,036,244</u>	<u>48,870,115</u>	<u>5,859,470</u>	<u>3,665,610</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 51,857,670</u>	<u>\$ 48,036,244</u>	<u>\$ 6,417,721</u>	<u>\$ 5,859,470</u>

See accompanying Notes to Financial Statements.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2017 AND 2016**

	Primary Government	
	College	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees	\$ 10,067,369	\$ 10,113,438
Payments to Suppliers	(19,102,631)	(19,476,889)
Payments to Employees	(20,528,211)	(20,735,590)
Auxiliary Enterprise Charges	398,189	1,131,570
Other	3,395,533	2,353,195
Net Cash Provided (Used) by Operating Activities	(25,769,751)	(26,614,276)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property Taxes	24,128,053	22,344,637
State, Federal and Local Grants and Contracts	12,568,864	11,251,490
Direct Lending Receipts	4,034,800	3,980,939
Direct Lending Payments	(4,034,800)	(3,980,939)
Net Cash Provided (Used) by Financing Activities	36,696,917	33,596,127
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	(244,613)	(390,519)
Proceeds from Bonds	10,545,000	13,050,000
Principal Payments on Bonds Payable	(16,325,000)	(13,145,000)
Interest Payments on Long-Term Debt	(2,736,055)	(3,101,386)
Principal Payments on Capital Leases	-	(60,920)
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,760,668)	(3,647,825)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	144,625	40,312
Proceeds from Maturities of Investments	29,214,617	24,764,899
Purchases of Investments	(34,174,618)	(25,195,196)
Net Cash Provided (Used) by Investing Activities	(4,815,376)	(389,985)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,648,878)	2,944,041
Cash and Cash Equivalents - Beginning of Year	14,685,237	11,741,196
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 12,036,360</b>	<b>\$ 14,685,237</b>

See accompanying Notes to Financial Statements.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

	Primary Government	
	College	
	2017	2016
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (39,898,300)	\$ (39,801,695)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,533,451	4,587,293
SURS Contribution Paid by State	11,174,726	8,770,788
Changes in Deferred Outflows of Resources	1,088	11,174
Change in Assets and Liabilities:		
Receivables	(114,565)	(229,282)
Prepaid Items	(368,269)	240,076
Other	(9,545)	1,197
Accounts Payable	53,526	(250,720)
Accrued Liabilities	(688,447)	82,683
Deferred Tuition and Fees	(321,621)	(223,751)
Deferred Other Revenue	(178,924)	120,882
Deposits	53,930	65,078
Accrued Compensated Absences	(6,801)	12,001
Net Cash Provided (Used) by Operating Activities	<u>\$ (25,769,751)</u>	<u>\$ (26,614,276)</u>

See accompanying Notes to Financial Statements.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF 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.

**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.

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, 2017 and 2016 were \$415,365 and \$370,240, respectively.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Reporting Entity (Continued)**

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

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.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are reported at fair value in accordance with guidelines defined by GASB Statement No. 72. Bank deposits and certificates of deposit are recorded at cost. Investment income consists of interest earned on bank deposits and certificates of deposit.

**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 2016 become due and payable in two installments (June and September 2017). In accordance with board resolution, property taxes extended for the 2016 tax year and collected in 2017 are recorded as revenue in fiscal year 2017. 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.

**Capital Assets**

Capital assets include property, plant, equipment, and infrastructure assets (such as roads and sidewalks), intangibles (software and other), donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at cost at the date of acquisition. 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:

Land Improvements	10 to 20 Years
Buildings and Infrastructure	40 to 60 Years
Furniture and Equipment	3 to 10 Years

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 2017 and 2016, the State made contributions of \$11,174,726 and \$8,770,788, 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.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 two types of items which occur. Employer paid federal, trust or grant contributions were made subsequent to the pension liability measurement date. Additionally, the District has the deferred charge on refunding reported in the statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**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 nonemployer 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 nonemployer entity is legally responsible is not dependent upon one or more events unrelated to pensions, or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to a pension plan. The state of Illinois is considered a nonemployer contributing entity. Participating employers are considered contributing entities.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF 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, 2017 and 2016, the District had \$2,560,006 and \$4,332,347, 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, 2017 AND 2016**

**NOTE 1 SUMMARY OF 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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**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, 2017 and 2016, the bank balance of the District's deposits, which primarily consists of demand deposits, was \$4,469,486 and \$2,909,081, respectively. At June 30, 2017 and 2016, all deposits were covered by federal depository insurance or by collateral held by the District's agent in the District's name.

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

**Deposits**

	2017	2016
Cash and Cash Equivalents	\$ 12,036,360	\$ 14,685,237
Less: Illinois Funds	(1,076,037)	(5,095,628)
Less: Illinois School District Liquid Asset Fund (ISDLAF)	(6,944,970)	(6,939,991)
Carrying Amount of Deposits	\$ 4,015,353	\$ 2,649,618

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Investments**

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

	2017			Rating
	Fair Market Value	Less than One Year	More than One Year	
U.S. Agencies	\$ 3,250,000	\$ 3,250,000	\$ -	AAAm Standard & Poor's
Certificates of Deposit	13,662,871	13,662,871	-	AAAm Standard & Poor's
Total	<u>\$ 16,912,871</u>	<u>\$ 16,912,871</u>	<u>\$ -</u>	
	2016			
	Fair Market Value	Less than One Year	More than One Year	Rating
U.S. Agencies	\$ 5,500,000	\$ 5,500,000	\$ -	AAAm Standard & Poor's
Certificates of Deposit	6,452,870	4,479,670	1,973,200	AAAm Standard & Poor's
Total	<u>\$ 11,952,870</u>	<u>\$ 9,979,670</u>	<u>\$ 1,973,200</u>	

**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.

**Concentration of Credit Risk**

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

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**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.

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

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

*Level 2* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

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

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

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Interest Rate Risk (Continued)**

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

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2017:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
U.S. Agencies	\$ -	\$ 3,250,000	\$ -	\$ 3,250,000
Total	\$ -	\$ 3,250,000	\$ -	\$ 3,250,000

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2016:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
U.S. Agencies	\$ -	\$ 5,500,000	\$ -	\$ 5,500,000
Total	\$ -	\$ 5,500,000	\$ -	\$ 5,500,000

**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, 2017 and 2016, the District had \$26,047,041 and \$23,346,592, respectively, of deferred inflows of resources.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 4 CAPITAL ASSETS**

The following tables present the changes in the various capital asset categories for fiscal years 2017 and 2016.

Capital Assets – Fiscal Year 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets not Being Depreciated:				
Land	\$ 4,481,528	\$ -	\$ -	\$ 4,481,528
Construction-in-Progress	102,958	-	-	102,958
Total Capital Assets not Being Depreciated	4,584,486	-	-	4,584,486
Capital Assets Being Depreciated:				
Furniture and Equipment	13,754,391	99,346	(13,762)	13,839,975
Buildings	121,163,674	-	-	121,163,674
Infrastructure	17,678,383	145,267	-	17,823,650
Total Capital Assets Being Depreciated	152,596,448	244,613	(13,762)	152,827,299
Less Accumulated Depreciation for:				
Furniture and Equipment	(8,818,064)	(621,099)	13,762	(9,425,401)
Buildings	(24,837,974)	(3,000,251)	-	(27,838,225)
Infrastructure	(8,613,025)	(912,101)	-	(9,525,126)
Total Accumulated Depreciation	(42,269,063)	(4,533,451)	13,762	(46,788,752)
Net Capital Assets Being Depreciated	110,327,385	(4,288,838)	-	106,038,547
Net Capital Assets	<u>\$ 114,911,871</u>	<u>\$ (4,288,838)</u>	<u>\$ -</u>	<u>\$ 110,623,033</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Capital Assets – Fiscal Year 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets not Being Depreciated:				
Land	\$ 4,481,528	\$ -	\$ -	\$ 4,481,528
Construction-in-Progress	102,958	-	-	102,958
Total Capital Assets not Being Depreciated	4,584,486	-	-	4,584,486
Capital Assets Being Depreciated:				
Furniture and Equipment	13,636,307	307,996	(189,912)	13,754,391
Buildings	121,163,674	-	-	121,163,674
Infrastructure	17,595,860	82,523	-	17,678,383
Total Capital Assets Being Depreciated	152,395,841	390,519	(189,912)	152,596,448
Less Accumulated Depreciation for:				
Furniture and Equipment	(8,324,136)	(682,520)	188,592	(8,818,064)
Buildings	(21,837,723)	(3,000,251)	-	(24,837,974)
Infrastructure	(7,708,503)	(904,522)	-	(8,613,025)
Total Accumulated Depreciation	(37,870,362)	(4,587,293)	188,592	(42,269,063)
Net Capital Assets Being Depreciated	114,525,479	(4,196,774)	(1,320)	110,327,385
Net Capital Assets	<u>\$ 119,109,965</u>	<u>\$ (4,196,774)</u>	<u>\$ (1,320)</u>	<u>\$ 114,911,871</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 5 LONG-TERM LIABILITIES**

Long-term liability activity for the years ended June 30, 2017 and 2016 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Balance Due Within One Year
General Obligation Bonds and Debt Certificates	\$ 80,855,000	\$ 10,545,000	\$ (16,325,000)	\$ 75,075,000	\$ 8,985,000
Bond Premium	1,351,624	880,812	(333,924)	1,898,512	-
Capital Lease Obligations	-	-	-	-	-
Compensated Absences	1,184,324	763,750	(770,551)	1,177,523	588,761
Total	<u>\$ 83,390,948</u>	<u>\$ 12,189,562</u>	<u>\$ (17,429,475)</u>	<u>\$ 78,151,035</u>	<u>\$ 9,573,761</u>

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Balance Due Within One Year
General Obligation Bonds and Debt Certificates	\$ 80,950,000	\$ 13,050,000	\$ (13,145,000)	\$ 80,855,000	\$ 7,025,000
Bond Premium	311,750	1,225,362	(185,488)	1,351,624	-
Capital Lease Obligations	60,920	-	(60,920)	-	-
Compensated Absences	1,172,322	709,892	(697,890)	1,184,324	592,162
Total	<u>\$ 82,494,992</u>	<u>\$ 14,985,254</u>	<u>\$ (14,089,298)</u>	<u>\$ 83,390,948</u>	<u>\$ 7,617,162</u>

Accrued compensated absences (earned vacation leave) at June 30, 2017 and 2016 is \$1,177,523 and \$1,184,324, 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%. Interest payments are due semiannually beginning December 1, 2013.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 100,000	\$ 11,675	\$ 111,675
2019	100,000	10,025	110,025
2020	100,000	8,100	108,100
2021	100,000	5,925	105,925
2022	100,000	3,625	103,625
2023	100,000	1,225	101,225
Total	<u>\$ 600,000</u>	<u>\$ 40,575</u>	<u>\$ 640,575</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 5 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%. 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>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 210,000	\$ 86,800	\$ 296,800
2019	215,000	80,425	295,425
2020	220,000	73,900	293,900
2021	230,000	66,000	296,000
2022	235,000	56,700	291,700
2023-2027	1,300,000	134,000	1,434,000
Total	<u>\$ 2,410,000</u>	<u>\$ 497,825</u>	<u>\$ 2,907,825</u>

In December 2016, the District issued \$1,700,000 in General Obligation Debt Certificates, Series 2016C, dated December 1, 2016. The Series 2016C certificates are due February 15, 2018, and have an interest rate of 2.25%. The proceeds were used to refund the Series 2013 certificates.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	<u>\$ 1,700,000</u>	<u>\$ 38,250</u>	<u>\$ 1,738,250</u>

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%. 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.

On April 21, 2016, \$8,965,000 of the outstanding balance was advanced refunded with General Obligation Community College Bonds, Series 2016B. On January 31, 2017, \$9,300,000 of the outstanding balance was advanced refunded with General Obligation Community College Bonds, Series 2017A. As a result, the portions of the Series 2007 bonds refunded are considered defeased and the liability for those bonds has been removed from the Statement of Net position.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,390,000	\$ 2,067,650	\$ 5,457,650
2019	3,945,000	1,884,275	5,829,275
2020	4,550,000	1,671,900	6,221,900
2021	5,205,000	1,428,025	6,633,025
2022	5,920,000	1,149,900	7,069,900
2023-2027	24,210,000	2,432,300	26,642,300
Total	<u>\$ 47,220,000</u>	<u>\$ 10,634,050</u>	<u>\$ 57,854,050</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%. 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.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	<u>\$ 1,400,000</u>	<u>\$ 35,000</u>	<u>\$ 1,435,000</u>

On February 17, 2016, the District issued General Obligation Community College Bonds, Series 2016A, in the amount of \$4,375,000, due on December 1, 2017 through December 1, 2018 with interest rates ranging from 3% to 4%. Proceeds of the bonds were used to pay claims against the District and pay certain costs associated with the issuance of the bonds. Interest payments are due semiannually beginning December 1, 2016. The refunding resulted in a difference of \$412,480 between the reacquisition price and the net carrying amount of the old debt of \$9,300,000. This difference, reported in the accompanying financial statements as a deferred outflow of resources is being netted against the new debt and amortized over the new debt's life. The refunding was undertaken to reduce total future debt service payments. This refunding resulted in future cash flow savings of \$1,363,575 and an economic gain of \$1,137,253.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,150,000	\$ 109,750	\$ 2,259,750
2019	2,225,000	33,375	2,258,375
Total	<u>\$ 4,375,000</u>	<u>\$ 143,125</u>	<u>\$ 4,518,125</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

On April 21, 2016, the District issued General Obligation Community College Bonds, Series 2016B, in the amount of \$8,675,000 due on December 1, 2016 through December 1, 2025 with interest rates ranging from 2% to 4%. Proceeds of the bonds were used to advance refund a portion of the District's outstanding General Obligation Community College Bonds, Series 2007 and pay certain costs associated with the issuance of the bonds. The net proceeds related to the refunding of \$9,763,252 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the portion of the Series 2007 being refunded.

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

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 279,850	\$ 279,850
2019	-	279,850	279,850
2020	-	279,850	279,850
2021	-	279,850	279,850
2022	-	279,850	279,850
2023-2027	8,525,000	700,875	9,225,875
Total	<u>\$ 8,525,000</u>	<u>\$ 2,100,125</u>	<u>\$ 10,625,125</u>

On January 31, 2017, the District issued General Obligation Community College Bonds, Series 2017A, in the amount of \$8,845,000 due on December 1, 2017 through December 1, 2025 with interest rates ranging from 3% to 4%. Proceeds of the bonds were used to advance refund a portion of the District's outstanding General Obligation Community College Bonds, Series 2007 and pay certain costs associated with the issuance of the bonds. The net proceeds related to the refunding of \$9,712,480 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the portion of the Series 2007 being refunded.

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 35,000	\$ 352,925	\$ 387,925
2019	35,000	351,700	386,700
2020	35,000	350,300	385,300
2021	40,000	348,800	388,800
2022	40,000	347,200	387,200
2023-2027	8,660,000	903,000	9,563,000
Total	<u>\$ 8,845,000</u>	<u>\$ 2,653,925</u>	<u>\$ 11,498,925</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

At June 30, 2017, the annual requirements to retire the District's long-term debt were as follows:

<u>Year Ending June 30,</u>	General Obligation Bonds and Debt Certificates	Interest	Total Principal and Interest
2018	\$ 8,985,000	\$ 2,981,900	\$ 11,966,900
2019	6,520,000	2,639,650	9,159,650
2020	4,905,000	2,384,050	7,289,050
2021	5,575,000	2,128,600	7,703,600
2022	6,295,000	1,837,275	8,132,275
2023-2027	42,795,000	4,171,400	46,966,400
Total	<u>\$ 75,075,000</u>	<u>\$ 16,142,875</u>	<u>\$ 91,217,875</u>

At June 30, 2017, the legal debt limit was \$127,193,005 based on a statutory limit of 2.875% of assessed valuation of \$4,424,104,515. At June 30, 2016, the legal debt limit was \$124,030,710 based on a statutory limit of 2.875% of assessed valuation of \$4,314,111,666.

**NOTE 6 OPERATING LEASES**

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

<u>Year Ending June 30,</u>	Facility	Equipment	Total
2018	\$ 156,366	\$ 24,564	\$ 180,930
2019	156,366	15,808	172,174
2020	113,976	6,688	120,664
2021	113,976	-	113,976
2022	113,976	-	113,976
Thereafter	170,964	-	170,964
Total	<u>\$ 825,624</u>	<u>\$ 47,060</u>	<u>\$ 872,684</u>

Lease expense amounted to \$199,402 and \$210,910 for the years ended June 30, 2017 and 2016, respectively.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 7    DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

*Plan Description.* The District contributes to the State Universities Retirement System of Illinois (SURS), 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's financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.SURS.org](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 six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2016 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

*Contributions.* The State is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2016 and 2017 was 12.69% and 12.53%, respectively, 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, 2017 AND 2016**

**NOTE 7 DEFINED BENEFIT 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*

SURS reported a net pension liability (NPL) of \$25,965,271,744 and \$23,756,361,087 for the years ended June 30, 2016 and 2015, respectively. The net pension liabilities were measured as of June 30, 2015 and 2014, respectively.

*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- for both years ended June 30, 2016 and 2015. The proportionate share of the State's net pension liability associated with the District at June 30, 2016 and 2015 was \$113,066,447 or 0.4355% and \$104,463,724 or 0.4397%, respectively. This amount should not be recognized in the financial statements. The net pension liability and the total pension liability as of June 30, 2016 and 2015 were determined based on the June 30, 2015 and 2014 actuarial valuations 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 years 2016 and 2015.

*Pension Expense*

For the years ended June 30, 2016 and 2015, SURS reported collective net pension expenses of \$2,566,164,865 and \$1,994,587,170, respectively.

*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 years 2016 and 2015. As a result, the District recognized on-behalf revenue and pension expense of \$11,174,431 and \$8,770,788 for the fiscal years ended June 30, 2017 and 2016, respectively.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

*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.

**SURS Collective Deferred Outflows and Deferred Inflows of Resources**

Fiscal year ended June 30, 2016	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 14,215,882	\$ 2,298,574
Changes in Assumption	655,463,758	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	1,431,081,306	635,552,976
Total	<u>\$ 2,100,760,946</u>	<u>\$ 637,851,550</u>
Fiscal year ended June 30, 2015	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 27,312,043	\$ -
Changes in Assumption	609,393,909	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	593,840,642	953,329,464
Total	<u>\$ 1,230,546,594</u>	<u>\$ 953,329,464</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 539,536,680
2018	275,426,885
2019	401,520,624
2020	246,425,207
2021	-
Thereafter	-
Total	<u>\$ 1,462,909,396</u>

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

The District paid \$36,952 and \$38,040 in federal, trust or grant contributions for the fiscal years ended June 30, 2017 and 2016, respectively. These contributions were made subsequent to the pension liability measurement dates of June 30, 2016 and 2015, and are recognized as Deferred Outflows of Resources as of June 30, 2017 and 2016.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Assumptions and Other Inputs**

*Actuarial Assumptions.* The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.75% to 15.00%, including inflation
Investment Rate of Return	7.25% Beginning with the Actuarial Valuation as of June 30, 2014

Mortality rates were based on the RP2014 Combined Mortality Table with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(ies). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2016, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23 %	6.08 %
Private Equity	6	8.73
Non-U.S. Equity	19	6.95
Global Equity	8	6.78
Fixed Income	19	1.17
Treasury-Inflation Protected Securities	4	1.41
Emerging Market Debt	3	4.44
Real Estate REITS	4	5.75
Direct Real Estate	6	4.62
Commodities	2	4.23
Hedged Strategies	5	4.00
Opportunity Fund	1	6.54
Total	<u>100 %</u>	<u>5.09</u>
Inflation		<u>2.75</u>
Expected Arithmetic Return		<u>7.84 %</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Assumptions and Other Inputs (Continued)**

*Discount Rate.* A single discount rate of 7.01% and 7.12% at June 30, 2016 and June 30, 2015, respectively, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.250% at June 30, 2016 and June 30, 2015, and a municipal bond rate of 2.85% and 3.80% at June 30, 2016 and June 30, 2015, respectively (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under 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 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate.* Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.01% and 7.12% at June 30, 2016 and 2015, respectively, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

June 30, 2017		
	Current Single Discount Rate Assumption	
1% Decrease 6.01%	7.01%	1% Increase 8.01%
\$ 31,348,831,631	\$ 25,965,271,744	\$ 21,502,421,700
June 30, 2016		
	Current Single Discount Rate Assumption	
1% Decrease 6.12%	7.12%	1% Increase 8.12%
\$ 28,929,333,917	\$ 23,756,361,087	\$ 19,470,982,362

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, 2016 and 2015.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Assumptions and Other Inputs (Continued)**

*Changes of Assumptions.* In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. The changes are listed below.

- Mortality rates. Change from the RP 2000 mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75% to 15.00% based on years of service, with underlying wage inflation of 3.75%.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.
- Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption. Maintain the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

**NOTE 8 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 \$14,746. In no event will the aggregate stop loss coverage limit be less than \$3,795,580.

The reserve for health care costs reported in the fund at June 30, 2017 and 2016, 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).

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 8 RISK MANAGEMENT (CONTINUED)**

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>2017</u>	<u>2016</u>
Reserve for Health Care Costs at July 1	\$ 464,520	\$ 765,372
Claims Incurred During the Period	2,998,994	3,597,241
Changes in the IBNR Estimate	98,018	92,814
Payments on Claims	<u>(3,203,339)</u>	<u>(3,990,907)</u>
Reserve for Health Care Costs at June 30	<u>\$ 358,194</u>	<u>\$ 464,520</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, 2017 and 2016, respectively.

**NOTE 9 RESTRICTED AND DESIGNATED NET POSITION**

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

	<u>2017</u>	<u>2016</u>
Capital Projects	<u>\$ 314,078</u>	<u>\$ 374,520</u>
Working Cash	<u>\$ 3,900,000</u>	<u>\$ 3,900,000</u>
Restricted for:		
Audit	<u>\$ 59,079</u>	<u>\$ 53,206</u>

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, 2017 and 2016, the District had \$10,267,764 and \$5,319,300, respectively, of unrestricted net position. Of these balances, the District has \$1,965,247 and \$1,134,925 designated for payment of self-insurance claims at June 30, 2017 and 2016, respectively. The remaining unrestricted resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 10 COMPONENT UNIT - FOUNDATION**

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

The Foundation is a private nonprofit 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.

**Restricted Net Position**

Includes net position that is temporarily restricted and permanently 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, or not at all. 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.

**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 are as follows:

	Fair Market Values	
	2017	2016
Mutual Funds	\$ 5,483,462	\$ 4,887,379

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 10 COMPONENT UNIT - FOUNDATION (CONTINUED)**

**Investments (Continued)**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 44,778	\$ 118,549	\$ 559	\$ 163,886
Unrealized gain (loss) on investments	401,549	-	-	401,549
Realized gain (loss) on sale of investments	(11,193)	(13,753)	(65)	(25,011)
Total investment return	<u>\$ 435,134</u>	<u>\$ 104,796</u>	<u>\$ 494</u>	<u>\$ 540,424</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 45,762	\$ 67,454	\$ 34,046	\$ 147,262
Unrealized gain (loss) on investments	24,798	-	-	24,798
Realized gain (loss) on sale of investments	(2,625)	(4,364)	(2,226)	(9,215)
Total investment return	<u>\$ 67,935</u>	<u>\$ 63,090</u>	<u>\$ 31,820</u>	<u>\$ 162,845</u>

**Restricted Net Position**

Temporarily restricted net position is available for the following purposes or period as of June 30:

	2017	2016
Scholarships and Awards	\$ 4,068,719	\$ 4,090,677
Miscellaneous	802,429	642,577
Total Temporarily Restricted Net Position	<u>\$ 4,871,148</u>	<u>\$ 4,733,254</u>

Permanently restricted net position consisted of the following purposes at June 30:

	2017	2016
Endowed Scholarship Funds	<u>\$ 419,481</u>	<u>\$ 409,879</u>

**NOTE 11 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.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 12 SUBSEQUENT EVENTS**

**Bond Issuances**

On August 17, 2017, the District issued General Obligation Refunding Bonds, Series 2017B, in the amount of \$37,535,000. Principal installments are due serially on December 1, 2018 through 2027. Interest is payable on the first day of June and December each year. Interest rates vary from 4% to 5%. The proceeds of the bonds will be used to currently refund a portion of the District's outstanding General Obligation Community College Bonds, Series 2007, and pay costs associated with the issuance of the Bonds.

On August 17, 2017, the District issued Taxable General Obligation Refunding Bonds, Series 2017C, in the amount of \$1,325,000. Principal installment is due on December 1, 2018. Interest is payable on the first day of June and December each year. The interest rate is 4%. The proceeds of the bonds will be used to currently refund a portion of the District's outstanding General Obligation Community College Bonds, Series 2007, and pay costs associated with the issuance of the Bonds.

**State Appropriations**

Subsequent to year-end, on July 6, 2017, the State of Illinois General Assembly passed Public Act 100-0021, authorizing several appropriations for costs incurred through June 30, 2017. The District will recognize these amounts as revenues in its fiscal year 2018 due to the fact that appropriations did not exist at the date of these financial statements. The amounts to be recognized in fiscal year 2018 are:

<u>Appropriation</u>	<u>2017</u>
Base Operating Grant	\$ 1,500,536
Monetary Assistance Program	405,974
Adult Education State Funding	388,350
CTE Formula Grant	134,220
Illinois Veteran Grant	63,730
Total	<u>\$ 2,492,810</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
REQUIRED SUPPLEMENTARY INFORMATION (COVERED PAYROLL)  
YEAR ENDED JUNE 30, 2017**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>	
(a) Proportion Percentage of the Collective Net Pension Liability	0.00%	0.00%	0.00%	
(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	104,463,724	113,066,447	
Total (b) + (c)	96,989,820	104,463,724	113,066,447	
Employer Covered-Employee Payroll	16,152,552	16,016,358	15,777,476	
Proportion of Collective Net Pension Liability Associated with Employer as a Percentage of Covered-Employee Payroll	600.46%	652.23%	716.63%	
 SURS Plan Net Position as a Percentage of Total Pension Liability	 44.39%	 42.37%	 0.00%	
Federal, Trust, Grant, and Other Contributions	49,214	38,040	36,952	
Contribution in Relation to Required Contribution	49,214	38,040	36,952	
Contribution Deficiency (Excess)	-	-	-	
 Employer Covered-Employee Payroll	 16,152,552	 16,016,358	 15,777,476	
Contributions as a Percentage of Covered-Employee Payroll	0.30%	0.24%	0.23%	
 Additional Information	 <u>Fiscal Year 2014</u>	 <u>Fiscal Year 2015</u>	 <u>Fiscal Year 2016</u>	 <u>Fiscal Year 2017</u>
On-Behalf Payments for Community College Health Insurance Programs	\$ 83,373	\$ 84,273	\$ 84,316	\$ 81,331

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  
YEAR ENDED JUNE 30, 2017  
(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> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have change over time.	54-55
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	56-61
<b>Debt Capacity</b> 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.	62-67
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	68-70
<b>Operating Information</b> 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.	71-77

*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)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Position:										
Net Investment in										
Capital Assets	\$ 37,316,749	\$ 38,389,218	\$ 39,912,827	\$ 41,635,091	\$ 46,573,950	\$ 46,469,388	\$ 40,937,774	\$ 37,581,516	\$ 27,452,287	\$ 32,007,788
Restricted for:										
Capital Projects	314,078	374,520	1,677	337,411	651,580	384,545	537,080	72,427	1,874,660	189,405
Working Cash	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	-
Specific Purposes	59,079	84,604	157,210	280,128	142,602	24,509	1,542,279	2,597,613	8,395,101	4,679,466
Unrestricted	10,267,764	5,287,902	4,898,401	4,496,632	1,230,631	3,933,290	4,341,765	4,862,254	4,474,335	5,692,700
Total Net Position	<u>\$ 51,857,670</u>	<u>\$ 48,036,244</u>	<u>\$ 48,870,115</u>	<u>\$ 50,649,262</u>	<u>\$ 52,498,763</u>	<u>\$ 54,711,732</u>	<u>\$ 51,258,898</u>	<u>\$ 49,013,810</u>	<u>\$ 46,096,383</u>	<u>\$ 42,569,359</u>

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)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>OPERATING REVENUES</b>										
Student Tuition and Fees, Net of Scholarship	\$ 10,691,518	\$ 10,200,728	\$ 9,322,824	\$ 11,796,677	\$ 10,529,999	\$ 11,575,275	\$ 9,405,410	\$ 7,849,080	\$ 6,793,175	\$ 5,757,064
Auxiliary Enterprises Revenue	398,189	1,131,570	724,995	637,986	856,864	584,994	578,892	619,166	477,929	913,262
Other Operating Revenues	3,385,406	2,586,882	2,820,351	2,510,642	3,898,229	2,721,908	1,424,609	1,314,230	1,274,313	1,688,035
Total Operating Revenues	14,475,113	13,919,180	12,868,170	14,945,305	15,285,092	14,882,177	11,408,911	9,782,476	8,545,417	8,358,361
<b>OPERATING EXPENSES</b>										
Instruction	13,155,043	13,525,124	13,806,722	13,665,862	13,616,377	13,865,346	12,556,027	11,188,713	6,091,926	9,669,362
Academic Support	2,021,859	2,409,502	2,406,802	2,323,736	2,672,241	2,531,533	1,755,930	1,827,783	10,437,426	1,790,851
Public Services	3,762,448	3,135,985	3,190,156	3,719,162	5,116,227	3,657,252	2,820,304	2,283,646	2,602,753	1,763,109
Student Services	2,656,640	2,811,517	2,767,179	2,569,575	2,578,637	2,826,803	2,508,947	2,304,352	2,823,286	2,112,189
Institutional Support	7,148,890	8,144,174	9,287,265	8,600,653	9,165,271	8,833,998	7,884,575	7,334,067	2,270,247	6,687,070
Scholarships, Student Grants, and Waivers	5,442,292	5,709,869	5,439,759	6,988,876	4,854,931	6,710,771	6,249,924	3,711,205	1,716,290	2,003,966
Operations and Maintenance	3,331,613	3,419,832	3,622,478	3,525,130	3,454,321	4,124,979	3,725,177	3,162,645	1,943,093	2,898,289
Auxiliary Enterprises	1,146,451	1,206,791	1,191,842	1,145,145	1,237,178	1,118,834	1,762,563	1,641,309	1,986,178	1,283,096
Depreciation	4,533,451	4,587,293	4,638,829	4,710,573	4,722,293	4,430,553	3,625,303	2,457,929	1,814,969	1,812,825
SURS Contribution Paid by State	11,174,726	8,770,788	7,345,516	6,703,401	6,493,851	4,861,925	3,477,359	2,895,964	1,356,181	1,309,964
Total Operating Expenses	54,373,413	53,720,875	53,696,548	53,952,113	53,911,327	52,961,994	46,366,109	38,807,613	33,042,349	31,330,721
<b>OPERATING LOSS</b>	(39,898,300)	(39,801,695)	(40,828,378)	(39,006,808)	(38,626,235)	(38,079,817)	(34,957,198)	(29,025,137)	(24,496,932)	(22,972,360)
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Property Taxes	23,215,681	21,376,417	20,986,413	19,985,064	19,798,786	19,502,637	18,587,282	17,807,436	16,744,021	14,563,671
State Grants and Contracts	2,267,189	2,064,036	4,296,628	4,261,307	4,273,349	4,932,733	4,172,813	4,186,981	4,545,743	4,627,970
Federal Grants and Contracts	9,798,974	9,921,617	9,942,770	9,962,457	9,840,696	12,459,068	11,282,682	7,377,813	4,917,827	3,461,924
Local Grants and Contracts	-	-	-	-	-	-	-	(388,331)	-	-
Interest Expense	(2,887,900)	(3,194,707)	(3,532,897)	(3,766,198)	(3,692,292)	(388,353)	(329,219)	113,198	(1,697,059)	(3,217,685)
Investment Income	164,482	44,419	24,227	44,931	16,910	201,497	39,716	(50,497)	1,705,568	3,466,130
Amortization Expense	(13,426)	(13,426)	(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	-	(1,320)	-	(20,229)	-	-	-	-	-	-
SURS Contribution Provided by State	11,174,726	8,770,788	7,345,516	6,703,401	6,493,851	4,861,925	3,477,359	2,895,964	1,814,969	1,309,964
Total Nonoperating Revenues, Net	43,719,726	38,967,824	39,049,231	37,157,307	36,717,874	41,532,651	37,202,286	31,942,564	28,023,956	24,229,895
<b>CAPITAL CONTRIBUTIONS</b>	-	-	-	-	-	-	-	-	-	698,153
<b>CHANGE IN NET POSITION</b>	3,821,426	(833,871)	(1,779,147)	(1,849,501)	(1,908,361)	3,452,834	2,245,088	2,917,427	3,527,024	1,955,688
Beginning of Year, as Previously Reported	48,036,244	48,870,115	50,649,262	52,498,763	54,711,732	51,258,898	49,013,810	46,096,383	42,569,359	40,613,671
GASB 65 Implementation	-	-	-	-	(304,608)	-	-	-	-	-
Beginning of Year, as Restated	48,036,244	48,870,115	50,649,262	52,498,763	54,407,124	51,258,898	49,013,810	46,096,383	42,569,359	40,613,671
<b>END OF YEAR</b>	<b>\$ 51,857,670</b>	<b>\$ 48,036,244</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>

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)**

<u>Tax Levy Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
2016	\$ 4,424,104,515	\$ 13,272,313,545
2015	4,314,111,666	12,942,334,998
2014	4,240,488,783	12,721,466,349
2013	4,154,298,826	12,462,896,478
2012	4,131,636,881	12,394,910,643
2011	4,161,237,754	12,483,713,262
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

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 (CONTINUED)  
LAST TEN LEVY YEARS  
(UNAUDITED)**

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railroad Property	Other Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	\$ 2,714,153,916	\$ 1,105,950,449	\$ 38,164,215	\$ 506,840,313	\$ 22,415,809	\$ 36,579,813	\$ 4,424,104,515	0.58875
2015	2,656,194,344	1,073,521,959	39,187,220	484,132,645	22,685,466	38,390,032	4,314,111,666	0.54116
2014	2,612,074,796	1,057,963,549	42,589,895	467,616,790	19,975,744	40,268,009	4,240,488,783	0.50583
2013	2,561,430,797	1,050,697,690	43,963,693	436,999,100	19,745,865	41,461,681	4,154,298,826	0.50161
2012	2,573,618,223	1,049,682,431	39,273,863	407,565,002	17,913,945	43,583,417	4,131,636,881	0.49191
2011	2,620,093,718	1,060,939,966	40,604,960	385,515,518	16,757,294	37,326,298	4,161,237,754	0.47673
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

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)**

Taxing Bodies	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
McLean County	0.91399	0.91836	0.90133	0.90375	0.91165	0.91571	0.91673	0.90687	0.89659	0.90098
Town of Normal	0.95891	0.92500	0.91581	0.89427	0.76272	0.77488	0.78259	0.78476	0.74289	0.74897
Normal Library	0.45260	0.45049	0.44185	0.44646	0.43971	0.41484	0.39507	0.36452	0.35069	0.33915
Normal Township	0.23079	0.22786	0.22800	0.22296	0.16692	0.16501	0.15807	0.15138	0.14934	0.14858
Normal Road and Bridge	0.09589	0.09571	0.09346	0.09101	0.09070	0.08965	0.08589	0.08115	0.08115	0.08086
Normal School District #5	5.01469	5.05827	5.02707	5.00704	4.88412	4.73499	4.76383	4.69289	4.58932	4.53253
Bloomington/Normal Water District	0.17931	0.17446	0.17216	0.17011	0.16402	0.16390	0.16391	0.16476	0.16036	0.15871
Bloomington/Normal Airport Authority	0.12442	0.13572	0.13655	0.12736	0.12745	0.15486	0.09855	0.08546	0.11008	0.10781
City of Bloomington	1.08363	1.07729	1.06782	1.06121	1.05990	1.05955	1.06013	1.07616	0.99541	1.00665
City of Bloomington Township	0.12166	0.12433	0.12541	0.12243	0.14145	0.14328	0.17309	0.18217	0.18683	0.2208
Bloomington School District #87	5.13998	5.15877	4.95303	4.83486	4.72322	4.65741	4.65682	4.61222	4.58085	4.51459
Bloomington Library	0.25296	0.25098	0.25323	0.25811	0.25620	0.25073	0.25087	0.26108	0.26108	0.26601
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>14.56883</b>	<b>14.59724</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>
Heartland Community College	0.58875	0.54116	0.50583	0.50161	0.49191	0.47673	0.47315	0.45988	0.45331	0.44423
<b>Total Rate</b>	<b>15.15758</b>	<b>15.13840</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>

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)**

Taxpayer Name	Type of Business/Service	2016 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation	2007 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation
State Farm Insurance Company	Insurance	\$ 172,227	1	3.99%	\$ 164,884	1	4.38%
White Oak Energy LLC	Energy	17,188	2	0.40%	-		
Eastland Mall LLC %CBL & Associates Mgt. Inc.	Retail Mall	16,951	3	0.39%	18,567	2	0.49%
Wal-Mart Stores, Inc.	Retail	11,574	4	0.27%	13,766	4	0.37%
High Trail Wind Farm	Energy	10,106	5	0.23%	-		
Illinois Agriculture Association	AG Insurance	9,179	6	0.21%	9,725	5	0.26%
SH The Flats Normal LLC	Apartments	7,911	7	0.18%	-		
Wingover Apts	Housing	6,830	8	0.16%	-		
Blue Atlantic Normal LLC	Apartments	6,724	9	0.16%	-		
MCP Uptown Owner LLC	Hotel	6,656	10	0.15%	-		
Advocate/Bromenn Healthcare Hospital	Hospital	-			-		
Country Insurance & F.S.	Insurance	-			13,794	3	0.37%
Mitsubishi Motors Manufacturing	Auto Manufacturing	-			9,113	6	0.24%
IMI College Hills Development LLC	Retail	-			6,919	7	0.18%
Amerian Disposal of Illinois	Waste Management	-			6,573	8	0.17%
Parkway Shopping Center	Retailer	-			5,603	9	0.15%
Meijer Realty Company	Retailer	-			5,510	10	0.15%
Total		<u>\$ 265,346</u>		<u>6.15%</u>	<u>\$ 254,454</u>		<u>6.76%</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 2016 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)**

Tax Levy Year	Fiscal Year	Assessed Valuation	Direct Tax Rate	Taxes Extended	Total Collected Through June 30, 2016	Collected During Year ended June 30, 2017	Total Collected Through June 30, 2017	Percentage of Taxes Extended Collected Through June 30, 2017
2016	2018	\$ 4,424,104,515	0.58875	\$ 26,047,041	\$ -	\$ 11,103,600	\$ 11,103,600	42.63%
2015	2017	4,314,111,666	0.54116	23,346,592	10,204,527	13,142,065	23,346,592	100.00%
2014	2016	4,240,488,783	0.50583	21,433,078	21,433,078	-	21,433,078	100.00%
2013	2015	4,154,298,826	0.50161	20,838,636	20,838,636	-	20,838,636	100.00%
2012	2014	4,131,636,881	0.49191	20,324,387	20,132,841	-	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%

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)**

Fiscal Year	Headcount Credit Courses	Tuition and Fee Rates			ICCB S3	Tuition and Fee Revenues
		In District Tuition and Fees per Semester Hour	Out of District Tuition and Fees per Semester Hour	Out of State Tuition and Fees per Semester Hour	Total Semester Credit Hours Generated	All Funds
2017	5,282	\$ 144	\$ 279	\$ 414	95,607	\$ 17,043,175
2016	5,298	142	275	408	97,279	16,907,749
2015	5,286	139	269	399	99,170	16,914,112
2014	5,215	139	269	399	100,879	17,259,646
2013	5,456	136	263	390	104,408	17,551,049
2012	5,610	131	254	377	111,560	17,844,502
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

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)**

Fiscal Year	General Obligation Bonds (1)	General Obligation Debt Certificates	Bond Premium	Capital Lease Obligations	Total Outstanding Debt	District #540 Estimated Actual Taxable Property Value	Percentage of Total Outstanding Debt to Estimated Actual Taxable Property Value	Population	Total Outstanding Debt Per Capita	Percentage of Total Debt to Personal Income
2017	\$ 70,365,000	\$ 4,710,000	\$ 1,898,512	\$ -	\$ 76,973,512	\$ 13,272,313,545	0.58%	207,953	370.15	1.43%
2016	75,840,000	5,015,000	1,351,624	-	82,206,624	12,942,334,998	0.64%	207,953	395.31	1.52%
2015	75,635,000	5,315,000	311,750	60,920	81,322,670	12,721,466,349	0.64%	207,953	391.06	1.53%
2014	79,650,000	5,610,000	440,750	152,421	85,853,171	12,462,896,478	0.69%	208,539	411.69	1.61%
2013	78,915,000	5,890,000	-	93,816	84,898,816	12,394,910,643	0.68%	208,539	407.11	1.66%
2012	82,015,000	5,000,000	-	184,109	87,199,109	12,483,713,262	0.70%	208,539	418.14	1.74%
2011	80,580,000	1,700,000	-	267,100	82,547,100	12,354,349,332	0.67%	208,539	395.84	1.73%
2010	83,040,000	-	-	258,570	83,298,570	12,145,053,870	0.69%	203,178	409.98	1.83%
2009	80,560,000	-	-	300,650	80,860,650	11,802,532,188	0.69%	203,178	397.98	1.86%
2008	77,820,000	-	-	4,089	77,824,089	11,293,422,555	0.69%	203,178	383.03	1.83%

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

Notes:

- (1) Balances include current and noncurrent portions of bond principal outstanding.
- (2) Details of the College's outstanding debt can be found in Note 5 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)**

Fiscal Year	General Obligation Bonds (1)	General Obligation Debt Certificates	Bond Premium	Net General Bonded Debt	District #540 Estimated Actual Taxable Property Value	Percentage of Net General Bonded Debt to Estimated Actual Taxable Property Value	Population	Net General Bonded Debt Per Capita
2017	\$ 70,365,000	\$ 4,710,000	\$ 1,898,512	\$ 76,973,512	\$ 13,272,313,545	0.58%	207,953	\$ 370.15
2016	75,840,000	5,015,000	1,351,624	82,206,624	12,942,334,998	0.64%	207,953	\$ 395.31
2015	75,635,000	5,315,000	311,750	81,261,750	12,721,466,349	0.64%	207,953	390.77
2014	79,650,000	5,610,000	440,750	85,700,750	12,462,896,478	0.69%	208,539	410.96
2013	78,915,000	5,890,000	-	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

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

Notes:

- (1) Balances include current and noncurrent portions of bond principal outstanding.
- (2) Details of the College's outstanding debt can be found in Note 5 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
2017	\$ 4,424,104,515	2.875%	\$ 127,193,005	\$ 76,973,512	\$ 50,219,493	60.52%
2016	4,314,111,666	2.875%	124,030,710	82,206,624	41,824,086	66.28%
2015	4,240,488,783	2.875%	121,914,053	81,261,750	40,652,303	66.65%
2014	4,154,298,826	2.875%	119,436,091	85,700,750	33,735,341	71.75%
2013	4,131,636,881	2.875%	118,784,560	84,805,000	33,979,560	71.39%
2012	4,161,237,754	2.875%	119,635,585	87,015,000	32,620,585	72.73%
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%

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

Notes:

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

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
DEBT CAPACITY  
LISTING OF DIRECT AND OVERLAPPING BONDED DEBT  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Fiscal Year 2017			Fiscal Year 2016			Fiscal Year 2015		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$ 136,585,000	99.92%	\$ 136,475,732	\$ 138,845,000	99.92%	\$ 138,733,924	\$ 171,020,000	99.92%	\$ 170,883,184
Ford County	-	0.00%	-	-	0.00%	-	1,270,000	0.08%	1,016
City of Bloomington	57,440,000	100.00%	57,440,000	66,705,000	100.00%	66,705,000	71,555,000	100.00%	71,555,000
McLean County Public Building Commission	-	0.00%	-	-	0.00%	-	8,697,489	94.71%	8,237,392
B/N Airport Authority	11,715,000	100.00%	11,715,000	12,615,000	100.00%	12,615,000	17,190,000	100.00%	17,190,000
Prairie Central School District #8	3,050,000	69.21%	2,110,905	4,362,277	69.21%	3,019,132	5,154,923	69.21%	3,567,722
Town of Normal	87,145,000	100.00%	87,145,000	83,530,000	100.00%	83,530,000	84,365,000	100.00%	84,365,000
Village of Carlock	25,000	100.00%	25,000	35,000	100.00%	35,000	45,000	100.00%	45,000
Town of Normal Special Service Area #1	-	0.00%	-	-	0.00%	-	-	0.00%	-
Olympia School District #16	13,790,000	99.97%	13,785,863	15,755,000	99.97%	15,750,274	17,050,000	99.97%	17,044,885
Bloomington School District #87	49,305,000	100.00%	49,305,000	42,955,000	100.00%	42,955,000	45,955,000	100.00%	45,955,000
Tri-Valley School District #3	4,915,000	99.91%	4,910,577	5,320,000	99.91%	5,315,212	5,695,000	99.91%	5,689,875
Heyworth School District #4	6,490,000	100.00%	6,490,000	6,780,000	100.00%	6,780,000	7,660,000	100.00%	7,660,000
Ridgeview School District #19	2,515,000	48.30%	1,214,745	1,280,000	48.30%	618,240	1,920,000	48.30%	927,360
Village of Heyworth	149,700	100.00%	149,700	149,700	100.00%	149,700	149,700	100.00%	149,700
Gridley School District #10	-	0.00%	-	-	0.00%	-	-	0.00%	-
Chenoa School District #9	-	0.00%	-	-	0.00%	-	-	0.00%	-
El Paso-Gridley School Unit #11	5,700,000	24.77%	1,411,890	4,445,000	24.77%	1,101,027	4,445,000	24.77%	1,101,027
Lexington School District #7	5,345,000	100.00%	5,345,000	5,755,000	100.00%	5,755,000	6,090,000	100.00%	6,090,000
City of Chenoa	-	0.00%	-	-	0.00%	-	-	0.00%	-
City of El Paso	-	24.77%	-	221,000	24.77%	54,742	509,000	24.77%	126,079
Randolph Fire Protection District	-	0.00%	-	-	0.00%	-	-	0.00%	-
Village of Stanford	-	0.00%	-	-	0.00%	-	-	0.00%	-
Village of Towanda	-	0.00%	-	-	0.00%	-	-	0.00%	-
Village of Gridley	-	0.00%	-	-	0.00%	-	-	0.00%	-
Village of McLean	-	0.00%	-	-	0.00%	-	-	0.00%	-
City of Lincoln	498,000	100.00%	498,000	163,000	100.00%	163,000	493,000	100.00%	493,000
City of Fairbury	440,000	79.68%	350,592	460,000	79.68%	366,528	480,000	79.68%	382,464
City of Atlanta	-	100.00%	-	15,000	100.00%	15,000	30,000	100.00%	30,000
Randolph Township Road & Bridge	-	0.00%	-	-	0.00%	-	-	0.00%	-
Town of Randolph Road District	-	0.00%	-	-	0.00%	-	-	0.00%	-
Lincoln Rural Fire Protection District	570,000	97.64%	556,548	655,000	97.64%	639,542	750,000	97.64%	732,300
Lincoln Park District	615,000	100.00%	615,000	610,000	100.00%	610,000	3,600,000	100.00%	3,600,000
Chester-East Lincoln SD #61	2,075,000	99.37%	2,061,928	2,075,000	99.37%	2,061,928	2,075,000	99.37%	2,061,928
Eureka CUSD #140	-	0.00%	-	-	0.00%	-	-	0.00%	-
Illini Central CUSD #189	2,575,000	0.03%	773	2,630,000	0.03%	789	2,890,000	0.03%	867
Lincoln CHSD #404	2,270,000	92.65%	2,103,155	2,595,000	92.65%	2,404,268	3,200,000	92.65%	2,964,800
Lincoln SD #27	-	0.00%	-	-	0.00%	-	670,000	100.00%	670,000
Pontiac CCSD #429	-	0.00%	-	-	0.00%	-	-	0.00%	-
Pontiac THSD #90	-	0.00%	-	-	0.00%	-	3,825,000	81.81%	3,129,233
Rooks Creek CCSD #425	-	0.00%	-	-	0.00%	-	-	0.00%	-
West Lincoln-Broadwell SD #92	1,754,000	96.54%	1,693,312	1,185,000	96.54%	1,143,999	1,325,000	96.54%	1,279,155
Logan County	-	0.00%	-	-	0.00%	-	-	0.00%	-
Downs Fire Protection District	-	0.00%	-	-	0.00%	-	-	0.00%	-
Tazewell County	-	0.00%	-	-	0.00%	-	-	0.00%	-
Village of Cooksville	-	0.00%	-	-	0.00%	-	315,000	100.00%	315,000
LeRoy CUSD #2	7,605,000	0.46%	34,983	7,535,000	0.46%	34,661	8,095,000	0.46%	37,237
Clinton CUSD #15	14,625,000	0.02%	2,925	15,805,000	0.02%	3,161	18,860,078	0.02%	3,772
LeRoy Community Fire Protection District	1,760,000	1.22%	21,472	1,830,000	1.22%	22,326	1,900,000	1.22%	23,180
Octavia Park District	-	0.00%	-	-	0.00%	-	-	0.00%	-
Subtotal	418,956,700		385,463,100	424,310,977		390,582,453	497,279,190		456,311,176
Heartland Community College #540	76,973,512	100.00%	76,973,512	82,206,624	100.00%	82,206,624	81,261,750	100.00%	81,261,750
Total	\$ 495,930,212		\$ 462,436,612	\$ 506,517,601		\$ 472,789,077	\$ 578,540,940		\$ 537,572,926

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
DEBT CAPACITY  
LISTING OF DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year 2014			Fiscal Year 2013			Fiscal Year 2012			Fiscal Year 2011		
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	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
\$ 175,930,000	99.92%	\$ 175,792,254	\$ 179,790,000	99.96%	\$ 179,718,084	\$ 183,650,000	99.96%	\$ 183,576,540	\$ 193,137,884	99.96%	\$ 193,060,629
1,165,000	0.08%	924	475,000	0.10%	475	580,000	0.10%	580	-	0.00%	-
79,485,000	100.00%	79,485,000	73,360,000	100.00%	73,360,000	77,145,000	100.00%	77,145,000	73,055,000	100.00%	73,055,000
8,697,489	94.71%	8,237,126	10,625,282	95.01%	10,095,310	12,563,993	95.19%	11,959,665	-	0.00%	-
14,695,000	100.00%	14,695,000	15,080,000	100.00%	15,080,000	15,460,000	100.00%	15,460,000	-	0.00%	-
2,101,000	69.21%	1,454,166	3,976,248	70.17%	2,790,133	5,630,008	70.17%	3,950,577	4,994,576	70.12%	3,502,197
78,055,000	100.00%	78,055,000	78,060,000	100.00%	78,060,000	78,940,000	100.00%	78,940,000	-	0.00%	-
55,000	100.00%	55,000	65,000	100.00%	65,000	75,000	100.00%	75,000	85,000	100.00%	85,000
-	0.00%	-	4,870,000	100.00%	4,870,000	5,150,000	100.00%	5,150,000	80,000,000	100.00%	80,000,000
12,530,000	99.97%	12,526,094	13,670,000	99.97%	13,665,899	13,205,000	99.97%	13,201,039	13,905,802	99.97%	13,901,630
37,795,000	100.00%	37,795,000	39,795,000	100.00%	39,795,000	41,580,000	100.00%	41,580,000	43,195,000	100.00%	43,195,000
4,505,000	99.91%	4,500,841	4,875,000	99.88%	4,869,150	5,215,000	99.88%	5,208,742	5,523,460	99.88%	5,516,832
6,810,000	100.00%	6,810,000	7,345,000	100.00%	7,345,000	7,810,000	100.00%	7,810,000	8,005,000	100.00%	8,005,000
2,660,000	48.30%	1,285,742	2,220,000	82.08%	1,822,176	3,395,000	82.08%	2,786,616	3,500,691	82.08%	2,873,367
15,000	100.00%	15,000	30,000	100.00%	30,000	45,000	100.00%	45,000	60,000	100.00%	60,000
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
3,795,000	24.77%	939,973	3,795,000	25.10%	952,545	4,850,000	25.10%	1,217,350	1,460,618	25.10%	366,615
5,380,000	100.00%	5,380,000	5,655,000	100.00%	5,655,000	4,470,000	100.00%	4,470,000	4,735,000	100.00%	4,735,000
-	0.00%	-	8,700	100.00%	8,700	17,400	100.00%	17,400	26,100	100.00%	26,100
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
493,000	100.00%	493,000	175,000	100.00%	175,000	345,000	100.00%	345,000	500,000	100.00%	500,000
500,000	79.68%	398,406	500,000	100.00%	500,000	500,000	100.00%	500,000	-	0.00%	-
45,000	100.00%	45,000	60,000	100.00%	60,000	70,000	100.00%	70,000	80,000	100.00%	80,000
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
840,000	97.64%	820,180	925,000	97.96%	906,130	1,005,000	97.96%	984,498	-	0.00%	-
600,000	100.00%	600,000	595,000	100.00%	595,000	575,000	100.00%	575,000	-	0.00%	-
2,075,000	99.37%	2,061,903	2,105,000	99.93%	2,103,527	88,000	99.93%	87,938	134,900	99.93%	134,806
-	0.00%	-	-	0.00%	-	365,000	0.04%	146	287	0.04%	-
3,140,000	0.03%	967	3,375,000	0.04%	1,350	3,595,000	0.04%	1,438	1,352	0.04%	1
3,200,000	92.65%	2,964,943	3,480,000	90.11%	3,135,828	3,745,000	90.11%	3,374,620	3,599,885	90.11%	3,243,856
670,000	100.00%	670,000	1,085,000	100.00%	1,085,000	1,490,000	100.00%	1,490,000	1,855,000	100.00%	1,855,000
95,000	99.28%	94,317	350,000	99.01%	346,535	595,000	99.01%	589,110	821,783	99.01%	813,647
900,000	81.81%	736,320	1,150,000	90.57%	1,041,555	1,390,000	90.57%	1,258,923	1,467,234	90.57%	1,328,874
-	0.00%	-	25,000	100.00%	25,000	50,000	100.00%	50,000	75,000	100.00%	75,000
1,325,000	96.54%	1,279,094	1,390,000	94.58%	1,314,662	1,450,000	94.58%	1,371,410	1,423,487	94.58%	1,346,334
-	0.00%	-	600,000	72.28%	433,680	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	340,000	100.00%	340,000	340,000	100.00%	340,000
8,325,000	0.46%	38,419	-	0.00%	-	-	0.00%	-	-	0.00%	-
18,730,000	0.02%	3,331	-	0.00%	-	-	0.00%	-	-	0.00%	-
1,900,000	1.22%	23,188	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	10,000	100.00%	10,000	-	0.00%	-	-	0.00%	-
476,511,489		437,256,188	459,520,230		449,915,739	475,384,401		463,631,592	441,983,059		438,099,887
85,700,750	100.00%	85,700,750	84,805,000	100.00%	84,805,000	87,015,000	100.00%	87,015,000	82,280,000	100.00%	82,280,000
<u>\$ 562,212,239</u>		<u>\$ 522,956,938</u>	<u>\$ 544,325,230</u>		<u>\$ 534,720,739</u>	<u>\$ 562,399,401</u>		<u>\$ 550,646,592</u>	<u>\$ 524,263,059</u>		<u>\$ 520,379,887</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
DEBT CAPACITY  
LISTING OF DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year 2010			Fiscal Year 2009			Fiscal Year 2008		
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
\$ 175,290,000	99.96%	\$ 175,219,884	\$ 175,290,000	99.96%	\$ 175,219,884	\$ 89,210,000	100.00%	\$ 89,210,000
1,060,000	0.06%	636	1,060,000	0.06%	636	-	0.00%	-
77,330,000	100.00%	77,330,000	79,430,000	100.00%	79,430,000	58,968,544	100.00%	58,968,544
18,709,513	95.24%	17,818,940	18,709,513	95.24%	15,304,382	20,693,284	100.00%	23,278,284
23,710,000	100.00%	23,710,000	14,770,000	100.00%	14,770,000	6,775,000	100.00%	6,775,000
9,559,215	70.12%	6,702,922	9,559,215	70.12%	6,702,922	10,733,110	56.80%	6,096,406
89,590,000	100.00%	89,590,000	89,590,000	100.00%	89,590,000	64,500,000	100.00%	64,500,000
100,000	100.00%	100,000	100,000	100.00%	100,000	-	0.00%	-
5,510,000	100.00%	5,510,000	5,510,000	100.00%	5,510,000	5,510,000	100.00%	5,510,000
13,990,000	99.97%	13,985,803	13,990,000	99.97%	13,985,803	15,070,000	100.00%	15,070,000
45,965,000	100.00%	45,965,000	45,965,000	100.00%	45,965,000	28,570,000	100.00%	28,570,000
3,060,000	99.88%	3,056,328	3,060,000	99.88%	3,056,328	3,440,000	100.00%	3,440,000
9,730,000	100.00%	9,730,000	9,730,000	100.00%	9,730,000	5,865,000	100.00%	5,865,000
5,515,000	82.08%	4,526,712	5,515,000	82.08%	4,526,712	4,340,000	100.00%	4,340,000
9,075,000	100.00%	9,075,000	90,000	100.00%	90,000	780,000	100.00%	780,000
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
7,500,000	25.10%	1,882,500	7,500,000	25.10%	1,882,500	8,715,500	26.27%	2,289,431
2,490,000	100.00%	2,490,000	2,490,000	100.00%	2,490,000	795,000	100.00%	795,000
103,500	100.00%	103,500	43,500	100.00%	43,500	162,200	100.00%	162,200
-	0.00%	-	-	0.00%	-	-	0.00%	-
510,000	100.00%	510,000	-	100.00%	-	280,000	98.84%	276,752
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
1,090,000	100.00%	1,090,000	-	100.00%	-	385,000	100.00%	385,000
780,000	100.00%	780,000	-	100.00%	-	-	0.00%	-
610,000	100.00%	610,000	330,000	100.00%	330,000	-	0.00%	-
170,000	100.00%	170,000	-	0.00%	-	-	0.00%	-
450,000	100.00%	450,000	100,000	100.00%	100,000	-	0.00%	-
-	0.00%	-	-	0.00%	-	85,000	100.00%	85,000
230,000	100.00%	230,000	-	100.00%	-	-	0.00%	-
1,215,000	97.96%	1,190,214	1,215,000	97.96%	1,190,214	-	0.00%	-
545,000	100.00%	545,000	545,000	100.00%	545,000	-	0.00%	-
110,000	99.93%	109,923	110,000	99.93%	109,923	-	0.00%	-
1,655,000	0.04%	662	1,655,000	0.04%	662	-	0.00%	-
4,000,000	0.04%	1,600	4,000,000	0.04%	1,600	-	0.00%	-
4,455,000	90.11%	4,014,401	4,455,000	90.11%	4,014,401	-	0.00%	-
5,370,000	100.00%	5,370,000	2,540,000	100.00%	2,540,000	-	0.00%	-
1,245,000	99.01%	1,232,675	1,245,000	99.01%	1,232,675	-	0.00%	-
2,050,000	90.57%	1,856,685	2,050,000	90.57%	1,856,685	-	0.00%	-
120,000	100.00%	120,000	120,000	100.00%	120,000	-	0.00%	-
1,600,000	94.58%	1,513,280	1,600,000	94.58%	1,513,280	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
2,795,000	92.66%	2,589,847	-	0.00%	-	2,800,000	100.00%	2,800,000
6,655,000	3.89%	258,880	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
533,942,228		509,440,392	502,367,228		481,952,107	327,677,138		319,196,617
83,040,000	100.00%	83,040,000	80,560,000	100.00%	80,560,000	77,820,000	100.00%	77,820,000
<u>\$ 616,982,228</u>		<u>\$ 592,480,392</u>	<u>\$ 582,927,228</u>		<u>\$ 562,512,107</u>	<u>\$ 405,497,138</u>		<u>\$ 397,016,617</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
DEMOGRAPHIC AND ECONOMIC INFORMATION  
PERSONAL INCOME PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Year	District #540 Counties Served	Size of District (2)	District #540 Population (2)	McLean Co. Population	McLean Co. Personal Income	McLean Co. Per Capita Income	McLean Co. Unemployment Rate
2017	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 Square Miles	214,185	172,418	\$ 5,397,545,490	\$ 31,305	5.50%
2016	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 Square Miles	207,953	175,890	5,404,747,920	30,728	5.20%
2015	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 Square Miles	207,953	174,061	5,301,898,060	30,460	3.90%
2014	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 Square Miles	208,539	174,647	5,319,747,620	30,460	7.30%
2013	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 Square Miles	208,539	171,166	5,128,133,360	29,960	7.20%
2012	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 Square Miles	208,539	170,556	5,018,610,300	29,425	7.20%
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%

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 County Population.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
DEMOGRAPHIC AND ECONOMIC INFORMATION  
PRINCIPAL EMPLOYERS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Employer	2017			2016			2015			2014			2013		
	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)	760	8	0.35%	765	8	0.37%	765	9	0.37%	-	-	0.00%	700	10	0.34%
Advocate Bro Menn Medical Center	1,271	5	0.59%	1,402	5	0.67%	1,372	5	0.66%	791	9	0.38%	1,347	5	0.65%
City of Bloomington	691	10	0.32%	-	-	0.00%	-	-	0.00%	765	10	0.37%	-	-	0.00%
COUNTRY Financial	1,939	3	0.91%	1,910	3	0.92%	1,905	3	0.92%	1,949	3	0.93%	1,955	3	0.94%
District 87 Schools (Bloomington)	-	-	0.00%	657	9	0.32%	664	10	0.32%	-	-	0.00%	700	9	0.34%
Illinois State University	3,300	2	1.54%	3,320	2	1.60%	3,639	2	1.75%	3,289	2	1.58%	3,251	2	1.56%
McLean County	713	9	0.33%	829	7	0.40%	806	8	0.39%	812	8	0.39%	806	8	0.39%
Mitsubishi Motor Manufacturing	-	-	0.00%	-	-	0.00%	1,280	6	0.62%	1,251	5	0.60%	1,294	6	0.62%
OSF St. Joseph Medical Center	894	6	0.42%	1,364	6	0.66%	1,225	7	0.59%	1,012	7	0.49%	1,028	7	0.49%
State Farm Insurance Companies	14,532	1	6.78%	14,282	1	6.87%	14,109	1	6.78%	14,765	1	7.08%	14,935	1	7.16%
TEK Systems	-	-	0.00%	-	-	0.00%	-	-	0.00%	1,131	6	0.54%	-	-	0.00%
Unit 5 Schools (Normal)	1,669	4	0.78%	1,654	4	0.80%	1,549	4	0.74%	1,576	4	0.76%	1,674	4	0.80%
Growmark	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Heritage Enterprises	-	-	0.00%	596	10	0.29%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Heartland Bank & Trust	763	7	-	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
<b>Total</b>	<b>26,532</b>		<b>15.69%</b>	<b>26,779</b>		<b>12.88%</b>	<b>27,314</b>		<b>13.13%</b>	<b>27,341</b>		<b>13.11%</b>	<b>27,690</b>		<b>13.28%</b>

Employer	2012			2011			2010			2009			2008		
	Employees	Rank	District #540% of Population	Employee	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)	778	10	0.37%	900	8	0.43%	750	9	0.36%	883	8	0.43%	1,012	7	0.50%
Advocate Bro Menn Medical Center	1,157	6	0.55%	1,522	5	0.73%	2,006	5	0.96%	1,591	5	0.78%	1,537	6	0.76%
City of Bloomington	-	-	0.00%	743	10	0.36%	-	-	0.00%	-	-	0.00%	645	10	0.32%
COUNTRY Financial	2,049	3	0.98%	2,084	3	1.00%	2,174	3	1.04%	2,178	3	1.07%	2,204	3	1.08%
District 87 Schools (Bloomington)	-	-	0.00%	-	-	0.00%	699	10	0.34%	680	10	0.33%	-	-	0.00%
Illinois State University	3,275	2	1.57%	3,259	2	1.56%	3,542	2	1.70%	3,205	2	1.58%	3,152	2	1.55%
McLean County	806	9	0.39%	806	9	0.39%	806	8	0.39%	820	9	0.40%	870	9	0.43%
Mitsubishi Motor Manufacturing	1,270	5	0.61%	1,278	6	0.61%	1,303	6	0.62%	1,418	6	0.70%	1,725	5	0.85%
OSF St. Joseph Medical Center	832	8	0.40%	1,140	7	0.55%	1,096	7	0.53%	1,122	7	0.55%	997	8	0.49%
State Farm Insurance Companies	14,528	1	6.97%	14,450	1	6.93%	15,359	1	7.37%	15,509	1	7.63%	15,297	1	7.53%
TEK Systems	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Unit 5 Schools (Normal)	1,754	4	0.84%	1,826	4	0.88%	2,037	4	0.98%	1,692	4	0.83%	1,754	4	0.86%
Growmark	932	7	0.45%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Heritage Enterprises	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Heartland Bank & Trust	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
<b>Total</b>	<b>27,381</b>		<b>13.13%</b>	<b>28,008</b>		<b>13.43%</b>	<b>29,772</b>		<b>14.28%</b>	<b>29,098</b>		<b>14.32%</b>	<b>29,193</b>		<b>14.37%</b>

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

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

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
DEMOGRAPHIC AND ECONOMIC INFORMATION  
PROPERTY VALUES, CONSTRUCTION, AND BANK DEPOSITS  
LAST TEN FISCAL YEARS  
(DOLLARS IN THOUSAND)  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>District #540 Property Value</u>	<u>McLean Co. Construction</u>	<u>McLean Co. Bank Deposits</u>
2017	\$ 13,272,314	\$ 136,797	\$ 13,824,988
2016	12,942,335	72,605	13,377,016
2015	12,721,466	76,518	13,362,905
2014	12,462,897	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

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

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

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
OPERATING INFORMATION  
NUMBER OF EMPLOYEES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Faculty					
Full-time	85	85	89	90	93
Part-time	179	172	186	187	172
Total Faculty	<u>264</u>	<u>257</u>	<u>275</u>	<u>277</u>	<u>265</u>
Staff					
Administrative	63	66	68	65	69
Classified	48	46	51	53	63
Professional/Technical	94	88	89	94	96
Total Staff	<u>205</u>	<u>200</u>	<u>208</u>	<u>212</u>	<u>228</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Faculty					
Full-time	95	94	89	85	80
Part-time	232	213	200	189	171
Total Faculty	<u>327</u>	<u>307</u>	<u>289</u>	<u>274</u>	<u>251</u>
Staff					
Administrative	66	57	50	49	43
Classified	67	62	56	58	51
Professional/Technical	100	98	85	89	74
Total Staff	<u>233</u>	<u>217</u>	<u>191</u>	<u>196</u>	<u>168</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)**

Funding Category	2017	2016	2015	2014	2013
Baccalaureate	68,203	69,754	67,943	68,374	71,611
Business Occupational	2,580	2,513	2,282	3,134	3,413
Technical Occupational	5,056	4,029	4,154	4,381	4,039
Health Occupational	5,417	4,552	5,090	5,359	5,353
Remedial Developmental	8,309	8,720	9,649	10,371	11,093
Adult Basic Education/ Adult Secondary Education	6,042	7,711	10,052	9,260	8,899
	-	-	-	-	-
Total	<u>95,607</u>	<u>97,279</u>	<u>99,170</u>	<u>100,879</u>	<u>104,408</u>

Funding Category	2012	2011	2010	2009	2008
Baccalaureate	80,036	77,170	74,823	68,423	64,090
Business Occupational	3,404	3,571	3,950	3,615	3,970
Technical Occupational	4,362	5,144	5,171	4,959	4,319
Health Occupational	5,614	6,053	5,355	4,483	3,617
Remedial Developmental	12,138	11,770	11,985	10,039	9,609
Adult Basic Education/ Adult Secondary Education	6,006	4,806	4,503	3,591	2,507
	-	-	-	-	-
Total	<u>111,560</u>	<u>108,514</u>	<u>105,787</u>	<u>95,110</u>	<u>88,112</u>

Source: College Records

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
OPERATING INFORMATION  
STUDENT ENROLLMENT DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Fall Enrollment	Full-Time Equivalent	Male	Female	Full-Time	Part-Time	Average Class Size	Average Class Size and Labs
2017	5,282	3,219	2,318	2,655	2,153	3,129	17.21	179
2016	5,298	3,477	2,375	2,923	2,168	3,130	16.72	179
2015	5,286	3,418	2,413	2,873	2,073	3,213	16.70	179
2014	5,215	3,319	2,414	2,801	2,241	2,974	18.97	179
2013	5,456	3,459	2,529	2,927	2,452	3,004	18.01	179
2012	5,610	3,632	2,616	2,994	2,591	3,019	18.42	179
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

Fiscal Year	Continuing Students	First Time College Level Students	Nondegree Seeking	Transfer Students	High School Students	In District Residents	Median Age	Degrees Conferred
2017	2,145	734	991	538	616	4,129	21.00	1,088
2016	2,606	498	1,077	550	552	4,215	21	696
2015	2,485	861	960	332	531	4,692	21	639
2014	3,435	783	523	474	141	4,288	21	700
2013	2,532	1,019	824	663	210	4,341	21	654
2012	2,568	1,062	868	709	NA	4,346	21	723
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

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)**

	2017	2016	2015	2014	2013
Net Capital Assets:					
Land	\$ 4,481,528	\$ 4,481,528	\$ 4,481,528	\$ 4,368,661	\$ 4,368,661
Furniture and Equipment	4,414,574	4,936,327	5,312,171	5,816,802	6,325,786
Buildings	93,325,449	96,325,700	99,325,951	102,264,528	105,264,779
Infrastructure	8,298,524	9,065,358	9,887,357	10,080,223	10,873,967
Other Assets (Tower Leases)	152,027	165,453	178,879	192,305	205,732
Construction in Progress	102,958	102,958	102,958	564,957	139,573
Total Net Capital Assets	<u>\$ 110,775,060</u>	<u>\$ 115,077,324</u>	<u>\$ 119,288,844</u>	<u>\$ 123,287,476</u>	<u>\$ 127,178,498</u>

	2017	2016	2015	2014	2013
Other Information:					
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Expense	4,533,451	4,587,293	4,638,829	4,710,573	4,722,293
Amortization Expense (Tower Leases)	13,426	13,426	13,426	13,426	13,426

	2012	2011	2010	2009	2008
Net Capital Assets:					
Land	\$ 4,368,661	\$ 4,368,661	\$ 2,225,290	\$ 2,225,290	\$ 2,225,290
Furniture and Equipment	6,880,156	2,278,654	1,687,340	1,315,471	1,323,346
Buildings	106,121,515	106,546,605	85,362,347	50,745,044	44,518,586
Infrastructure	11,779,288	9,777,203	6,209,081	2,593,895	2,806,254
Other Assets (Tower Leases)	219,158	232,584	-	-	-
Construction in Progress	84,849	281,167	18,311,046	28,285,153	7,835,443
Total Net Capital Assets	<u>\$ 129,453,627</u>	<u>\$ 123,484,874</u>	<u>\$ 113,795,104</u>	<u>\$ 85,164,853</u>	<u>\$ 58,708,919</u>

	2012	2011	2010	2009	2008
Other Information:					
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ 698,153
Depreciation Expense	4,430,553	3,620,387	2,457,929	1,986,177	1,309,995
Amortization Expense (Tower Leases)	-	4,916	-	-	-

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>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Land - Acres	<u>145.05</u>	<u>145.05</u>	<u>142.45</u>	<u>142.45</u>	<u>142.45</u>	<u>142.45</u>	<u>45.00</u>	<u>45.00</u>	<u>45.00</u>	<u>45.00</u>
Furniture and Equipment - No. of Units										
Education	96	97	110	112	117	116	123	113	110	97
Operations and Maintenance	18	18	19	19	18	14	12	12	14	14
Operations and Maintenance Restricted	65	65	65	67	68	68	85	85	85	85
Restricted Purposes	274	266	244	230	219	193	185	153	131	129
Liability, Protection & Settlement	11	11	8	7	7	7	6	5	5	5
Total Furniture and Equipment Units	<u>464</u>	<u>457</u>	<u>446</u>	<u>435</u>	<u>429</u>	<u>398</u>	<u>411</u>	<u>368</u>	<u>345</u>	<u>330</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	44,350	44,350	-	-
Astroth Continuing Education Center	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751	-	-
Child Development Lab	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	-
Fitness and Recreation Center	46,784	46,784	46,784	46,784	46,784	46,784	46,784	-	-	-
Receiving and Storage Building	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	-
Physical Plant Building	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436
Community Commons Building	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191
Student Commons Building	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182	79,932	79,932
Parkside Project Building	1,134	1,134	1,134	-	-	-	-	-	-	-
Workforce Development Center	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425
Total Building Square Footage	<u>525,575</u>	<u>525,575</u>	<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>
Infrastructure - No. of Improvements										
Education	1	1	1	-	-	-	-	-	-	-
Operations and Maintenance	11	11	11	9	9	8	6	4	3	3
Operations and Maintenance Restricted	18	17	17	13	12	11	11	10	9	9
Auxillary	1	1	1	1	1	1	1	-	-	-
Restricted Purposes	8	8	8	7	6	4	2	1	-	-
Liability, Protection & Settlement	1	1	-	-	-	-	-	-	-	-
Total Infrastructure Improvements	<u>40</u>	<u>39</u>	<u>38</u>	<u>30</u>	<u>28</u>	<u>24</u>	<u>20</u>	<u>15</u>	<u>12</u>	<u>12</u>
Construction in Progress - No. of Buildings/Projects										
Buildings/Projects	2	2	2	4	2	2	4	1	4	4
Total Construction in Progress Buildings/Projects	<u>2</u>	<u>2</u>	<u>2</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>4</u>	<u>4</u>
Capital Assets Disposed - No. of Units	<u>1</u>	<u>15</u>	<u>8</u>	<u>13</u>	<u>-</u>	<u>28</u>	<u>3</u>	<u>2</u>	<u>22</u>	<u>1</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
OPERATING INFORMATION  
EQUALIZED ASSESSED VALUATIONS AND TAXES EXTENDED AND COLLECTED  
LEVY YEARS 2015 THROUGH 2007  
(UNAUDITED)**

	2016 Levy	2015 Levy	2014 Levy	2013 Levy	2012 Levy	2011 Levy	2010 Levy	2009 Levy	2008 Levy
Equalized Assessed Valuation									
DeWitt County	\$ 11,369,364	\$ 10,948,245	\$ 10,451,830	\$ 9,985,298	\$ 9,661,719	\$ 9,257,216	\$ 8,821,882	\$ 8,855,821	\$ 8,329,686
Ford County	229,770	219,550	205,650	196,500	187,310	179,260	171,980	165,330	103,980
Livingston County	325,462,512	313,498,012	300,293,602	302,920,748	304,334,001	304,891,479	298,191,608	293,226,900	282,111,917
Logan County	357,942,786	351,084,777	339,880,292	322,332,191	314,407,415	310,343,406	311,309,611	303,802,499	300,251,023
McLean County	3,632,459,522	3,542,390,690	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
Tazewell County	96,640,561	95,970,392	95,233,944	94,140,046	92,089,186	89,391,569	88,619,318	82,828,230	79,819,787
Total	<u>\$ 4,424,104,515</u>	<u>\$ 4,314,111,666</u>	<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>
Tax Rates (Per \$100 of Equalized Assessed Valuation)									
Educational Fund	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500
Operations and Maintenance Fund	0.05002	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000
Audit Fund	0.00324	0.00316	0.00307	0.00314	0.00350	0.00327	0.00300	0.00291	0.00261
Liability, Protection and Settlement Fund	0.05809	0.05310	0.05653	0.06092	0.06770	0.05901	0.05513	0.05184	0.04883
Bond and Interest Fund	0.22196	0.19344	0.17695	0.17880	0.16860	0.15971	0.16256	0.15284	0.14836
Operations and Maintenance Fund (Restricted)	0.00565	0.00116	0.00118	0.00094	0.00061	0.00264	0.00096	0.00099	0.00191
Equity Tax	0.07479	0.06530	0.04310	0.03281	0.02650	0.02710	0.02650	0.02630	0.02660
Total	<u>0.58875</u>	<u>0.54116</u>	<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>
Taxes Extended									
Educational Fund	\$ 7,744,519	\$ 7,543,683	\$ 7,415,423	\$ 7,270,023	\$ 7,230,365	\$ 7,282,166	\$ 7,206,704	\$ 7,084,615	\$ 6,884,810
Operations and Maintenance Fund	2,212,878	2,157,053	2,118,692	2,077,149	2,065,818	2,080,619	2,059,058	2,024,176	1,967,089
Audit Fund	143,320	136,500	130,000	130,000	142,704	135,909	123,554	117,670	102,543
Liability, Protection and Settlement Fund	2,569,910	2,291,000	2,395,000	2,530,799	2,797,118	2,456,000	2,270,000	2,099,000	1,921,000
Bond and Interest Fund	9,819,832	8,345,186	7,497,650	7,428,025	6,967,310	6,646,020	6,694,465	6,187,314	5,836,772
Operations and Maintenance Fund (Restricted)	249,991	50,000	50,000	38,800	25,355	110,000	39,600	40,000	75,000
Equity Tax	3,306,591	2,823,170	1,826,313	1,363,840	1,095,717	1,127,695	1,091,301	1,064,716	1,046,491
Total	<u>\$ 26,047,041</u>	<u>\$ 23,346,592</u>	<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>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
OPERATING INFORMATION  
SUMMARY OF TAXES RECEIVABLE AND TAX COLLECTIONS  
YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**


	<u>2016 Levy</u>	<u>2015 Levy</u>
Assessed Valuations	\$ 4,424,104,515	\$ 4,314,111,666
Combined Rate Per \$100	0.58875	0.54116
Taxes Extended	<u>\$ 26,047,041</u>	<u>\$ 23,346,592</u>
Total Collected to June 30, 2016	\$ -	\$ 10,204,527
Collected During Year Ended June 30, 2017	<u>11,103,600</u>	<u>13,142,065</u>
Total Collected to June 30, 2017	<u>\$ 11,103,600</u>	<u>\$ 23,346,592</u>
Write-Offs	<u>\$ -</u>	<u>\$ -</u>
Balance at June 30, 2017	<u>\$ 14,943,441</u>	<u>\$ -</u>
Percent Collected through June 30, 2017	<u>42.63%</u>	<u>100.00%</u>
Balance by Funds:		
Education	\$ 6,338,948	
Operations and Maintenance	1,269,315	
Operations and Maintenance (Restricted)	143,183	
Bond and Interest	5,624,533	
Audit	82,182	
Liability, Protection, and Settlement	1,471,981	
Total	<u>\$ 14,930,142</u>	

**CERTIFICATION OF CHARGEBACK REIMBURSEMENT  
FOR FISCAL YEAR 2018**


(Unaudited)

CERTIFICATION OF CHARGEBACK REIMBURSEMENT  
FOR FISCAL YEAR 2018  
Prepared: October 6, 2017

LINE NO.	FUND/DESCRIPTION	TOTAL	NON-CAPITAL OPER. EXPENSES
1	EDUCATION FUND	\$27,028,836	\$26,990,999
2	OPER & MAINT FUND	\$2,450,987	2,450,987
3	PBC O&M FUND		
4	BOND AND INTEREST	\$5,736,118	2,866,118
5	PBC RENTAL FUND		
6	RESTRICTED PURPOSES	\$23,165,529	11,857,587
7	AUDIT FUND	\$130,212	130,212
8	LIABILITY, PROTECTION, SET	\$2,497,722	2,497,722
9	AUXILIARY ENTERPRISES (subsidy only)	\$0	<u>0</u>
10	TOTAL NON-CAPITAL EXPENDS		\$46,793,625
11	DEPRECIATION ON CAPITAL OUTLAY FROM SOURCES OTHER THAN STATE/FEDERAL		<u>107,200</u>
12	TOTAL COSTS INCLUDED		\$46,900,825
13	TOTAL CERTIFIED SEMESTER CREDIT HOURS FOR FY 2017		95,606
14	PER CAPITA COST		\$491
15	ALL FY2017 STATE/FEDERAL OPERATING GRANTS FOR NON-CAPITAL EXPENDITURES, EXCEPT ICCB GRANTS		\$9,344,568
16	FY 2017 STATE/FEDERAL GRANTS PER SEMESTER CREDIT HOUR		\$98
17	DISTRICT'S AVERAGE ICCB FY 2018 GRANT RATE		\$27
18	DISTRICT'S STUDENT TUITION AND FEE RATE PER SEMESTER CREDIT HOUR FOR FY2018		<u>\$148</u>
	CHARGEBACK REIMBURSEMENT PER SEMESTER CREDIT HOUR		<u><u>\$218</u></u>

Approved:   
Vice President of Business Services - Douglas E. Minter

Date: 10/11/17

Approved:   
President - Robert D. Widmer

Date: 10/10/17

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

**INDEPENDENT AUDITORS' REPORT ON THE ADULT EDUCATION AND FAMILY LITERACY GRANTS PROGRAM AND TECHNICAL EDUCATION – PROGRAM IMPROVEMENT GRANTS**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Adult Education and Family Literacy Grants Program and Career and Technical Education – Program Improvement Grants of Heartland Community College District #540 (District), which comprise the statement of net position as of June 30, 2017, 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.

***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 Adult Education and Family Literacy Grant Program and Career and Technical Education – Program Improvement Grants of Heartland Community College District #540 as of June 30, 2017, 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 Adult Education and Family Literacy Grants Program and the Career and Technical Education – Program Improvement Grants 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 Adult Education and Family Literacy Grant Program and Career and Technical Education – Program Improvement Grants. 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, 2017, 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 Adult Education and Family Literacy Grants Program and the Career and Technical Education – Program Improvement Grant’s basic financial statements. The supplementary schedule on page 90 is presented for purposes of additional analysis and is not a required part of the basic financial statements.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 16, 2017

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Adult Education and Family Literacy Grants Program and Career and Technical Education – Program Improvement Grants of Heartland Community College District #540 (the District), which comprise the statement of net position as of June 30, 2017, 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 16, 2017.

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*

**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 16, 2017

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
ADULT EDUCATION AND FAMILY LITERACY GRANT  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
<b>ASSETS</b>			
Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>LIABILITIES</b>			
Due to District	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<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 REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2017**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
<b>REVENUE</b>			
State Sources	\$ 152,318	\$ 19,192	\$ 171,510
<b>EXPENDITURES BY PROGRAM</b>			
Vocational Instruction	-	-	-
All Other Instructional Types	69,306	-	69,306
Social Work Services	16,627	2,987	19,614
Guidance Services	16,626	3,626	20,252
Assessment and Testing	6,873	1,349	8,222
Student Transportation Services	-	-	-
Literacy Services	616	-	616
Child Care Services	-	-	-
Subtotal Instructional and Student Services	<u>110,048</u>	<u>7,962</u>	<u>118,010</u>
Improvement of Instructional Services	6,813	1,989	8,802
General Administration	17,123	1,539	18,662
Operation and Maintenance of Plant Services	-	-	-
Data and Information Services	18,334	7,702	26,036
Subtotal Program Support	<u>42,270</u>	<u>11,230</u>	<u>53,500</u>
Total Expenditures	<u>152,318</u>	<u>19,192</u>	<u>171,510</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	-	-	-
Net Position - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION - JUNE 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Note to ICCB Grant Programs Financial Statements.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
CAREER AND TECHNICAL EDUCATION – PROGRAM IMPROVEMENT GRANT  
STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2017**

Assets	
Cash	<u>\$ -</u>
Net Position	
Net Position	<u>\$ -</u>

See Note to ICCB Grant Programs Financial Statements.

**HEARTLAND COMMUNITY COLLEGE**  
**COMMUNITY COLLEGE DISTRICT #540**  
**CAREER AND TECHNICAL EDUCATION – PROGRAM IMPROVEMENT GRANT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2017**

Revenue		
State sources		\$ 12,765
Expenditures		
Salaries and Wages		\$ -
Travel		-
Materials and Supplies		12,765
Excess of Revenue over Expenditures		-
Net Position - July 1, 2016		-
Net Position - June 30, 2017		\$ -

See Note to ICCB Grant Programs Financial Statements.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
BACKGROUND INFORMATION ON STATE GRANT ACTIVITY  
JUNE 30, 2017**

**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.

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  
COMMUNITY COLLEGE DISTRICT #540  
NOTE TO ICCB GRANT PROGRAM FINANCIAL STATEMENTS  
ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAM  
JUNE 30, 2017**

**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 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, 2017**

<u>State Basic</u>	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
Instruction (45% Minimum Required)	\$ 69,306	46%
General Administration (15% Maximum Allowed)	17,123	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 Semester Credit Hours (the Schedules) of Heartland Community College District #540 for the year ended June 30, 2017. Management is responsible for the preparation and presentation of the Schedules in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual. Our responsibility is to express an opinion on the Schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedules are in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual, in all material respects. An examination involves performing procedures to obtain evidence about the Schedules. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedules for the year ended June 30, 2017, are presented in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual, in all material respects.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 16, 2017

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES  
UPON WHICH CLAIMS ARE FILED  
YEAR ENDED JUNE 30, 2017**

Categories	Total Reimbursable Semester Credit Hours by Term*							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	7,610.0	-	31,397.0	-	29,195.5	-	68,202.5	-
Business Occupational	241.5	-	1,056.5	-	1,281.5	-	2,579.5	-
Technical Occupational	331.5	-	2,263.0	-	2,461.5	-	5,056.0	-
Health Occupational	409.0	-	1,829.5	-	3,178.5	-	5,417.0	-
Remedial Developmental	892.0	-	4,301.0	-	3,116.0	-	8,309.0	-
Adult Basic Education/ Adult Secondary Education	207.0	-	804.5	1,993.5	455.0	2,582.0	1,466.5	4,575.5
<b>Total Credit Hours Certified</b>	<b>9,691.0</b>	<b>-</b>	<b>41,651.5</b>	<b>1,993.5</b>	<b>39,688.0</b>	<b>2,582.0</b>	<b>91,030.5</b>	<b>4,575.5</b>

Reimbursable Semester Credit Hours	Attending In-District		Attending Out-of-District on Chargeback or Contractual Agreement		Total
	74,547.5	-	-	-	
					74,547.5

Reimbursable Semester Credit Hours	Dual Credit	Dual Enrollment
	5,476.0	664.0

District Prior Year Equalized Assessed Valuation	<b>\$ 4,314,111,666</b>
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Signatures	<u>/S/ Douglas E. Minter</u> Vice President of Business Services	<u>/S/ Robert D. Widmer</u> Chief Executive Officer	
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\*Unrestricted credit hours are supported with 50% 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% of restricted sources of funding.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES  
UPON WHICH CLAIMS ARE FILED (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

Reconciliation of Total Semester Credit Hours

Categories	Total	Total	Difference	Total	Total	Difference
	Unrestricted Credit Hours	Unrestricted Credit Hours Certified to the ICCB		Restricted Credit Hours	Restricted Credit Hours Certified to the ICCB	
Baccalaureate	68,202.5	68,202.5	-	-	-	-
Business Occupational	2,579.5	2,579.5	-	-	-	-
Technical Occupational	5,056.0	5,056.0	-	-	-	-
Health Occupational	5,417.0	5,417.0	-	-	-	-
Remedial Developmental	8,309.0	8,309.0	-	-	-	-
Adult Basic Education/Adult Secondary Education	1,466.5	1,466.5	-	4,575.5	4,575.5	-
<b>Total</b>	<b>91,030.5</b>	<b>91,030.5</b>	<b>-</b>	<b>4,575.5</b>	<b>4,575.5</b>	<b>-</b>

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

In-District Residents Out-of-District on Chargeback or Contractual Agreement Total	Total	Total	Difference
	Attending (Unrestricted and Restricted)	Attending as Certified to the ICCB (Unrestricted and Restricted)	
	74,547.5	74,547.5	-
	-	-	-
<b>Total</b>	<b>74,547.5</b>	<b>74,547.5</b>	<b>-</b>

Dual Credit Dual Enrollment Total	Total	Total	Difference
	Reimbursable	Reimbursable Certified to the ICCB	
	5,476.0	5,476.0	-
	664.0	664.0	-
<b>Total</b>	<b>6,140.0</b>	<b>6,140.0</b>	<b>-</b>

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

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
DOCUMENTATION OF RESIDENCY VERIFICATION STEPS  
JUNE 30, 2017  
(UNAUDITED)**

**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:

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

**UNIFORM FINANCIAL STATEMENT SECTION**

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
UNIFORM FINANCIAL STATEMENT NO. 1  
ALL FUNDS SUMMARY  
YEAR ENDED JUNE 30, 2017**

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability Protection Settlement Fund	Total
Fund Balance July 1, 2016	\$ 2,846,741	\$ 2,808,866	\$ 436,629	\$ 1,008,920	\$ 118,353	\$ 4,701,969	\$ 3,900,000	\$ 52,101	\$ (27,124)	\$ 15,846,455
Revenues:										
Local Tax Revenue	10,192,733	3,020,709	1,749,827	8,303,103	-	9,315,227	-	136,101	2,387,741	35,105,441
All Other Local Revenue	-	-	-	-	-	22,070	-	-	-	22,070
ICCB Grants	1,182,715	-	-	-	-	184,274	-	-	-	1,366,989
All Other State Revenue	-	-	-	-	-	1,999	-	-	-	1,999
Federal Revenue	1,732	-	-	-	26,221	9,771,022	-	-	-	9,798,975
Student Tuition and Fees	14,597,910	1,063,000	-	-	1,183,407	201,414	-	-	-	17,045,731
All Other Revenue	3,174,235	26,739	92,116	22,638	439,275	30,123	17,458	635	137,656	3,940,875
Total Revenue	29,149,325	4,110,448	1,841,943	8,325,741	1,648,903	19,526,129	17,458	136,736	2,525,397	67,282,080
Expenditures:										
Instruction	12,337,539	-	-	-	-	634,136	-	-	191,466	13,163,141
Academic Support	952,369	-	-	-	-	341,947	-	-	27,606	1,321,922
Student Services	2,497,131	-	-	-	-	68,904	-	-	13,602	2,579,637
Public Service/ Continuing Education	3,669,871	-	-	-	-	74,140	-	-	3,249	3,747,260
Auxiliary Services	-	-	-	-	1,350,581	16,190	-	-	87,139	1,453,910
Operations and Maintenance	-	2,320,263	319,737	-	-	4,739	-	-	896,258	3,540,997
Institutional Support	4,906,255	130,724	2,004,661	5,736,119	-	13,116,051	-	130,212	1,278,402	27,302,424
Scholarships, Grants, Waivers	2,665,671	-	-	-	477,956	8,909,422	-	-	-	12,053,049
Total Expenditures	27,028,836	2,450,987	2,324,398	5,736,119	1,828,537	23,165,529	-	130,212	2,497,722	65,162,340
Net Transfers	(172,131)	(529,727)	535,577	(2,448,527)	183,739	2,448,527	(17,458)	-	-	-
Fund Balance June 30, 2017	\$ 4,795,099	\$ 3,938,600	\$ 489,751	\$ 1,150,015	\$ 122,458	\$ 3,511,096	\$ 3,900,000	\$ 58,625	\$ 551	\$ 17,966,195

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
UNIFORM FINANCIAL STATEMENT NO. 2  
SUMMARY OF CAPITAL ASSETS AND DEBT  
YEAR ENDED JUNE 30, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>CAPITAL ASSETS</b>				
Land and Site Improvements	\$ 4,481,528	\$ -	\$ -	\$ 4,481,528
Buildings, Additions, and Improvements	121,163,674	-	-	121,163,674
Furniture and Equipment	13,754,391	99,346	13,762	13,839,975
Infrastructure	17,678,383	145,267	-	17,823,650
Construction in Progress	102,958	-	-	102,958
Accumulated Depreciation	42,269,063	4,533,451	13,762	46,788,752
Net Fixed Assets	<u>\$ 114,911,871</u>	<u>\$ (4,288,838)</u>	<u>\$ -</u>	<u>\$ 110,623,033</u>
<b>FIXED DEBT</b>				
General Obligation Bonds	\$ 76,540,000	\$ 8,845,000	\$ 14,420,000	\$ 70,965,000
General Obligation Debt Certificates	4,315,000	1,700,000	1,905,000	4,110,000
Capital Lease Obligations	-	-	-	-
Total Fixed Liabilities	<u>\$ 80,855,000</u>	<u>\$ 10,545,000</u>	<u>\$ 16,325,000</u>	<u>\$ 75,075,000</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
UNIFORM FINANCIAL STATEMENT NO. 3  
OPERATING FUND REVENUES AND EXPENDITURES  
YEAR ENDED JUNE 30, 2017**

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<b>OPERATING REVENUES BY SOURCE</b>			
Local Government Revenue:			
Local Taxes	\$ 10,192,733	\$ 2,146,178	\$ 12,338,911
Corporate Personal Property Replacement Tax	-	874,531	874,531
Total Local Government	<u>10,192,733</u>	<u>3,020,709</u>	<u>13,213,442</u>
State Government:			
ICCB Base Operating Grant	1,067,832	-	1,067,832
ICCB Career and Technical Education	114,883	-	114,883
Total State Government	<u>1,182,715</u>	<u>-</u>	<u>1,182,715</u>
Federal Government:			
Department of Education	1,732	-	1,732
Student Tuition and Fees:			
Tuition	13,797,955	1,063,000	14,860,955
Fees	799,955	-	799,955
Total Student Tuition and Fees	<u>14,597,910</u>	<u>1,063,000</u>	<u>15,660,910</u>
Other Sources:			
Sales and Service Fees	3,020,858	-	3,020,858
Facilities Revenue	106,098	-	106,098
Investment Revenue	7,925	16,311	24,236
Other	39,354	10,428	49,782
Total Other Revenue	<u>3,174,235</u>	<u>26,739</u>	<u>3,200,974</u>
Total Revenue	<u>\$ 29,149,325</u>	<u>\$ 4,110,448</u>	<u>\$ 33,259,773</u>

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
UNIFORM FINANCIAL STATEMENT NO. 3  
OPERATING FUND REVENUES AND EXPENDITURES (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<b>OPERATING EXPENDITURES BY PROGRAM</b>			
Instruction	\$ 12,337,539	\$ -	\$ 12,337,539
Academic Support	952,369	-	952,369
Student Services	2,497,131	-	2,497,131
Public Service/Continuing Education	3,669,871	-	3,669,871
Operations and Maintenance	-	2,320,263	2,320,263
Institutional Support	4,906,255	130,724	5,036,979
Scholarships, Grants, Waivers	2,665,671	-	2,665,671
Total Operating Expenditure by Program	27,028,836	2,450,987	29,479,823
Adjusting Nonoperating Items:			
Tuition Chargeback	(37,837)	-	(37,837)
Transfers	(172,131)	(529,727)	(701,858)
Total Adjusted Expenditures	\$ 26,818,868	\$ 1,921,260	\$ 28,740,128
<b>OPERATING EXPENDITURES BY OBJECT</b>			
Salaries	\$ 17,149,755	\$ 495,552	\$ 17,645,307
Employee Benefits	2,992,248	105,551	3,097,799
Contractual Services	2,561,757	513,024	3,074,781
General Materials and Supplies	960,934	167,619	1,128,553
Library Materials**	39,958	-	39,958
Conference and Meeting Expenses	214,622	11,545	226,167
Fixed Charges	191,769	361,438	553,207
Utilities	767	796,258	797,025
Other	2,956,984	-	2,956,984
Student Grants and Scholarships**	2,627,834	-	2,627,834
Total Operating Expenditures by Object	27,028,836	2,450,987	29,479,823
Adjusting Nonoperating Items:			
Tuition Chargeback	(37,837)	-	(37,837)
Transfers	(172,131)	(529,727)	(701,858)
Total Adjusted Expenditures	\$ 26,818,868	\$ 1,921,260	\$ 28,740,128

\*\*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, 2017**

**REVENUE BY SOURCE**

Local Government:	
Other	\$ 9,337,297
State Government:	
ICCB - Program Improvement Grant	12,765
ICCB - Adult Education	171,509
Other	1,999
Total State Government	186,273
Federal Government:	
Department of Education	9,678,651
Department of Labor	28,680
Department of Health & Human Services	29,264
Other	34,427
Total Federal Government	9,771,022
Other Sources:	
Tuition and Fees	201,414
Other	30,123
Total Other Sources	231,537
Total Restricted Purposes Fund Revenues	\$ 19,526,129

**EXPENDITURES BY PROGRAM**

Instruction	\$ 634,136
Academic Support	341,947
Student Services	68,904
Public Service/Continuing Education	74,140
Auxiliary Services	16,190
Operations and Maintenance	4,739
Institutional Support	13,116,051
Scholarships, Grants, and Waivers	8,909,422
Total Restricted Purposes Fund Expenditures	\$ 23,165,529

**EXPENDITURES BY OBJECT**

Salaries	\$ 687,228
Employee Benefits	115,884
Contractual Services	1,384,212
Student Financial Aid	8,909,422
General Materials and Supplies	624,203
Library Materials*	1,750
Travel and Conference/Meeting Expenses	53,442
Fixed Charges	11,265,717
Utilities	2,442
Capital Outlay	99,347
Other	23,632
Scholarships, Grants, Waivers*	8,909,422
Total Restricted Purposes Fund Expenditures	\$ 23,165,529

\*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, 2017**

**INSTRUCTION**

Instructional Programs	\$ 13,163,141
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**ACADEMIC SUPPORT**

Library Center	442,517
Educational Media Services	19,792
Academic Computing Support	66,680
Academic Administration and Planning	158,423
Other	634,510
Total Academic Support	1,321,922

**STUDENT SERVICES SUPPORT**

Admissions and Records	562,348
Counseling and Career Services	1,320,617
Financial Aid Administration	310,746
Other	385,926
Total Student Services Support	2,579,637

**PUBLIC SERVICE/CONTINUING EDUCATION**

Community Education	3,135,060
Customized Training (Instructional)	493,280
Community Services	76,912
Other	42,008
Total Public Service/Continuing Education	3,747,260

**AUXILIARY SERVICES**

1,453,910

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
UNIFORM FINANCIAL STATEMENT NO. 5  
CURRENT FUNDS\* EXPENDITURES BY ACTIVITY (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

**OPERATIONS AND MAINTENANCE OF PLANT**

Maintenance	\$	727,443
Custodial Services		451,374
Grounds		42,474
Campus Security		365,670
Transportation		38,598
Utilities		669,172
Administration		402,319
Other		524,210
Total Operations and Maintenance of Plant		3,221,260

**INSTITUTIONAL SUPPORT**

Executive Management		873,127
Fiscal Operations		669,584
Community Relations		1,104,089
Administrative Support Services		231,439
Board of Trustees		20,922
General Institutional		13,041,661
Institutional Research		257,204
Administrative Data Processing		2,961,391
Other		402,227
Total Institutional Support		19,561,644

**SCHOLARSHIPS, STUDENTS GRANTS, AND WAIVERS**

12,053,049

Total Current Funds Expenditures

\$ 57,101,823

\*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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Heartland Community College District #540 (District), as of and for the year ended June 30, 2017, 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 (REPORT DATE). 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.

Board of Trustees  
Heartland Community College  
Community College District #540

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

### **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.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 16, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

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

We have audited Heartland Community College's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal awards.

***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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 each 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, 2017.

## **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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, material weaknesses may exist that have not been identified.

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



**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 16, 2017

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Education</b>			
Student Financial Aid Cluster (Direct):			
Federal Pell Grant Program	(M) 84.063		\$ 4,800,963
Federal Pell Grant Program-Administrative Cost Allowance	(M) 84.063		460
Federal VA - Administrative Cost Allowance	(M) 84.063		1,272
Federal Work Study Program	(M) 84.033		83,112
Federal Supplemental Educational Opportunity Grant	(M) 84.007		73,659
Federal Parent Plus Loans	(M) 84.268		87,079
Federal Subsidized Student Loans	(M) 84.268		1,927,966
Federal Unsubsidized Student Loans	(M) 84.268		<u>2,019,755</u>
Subtotal Student Financial Aid Cluster (Direct)			8,994,266
TRIO - Student Support Services (Direct)	84.042		264,923
Adult Education - Basic Grants to States:			
Federal Adult Education-Basic	84.002	54001	198,280
EL/Civics Program	84.002	54001	<u>56,020</u>
Subtotal Adult Education Federal Grants from ICCB			254,300
Vocational Educational Basic Grants to States:			
V.E. Perkins Title II Postsecondary/Adult	84.048	CTE54012	138,912
ICCB - Special Population Grant	84.048	CTE54012	9,452
ICCB - Dual Credit Enhancement	84.048	CTE54012	8,530
V.E. Perkins Leadership Grant	84.048	CTE54012	<u>10,000</u>
Subtotal Vocational Educational Basic Grants to States			166,894
Total U.S. Department of Education			9,680,383
<b>U.S. Department of Labor</b>			
WIOA Youth Activities Cluster, pass-through Career Link:			
Drop Out Recovery Grant	17.259	OOOSY2015-1	\$ 27,180
Dislocated Workers Grant	17.259	1E-1	<u>1,500</u>
Total WIOA Youth Activities Cluster			28,680
<b>U.S. Department of Health and Human Services</b>			
Pass-through Illinois Department of Human Services:			
Childcare and Dev Blk Grant	93.575	80408490W	1,049
Pass-through Illinois Council on Developmental Disabilities:			
HALO Peer Mentoring and Faculty Training	93.575	1088	<u>29,264</u>
Total U.S. Department of Health and Human Services			30,313
<b>U.S. Department of Agriculture</b>			
Pass-through State Board of Education:			
Child and Adult Food Care Program	10.558	1376002057	25,172
Rural Business Enterprise Grant	10.769	1357371271517	<u>34,427</u>
Total U.S. Department of Agriculture			59,599
Total Expenditures of Federal Awards			<u>\$ 9,798,975</u>

(M) Denotes major program

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2017**

**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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 LOANS OUTSTANDING**

The federal award programs of the District had no outstanding loan balances nor were there any loan guarantees as of June 30, 2017.

**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, 2017.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors' report issued:	<u><b>Unmodified</b></u>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u>  X  </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes <u>  X  </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u>  X  </u> no

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <u>  X  </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes <u>  X  </u> none reported
Type of auditors' report issued on compliance for major programs?	<u><b>Unmodified</b></u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ yes <u>  X  </u> no

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs:	<u>  \$750,000  </u>
Auditee qualified as low-risk auditee?	<u>  X  </u> yes _____ no

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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

None.

**HEARTLAND COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #540  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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

None.