

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2018 AND 2017



HEARTLAND
COMMUNITY COLLEGE

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



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

COMPREHENSIVE ANNUAL FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

Prepared by:

Business Services

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Vice President of Business Services

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Controller

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COMMUNITY COLLEGE DISTRICT #540
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INTRODUCTORY SECTION



HEARTLAND
COMMUNITY COLLEGE

October 12, 2018

President's Letter



Members of the Board of Trustees:

It is with pleasure that I submit, to you and the residents of District 540, the Heartland Community College *Comprehensive Annual Financial Report (CAFR)* for the Fiscal Year ended June 30, 2018. Heartland is committed to supporting the success of all students. The 2018 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, Heartland Community College remains an important educational option for area students and community members. The College continues to provide a significant return on investment for our community. Student 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, valuable community services, and access to all individuals whom we serve. To that end, Heartland Community College will continue to appropriately utilize existing revenue streams. The College also will continue to identify and pursue new and innovative sources of funding to support future growth and development. At the same time, Heartland remains committed to implementing and promoting cost-effective strategies across all areas of the College. This will help ensure Heartland's sustainability.

On behalf of the entire Heartland Community College Family, it is my honor to express pride in how we serve our students, our District 540 community, and anyone needing our programs and services in order to achieve their success.

Sincerely,

Keith Cornille, Ed.D.

President



HEARTLAND
COMMUNITY COLLEGE

October 12, 2018

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, 2018 is hereby submitted. The CAFR provides a snapshot of Heartland's financial performance and major initiatives, as well as an overview of trends in the local economy. Above all, the report represents the College's commitment to inform members of the community about the College's finances.

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

CliftonLarsonAllen LLP, Certified Public Accountants, has issued an unmodified (clean) opinion on the Heartland Community College District No. 540 basic financial statements for the year ended June 30, 2018. The independent auditors' 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 auditors' report. The MD&A provides a narrative introduction, analyses of the basic financial statements, and focuses on current activities, accounting changes, and currently known facts.

PROFILE OF THE COLLEGE

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

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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 214,000 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 represents a vital and progressive center for learning as manifested in its vision and mission statements, and strategic priorities and goals.

Vision

Leading our community to lifelong learning and success.

Mission

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

Foundational Value Statements and College-Wide Priorities and Goals

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

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

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

Promote Student Success

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

Ensure Resource Stewardship

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

Serve as a Community Resource

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

Model Effective Communication, Collaboration and Transparency

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

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

FINANCIAL INFORMATION

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

The Business Services 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 2018 and 2019 annual budgets. A highly collaborative online tool and process was used to engage budget managers from across the College.

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

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

ECONOMIC CONDITION AND OUTLOOK

The financial position of the College is strong. This is attributed to a stable and diverse local economy, strong management practices by a quality and stable administration and Board of Trustees, favorable reserve levels and proactive financial planning, strong budgetary management and cost controls, moderate debt burden with rapid payback, and a healthy property tax base. Over the last ten years, the College's net position has decreased from \$42.6 million in fiscal year 2008 to \$41.8 million in fiscal year 2018. The decrease in net position was due to a prior period adjustment of \$16.8 million, which accounts for the Governmental Accounting Standard Board's (GASB) Statement Number 75. GASB Statement Number 75 requires the College to record a liability for any Other Post Employment Benefits (OPEB). The OPEB liability is the College's proportionate share of the liability related to the Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, "CIP"). The liability was calculated by an actuarial retained by the State of Illinois and is reported with a measurement date of June 30, 2017.

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 2018 was 4.3 percent (down from 4.6 percent in May 2017).

The State's employment growth numbers also continue to trail those of the rest of the nation. Illinois has gained 0.7% employment growth over the last year, from May 2017 to May 2018, 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. On July 6, 2017, the General Assembly of the State enacted a budget for the State fiscal year ending June 30, 2018. The Fiscal Year 2018 Budget appropriated community college funding equal to the fiscal year 2015 levels. This yielded a Fiscal Year 2017 supplemental system grant to Heartland Community 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) rulings, the Fiscal Year 2017 supplemental funding must be recognized as revenue in Fiscal Year 2018.

The Fiscal Year 2019 State Budget was appropriated in a timely fashion with an increase of 2% for community colleges and will be recognized as revenue in Fiscal Year 2019. The College's concern about the loss of authority to levy an equity tax was realized and reflected in the Fiscal Year 2019 Budget with the College's first deficit operating budget. This has driven the need to focus a significant amount of time and effort on multi-year budgetary plans and strategies.

The State is now shifting some pension costs by changing employer contribution requirements. The State University Retirement System (SURS) will now require employers that have employee final average earnings impacted by salary increases in excess of 3% (instead of 6%) to contribute the actuarially computed difference to SURS.

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, Caterpillar, Inc., OSF St. Joseph Medical Center, Heartland Community College, and Growmark.

The District has several higher education institutions. Bloomington-Normal is the location of two universities, Illinois State University in Normal (with an on-campus enrollment of 18,643 undergraduate students in 2017 according to their website) and Illinois Wesleyan University in Bloomington (with an enrollment of approximately 1,771 students in 2017 according to their website). Lincoln, in the southern part of the district, has two colleges: Lincoln College, a private residential college that offers instruction to about 1,068 total students, and Lincoln Christian University, a private four-year institution of about 779 students. Several cooperative arrangements and educational alliances have been established with some of these institutions, as well as with some of our peer Illinois community colleges.

Bloomington-Normal and McLean County retail sales for 2017 were \$2,348,607,573, which was an increase of 0.6 percent from 2016 retail sales. Median household income for McLean County was \$63,420, making it one of the highest counties in the State. The most recent population of the County was 176,271. Population in the County is projected to continue to grow, reaching 180,895 by 2022. The current population of the entire district is 214,185. These economic growth indicators bode well for the community and for Heartland Community College.

Tax Base

The Heartland Community College District 2017 tax levy base of \$4,464,342,208 increased by 0.91 percent from the 2016 tax base. This followed an increase of 2.49 percent in the previous year. Modest residential and commercial growth is expected to continue, with a projected increase of between one and two percent in the 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 continued growth within the District in green economy initiatives such as wind farms.

The district Equalized Assessed Valuation (EAV) is projected to increase slightly, between one and two percent per annum, for the next two to three years. Local property taxes will continue to be a significant source of revenue for the College. During fiscal year 2018, local property taxes accounted for 39.7 percent of total revenues. Local support represents 35.1 percent of total operating fund revenues in the fiscal year 2019 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

In fiscal year 2018 a prior period adjustment of \$16.8 million was made to the beginning of the year net position due to the Governmental Accounting Standards Board (GASB) Statement Number 75. This statement requires the College to record a liability for any Other Post Employment Benefits (OPEB). The OPEB liability is the College's proportionate share of the liability related to the Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, "CIP"). The College's net position at the end of fiscal year 2018 decreased to \$41.8 million as compared to fiscal year 2017's ending net position of \$51.8 million. Net position was 73.7 percent of total fiscal year 2018 operating expenses. Liquidity is strong, with \$38.4 million of cash and short-term investments at year end.

College Enrollment

Credit hour enrollment declined by 1.0 percent during fiscal year 2018 as compared to a 1.7 percent decline in 2017. This was the fifth consecutive year for an enrollment decline. Heartland's enrollment patterns are affected by the economy and have trended more positively, in recent years, than State and national enrollments at other community colleges where declines have been larger and occurring for more years.

For the current fall semester of fiscal year 2019 (fall 2018) total credit hours and the full-time equivalent (FTE) count both decreased by 5.0 percent. Total credit hours for fall 2018 were 43,672 as compared to 45,972 in fall 2017. Student headcount at tenth day however, decreased by 2.2 percent to 4,848 students from 4,955 students in the previous fall of 2017. Five years ago, in the fall 2013 semester, 5,005 students were enrolled in 47,865 credit hours. The five-year decline in students is 157 or 3.1 percent and in credit hours is 4,193 or 8.8 percent.

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

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

The College invested in its Lincoln, Illinois site in fiscal year 2018 by committing to a new lease for a site that has more room and ample parking for our students. The College will be able to utilize the extra space for more classes including Adult Education and CNA classes.

The fiscal year 2019 budget was predicated on an overall 5.0 percent decrease in budgeted credit hours from fiscal year 2018's actual credit hours. We believe the enrollment declines during 2018 and the five previous fiscal years have been driven by: (1) economic factors; (2) declines in high school graduating class sizes; and (3) changes that restrict continuing federal financial aid eligibility. Most of our peer institutions have seen similar declines in enrollment this year and in previous years.

An increase of \$5.00 was made to the in-district tuition and fees rate between fiscal year 2018 and fiscal year 2019. Heartland's current per credit hour in-district tuition and fees rate of \$153.00 and is now ranked as #10 (from the highest) in tuition rates among other Illinois community colleges.

Adult Education fiscal year 2017 funding was in limbo until the State of Illinois passed the Supplemental Budget on July 6, 2017, which funded fiscal year 2018 along with providing supplemental funding for fiscal year 2017. Due to GASB rules, the revenues for fiscal year 2017 and fiscal year 2018 are recorded in fiscal year 2018.

In fiscal year 2018, overall revenues in the College's continuing education programs decreased from fiscal year 2017 mainly due to a discontinued agreement with one instructional provider. Sales and service fees from continuing education programs were \$1,247,837 in fiscal year 2018 as compared to \$2,978,703 in 2017, which was down \$1,730,866. The single provider accounted for \$1,710,978, or all but \$20,000, of the decline in revenue.

Adult, community, and corporate education programs and offerings are projected to increase for fiscal year 2019. This is due to growing continuing education programs with local corporate partners.

The ethnicity of Heartland's students, for the most part, reflects that of the District in that approximately 81.5 percent of the students are white non-Hispanic. More than 40 percent of the students receive financial aid, mainly from federal and state grants, scholarships, loans, and student employment. The College has the resources required to serve a growing and diverse student enrollment and to respond to changing enrollments.

Federal Government

Federal grant activity is 2.4 % lower in 2018 compared to 2017. Federal grants accounted for 12.4 percent of the College's total revenues during fiscal year 2018 as compared to 14.8 percent in 2017. Student awards and loans are approximately \$90,000 less in 2018 compared to 2017. Federal financial aid dollars for student awards and loans accounted for approximately \$8.9 million (or 92.7 percent) 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 \$6.4 million at the end of fiscal year 2017 to \$6.8 million in 2018. The Foundation also awarded \$442,331 in student scholarships during fiscal year 2018.

DEBT ADMINISTRATION

The College had general bonded debt of \$75,157,077 as of June 30, 2018 and \$76,973,512 as of June 30, 2017. The \$1,816,435 decrease from 2018 to 2017 is the result of several different factors: (1) principal payments totaling \$17,200,000 (reducing debt); (2) amortization of bond premiums totaling approximately \$746,973 (reducing debt); (3) current refunding of \$43,830,000 of the outstanding balance of the Series 2007 issue of General Obligation College Bonds with General Obligation Community College Bonds, Series 2017B and Series 2017C of \$38,860,000, which included additional bond premiums of \$5,387,559 (increasing debt by \$417,559); (4) issuance of \$5,515,000 limited tax General Obligation Debt Certificates, Series 2017D (increasing debt by \$5,515,000); and (5) issuance of General Obligation Community College Bonds, Series 2018A of \$10,145,000 which included additional bond premiums of \$59,849 (increasing debt by \$10,197,979).

The College refunded \$43,830,000 of the Series 2007 issue of General Obligation College Bonds with General Obligation Community College Bonds, Series 2017B for \$37,535,000 and Taxable General Obligation Refunding Bonds, Series 2017C in September 2017. The net proceeds related to the refunding of \$44,728,960 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 0.6% to 4.4% on the issue of \$38,860,000. This was the final refunding phase (phase III) for the Series 2007 Bonds.

In December 2017, the College issued \$5,515,000 limited tax General Obligation Debt Certificates, Series 2017D. These certificates were paid in full and retired in February 2018 when the College issued General Obligation Community College Bonds, Series 2018.

The College also issued General Obligation Community College Bonds, Series 2018, in the amount of \$10,145,000 with interest rates of 2.25% to 4% during February 2018. Proceeds were used to retire Debt Certificate 2017D whose funds will be used to purchase technology and capital and to pay certain costs associated with the issuance of the bonds. Also, the proceeds were used to retire Debt Certificate 2016C, which had been used for the purchase of a wind turbine. Additional funds from the proceeds were placed into an escrow account to be used to retire Debt Certificate 2011, which funded a facilities improvement measure, and to retire Debt Certificate 2012, which funded a purchase of land directly west of the Heartland Community College campus.

Moody’s Investor Services rated the College at Aa2 and Standard and Poor’s Investor Services rated the College at AA+. The College continues to 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 percent of assessed valuation. The 2017 assessed valuation of \$4,464,342,208 results in a legal debt limit of \$128,349,838. 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 2014-2018, 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>
2018	\$75,157,077	1.7 percent	\$350.90
2017	\$76,973,512	1.7 percent	\$359.38
2016	\$82,206,624	1.9 percent	\$395.31
2015	\$81,261,750	1.9 percent	\$390.77
2014	\$85,700,750	2.1 percent	\$410.96

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 efforts, declining enrollments, student engagement and retention efforts, and long range master planning under these circumstances.

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

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

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

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

Awards for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Heartland Community College for its CAFR for the fiscal year ended June 30, 2017. 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 only.

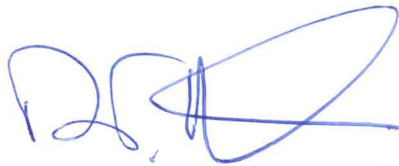
Heartland Community College has received the Certificate of Achievement annually since 1998. Staff believes the current report for the fiscal year ended June 30, 2018 continues to meet the stringent program requirements for the Certificate of Achievement for Excellence in Financial Reporting. The report is being submitted to GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully submitted,

/s/ Douglas E. Minter



Douglas E. Minter
Vice President of Business Services

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

PRINCIPAL OFFICIALS

Board of Trustees

	<u>Position</u>	<u>Term Expires</u>
Gregg Chadwick	Chair	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
Josh Crockett	Student Trustee	2019

Officers of the College

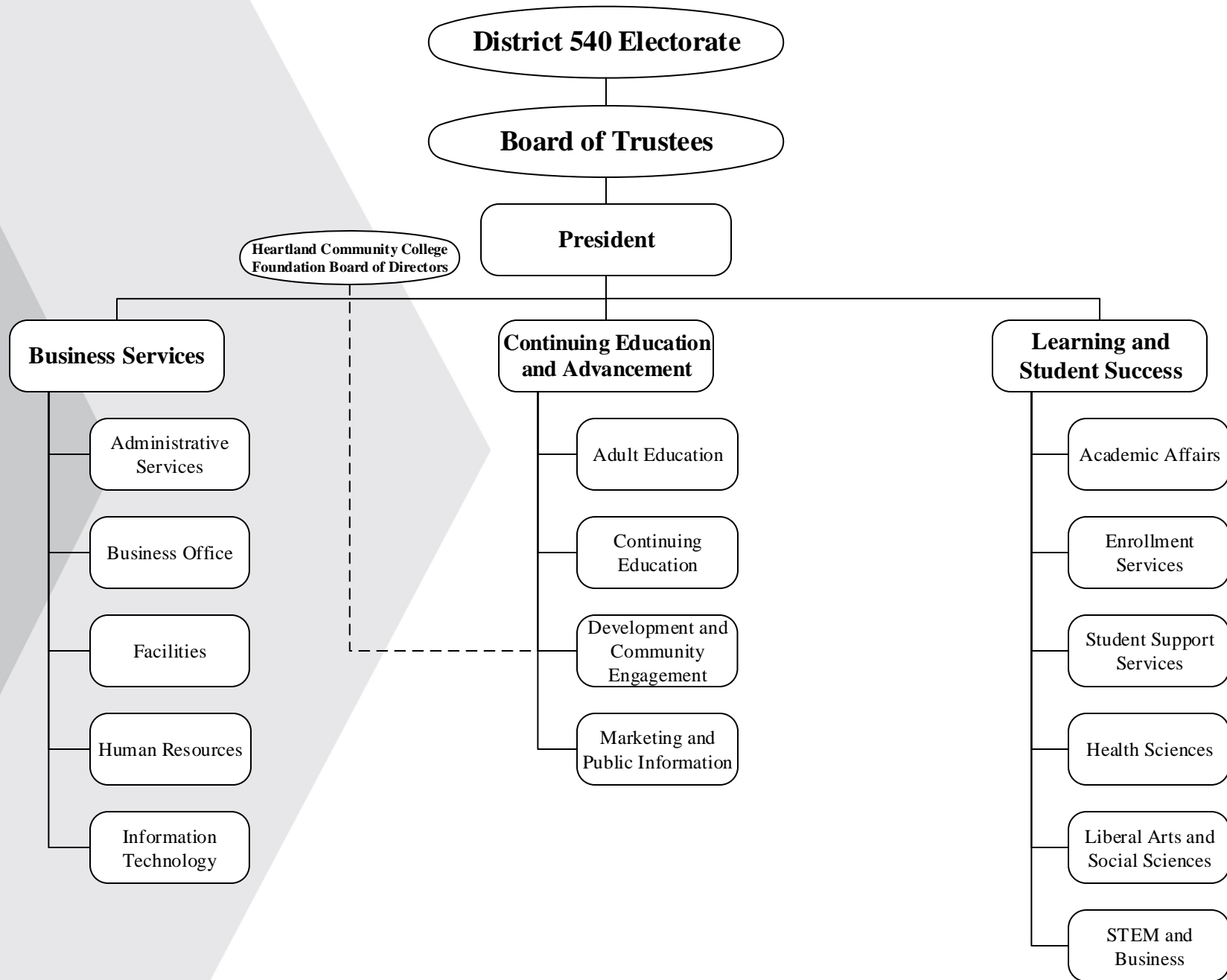
Keith Cornille	President
Douglas E. Minter	Vice President of Business Services
Kelli Hill	Vice President of Continuing Education and Advancement
Rick Pearce	Vice President for Learning and Student Success

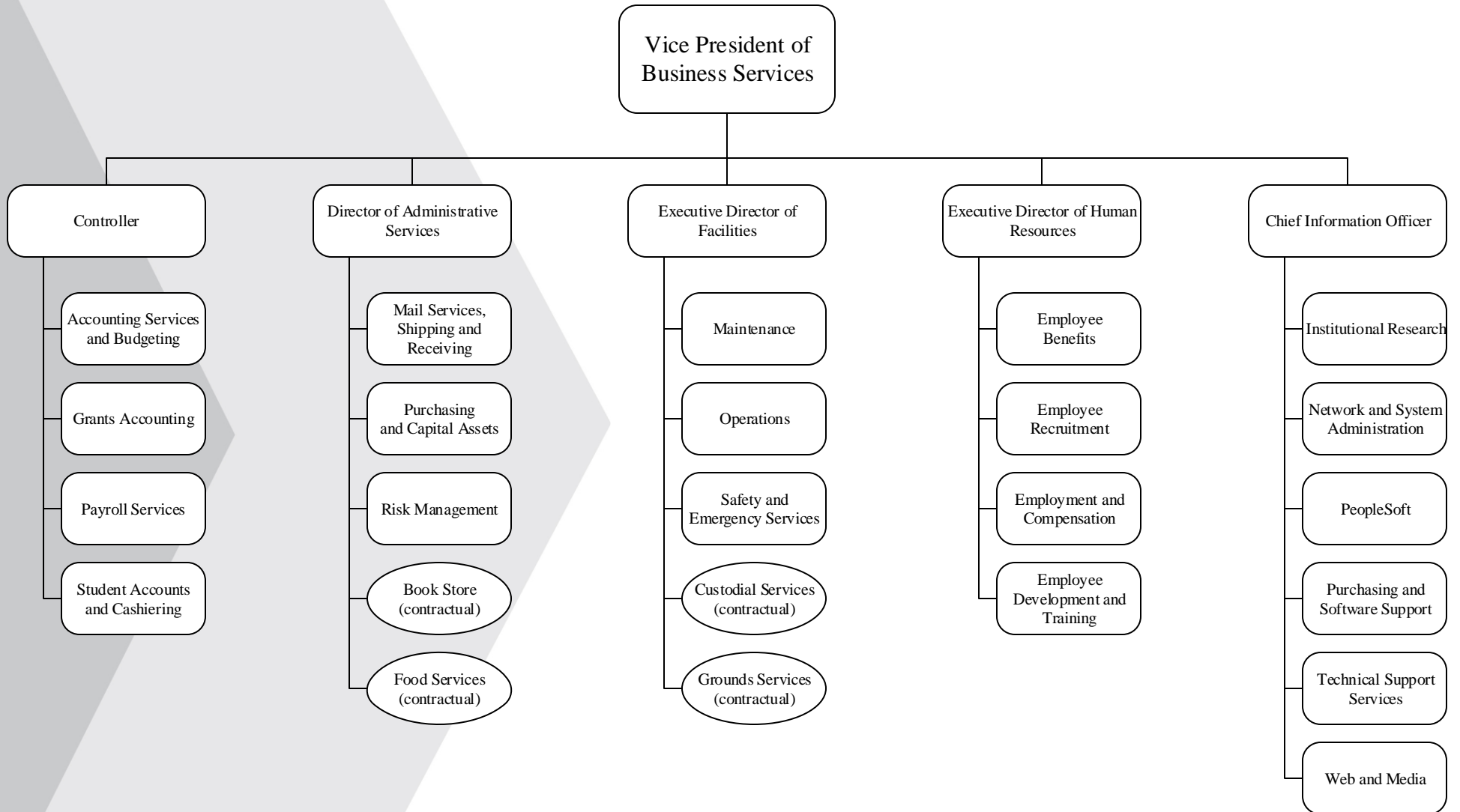
Officials Issuing Report

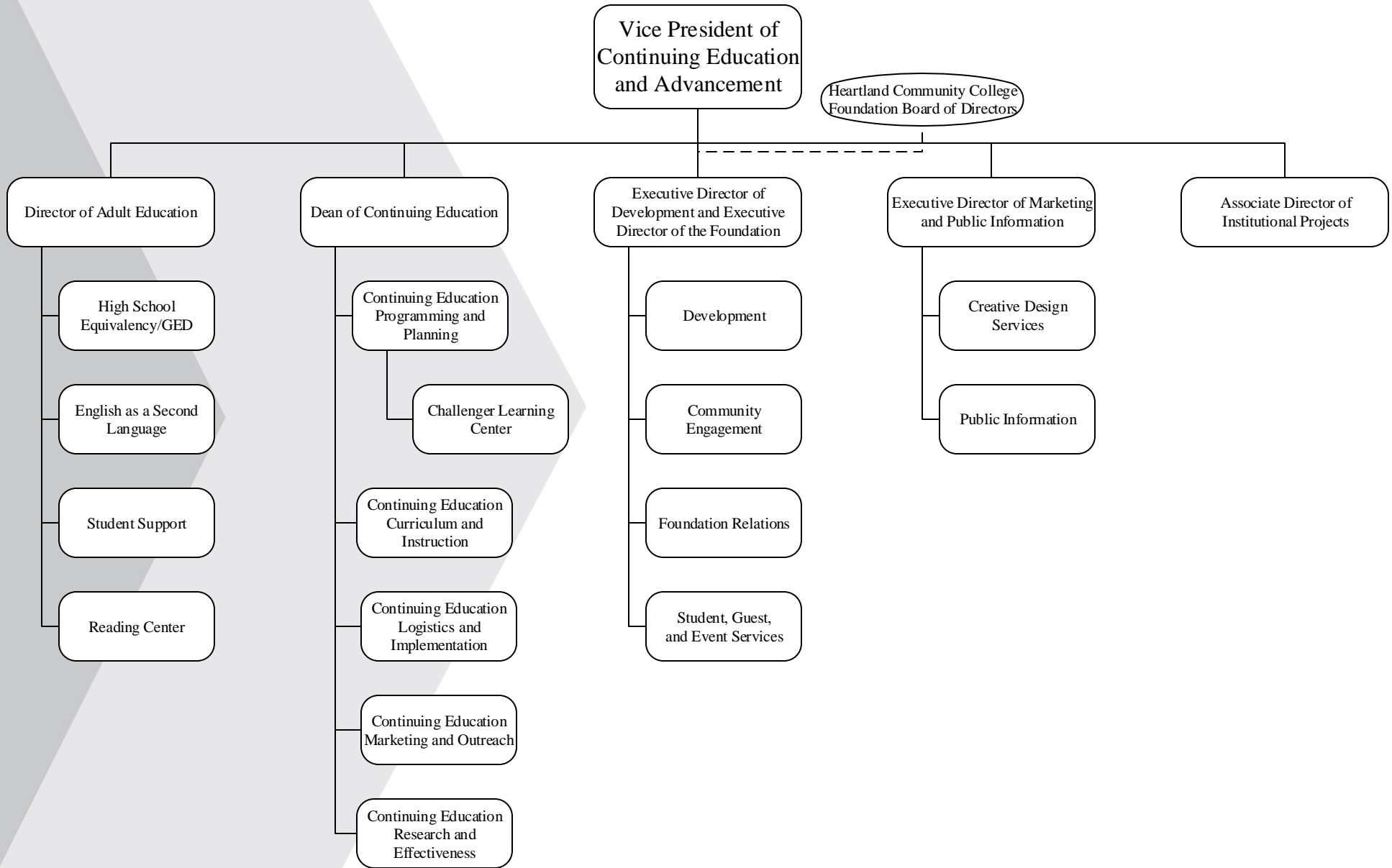
Sharon M. McDonald	Controller
Shelley Marquis	Director for Payroll Services and Student Accounts
Bridget Miller	Associate Director for Accounting Service

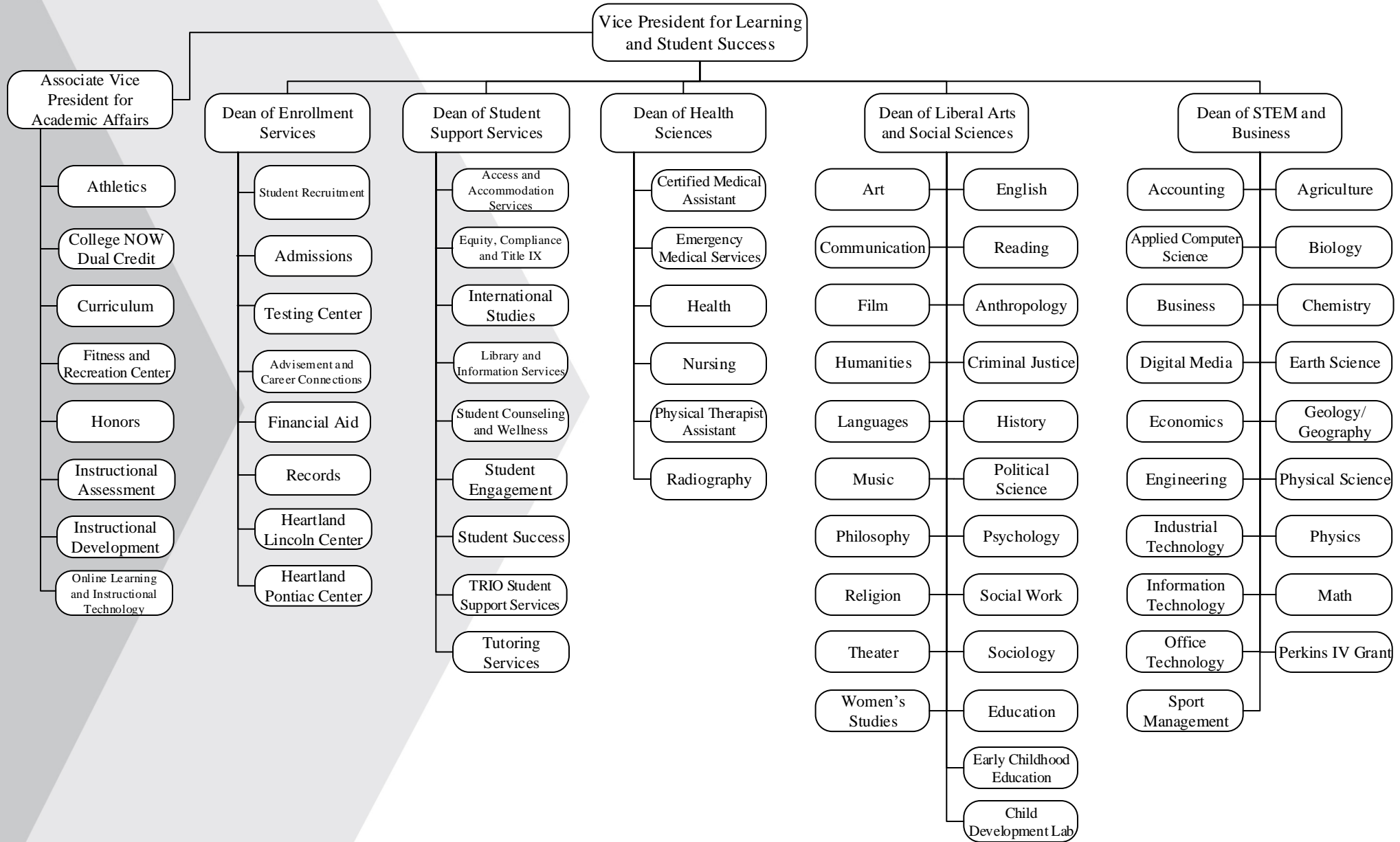
Department Issuing Report

Business Services Division











Government Finance Officers Association

**Certificate of
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in Financial
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Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis of a Matter - Restatement

The District adopted the provision of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of Statement No. 75, the District reported a restatement for the cumulative effect of a change in accounting principle. Our opinions are not modified with respect to this matter.

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, defined benefit pension plan information on page 55, the schedule of District's proportionate share of the net OPEB liability on page 56, and the schedule of District's contributions on page 57 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 102 through 108) and the Certification of Chargeback Reimbursement on page 86 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 page 114, 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.

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 100 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 12, 2018, 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 solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Heartland Community College District #540's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Peoria, Illinois
October 12, 2018

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

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, 2018 and June 30, 2017. Since this discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the transmittal letter, the College's basic financial statements, and the notes to the basic financial statements. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

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

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

The Statements of Cash Flows focus on the incomings and outgoings of cash representing the financial activities of the College and show the net increase (decrease) in cash and cash equivalents. They are grouped by operating, noncapital financing, capital and related financing, and investing activities. This statement also reconciles Operating Income (Loss) to the net cash provided by the operating activities of the College.

Finally, the Statements provide a picture of the net position (assets and deferred outflows minus liabilities and deferred inflows) and its availability for expenditure by the College. Net position is divided into three major categories: (1) funds invested in capital assets, net of related debt, provides the College's equity in property, plant and equipment owned by the College; (2) restricted net position reflects the dollars available for expenditure by the College but that must be spent in accordance with any time or purpose restrictions specified by donors and/or other external entities; and (3) 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 \$41,828,730 as of June 30, 2018. Of this amount, \$38,906,902 is invested in capital assets (net of related debt), \$3,900,000 is restricted for working cash, \$783,488 is restricted for capital projects, \$85,454 is restricted for other specific purposes, and (\$1,847,114) is unrestricted.

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees (net of scholarship allowances), (2) auxiliary enterprise revenues, (3) other educational sales and service fees and (4) the State Universities Retirement System contribution

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

provided by the State of Illinois. Total operating revenues for the year ended June 30, 2018 were \$23,942,509. 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, and (4) investment income. Total net non-operating revenues for the year ended June 30, 2018 were \$41,108,669.

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, 2018 were \$58,230,142.

The difference between total operating revenues of \$23,942,509 and total operating expenses of \$58,230,142 produced an operating loss of (\$34,287,633) for the year ended June 30, 2018. Net non-operating revenue of \$41,108,669 offset this loss and resulted in an overall increase in net position of \$6,821,036.

In fiscal year 2018, a prior period adjustment of (\$16,849,976) was made to record a liability for Other Post-Employment Benefits (OPEB). GASB Statement Number 75 requires the College to record a liability for any Other Post Employment Benefits (OPEB). The OPEB liability is the College's proportionate share of the liability related to the Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, "CIP"). The prior period adjustment caused an overall decrease in net position of \$10,028,940.

Following are comparative analyses of net position and operating results for fiscal years 2018, 2017, and 2016.

Financial Analysis of the College as a Whole

Net Position as of June 30, (in Thousands)

	2018	2017	Increase (Decrease) 2018-2017	Percent Change	2016	Increase (Decrease) 2017-2016	Percent Change
Current Assets	\$ 57,392	\$ 48,771	\$ 8,621	17.7 %	\$ 42,703	\$ 6,068	14.2 %
Noncurrent Assets							
Long-Term Investments	1,711	-	1,711	N/A	1,973	(1,973)	(100.0)
Capital Assets, Net of Depreciation	106,881	110,623	(3,742)	(3.4)	114,912	(4,289)	(3.7)
Total Assets	165,984	159,394	6,590	4.1	159,588	(194)	(0.1)
Deferred Outflows of Resources	1,819	1,144	675	59.0	825	319	1.0
Total Assets and Deferred Outflows of Resources	<u>\$ 167,803</u>	<u>\$ 160,538</u>	<u>\$ 7,265</u>	4.5	<u>\$ 160,413</u>	<u>\$ 125</u>	0.1
Current Liabilities	\$ 16,714	\$ 14,857	1,857	12.5	\$ 13,256	\$ 1,601	12.1
Noncurrent Liabilities	81,637	67,777	13,860	20.4	75,774	(7,997)	(10.6)
Total Liabilities	98,351	82,634	15,717	19.0	89,030	(6,396)	(7.2)
Deferred Inflows of Resources	27,623	26,047	1,576	6.1	23,347	2,700	11.6
Net Position							
Net Investment in Capital Assets	38,907	37,317	1,590	4.3	38,389	(1,072)	(2.8)
Unrestricted	(1,847)	10,268	(12,115)	(118.0)	5,319	4,949	93.0
Restricted	4,769	4,273	496	11.6	4,328	(55)	(1.3)
Total Net Position	<u>41,829</u>	<u>51,858</u>	<u>(10,029)</u>	(19.3)	<u>48,036</u>	<u>3,822</u>	8.0
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 167,803</u>	<u>\$ 160,539</u>	<u>\$ 7,264</u>	4.5	<u>\$ 160,413</u>	<u>\$ 126</u>	0.1

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, 2018 AND 2017**

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

In Fiscal Year 2018 and 2017, the current assets and current liabilities were adjusted to reflect only unearned revenue and related student accounts receivable for student payments received for Fall 2018 and 2017 as of June 30, 2018 and June 30, 2017 respectively.

Fiscal Year 2018 Compared to Fiscal Year 2017

The College's net position at June 30, 2018 was \$41,828,730 and at June 30, 2017 was \$51,857,670, a decrease of \$10,028,940 (-19.3%). The decrease in net position was due to the OPEB prior period adjustment of (\$16,849,976) combined with a net position increase in fiscal year 2018 of \$6,821,036. The College had a current ratio of 1.34 at June 30, 2018, as compared to 1.24 at July 1, 2017. 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 \$1.34 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 \$8,620,797 (17.7%) at June 30, 2018 when compared to June 30, 2017. There were some significant fluctuations between the various categories of current assets. Largest among these was the \$8,982,151 increase in cash and cash equivalents from \$12,036,360 in 2017 to \$21,018,511 in 2018. There was an increase of \$509,212 in short-term investments from \$16,912,871 in 2017 to \$17,422,083 in 2018. Total accounts receivables decreased by \$1,337,559. Property taxes receivable decreased by \$104,931 (-0.7%). Student receivables decreased by \$847,661 (-48.1%) partly because of a credit hour decrease from 2017; student waivers increased; and bad debt and the allowance for bad debt have both increased. Government receivables decreased by \$284,958 (-19.8%) mainly due to a decrease in Illinois Student Assistance Commission – Monetary Award Program receivables. Other receivables decreased by \$100,009 (-22.7%) because of insurance reimbursements due of approximately \$172,000 at the end of Fiscal Year 2017 received in Fiscal Year 2018; and an increase in Fiscal Year 2018's receivables due from the National Guard Center of approximately \$72,000. Accrued interest increased \$59,133 (184.0%) due to higher interest rates and an increase in investment funds. Prepaid items increased \$221,161 (21.6%), and other current assets increased \$186,699 (96.2%).

Non-current assets have decreased by \$2,030,944 (-1.8%) due to the \$3,742,509 decrease in net capital assets and a \$1,711,565 increase in long-term investments. Net capital assets decreased due to the annual increase in accumulated depreciation. Long-term investments increased during Fiscal Year 2018 because of technology and capital bond fund proceeds invested to be used during 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 \$704 from fiscal year 2017. Also included in deferred outflows of resources for fiscal year 2018 are the deferred charges on the refunding bond issues. The additional deferred charges on the refunding issue in 2018 and the amortization of the deferred charges of all refunding issues resulted in an increase of \$483,780 to the deferred charges on refunding. Deferred outflows related to the OPEB liability increased \$191,462 in fiscal year 2018. Deferred outflows of resources had an overall increase of \$674,538 from fiscal year 2017.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

Current liabilities have increased by \$1,857,611 (12.5%) due to the combined effects of various factors. These factors were: (1) an increase of \$1,419,600 in the current portion of bonds payable; (2) an increase of \$348,239 in unearned student tuition and fees due to an increase in deferred revenue; (3) an increase of \$41,527 in accrued interest payable due to debt service scheduling; (4) an increase of \$41,535 in accounts payables; (5) a decrease in other unearned revenue of \$59,832; (6) an increase of \$4,950 in the deposit for bonds; (7) an increase of \$171 for accrued compensated absences; (8) an increase of \$61,421 in accrued liabilities which reflects 11 more days of payroll accruals between pay periods in FY 18 (34 days) versus FY 17 (23 days).

Total non-current liabilities increased by \$13,859,847 (20.4%) from 2017 balance as a result of several factors: (1) the OPEB non-current liability increased by \$17,095,712; (2) the bond and debt certificate principal payments made and the bond principal reclassification to current liability decreased non-current liability by \$3,236,035; (3) and the accrued compensated absences increased non-current liability by \$170.

Total deferred inflows of resources increased by \$1,575,873 (6.1%) from 2017 balances. Deferred inflows related to OPEB increased by \$1,472,623 and the subsequent year's property taxes increased by \$103,250.

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 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 represented 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, 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 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 to be made during the next fiscal year.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

Deferred outflows of resources from the subsequent year's pension expense related to federal, trust or grant contributions in fiscal year 2017 decreased by \$1,088 from fiscal year 2016. Also included in deferred outflows of resources for fiscal year 2017 were the 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.

Current liabilities increased by \$1,600,013 (12.1%) due to the combined effects of various factors. These factors were: (1) an increase of \$2,760,032 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 scheduling; (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; (8) a decrease of \$688,447 in accrued liabilities which reflects less days of payroll accruals between pay periods in FY 17 (5 days) versus FY 16 (14 days).

Total non-current liabilities decreased by \$7,996,544 (-10.6%) 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%.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

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

	2018	2017	Increase (Decrease) 2018-2017	Percent Change	2016	Increase (Decrease) 2017-2016	Percent Change
Operating Revenues							
Net Tuition and Fees	\$ 9,463	\$ 10,692	\$ (1,229)	-11.5%	\$ 10,201	\$ 491	4.8%
	12,075	11,175	900	8.1%	8,771	2,404	27.4%
Other	2,405	3,783	(1,378)	-36.4%	3,718	65	1.7%
Total Operating Revenues	<u>23,943</u>	<u>25,650</u>	<u>(1,707)</u>	-6.7%	<u>22,690</u>	<u>2,960</u>	13.0%
Less Operating Expenses	<u>58,230</u>	<u>54,373</u>	<u>3,857</u>	7.1%	<u>53,721</u>	<u>652</u>	1.2%
Operating (Loss)	(34,287)	(28,723)	(5,564)	19.4%	(31,031)	2,308	-7.4%
Nonoperating Revenues (Expenses)							
Property Taxes	25,987	23,216	2,771	11.9%	21,376	1,840	8.6%
State Grants and Contracts	6,991	2,267	4,724	208.4%	2,064	203	9.8%
Federal Grants and Contracts	9,596	9,799	(203)	-2.1%	9,922	(123)	-1.2%
Investment Income	387	164	223	136.0%	44	120	272.7%
Interest Expense	(1,839)	(2,888)	1,049	-36.3%	(3,195)	307	-9.6%
Loss on Disposal of Assets	-	-	-	N/A	(1)	1	-100.0%
Amortization Expense	(13)	(13)	-	0.0%	(13)	-	0.0%
Total Net Nonoperating Revenue	<u>41,109</u>	<u>32,545</u>	<u>8,564</u>	26.3%	<u>30,197</u>	<u>2,348</u>	7.8%
Change in Net Position	6,822	3,822	3,000	78.5%	(834)	4,656	-558.3%
Net Position - Beginning of Year	51,858	48,036	3,822	8.0%	48,870	(834)	-1.7%
Prior Period Adjustment	(16,850)	-	(16,850)	-100.0%	-	-	0.0%
Net Position - Beginning of Year, Restated	<u>35,008</u>	<u>48,036</u>	<u>(13,028)</u>	-27.1%	<u>48,870</u>	<u>(834)</u>	-1.7%
Net Position - End of Year	<u>\$ 41,830</u>	<u>\$ 51,858</u>	<u>\$ (10,028)</u>	-19.3%	<u>\$ 48,036</u>	<u>\$ 3,822</u>	8.0%
Total Revenues	<u>\$ 66,904</u>	<u>\$ 61,096</u>	<u>\$ 5,808</u>	9.5%	<u>\$ 56,096</u>	<u>\$ 5,000</u>	8.9%
Total Expenses	<u>\$ 60,082</u>	<u>\$ 57,275</u>	<u>\$ 2,807</u>	4.9%	<u>\$ 56,930</u>	<u>\$ 345</u>	0.6%

Fiscal Year 2018 Revenues Compared to Fiscal Year 2017

For fiscal year 2018, total revenues were \$66,903,693, an increase of \$5,807,528 (9.5%) from 2017 total revenues. Operating revenues decreased by \$1,707,330 (-6.7%) from 2017 to 2018. Student tuition and fees, net of scholarship allowances, decreased by \$1,228,891 (-11.5%). Credit hours did decline by approximately 5.0% from 2018 to 2017 and scholarship allowances increased by \$807,363 from 2018 to 2017. Auxiliary revenues increased by \$196,079 (49.2%) due to China IITL revenue increase of approximately \$135,000; Child Development Lab revenue increased approximately \$115,000; and other auxiliary revenues decreased by approximately \$54,000. The State of Illinois contribution provided had a revenue increase of \$900,349 (8.0%) from 2018 to 2017. Other operating revenues decreased by \$1,574,867 (-46.5%) because of a Community Education instructional service provider that generated more revenue in 2017 than in 2018.

Total net non-operating revenues increased by \$7,514,858 (21.2%) over 2017 non-operating revenues due to several variable factors. The largest increase of \$4,723,502 (208.3%) was the State Grants and Contracts due to the State's late appropriation of fiscal year 2017 funds recognized in fiscal year 2018. Property tax revenue increased by \$2,771,260 (11.9%) due to EAV increases and a levy increase.

Total federal grants and contracts decreased by \$203,081 (-2.1%). During 2018, \$8,907,951 was awarded in federal student awards and student and parent loans, as compared to \$8,994,266 in 2017, for a decrease of \$86,315. Adult Education and Perkins federal grants from the ICCB decreased by

**HEARTLAND COMMUNITY COLLEGE
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\$31,230 during 2018 compared to 2017. TRIO grant funds decreased by \$26,203 during 2018 compared to 2017. Department of Labor grant funds increased by \$8,500 during 2018 compared to 2017. All other federal grant funding decreased by \$67,833. Investment income increased by \$223,177 due to rising interest rates and interest on the new issue of bond funds that have been invested and not yet expensed.

For fiscal year 2018, total expenses were \$60,082,657 resulting in an increase of \$2,807,918 (4.9%) from 2017. Net position decreased by \$10,028,940 (-19.3%), which was less than the net position change in 2017. The net position decrease was due to the prior period adjustment of \$16,849,976 to record net OPEB liability due to the implementation of GASB 75.

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 \$2,960,395 (13.0%) from 2016 to 2017. 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. 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 who generated more revenue in 2017 than in 2016.

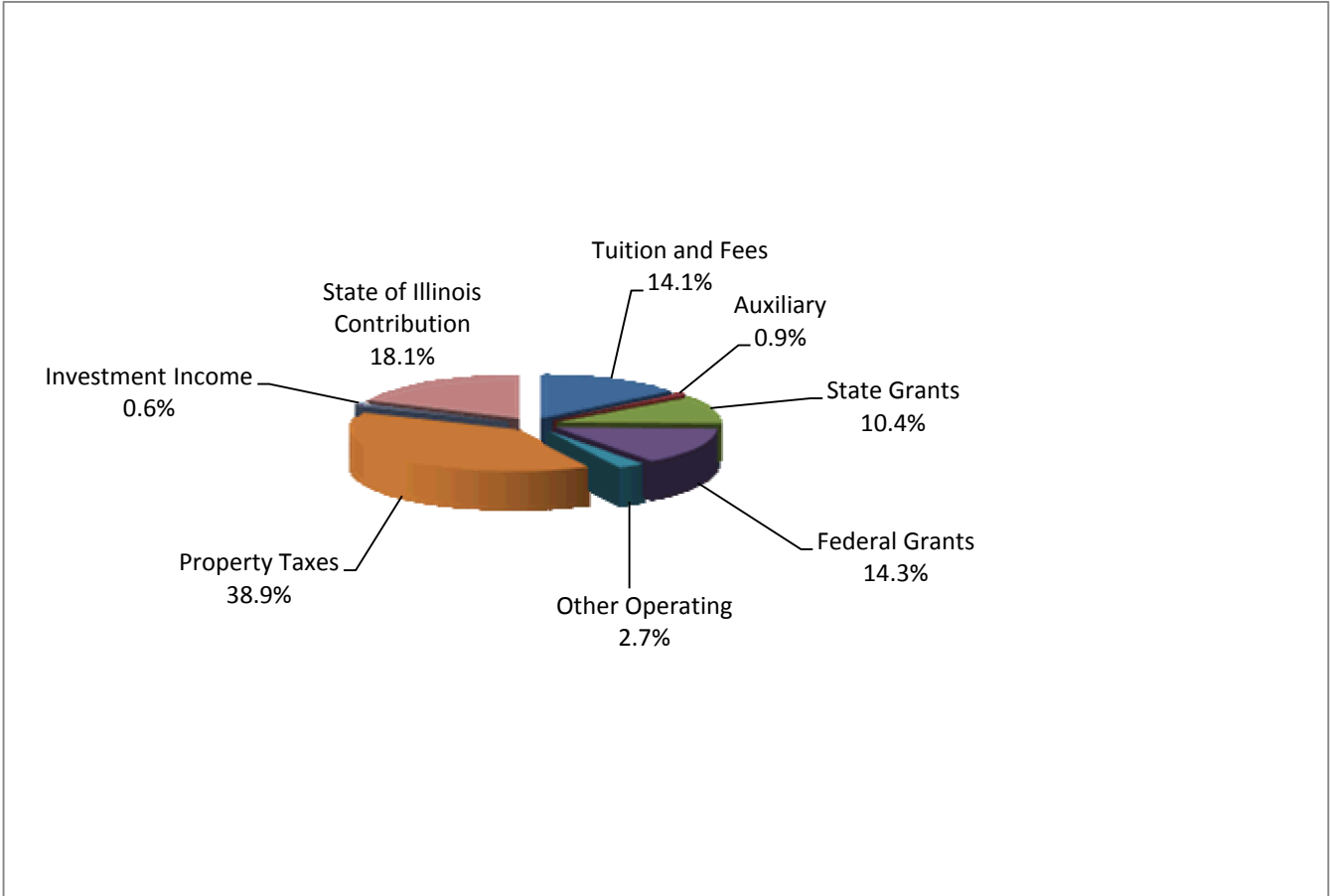
Total net non-operating revenues increased by \$2,039,774 (6.1%) over 2016 non-operating revenues due to several variable factors. Property tax revenue increased by \$1,839,264 (8.6%) due to EAV increases and a levy increase. The State Grants and Contracts increased by a little over \$203,153 (9.8%) due to the following factors: ICCB Credit Hour Grant along with the Career and Technical Education (CTE) Grant funds increased by \$495,493, the Corporate Personal Property Replacement Tax (CPPRT) funds increased by \$88,457, Illinois Student Assistance Commission (ISAC) Monetary Award Program (MAP) awards decreased by \$346,002 due to revenue appropriated for fiscal year 2017, which will be recognized in fiscal year 2018 according to GASB, Adult Education grant funds decreased \$11,227, and 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. Over all 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 was invested and not yet expensed; a dividend paid out by Cincinnati Insurance of approximately \$44,000; higher interest rates during 2017 compared to 2016; and approximately \$5,000,000 more invested in certificate of deposits 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 approximately \$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.

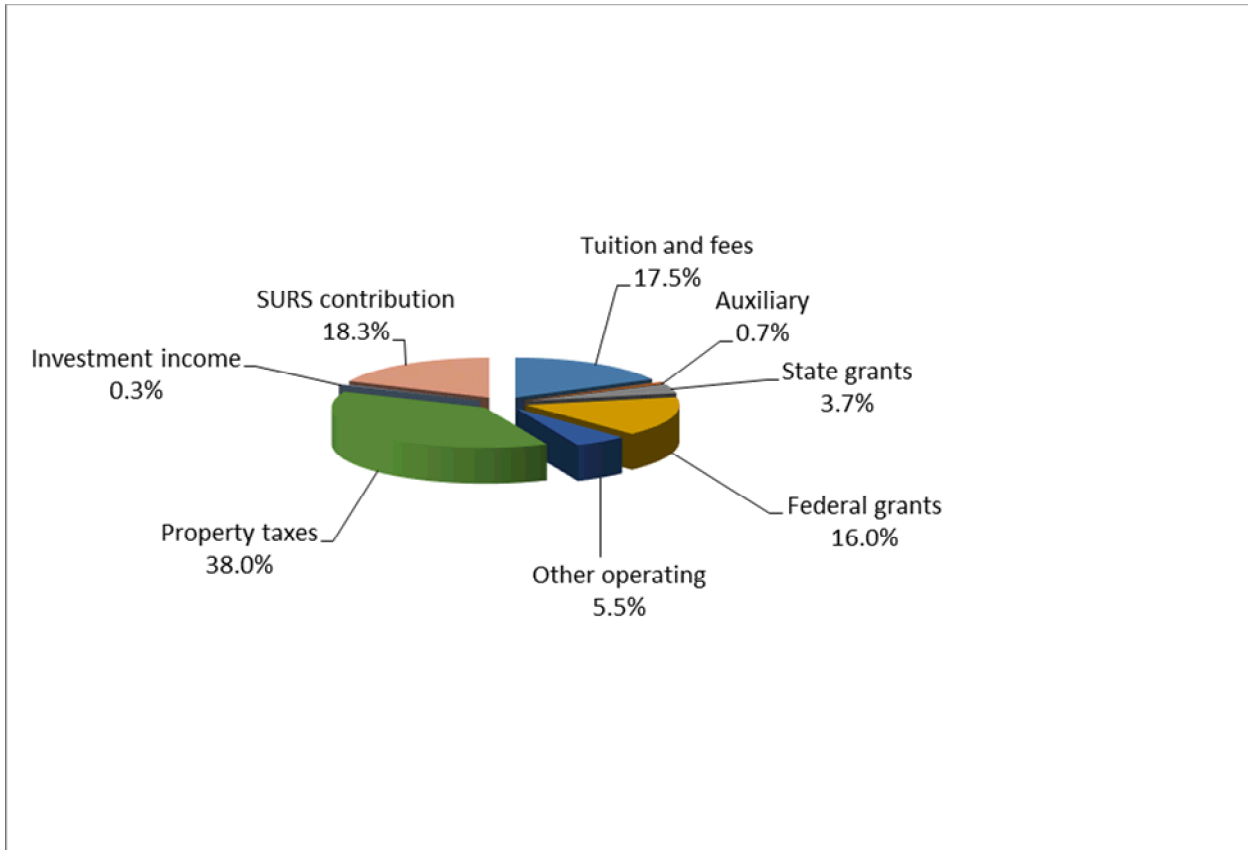
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Following is a graphic illustration of revenues by source for fiscal year 2018:



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For purposes of comparison, following is a graphic illustration of revenues by source for fiscal year 2017:



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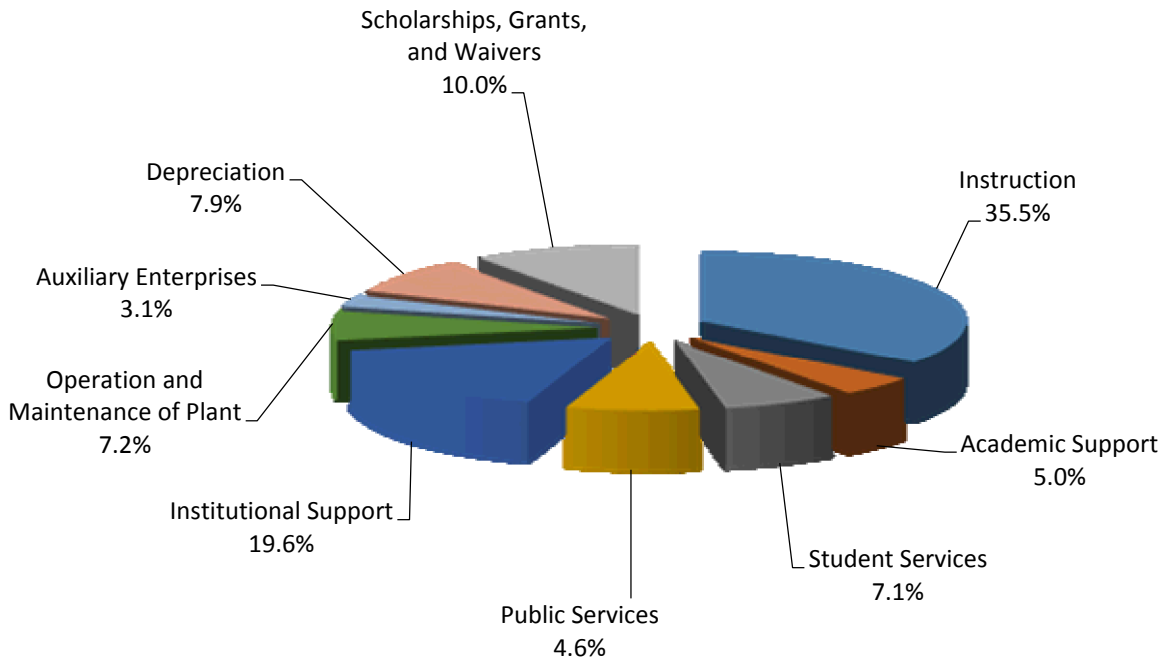
Following is a comparative analysis of operating expense by program:

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

Program:	2018	2017	Increase		2016	Increase	
			(Decrease)	Percent		(Decrease)	Percent
			2018-2017	Change		2017-2016	Change
Instruction	\$ 20,949	\$ 19,130	\$ 1,819	9.5%	\$ 18,202	\$ 928	5.1%
Academic Support	2,887	2,566	321	12.5%	2,808	(242)	-8.6%
Student Services	4,164	3,838	326	8.5%	3,735	103	2.8%
Public Service	2,684	4,416	(1,732)	-39.2%	3,688	728	19.7%
Institutional Support	11,381	9,202	2,179	23.7%	9,791	(589)	-6.0%
Operating and Maintenance of Plant	4,149	3,728	421	11.3%	3,727	1	0.0%
Auxiliary Enterprises	1,812	1,518	294	19.4%	1,473	45	3.1%
Depreciation	4,491	4,533	(42)	-0.9%	4,587	(54)	-1.2%
Scholarships, Grants, and Waivers	5,713	5,442	271	5.0%	5,710	(268)	-4.7%
Total Expenses	\$ 58,230	\$ 54,373	\$ 3,857	7.1%	\$ 53,721	\$ 652	1.2%

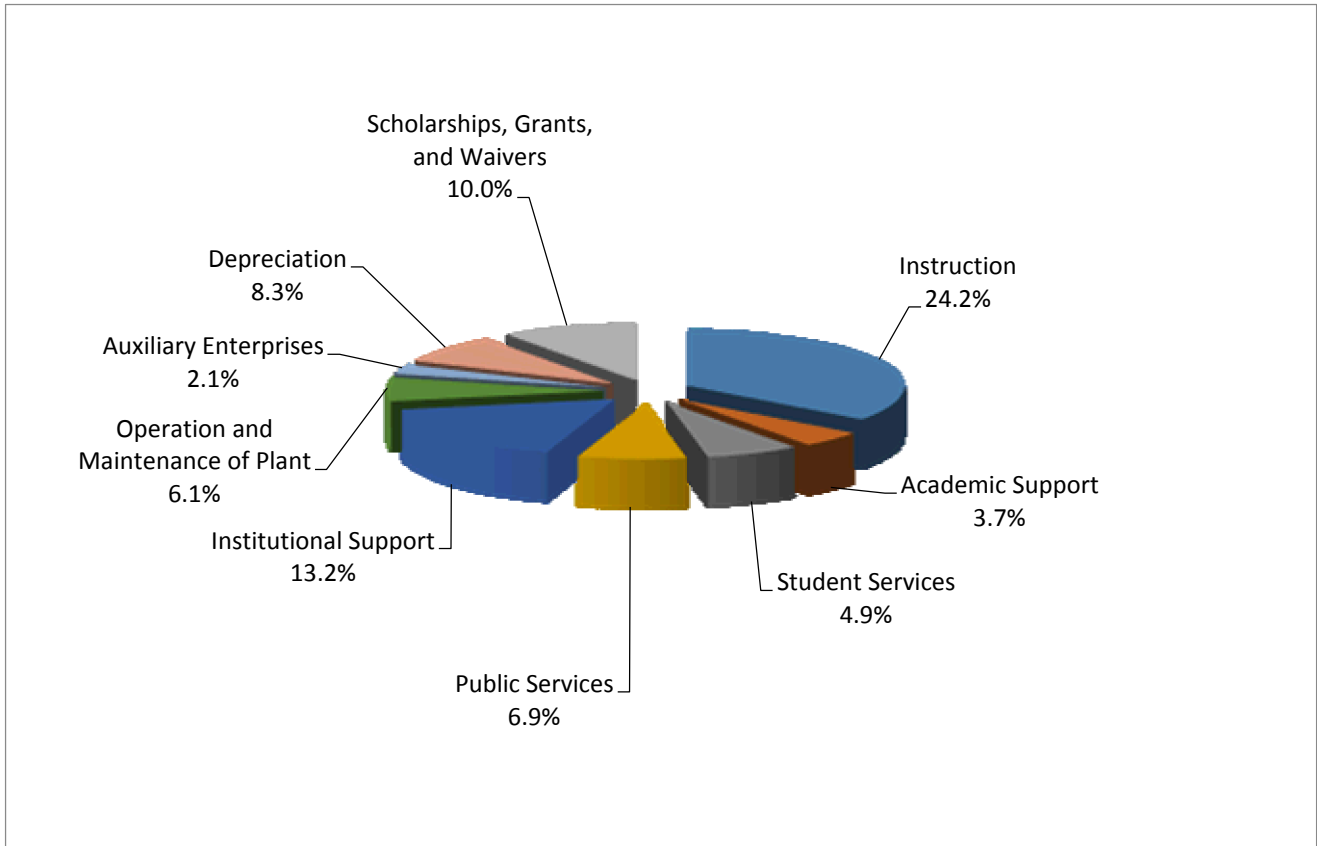
**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The pie chart following shows the operating expenses by program for fiscal year 2018 as a percentage of total expenses. Direct services to students accounted for 65.3% of total expenses. Direct services to students include: Instruction at 35.5%, Academic support at 5.0%, Student services at 7.1%, Public Services at 4.6%, Scholarships, Grants and Waivers at 10.0%, and Auxiliary Enterprises at 3.1%. Indirect services to students accounted for 34.7% of total expenses. Indirect services to students include: Operations and Maintenance of Plant at 7.2%, Institutional Support at 19.6%, and Depreciation at 7.9%.



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For purposes of comparison, following is a pie chart of the operating expenses by program for fiscal year 2017 as a percentage of total expenses:



**HEARTLAND COMMUNITY COLLEGE
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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

Capital Assets

As of June 30, 2018, the College investment in capital assets totaled \$157,971,686. Capital assets net of accumulated depreciation of \$51,091,162 totaled \$106,880,524. The 3.4% decrease in net capital assets as of June 30, 2018 is due to the increase in accumulated depreciation of \$4,302,410 (9.2%).

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)

	2018	2017	Increase (Decrease) 2018-2017	Percent Change	2016	Increase (Decrease) 2017-2016	Percent Change
Capital Assets not Being Depreciated							
Land	\$ 4,481	\$ 4,481	\$ -	0.0%	\$ 4,481	\$ -	0.0%
Construction-in-Progress	79	103	(24)	-23.3%	103	-	0.0%
Capital Assets Being Depreciated							
Buildings	121,214	121,164	50	0.0%	121,164	-	0.0%
Infrastructure	17,882	17,824	58	0.3%	17,679	145	0.8%
Furniture and Equipment	14,315	13,840	475	3.4%	13,754	86	0.6%
Total	<u>157,971</u>	<u>157,412</u>	<u>559</u>	0.4%	<u>157,181</u>	<u>231</u>	0.1%
Less Accumulated Depreciation	<u>(51,091)</u>	<u>(46,789)</u>	<u>(4,302)</u>	9.2%	<u>(42,269)</u>	<u>(4,520)</u>	10.7%
Net Capital Assets	<u>\$ 106,880</u>	<u>\$ 110,623</u>	<u>\$ (3,743)</u>	-3.4%	<u>\$ 114,912</u>	<u>\$ (4,289)</u>	-3.7%

Debt Administration

The College issued a current refunding of \$43,830,000 for the outstanding balance of the Series 2007 issue of General Obligation College Bonds with \$37,535,000 General Obligation Community College Bonds, Series 2017B, and \$1,325,000 Taxable General Obligation Refunding Bonds, Series 2017C in September 2017. This was the final phase (phase III) of the refunding of the Series 2007 Bonds.

In December 2017, the College issued \$5,515,000 limited tax General Obligation Debt Certificates, Series 2017D. These certificates were paid in full and retired in February 2018 when the College issued General Obligation Community College Bonds, Series 2018.

The College also issued General Obligation Community College Bonds, Series 2018, in the amount of \$10,145,000 during February 2018. Proceeds were used to retire Debt Certificate 2017D whose funds will be used to purchase technology and capital and to pay certain costs associated with the issuance of the bonds. Also, the proceeds were used to refund Debt Certificate 2016C, which had been used for the purchase of a wind turbine. Additional funds from the proceeds were placed into an escrow account to be used to retire Debt Certificate 2011, which funded a facilities improvement measure, and to retire Debt Certificate 2012, which funded a purchase of land.

The College paid \$17,200,000 in bond and debt certificate principal. The Phase III refunding in fiscal year 2018 added additional bond premiums of \$5,387,559. The Series 2018 General Obligation Community College Bonds added additional bond premiums of \$59,849. All bond premiums were amortized and reduced by \$746,973. The net effect of the bond premium activity for fiscal year 2018 was an increase of \$4,700,435 (247.6%). Compensated absences for employee vacations increased by a net amount of \$341 (0.0%).

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The College recorded a net OPEB liability of \$17,095,712 during fiscal year 2018. This is the first year the College has recorded the liability as required by the Governmental Accounting Standard Board's (GASB) Statement #75. The net OPEB liability is the College's proportionate share of the liability related to the Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, "CIP"). The liability was calculated by an actuary retained by the State of Illinois and is reported with a measurement date of June 30, 2017.

Long-Term Debt for the Years Ended June 30, (in Thousands)

	2018	2017	Increase (Decrease) 2018-2017	Percent Change	2016	Increase (Decrease) 2017-2016	Percent Change
Long-Term Debt							
General Obligation Bonds and							
Debt Certificates	\$ 68,565	\$ 75,075	\$ (6,510)	-8.7%	\$ 80,855	\$ (5,780)	-7.1%
Bond Premium	6,592	1,898	4,694	247.3%	1,352	546	40.4%
Compensated Absences	1,178	1,178	-	0.0%	1,184	(6)	-0.5%
OPEB Liability	17,096	16,931	165	1.0%	-	16,931	0.0%
Total	<u>\$ 93,431</u>	<u>\$ 95,082</u>	<u>\$ (1,651)</u>	-1.7%	<u>\$ 83,391</u>	<u>\$ 11,691</u>	14.0%

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 Douglas E. Minter, Vice President of Business Services or Sharon M. McDonald, Controller. College budgets and audited financial reports are also available on the College website at www.heartland.edu/about/financials.html.

Other

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

**HEARTLAND COMMUNITY COLLEGE
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STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017**

	Primary Government		Component Unit	
	College		Foundation	
	2018	2017	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 21,018,511	\$ 12,036,360	\$ 273,675	\$ 782,522
Short-Term Investments	17,422,083	16,912,871	5,814,963	5,019,698
Accounts Receivable:				
Property Taxes	14,825,211	14,930,142	-	-
Student Tuition and Fees, Net of Allowance of \$365,000 for 2018 and \$337,000 for 2017	913,490	1,761,151	-	-
Government	1,157,314	1,442,272	-	-
Pledges Receivable	-	-	20,000	81,500
Other Receivables	339,975	439,984	5	15,170
Accrued Interest Receivable	91,271	32,138	14,182	23
Prepaid Items	1,243,507	1,022,346	19,582	-
Other Current Assets	380,792	194,093	-	-
Total Current Assets	<u>57,392,154</u>	<u>48,771,357</u>	<u>6,142,407</u>	<u>5,898,913</u>
NONCURRENT ASSETS				
Long-Term Investments	1,711,565	-	712,735	463,764
Pledges Receivable	-	-	-	74,000
Capital Assets not Being Depreciated	4,560,874	4,584,486	-	-
Capital Assets, Net of Depreciation	102,319,650	106,038,547	-	-
Total Noncurrent Assets	<u>108,592,089</u>	<u>110,623,033</u>	<u>712,735</u>	<u>537,764</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	1,591,002	1,107,222	-	-
Deferred Outflows Related to OPEB	191,462	-	-	-
Subsequent Year's Pension Expense Related to Federal, Trust, or Grant Contributions in the Current Year	36,248	36,952	-	-
Total Deferred Outflows of Resources	<u>1,818,712</u>	<u>1,144,174</u>	<u>-</u>	<u>-</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 167,802,955</u>	 <u>\$ 160,538,564</u>	 <u>\$ 6,855,142</u>	 <u>\$ 6,436,677</u>

See accompanying Notes to Basic Financial Statements.

	Primary Government		Component Unit	
	College		Foundation	
	2018	2017	2018	2017
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 970,976	\$ 929,441	\$ 39,053	\$ 18,956
Accrued Liabilities	889,198	827,777	-	-
Accrued Interest Payable	327,007	285,480	-	-
Deposit for Bonds	287,514	282,564	-	-
Unearned Revenue:				
Student Tuition and Fees	2,051,388	1,703,149	-	-
Other	394,575	454,407	-	-
Accrued Compensated Absences	588,932	588,761	-	-
Bonds Payable	11,204,632	9,785,032	-	-
Total Current Liabilities	<u>16,714,222</u>	<u>14,856,611</u>	<u>39,053</u>	<u>18,956</u>
NONCURRENT LIABILITIES				
Accrued Compensated Absences	588,932	588,762	-	-
Net OPEB Liability	17,095,712	-	-	-
Bonds and Debt Certificates	63,952,445	67,188,480	-	-
Total Noncurrent Liabilities	<u>81,637,089</u>	<u>67,777,242</u>	<u>-</u>	<u>-</u>
Total Liabilities	98,351,311	82,633,853	39,053	18,956
DEFERRED INFLOWS OF RESOURCES				
Subsequent Year's Property Taxes	26,150,291	26,047,041	-	-
Deferred Inflows Related to OPEB	1,472,623	-	-	-
Total Deferred Inflows of Resources	<u>27,622,914</u>	<u>26,047,041</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	38,906,902	37,316,749	-	-
Restricted for:				
Capital Projects	783,488	314,078	-	-
Working Cash	3,900,000	3,900,000	-	-
Specific Purposes	85,454	59,079	5,453,917	5,290,629
Unrestricted	(1,847,114)	10,267,764	1,362,172	1,127,092
Total Net Position	<u>\$ 41,828,730</u>	<u>\$ 51,857,670</u>	<u>\$ 6,816,089</u>	<u>\$ 6,417,721</u>

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017**

	Primary Government		Component Unit	
	College		Foundation	
	2018	2017	2018	2017
OPERATING REVENUES				
Student Tuition and Fees (Net of Scholarship Allowances \$7,443,020 for 2018; \$6,635,657 for 2017)	\$ 9,462,627	\$ 10,691,518	\$ -	\$ -
Auxiliary Enterprises Revenue	594,268	398,189	-	-
Annual Campaign/Gifts	-	-	543,862	445,307
Fundraising	-	-	264,775	217,970
State of Illinois Contributions Provided	12,075,075	11,174,726	-	-
Other Operating Revenues	1,810,539	3,385,406	1,065	390
Total Operating Revenue	<u>23,942,509</u>	<u>25,649,839</u>	<u>809,702</u>	<u>663,667</u>
OPERATING EXPENSES				
Institutional Support	11,380,938	9,201,537	-	-
Instruction	20,948,645	19,129,740	-	-
Scholarships, Student Grants, and Waivers	5,713,095	5,442,292	442,331	415,365
Operations and Maintenance	4,149,497	3,728,175	-	-
Student Services	4,164,319	3,838,495	-	-
Academic Support	2,886,808	2,565,994	-	-
Public Services	2,683,517	4,415,868	-	-
Depreciation	4,491,303	4,533,451	-	-
Auxiliary Enterprises	1,812,020	1,517,861	-	-
General and Administrative	-	-	358,641	152,969
Fundraising	-	-	28,202	77,506
Total Operating Expenses	<u>58,230,142</u>	<u>54,373,413</u>	<u>829,174</u>	<u>645,840</u>
OPERATING INCOME (LOSS)	(34,287,633)	(28,723,574)	(19,472)	17,827
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	25,986,941	23,215,681	-	-
State Grants and Contracts	6,990,691	2,267,189	-	-
Federal Grants and Contracts	9,595,893	9,798,974	-	-
Interest Expense	(1,839,089)	(2,887,900)	-	-
Investment Income	387,659	164,482	417,840	540,424
Amortization Expense	(13,426)	(13,426)	-	-
Total Nonoperating Revenues (Expenses)	<u>41,108,669</u>	<u>32,545,000</u>	<u>417,840</u>	<u>540,424</u>
INCREASE IN NET POSITION	6,821,036	3,821,426	398,368	558,251
Net Position - Beginning of Year, as Previously Reported	51,857,670	48,036,244	6,417,721	5,859,470
Prior Period Adjustment	(16,849,976)	-	-	-
Net Position - Beginning of Year, as Restated	<u>35,007,694</u>	<u>48,036,244</u>	<u>6,417,721</u>	<u>5,859,470</u>
NET POSITION - END OF YEAR	<u>\$ 41,828,730</u>	<u>\$ 51,857,670</u>	<u>\$ 6,816,089</u>	<u>\$ 6,417,721</u>

See accompanying Notes to Basic Financial Statements.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	Primary Government	
	College	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 10,658,527	\$ 10,067,369
Payments to Suppliers	(19,940,991)	(19,102,631)
Payments to Employees	(20,508,916)	(20,528,210)
Auxiliary Enterprise Charges	594,268	398,189
Other	1,851,420	3,395,533
Net Cash Used by Operating Activities	(27,345,692)	(25,769,750)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes	26,195,122	24,128,053
State, Federal and Local Grants and Contracts	16,871,542	12,568,864
Direct Lending Receipts	3,714,086	4,034,800
Direct Lending Payments	(3,714,086)	(4,034,800)
Net Cash Provided by Financing Activities	43,066,664	36,696,917
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(748,794)	(244,613)
Proceeds from Bonds	54,520,000	10,545,000
Principal Payments on Bonds Payable	(61,030,000)	(16,325,000)
Proceeds from Premium on Bonds	4,693,565	-
Interest Payments on Long-Term Debt	(2,281,342)	(2,736,055)
Net Cash Used by Capital and Related Financing Activities	(4,846,571)	(8,760,668)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	328,526	144,625
Proceeds from Maturities of Investments	48,131,573	29,214,617
Purchases of Investments	(50,352,350)	(34,174,618)
Net Cash Used by Investing Activities	(1,892,251)	(4,815,376)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,982,151	(2,648,877)
Cash and Cash Equivalents - Beginning of Year	12,036,360	14,685,237
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 21,018,511	\$ 12,036,360

See accompanying Notes to Basic Financial Statements.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

	Primary Government	
	College	
	2018	2017
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (34,287,633)	\$ (28,723,574)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	4,491,303	4,533,451
Changes in Deferred Outflows of Resources	(109,428)	1,088
Changes in Deferred Inflows of Resources	1,472,623	-
Change in Assets and Liabilities:		
Receivables	947,670	(114,565)
Prepaid Items	(234,587)	(368,269)
Other	(186,699)	(9,545)
Accounts Payable	41,535	53,526
Accrued Liabilities	61,421	(688,447)
OPEB Liability	164,405	-
Deferred Tuition and Fees	348,239	(321,621)
Deferred Other Revenue	(59,832)	(178,924)
Deposits	4,950	53,930
Accrued Compensated Absences	341	(6,800)
Net Cash Used by Operating Activities	<u>\$ (27,345,692)</u>	<u>\$ (25,769,750)</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING ACTIVITIES		
State of Illinois Contributions Provided	<u>\$ 12,075,075</u>	<u>\$ 11,174,726</u>
State of Illinois Contributions Paid	<u>\$ 12,075,075</u>	<u>\$ 11,174,726</u>

See accompanying Notes to Basic Financial Statements.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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 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, 2018 and 2017 were \$442,331 and \$415,365, respectively.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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, 2018 AND 2017**

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 2017 become due and payable in two installments (June and September 2018). In accordance with board resolution, property taxes extended for the 2017 tax year and collected in 2018 are recorded as revenue in fiscal year 2018. 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, 2018 AND 2017**

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 2018 and 2017, the State made contributions of \$10,584,229 and \$11,174,726, 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, 2018 AND 2017**

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 three types of items which occur. Employer paid federal, trust or grant contributions were made subsequent to the pension liability measurement date. 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. Additionally, the District has deferred outflows related to OPEB expense to be recognized in future periods and for contributions made after the measurement date.

Deferred Inflows of Resources

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

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.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions (Continued)

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

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, 2018 and 2017, the District had \$5,592,453 and \$2,560,006, 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, 2018 AND 2017**

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*.

Reclassification

Prior year amounts have been reclassified, where appropriate, to conform to the current year method of presentation. These changes had no impact to the change in net position.

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, 2018 and 2017, the bank balance of the District's deposits, which primarily consists of demand deposits, was \$4,615,750 and \$4,469,486, respectively. At June 30, 2018 and 2017, 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

	2018	2017
Cash and Cash Equivalents	\$ 21,018,511	\$ 12,036,360
Less: Illinois Funds	(930,989)	(1,076,037)
Less: Illinois School District Liquid Asset Fund (ISDLAF)	(15,945,320)	(6,944,970)
Carrying Amount of Deposits	\$ 4,142,202	\$ 4,015,353

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

	2018			Rating
	Fair Market Value	Less than One Year	More than One Year	
U.S. Agencies	\$ 3,525,420	\$ 2,291,055	\$ 1,234,365	AA+ Standard & Poor's
Certificates of Deposit	15,608,228	15,131,028	477,200	AA+ Standard & Poor's
Total	<u>\$ 19,133,648</u>	<u>\$ 17,422,083</u>	<u>\$ 1,711,565</u>	
	2017			
	Fair Market Value	Less than One Year	More than One Year	Rating
U.S. Agencies	\$ 3,250,000	\$ 3,250,000	\$ -	AA+ Standard & Poor's
Certificates of Deposit	13,662,871	13,662,871	-	AA+ Standard & Poor's
Total	<u>\$ 16,912,871</u>	<u>\$ 16,912,871</u>	<u>\$ -</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, 2018 AND 2017**

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, 2018 AND 2017**

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, 2018:

Assets at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	Total
U.S. Agencies	\$ -	\$ 3,525,420	\$ -	\$ 3,525,420
Total	\$ -	\$ 3,525,420	\$ -	\$ 3,525,420

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

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, 2018 and 2017, the District had \$26,150,291 and \$26,047,041, respectively, of deferred inflows of resources.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4 CAPITAL ASSETS

The following tables present the changes in the various capital asset categories for fiscal years 2018 and 2017.

Capital Assets – Fiscal Year 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets not Being Depreciated:				
Land	\$ 4,481,528	\$ -	\$ -	\$ 4,481,528
Construction-in-Progress	102,958	51,388	(75,000)	79,346
Total Capital Assets not Being Depreciated	4,584,486	51,388	(75,000)	4,560,874
Capital Assets Being Depreciated:				
Furniture and Equipment	13,839,975	663,879	(188,893)	14,314,961
Buildings	121,163,674	50,000	-	121,213,674
Infrastructure	17,823,650	58,527	-	17,882,177
Total Capital Assets Being Depreciated	152,827,299	772,406	(188,893)	153,410,812
Less Accumulated Depreciation for:				
Furniture and Equipment	(9,425,401)	(575,828)	188,893	(9,812,336)
Buildings	(27,838,225)	(3,121,052)	-	(30,959,277)
Infrastructure	(9,525,126)	(794,423)	-	(10,319,549)
Total Accumulated Depreciation	(46,788,752)	(4,491,303)	188,893	(51,091,162)
Net Capital Assets Being Depreciated	106,038,547	(3,718,897)	-	102,319,650
Net Capital Assets	\$ 110,623,033	\$ (3,667,509)	\$ (75,000)	\$ 106,880,524

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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, 2018 AND 2017**

NOTE 5 LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2018 and 2017 is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Balance Due Within One Year
General Obligation Bonds and Debt Certificates	\$ 75,075,000	\$ 54,520,000	\$ (61,030,000)	\$ 68,565,000	\$ 10,445,000
Bond Premium	1,898,512	5,447,408	(753,843)	6,592,077	759,632
Compensated Absences	1,177,523	763,353	(763,012)	1,177,864	588,932
Total	<u>\$ 78,151,035</u>	<u>\$ 60,730,761</u>	<u>\$ (62,546,855)</u>	<u>\$ 76,334,941</u>	<u>\$ 11,793,564</u>

	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	800,032
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>\$ 10,373,793</u>

Accrued compensated absences (earned vacation leave) at June 30, 2018 and 2017 is \$1,177,864 and \$1,177,523, 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 was due annually beginning with December 1, 2013 through December 1, 2022, with interest rates ranging from 1.10% to 2.45%. Interest payments were due semiannually beginning December 1, 2013. On January 23, 2018, the outstanding balance was currently refunded with the General Obligation Community College Bonds, Series 2018.

In September 2011, the District issued \$3,300,000 in General Obligation Debt Certificates, Series 2011, dated September 1, 2011. The Series 2011 certificates were due December 1, 2026, and had interest rates ranging from 2.0% to 4.0%. The proceeds were used to fund the construction of a wind turbine. On January 23, 2018, the outstanding balance was advanced refunded with the General Obligation Community College Bonds, Series 2018.

In December 2016, the District issued \$1,700,000 in General Obligation Debt Certificates, Series 2016C, dated December 1, 2016. The Series 2016C certificates were due February 15, 2018, and had an interest rate of 2.25%. The proceeds were used to refund the Series 2013 certificates. On January 23, 2018, the outstanding balance was currently refunded with the General Obligation Community College Bonds, Series 2018.

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.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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>
2019	<u>\$ 2,225,000</u>	<u>\$ 33,375</u>	<u>\$ 2,258,375</u>

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 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>
2019	\$ -	\$ 279,850	\$ 279,850
2020	-	279,850	279,850
2021	-	279,850	279,850
2022	-	279,850	279,850
2023	-	279,850	279,850
2024-2026	8,525,000	421,025	8,946,025
Total	<u>\$ 8,525,000</u>	<u>\$ 1,820,275</u>	<u>\$ 10,345,275</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 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>
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	45,000	345,500	390,500
2024-2026	8,615,000	557,500	9,172,500
Total	<u>\$ 8,810,000</u>	<u>\$ 2,301,000</u>	<u>\$ 11,111,000</u>

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

On August 17, 2017, the District issued General Obligation Community College Bonds, Series 2017B, in the amount of \$37,535,000 due on December 1, 2018 through December 1, 2027 with interest rates ranging from 4% to 5%. Proceeds of the bonds were used to currently 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 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>
2019	\$ 3,235,000	\$ 1,577,500	\$ 4,812,500
2020	4,760,000	1,417,600	6,177,600
2021	4,950,000	1,223,400	6,173,400
2022	5,150,000	1,021,400	6,171,400
2023	5,360,000	811,200	6,171,200
2024-2028	14,080,000	2,633,250	16,713,250
Total	<u>\$ 37,535,000</u>	<u>\$ 8,684,350</u>	<u>\$ 46,219,350</u>

On August 17, 2017, the District issued General Obligation Community College Bonds, Series 2017C, in the amount of \$1,325,000 due on December 1, 2018 with an interest rate of 4%. Proceeds of the bonds were used to currently 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 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>
2019	<u>\$ 1,325,000</u>	<u>\$ 26,500</u>	<u>\$ 1,351,500</u>

The Series 2017B and 2017C refundings resulted in a deferred outflow of \$898,960. The refundings resulted in future cash flow savings of \$2,226,738 and an economic gain of \$2,070,221.

On November 21, 2017, the District issued General Obligation Debt Certificates, Series 2017D, in the amount of \$5,515,000 due on December 1, 2022 with an interest rate of 1.95%. Proceeds of the bonds were used to finance various capital improvements for the District and pay certain costs associated with the issuance of the Certificates. On January 23, 2018, the outstanding balance was currently refunded with the General Obligation Community College Bonds, Series 2018.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

On January 23, 2018, the District issued General Obligation Community College Bonds, Series 2018, in the amount of \$10,145,000 due on December 1, 2018 through December 1, 2020 with interest rates ranging from 2.25% to 4.00%. Proceeds of the bonds were used to refund a portion of General Obligation Debt Certificates, Series 2011, Series 2012, Series 2016C, and Series 2017D, and pay costs associated with the issuance of the bonds.

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,625,000	\$ 306,315	\$ 3,931,315
2020	6,360,000	75,470	6,435,470
2021	160,000	1,960	161,960
Total	<u>\$ 10,145,000</u>	<u>\$ 383,745</u>	<u>\$ 10,528,745</u>

At June 30, 2018, the annual requirements to retire the District's long-term debt were as follows:

<u>Year Ending June 30.</u>	<u>General Obligation Bonds and Debt Certificates</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2019	\$ 10,445,000	\$ 2,575,240	\$ 13,020,240
2020	11,155,000	2,123,220	13,278,220
2021	5,150,000	1,854,010	7,004,010
2022	5,190,000	1,648,450	6,838,450
2023	5,405,000	1,436,550	6,841,550
2024-2026	31,220,000	3,611,775	34,831,775
Total	<u>\$ 68,565,000</u>	<u>\$ 13,249,245</u>	<u>\$ 81,814,245</u>

The Series 2011, 2012, 2016C and 2017D refundings resulted in future cash flow savings of \$920,928 and an economic gain of \$454,758.

At June 30, 2018, the legal debt limit was \$128,349,838 based on a statutory limit of 2.875% of assessed valuation of \$4,464,342,208. 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.

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>	<u>Facility</u>	<u>Equipment</u>	<u>Total</u>
2019	\$ 60,376	\$ 15,808	\$ 76,184
2020	60,975	6,688	67,663
2021	60,975	-	60,975
2022	45,732	-	45,732
Total	<u>\$ 228,058</u>	<u>\$ 22,496</u>	<u>\$ 250,554</u>

Lease expense amounted to \$192,424 and \$199,402 for the years ended June 30, 2018 and 2017, respectively.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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.

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, 2017 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 2017 and 2018 was 12.53% and 12.46%, 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, 2018 AND 2017**

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 \$25,481,105,995 and \$25,965,271,744 for the years ended June 30, 2017 and 2016, respectively. The net pension liabilities were measured as of June 30, 2016 and 2015, 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, 2017 and 2016. The proportionate share of the State’s net pension liability associated with the District at June 30, 2017 and 2016 was \$110,893,773 or 0.4352% and \$113,066,447 or 0.4355%, respectively. This amount should not be recognized in the financial statements. The net pension liability and the total pension liability as of June 30, 2017 and 2016 were determined based on the June 30, 2016 and 2015 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 2017 and 2016.

Pension Expense

For the years ended June 30, 2017 and 2016, SURS reported collective net pension expenses of \$2,412,918,129 and \$2,566,164,865, 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 2017 and 2016. As a result, the District recognized on-behalf revenue and pension expense of \$10,501,020 and \$11,174,431 for the fiscal years ended June 30, 2018 and 2017, respectively.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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, 2017	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 139,193,227	\$ 1,170,771
Changes in Assumption	205,004,315	259,657,577
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	94,620,827	-
Total	<u>\$ 438,818,369</u>	<u>\$ 260,828,348</u>
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>

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>
2018	\$ 55,589,850
2019	187,874,276
2020	90,475,551
2021	(155,949,656)
2022	-
Thereafter	-
Total	<u>\$ 177,990,021</u>

Employer Deferral of Fiscal Year 2018 Pension Expense

The District paid \$36,248 and \$36,952 in federal, trust or grant contributions for the fiscal years ended June 30, 2018 and 2017, respectively. These contributions were made subsequent to the pension liability measurement dates of June 30, 2017 and 2016, and are recognized as Deferred Outflows of Resources as of June 30, 2018 and 2017.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumptions and Other Inputs

Actuarial Assumptions. The actuarial assumptions used in the June 30, 2017 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, 2017 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, 2017, 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	7.34
Global Equity	8	6.85
Fixed Income	19	1.38
Treasury-Inflation Protected Securities	4	1.17
Emerging Market Debt	3	4.14
Real Estate REITS	4	5.75
Direct Real Estate	6	4.62
Commodities	2	4.23
Hedged Strategies	5	3.95
Opportunity Fund	1	6.71
Total	100 %	5.20
Inflation		2.75
Expected Arithmetic Return		7.95 %

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumptions and Other Inputs (Continued)

Discount Rate. A single discount rate of 7.09% and 7.01% at June 30, 2017 and June 30, 2016, 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 7.25% at June 30, 2017 and June 30, 2016, and a municipal bond rate of 3.56% and 2.85% at June 30, 2017 and June 30, 2016, 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 7.09% and 7.01% at June 30, 2017 and 2016, 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 6.09%	7.09%	1% Increase 8.09%
\$ 30,885,146,279	\$ 25,481,105,995	\$ 20,997,457,586
June 30, 2016		
	Current Single Discount Rate Assumption	
1% Decrease 6.01%	7.01%	1% Increase 8.01%
\$ 31,348,831,631	\$ 25,695,271,744	\$ 21,502,421,700

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.

Changes of Benefit Terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2017 and 2016.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information

Plan administration

The District participates in the state of Illinois Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, "CIP"). CIP is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole benefit of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees and their dependents of Illinois community college districts throughout the state of Illinois, excluding the City Colleges of Chicago. The Department of Central Management Services (Department) administers the plan with the cooperation of the State Universities Retirement System and the boards of trustees of the various community college districts. Separate financial statements, including required supplementary information, may be obtained from the Department at 715 Stratton Office Building, Springfield, Illinois, 62706.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

General Information (Continued)

Plan membership

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

Benefits provided

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

Contributions

The Act requires every contributor (employee) of SURS to contribute .5% of covered payroll and every community college district to contribute .5% of covered payroll. Retirees pay a premium for coverage that is also determined by ILCS. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires a special funding situation whereby the State of Illinois to make an annual appropriation to the CIP to cover any expected expenditures in excess of the contributions by active employees, employers, and retirees. The result is pay as you go financing of the plan. The employer contributions made by the state of Illinois on behalf of the District to CIP and the College's contributions for the years ended June 30, 2018 and 2017 were \$83,229 and \$81,331, respectively.

Illinois Community College Health Insurance Security Fund – OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District reported a liability of \$17,095,712 as of June 30, 2018. This amount is the District's proportional share of the net OPEB liability. The State of Illinois is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Illinois' proportionate share of the net pension liability associated with the District totaled \$16,870,542. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, with procedures performed to roll forward the total OPEB liability to the June 30, 2017 measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers and the state of Illinois. At June 30, 2017, the District's proportion was 0.937451%.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,610,126 for its proportionate share of the OPEB expense. In addition, the District recognized an additional \$1,490,846 as OPEB expense (and revenue) for its proportionate share of the State of Illinois' contribution to the plan.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</i>		
Differences between Expected and Actual Experience	\$ -	\$ 48,384
Changes of Assumptions	-	1,424,059
Net Difference between Projected and Actual Investment		
Earnings on OPEB Plan Investments	-	180
Changes in Proportion and Differences between Employer Contributions and Share of Contributions	<u>108,233</u>	<u>-</u>
 Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	 108,233	 1,472,623
 <i>OPEB Contributions Made Subsequent to the Measurement Date</i>	 <u>83,229</u>	 <u>-</u>
 Total Deferred Amounts Related to OPEB	 <u>\$ 191,462</u>	 <u>\$ 1,472,623</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

<u>Year ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 21,646	\$ 294,533
2019	21,646	294,533
2020	21,646	294,533
2021	21,646	294,533
2022	21,649	294,491
	<u>\$ 108,233</u>	<u>\$ 1,472,623</u>

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Actuarial assumptions and other inputs. The total CIP plan's net OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

- Inflation – 2.75%
- Salary increases – depends on service and ranges from 10.00% at less than 1 year of service to 3.75% at 34 or more years of service. Salary increase includes a 3.75 wage inflation assumption
- Investment rate of return – 0%, net of OPEB plan investment expense, including inflation
- Healthcare cost trend rates – actual trend used for fiscal year 2017. For fiscal years on or after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post Medicare costs, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Additional trend rate of 0.52% is added to non-Medicare cost on and after 2020 to account for the Excise tax.

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

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 to June 30, 2014.

Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Changes in the Net OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at June 30, 2016	\$ 16,702,456	\$ (358,725)	\$ 17,061,181
Changes for the year:			
Service Cost	1,386,943	-	1,386,943
Interest on Total OPEB Liability	511,686	-	511,686
Differences Between Expected and Actual Experience of the Total OPEB Liability	(58,061)	-	(58,061)
Changes of Assumptions	(1,708,869)	-	(1,708,869)
Employer Contributions	-	81,333	(81,333)
Active Member Contributions	-	40,938	(40,938)
Net Investment Income - Projected	-	225	(225)
Benefit Payments, including Refunds of Employee Contributions	(214,845)	(214,845)	-
Operating Expenses	-	(27,055)	27,055
Other	-	1,727	(1,727)
Net Changes	<u>(83,146)</u>	<u>(117,677)</u>	<u>34,531</u>
Balances at June 30, 2017	<u>\$ 16,619,310</u>	<u>\$ (476,402)</u>	<u>\$ 17,095,712</u>

Sensitivity of CIP's Net OPEB Liability to changes in the Single Discount Rate

The following presents the CIP plan's net OPEB liability, calculated using a Single Discount Rate of 3.56%, as well as what the total CIP's plan net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

Sensitivity of Net OPEB Liability as of June 30, 2017 to the Single Discount Rate Assumption			
	1% Decrease 2.56%	Current Single Discount Rate Assumption 3.56%	1% Increase 4.56%
Net OPEB Liability	\$ 19,551,703	\$ 17,095,712	\$ 14,978,325

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Sensitivity of the CIP's plan Net OPEB liability to changes in the healthcare cost trend rates. The following presents the CIP's plan net OPEB liability, calculated using the healthcare cost trend rates as well as what the total CIP's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.02% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

Sensitivity of Net OPEB Liability as of June 30, 2017 to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	\$ 14,182,626	\$ 17,095,712	\$ 21,311,291

- One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.02% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.5% in 2027 for Medicare coverage.
- One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.02% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.5% in 2027 for Medicare coverage.

NOTE 9 RISK MANAGEMENT

The District accounts for and finances its uninsured risks of loss related to medical care, outpatient prescription drug costs, and dental care. A third party administrator provides administrative services for this self-insurance plan. Under this program, the fund provides coverage of the District's employee medical insurance up to \$105,000 in eligible claims per covered member per year. The aggregate stop loss coverage limit (for all covered members) equals the average number of employees during the stop loss coverage period multiplied by the aggregate stop loss limit claim value of \$12,754. In no event will the aggregate stop loss coverage limit be less than \$3,133,712.

The reserve for health care costs reported in the fund at June 30, 2018 and 2017, 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, 2018 AND 2017**

NOTE 9 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>2018</u>	<u>2017</u>
Reserve for Health Care Costs at July 1	\$ 358,194	\$ 464,520
Claims Incurred During the Period	3,673,904	2,998,994
Changes in the IBNR Estimate	99,085	98,018
Payments on Claims	<u>(3,643,726)</u>	<u>(3,203,339)</u>
Reserve for Health Care Costs at June 30	<u>\$ 487,457</u>	<u>\$ 358,194</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, 2018 and 2017, respectively.

NOTE 10 RESTRICTED AND DESIGNATED NET POSITION

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

	<u>2018</u>	<u>2017</u>
Capital Projects	<u>\$ 783,488</u>	<u>\$ 314,078</u>
Working Cash	<u>\$ 3,900,000</u>	<u>\$ 3,900,000</u>
Restricted for:		
Audit	<u>\$ 85,454</u>	<u>\$ 59,079</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, 2018 and 2017, the District had (\$1,847,114) and \$10,267,764, respectively, of unrestricted net position. Of these balances, the District has \$1,818,062 and \$1,965,247 designated for payment of self-insurance claims at June 30, 2018 and 2017, 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, 2018 AND 2017**

NOTE 11 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.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 11 COMPONENT UNIT - FOUNDATION (CONTINUED)

Investments (Continued)

Investments as of June 30 are as follows:

	Fair Market Values	
	2018	2017
Common Stock	\$ 994,187	\$ -
Exchange Traded Funds	849,962	-
Mutual Funds	3,466,978	5,483,462
Corporate Bonds	1,167,010	-
Municipal Bonds	49,561	-
	\$ 6,527,698	\$ 5,483,462

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and Dividends	\$ 56,967	\$ 73,858	\$ -	\$ 130,825
Unrealized Gain (Loss) on Investments	207,117	-	-	207,117
Realized Gain (Loss) on Sale of Investments	6,877	73,021	-	79,898
Total Investment Return	\$ 270,961	\$ 146,879	\$ -	\$ 417,840

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	\$ 435,134	\$ 104,796	\$ 494	\$ 540,424

Restricted Net Position

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

	2018	2017
Scholarships and Awards	\$ 4,179,556	\$ 4,068,719
Miscellaneous	834,361	802,429
Total Temporarily Restricted Net Position	\$ 5,013,917	\$ 4,871,148

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

	2018	2017
Endowed Scholarship Funds	\$ 440,000	\$ 419,481

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 12 TAX ABATEMENTS

Tax abatements, as defined by Governmental Account Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures* (GASB 77), are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Illinois's Tax Increment Financing Act enables cities to finance certain redevelopment costs with the revenue generated from (I) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from redevelopment and (II) a portion of the increase in other local tax revenue associated with new economic activity. When a tax increment financing (TIF) plan is adopted, real estate taxes in the redevelopment are frozen at their current level. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced. The District's estimated net reduced tax revenue resulting from the TIFs adopted in these cities within the District is \$582,069 and \$480,104 for fiscal years 2018 and 2017, respectively.

NOTE 13 CONTINGENCIES

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

NOTE 14 RESTATEMENT OF NET POSITION

The District determined that it is necessary to restate beginning net position in order to implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Beginning net position has thereby been restated as follows:

	Total Net Position
Net position, beginning of year, as previously reported	\$ 51,857,670
Adjustment for beginning deferred outflows of resources related to OPEB	81,331
Adjustment for beginning OPEB liability	(16,931,307)
Subtotal	\$ 35,007,694

REQUIRED SUPPLEMENTARY INFORMATION

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
REQUIRED SUPPLEMENTARY INFORMATION (SURS COVERED PAYROLL)
YEAR ENDED JUNE 30, 2018**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>
(a) Proportion Percentage of the Collective Net Pension Liability	0.00%	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	110,893,773
Total (b) + (c)	96,989,820	104,463,724	113,066,447	110,893,773
Employer Covered Payroll	16,152,552	16,016,358	15,777,476	15,416,548
Proportion of Collective Net Pension Liability Associated with Employer as a Percentage of Covered Payroll	600.46%	652.23%	716.63%	719.32%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%
Federal, Trust, Grant, and Other Contributions	49,214	38,040	36,952	36,248
Contribution in Relation to Required Contribution	49,214	38,040	36,952	36,248
Contribution Deficiency (Excess)	-	-	-	-
Employer Covered Payroll	16,152,552	16,016,358	15,777,476	15,416,548
Contributions as a Percentage of Covered-Payroll	0.30%	0.24%	0.23%	0.24%

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.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
YEAR ENDED JUNE 30, 2018**

	<u>2017</u>
District's proportion of the net OPEB liability	0.937451%
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with employer	\$ 16,870,542
District's proportionate share of the net OPEB liability	\$ 17,095,712
District's covered payroll	\$ 16,265,763
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	105.10%
Plan fiduciary net position as a percentage of the total OPEB liability	-2.87%

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

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
YEAR ENDED JUNE 30, 2018**

Fiscal Year Ending June 30,	<u>2017</u>
Contractually Required Contribution	\$ 81,331
Contributions in Relation to the Contractually Required Contribution	<u>\$ 81,331</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>
District's Covered Payroll	16,265,763
Contributions as a Percentage of Covered Payroll	0.50%

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

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
YEAR ENDED JUNE 30, 2018**

NOTE 1 CHANGES IN BENEFIT TERMS

In the June 30, 2017 actuarial valuation, there were no changes in benefit terms.

NOTE 2 CHANGES IN ASSUMPTIONS

In the June 30, 2017 actuarial valuation, there were no changes of assumptions.

**STATISTICAL SECTION
(UNAUDITED)**

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
STATISTICAL SECTION
YEAR ENDED JUNE 30, 2018
(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.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have change over time.	61-62
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	63-68
Debt Capacity	
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.	69-74
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	75-77
Operating Information	
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.	78-84

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)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net Position:										
Net Investment in										
Capital Assets	\$ 38,906,902	\$ 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
Restricted for:										
Capital Projects	783,488	314,078	374,520	1,677	337,411	651,580	384,545	537,080	72,427	1,874,660
Working Cash	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000
Specific Purposes	85,454	59,079	84,604	157,210	280,128	142,602	24,509	1,542,279	2,597,613	8,395,101
Unrestricted	(1,847,114)	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
Total Net Position	<u>\$ 41,828,730</u>	<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>

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)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OPERATING REVENUES										
Student Tuition and Fees, Net of Scholarship	\$ 9,462,627	\$ 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
Auxiliary Enterprises Revenue	594,268	399,237	1,131,570	724,995	637,986	856,864	584,994	578,892	619,166	477,929
Other Operating Revenues	1,810,539	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
SURS Contribution Provided by State	12,075,075	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
Total Operating Revenues	23,942,509	25,650,887	22,689,968	20,213,686	21,648,706	21,778,943	19,744,102	14,886,270	12,678,440	10,360,386
OPERATING EXPENSES										
Instruction	20,948,645	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
Academic Support	2,886,808	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
Public Services	2,683,517	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
Student Services	4,164,319	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
Institutional Support	11,380,938	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
Scholarships, Student Grants, and Waivers	5,713,095	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
Operations and Maintenance	4,149,497	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
Auxiliary Enterprises	1,812,020	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
Depreciation	4,491,303	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
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
Total Operating Expenses	58,230,142	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
OPERATING LOSS	(34,287,633)	(28,722,526)	(31,030,907)	(33,482,862)	(32,303,407)	(32,132,384)	(33,217,892)	(31,479,839)	(26,129,173)	(22,681,963)
NONOPERATING REVENUES (EXPENSES)										
Property Taxes	25,986,941	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
State Grants and Contracts	6,990,691	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
Federal Grants and Contracts	9,595,893	9,797,926	9,921,617	9,942,770	9,962,457	9,840,696	12,459,068	11,282,682	7,377,813	4,917,827
Local Grants and Contracts	-	-	-	-	-	-	-	-	(388,331)	-
Interest Expense	(1,839,089)	(2,887,900)	(3,194,707)	(3,532,897)	(3,766,198)	(3,692,292)	(388,353)	(329,219)	113,198	(1,697,059)
Investment Income	387,659	164,482	44,419	24,227	44,931	16,910	201,497	39,716	(50,497)	1,705,568
Amortization Expense	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(13,426)	(36,856)	(28,347)	-	(47,213)
Gain on Bond Refunding	-	-	-	-	-	-	-	-	-	40,100
Loss on Disposal of Asset	-	-	(1,320)	-	(20,229)	-	-	-	-	-
Total Nonoperating Revenues, Net	41,108,669	32,543,952	30,197,036	31,703,715	30,453,906	30,224,023	36,670,726	33,724,927	29,046,600	26,208,987
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION	6,821,036	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
Beginning of Year, as Previously Reported	51,857,670	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
GASB 68 Implementation	-	-	-	-	-	(304,608)	-	-	-	-
GASB 75 Implementation	(16,849,976)	-	-	-	-	-	-	-	-	-
Beginning of Year, as Restated	35,007,694	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
END OF YEAR	\$ 41,828,730	\$ 51,857,670	\$ 48,036,244	\$ 48,870,115	\$ 50,649,262	\$ 52,498,763	\$ 54,711,732	\$ 51,258,898	\$ 49,013,810	\$ 46,096,383

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>
2017	\$ 4,464,342,208	\$ 13,399,280,571
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

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
2017	\$ 2,725,958,779	\$ 1,114,714,862	\$ 37,588,890	\$ 528,640,522	\$ 22,148,863	\$ 35,290,292	\$ 4,464,342,208	0.58576
2016	2,714,153,916	1,105,950,449	38,164,215	506,840,313	22,415,809	36,579,813	4,424,104,515	0.58875
2015	2,656,194,344	1,073,521,959	39,187,220	484,132,645	22,685,466	38,390,032	4,314,111,666	0.54116
2014	2,612,074,796	1,057,963,549	42,589,895	467,616,790	19,975,744	40,268,009	4,240,488,783	0.50583
2013	2,561,430,797	1,050,697,690	43,963,693	436,999,100	19,745,865	41,461,681	4,154,298,826	0.50161
2012	2,573,618,223	1,049,682,431	39,273,863	407,565,002	17,913,945	43,583,417	4,131,636,881	0.49191
2011	2,620,093,718	1,060,939,966	40,604,960	385,515,518	16,757,294	37,326,298	4,161,237,754	0.47673
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

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
McLean County	0.91052	0.91399	0.91836	0.90133	0.90375	0.91165	0.91571	0.91673	0.90687	0.89659
Town of Normal	1.04145	0.95891	0.92500	0.91581	0.89427	0.76272	0.77488	0.78259	0.78476	0.74289
Normal Library	0.44962	0.45260	0.45049	0.44185	0.44646	0.43971	0.41484	0.39507	0.36452	0.35069
Normal Township	0.23281	0.23079	0.22786	0.22800	0.22296	0.16692	0.16501	0.15807	0.15138	0.14934
Normal Road and Bridge	0.09291	0.09589	0.09571	0.09346	0.09101	0.09070	0.08965	0.08589	0.08115	0.08115
Normal School District #5	5.03610	5.01469	5.05827	5.02707	5.00704	4.88412	4.73499	4.76383	4.69289	4.58932
Bloomington/Normal Water District	0.18466	0.17931	0.17446	0.17216	0.17011	0.16402	0.16390	0.16391	0.16476	0.16036
Bloomington/Normal Airport Authority	0.11937	0.12442	0.13572	0.13655	0.12736	0.12745	0.15486	0.09855	0.08546	0.11008
City of Bloomington	1.07967	1.08363	1.07729	1.06782	1.06121	1.05990	1.05955	1.06013	1.07616	0.99541
City of Bloomington Township	0.12660	0.12166	0.12433	0.12541	0.12243	0.14145	0.14328	0.17309	0.18217	0.18683
Bloomington School District #87	5.15321	5.13998	5.15877	4.95303	4.83486	4.72322	4.65741	4.65682	4.61222	4.58085
Bloomington Library	0.25959	0.25296	0.25098	0.25323	0.25811	0.25620	0.25073	0.25087	0.26108	0.26108
Bloomington Cemetery	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Overlapping Rate	14.68651	14.56883	14.59724	14.31572	14.13957	13.72806	13.52481	13.50555	13.36342	13.10459
Heartland Community College	0.58576	0.58875	0.54116	0.50583	0.50161	0.49191	0.47673	0.47315	0.45988	0.45331
Total Rate	15.27227	15.15758	15.13840	14.82155	14.64118	14.21997	14.00154	13.97870	13.82330	13.55790

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	2017 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation	2008 Assessed Valuation	Rank	Percentage of District 540 Assessed Valuation
State Farm Insurance Company	Insurance	\$ 172,288	1	3.86%	\$ 168,467	1	4.28%
Eastland Mall LLC %CBL & Associates Mgt. Inc.	Retail Mall	16,951	2	0.38%	18,573	2	0.47%
White Oak Energy LLC	Energy	16,706	3	0.37%	-		0.00%
Wal-Mart Stores, Inc.	Retail	10,898	4	0.24%	13,992	3	0.36%
High Trail Wind Farm	Energy	10,441	5	0.23%	-		
Illinois Agriculture Association	AG Insurance	9,179	6	0.21%	9,973	7	0.25%
SH The Flats Normal LLC	Apartments	7,911	7	0.18%	-		
GMAC	Real Estate	7,349	8	0.16%	-		
Rivan Automotive	Auto Manufacturing	7,173	9	0.16%	-		
Mitsubishi Motors Manufacturing	Auto Manufacturing	-			9,159	8	0.23%
Backyard Apts by Snyder	Apartments/Hotel	-			12,620	6	0.32%
Wingover Apts	Housing	6,830	10	0.15%	-		
Country Insurance & F.S.	Insurance	-			13,726	4	0.35%
Intercontinental	Hotel	-			5,745	9	0.15%
IMI College Hills Development LLC	Retail	-			6,705	5	0.17%
Meijer Realty Company	Retailer	-			5,383	10	0.14%
Total		<u>\$ 265,726</u>		<u>5.95%</u>	<u>\$ 264,343</u>		<u>6.72%</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 2017 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, 2017	Collected During Year ended June 30, 2018	Total Collected Through June 30, 2018	Percentage of Taxes Extended Collected Through June 30, 2018
2017	2019	\$ 4,464,342,208	0.58576	\$ 26,150,292	\$ -	\$ 11,325,080	\$ 11,325,080	43.31%
2016	2018	4,424,104,515	0.58875	26,047,041	11,103,600	14,892,198	25,995,798	99.80%
2015	2017	4,314,111,666	0.54116	23,346,592	23,346,592	(37,051)	23,309,541	99.84%
2014	2016	4,240,488,783	0.50583	21,433,078	21,340,531	(3,278)	21,337,253	99.55%
2013	2015	4,154,298,826	0.50161	20,838,636	20,775,082	-	20,775,082	99.70%
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	3,934,177,426	0.45331	17,833,705	17,807,437	-	17,807,437	99.85%

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
2018	5,193	\$ 148	\$ 285	\$ 422	91,222	\$ 16,779,683
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

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
2018	\$ 68,565,000	\$ -	\$ 6,592,077	\$ -	\$ 75,157,077	\$ 13,399,280,571	0.56%	214,185	350.90	1.37%
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	0.70%	208,539	407.11	1.66%
2012	82,015,000	5,000,000	-	184,109	87,199,109	12,483,713,262	0.67%	208,539	418.14	1.74%
2011	80,580,000	1,700,000	-	267,100	82,547,100	12,354,349,332	0.69%	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%

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
2018	\$ 68,565,000	\$ -	\$ 6,592,077	\$ 75,157,077	\$ 13,399,280,571	0.56%	214,185	\$ 350.90
2017	70,365,000	4,710,000	1,898,512	76,973,512	13,272,313,545	0.58%	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

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
2018	\$ 4,464,342,208	2.875%	\$ 128,349,838	\$ 75,157,077	\$ 53,192,761	58.56%
2017	4,424,104,515	2.875%	127,193,005	76,973,512	50,219,493	60.52%
2016	4,314,111,666	2.875%	124,030,710	82,206,624	41,824,086	66.28%
2015	4,240,488,783	2.875%	121,914,053	81,261,750	40,652,303	66.65%
2014	4,154,298,826	2.875%	119,436,091	85,700,750	33,735,341	71.75%
2013	4,131,636,881	2.875%	118,784,560	84,805,000	33,979,560	71.39%
2012	4,161,237,754	2.875%	119,635,585	87,015,000	32,620,585	72.73%
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	3,934,177,426	2.875%	113,107,600	80,560,000	32,547,600	71.22%

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 2018			Fiscal Year 2017			Fiscal Year 2016		
	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt
Normal School District	\$ 121,595,000	99.92%	\$ 121,497,724	\$ 136,585,000	99.92%	\$ 136,475,732	\$ 138,845,000	99.92%	\$ 138,733,924
Ford County	-	0.00%	-	-	0.00%	-	-	0.00%	-
City of Bloomington	56,085,000	100.00%	56,085,000	57,440,000	100.00%	57,440,000	66,705,000	100.00%	66,705,000
McLean County Public Building Commission	-	0.00%	-	-	0.00%	-	-	0.00%	-
B/N Airport Authority	10,790,000	100.00%	10,790,000	11,715,000	100.00%	11,715,000	12,615,000	100.00%	12,615,000
Prairie Central School District #8	1,570,000	69.21%	1,086,597	3,050,000	69.21%	2,110,905	4,362,277	69.21%	3,019,132
Town of Normal	87,145,000	100.00%	87,145,000	87,145,000	100.00%	87,145,000	83,530,000	100.00%	83,530,000
Village of Carlock	15,000	100.00%	15,000	25,000	100.00%	25,000	35,000	100.00%	35,000
Town of Normal Special Service Area #1	-	0.00%	-	-	0.00%	-	-	0.00%	-
Olympia School District #16	10,950,000	99.97%	10,946,715	13,790,000	99.97%	13,785,863	15,755,000	99.97%	15,750,274
Bloomington School District #87	53,530,000	100.00%	53,530,000	49,305,000	100.00%	49,305,000	42,955,000	100.00%	42,955,000
Tri-Valley School District #3	4,480,000	99.91%	4,475,968	4,915,000	99.91%	4,910,577	5,320,000	99.91%	5,315,212
Heyworth School District #4	5,725,000	100.00%	5,725,000	6,490,000	100.00%	6,490,000	6,780,000	100.00%	6,780,000
Ridgeview School District #19	1,705,000	48.30%	823,515	2,515,000	48.30%	1,214,745	1,280,000	48.30%	618,240
Village of Heyworth	-	0.00%	-	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	4,800,000	24.77%	1,188,960	5,700,000	24.77%	1,411,890	4,445,000	24.77%	1,101,027
Lexington School District #7	4,900,000	100.00%	4,900,000	5,345,000	100.00%	5,345,000	5,755,000	100.00%	5,755,000
City of Chenoa	-	0.00%	-	-	0.00%	-	-	0.00%	-
City of El Paso	-	0.00%	-	-	24.77%	-	221,000	24.77%	54,742
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	498,000	100.00%	498,000	163,000	100.00%	163,000
City of Fairbury	420,000	79.68%	334,656	440,000	79.68%	350,592	460,000	79.68%	366,528
City of Atlanta	-	0.00%	-	-	100.00%	-	15,000	100.00%	15,000
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	455,000	97.64%	444,262	570,000	97.64%	556,548	655,000	97.64%	639,542
Lincoln Park District	615,000	100.00%	615,000	615,000	100.00%	615,000	610,000	100.00%	610,000
Chester-East Lincoln SD #61	2,075,000	99.37%	2,061,928	2,075,000	99.37%	2,061,928	2,075,000	99.37%	2,061,928
Eureka CUSD #140	-	0.00%	-	-	0.00%	-	-	0.00%	-
Illini Central CUSD #189	2,065,000	0.03%	620	2,575,000	0.03%	773	2,630,000	0.03%	789
Lincoln CHSD #404	1,955,000	92.65%	1,811,308	2,270,000	92.65%	2,103,155	2,595,000	92.65%	2,404,268
Lincoln SD #27	-	0.00%	-	-	0.00%	-	-	0.00%	-
Pontiac CCSD #429	-	0.00%	-	-	0.00%	-	-	0.00%	-
Pontiac THSD #90	-	0.00%	-	-	0.00%	-	-	0.00%	-
Rooks Creek CCSD #425	-	0.00%	-	-	0.00%	-	-	0.00%	-
West Lincoln-Broadwell SD #92	1,471,000	96.54%	1,420,103	1,754,000	96.54%	1,693,312	1,185,000	96.54%	1,143,999
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%	-	-	0.00%	-
LeRoy CUSD #2	7,185,000	0.46%	33,051	7,605,000	0.46%	34,983	7,535,000	0.46%	34,661
Clinton CUSD #15	13,870,000	0.02%	2,774	14,625,000	0.02%	2,925	15,805,000	0.02%	3,161
LeRoy Community Fire Protection District	1,685,000	1.22%	20,557	1,760,000	1.22%	21,472	1,830,000	1.22%	22,326
Octavia Park District	-	0.00%	-	-	0.00%	-	-	0.00%	-
Subtotal	395,584,000		365,451,738	418,956,700		385,463,100	424,310,977		390,582,453
Heartland Community College #540	75,157,077	100.00%	75,157,077	76,973,512	100.00%	76,973,512	82,206,624	100.00%	82,206,624
Total	\$ 470,741,077		\$ 440,608,815	\$ 495,930,212		\$ 462,436,612	\$ 506,517,601		\$ 472,789,077

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

Fiscal Year 2015			Fiscal Year 2014			Fiscal Year 2013			Fiscal Year 2012		
Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	Total Gross Debt Outstanding	Percentage of Debt Applicable to District #540	College's Direct and Overlapping Bonded Debt	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
\$ 171,020,000	99.92%	\$ 170,883,184	\$ 175,930,000	99.92%	\$ 175,792,254	\$ 179,790,000	99.96%	\$ 179,718,084	\$ 183,650,000	99.96%	\$ 183,576,540
1,270,000	0.08%	1,016	1,165,000	0.08%	924	475,000	0.10%	475	580,000	0.10%	580
71,555,000	100.00%	71,555,000	79,485,000	100.00%	79,485,000	73,360,000	100.00%	73,360,000	77,145,000	100.00%	77,145,000
8,697,489	94.71%	8,237,392	8,697,489	94.71%	8,237,126	10,625,282	95.01%	10,095,310	12,563,993	95.19%	11,959,665
17,190,000	100.00%	17,190,000	14,695,000	100.00%	14,695,000	15,080,000	100.00%	15,080,000	15,460,000	100.00%	15,460,000
5,154,923	69.21%	3,567,722	2,101,000	69.21%	1,454,166	3,976,248	70.17%	2,790,133	5,630,008	70.17%	3,950,577
84,365,000	100.00%	84,365,000	78,055,000	100.00%	78,055,000	78,060,000	100.00%	78,060,000	78,940,000	100.00%	78,940,000
45,000	100.00%	45,000	55,000	100.00%	55,000	65,000	100.00%	65,000	75,000	100.00%	75,000
-	0.00%	-	-	0.00%	-	4,870,000	100.00%	4,870,000	5,150,000	100.00%	5,150,000
17,050,000	99.97%	17,044,885	12,530,000	99.97%	12,526,094	13,670,000	99.97%	13,665,899	13,205,000	99.97%	13,201,039
45,955,000	100.00%	45,955,000	37,795,000	100.00%	37,795,000	39,795,000	100.00%	39,795,000	41,580,000	100.00%	41,580,000
5,695,000	99.91%	5,689,875	4,505,000	99.91%	4,500,841	4,875,000	99.88%	4,869,150	5,215,000	99.88%	5,208,742
7,660,000	100.00%	7,660,000	6,810,000	100.00%	6,810,000	7,345,000	100.00%	7,345,000	7,810,000	100.00%	7,810,000
1,920,000	48.30%	927,360	2,660,000	48.30%	1,285,742	2,220,000	82.08%	1,822,176	3,395,000	82.08%	2,786,616
149,700	100.00%	149,700	15,000	100.00%	15,000	30,000	100.00%	30,000	45,000	100.00%	45,000
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
4,445,000	24.77%	1,101,027	3,795,000	24.77%	939,973	3,795,000	25.10%	952,545	4,850,000	25.10%	1,217,350
6,090,000	100.00%	6,090,000	5,380,000	100.00%	5,380,000	5,655,000	100.00%	5,655,000	4,470,000	100.00%	4,470,000
-	0.00%	-	-	0.00%	-	8,700	100.00%	8,700	17,400	100.00%	17,400
509,000	24.77%	126,079	-	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%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
493,000	100.00%	493,000	493,000	100.00%	493,000	175,000	100.00%	175,000	345,000	100.00%	345,000
480,000	79.68%	382,464	500,000	79.68%	398,406	500,000	100.00%	500,000	500,000	100.00%	500,000
30,000	100.00%	30,000	45,000	100.00%	45,000	60,000	100.00%	60,000	70,000	100.00%	70,000
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
750,000	97.64%	732,300	840,000	97.64%	820,180	925,000	97.96%	906,130	1,005,000	97.96%	984,498
3,600,000	100.00%	3,600,000	600,000	100.00%	600,000	595,000	100.00%	595,000	575,000	100.00%	575,000
2,075,000	99.37%	2,061,928	2,075,000	99.37%	2,061,903	2,105,000	99.93%	2,103,527	88,000	99.93%	87,938
-	0.00%	-	-	0.00%	-	-	0.00%	-	365,000	0.04%	146
2,890,000	0.03%	867	3,140,000	0.03%	967	3,375,000	0.04%	1,350	3,595,000	0.04%	1,438
3,200,000	92.65%	2,964,800	3,200,000	92.65%	2,964,943	3,480,000	90.11%	3,135,828	3,745,000	90.11%	3,374,620
670,000	100.00%	670,000	670,000	100.00%	670,000	1,085,000	100.00%	1,085,000	1,490,000	100.00%	1,490,000
-	0.00%	-	95,000	99.28%	94,317	350,000	99.01%	346,535	595,000	99.01%	589,110
3,825,000	81.81%	3,129,233	900,000	81.81%	738,320	1,150,000	90.57%	1,041,555	1,390,000	90.57%	1,258,923
-	0.00%	-	-	0.00%	-	25,000	100.00%	25,000	50,000	100.00%	50,000
1,325,000	96.54%	1,279,155	1,325,000	96.54%	1,279,094	1,390,000	94.58%	1,314,662	1,450,000	94.58%	1,371,410
-	0.00%	-	-	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%	-	-	0.00%	-
315,000	100.00%	315,000	-	0.00%	-	-	0.00%	-	340,000	100.00%	340,000
8,095,000	0.46%	37,237	8,325,000	0.46%	38,419	-	0.00%	-	-	0.00%	-
18,860,078	0.02%	3,772	18,730,000	0.02%	3,331	-	0.00%	-	-	0.00%	-
1,900,000	1.22%	23,180	1,900,000	1.22%	23,188	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	10,000	100.00%	10,000	-	0.00%	-
497,279,190		456,311,176	476,511,489		437,256,188	459,520,230		449,915,739	475,384,401		463,631,592
81,261,750	100.00%	81,261,750	85,700,750	100.00%	85,700,750	84,805,000	100.00%	84,805,000	87,015,000	100.00%	87,015,000
<u>\$ 578,540,940</u>		<u>\$ 537,572,926</u>	<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>

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

Fiscal Year 2011			Fiscal Year 2010			Fiscal Year 2009		
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
\$ 193,137,884	99.96%	\$ 193,060,629	\$ 175,290,000	99.96%	\$ 175,219,884	\$ 175,290,000	99.96%	\$ 175,219,884
-	0.00%	-	1,060,000	0.06%	636	1,060,000	0.06%	636
73,055,000	100.00%	73,055,000	77,330,000	100.00%	77,330,000	79,430,000	100.00%	79,430,000
-	0.00%	-	18,709,513	95.24%	17,818,940	18,709,513	95.24%	15,304,382
-	0.00%	-	23,710,000	100.00%	23,710,000	14,770,000	100.00%	14,770,000
4,994,576	70.12%	3,502,197	9,559,215	70.12%	6,702,922	9,559,215	70.12%	6,702,922
-	0.00%	-	89,590,000	100.00%	89,590,000	89,590,000	100.00%	89,590,000
85,000	100.00%	85,000	100,000	100.00%	100,000	100,000	100.00%	100,000
80,000,000	100.00%	80,000,000	5,510,000	100.00%	5,510,000	5,510,000	100.00%	5,510,000
13,905,802	99.97%	13,901,630	13,990,000	99.97%	13,985,803	13,990,000	99.97%	13,985,803
43,195,000	100.00%	43,195,000	45,965,000	100.00%	45,965,000	45,965,000	100.00%	45,965,000
5,523,460	99.88%	5,516,832	3,060,000	99.88%	3,056,328	3,060,000	99.88%	3,056,328
8,005,000	100.00%	8,005,000	9,730,000	100.00%	9,730,000	9,730,000	100.00%	9,730,000
3,500,691	82.08%	2,873,367	5,515,000	82.08%	4,526,712	5,515,000	82.08%	4,526,712
60,000	100.00%	60,000	9,075,000	100.00%	9,075,000	90,000	100.00%	90,000
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
1,460,618	25.10%	366,615	7,500,000	25.10%	1,882,500	7,500,000	25.10%	1,882,500
4,735,000	100.00%	4,735,000	2,490,000	100.00%	2,490,000	2,490,000	100.00%	2,490,000
26,100	100.00%	26,100	103,500	100.00%	103,500	43,500	100.00%	43,500
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	510,000	100.00%	510,000	-	100.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	1,090,000	100.00%	1,090,000	-	100.00%	-
-	0.00%	-	780,000	100.00%	780,000	-	100.00%	-
500,000	100.00%	500,000	610,000	100.00%	610,000	330,000	100.00%	330,000
-	0.00%	-	170,000	100.00%	170,000	-	0.00%	-
80,000	100.00%	80,000	450,000	100.00%	450,000	100,000	100.00%	100,000
-	0.00%	-	-	0.00%	-	-	0.00%	-
-	0.00%	-	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
134,900	99.93%	134,806	110,000	99.93%	109,923	110,000	99.93%	109,923
287	0.04%	-	1,655,000	0.04%	662	1,655,000	0.04%	662
1,352	0.04%	1	4,000,000	0.04%	1,600	4,000,000	0.04%	1,600
3,599,885	90.11%	3,243,856	4,455,000	90.11%	4,014,401	4,455,000	90.11%	4,014,401
1,855,000	100.00%	1,855,000	5,370,000	100.00%	5,370,000	2,540,000	100.00%	2,540,000
821,783	99.01%	813,647	1,245,000	99.01%	1,232,675	1,245,000	99.01%	1,232,675
1,467,234	90.57%	1,328,874	2,050,000	90.57%	1,856,685	2,050,000	90.57%	1,856,685
75,000	100.00%	75,000	120,000	100.00%	120,000	120,000	100.00%	120,000
1,423,487	94.58%	1,346,334	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%	-
-	0.00%	-	6,655,000	3.89%	258,880	-	0.00%	-
340,000	100.00%	340,000	-	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%	-
441,983,059		438,099,887	533,942,228		509,440,392	502,367,228		481,952,107
82,280,000	100.00%	82,280,000	83,040,000	100.00%	83,040,000	80,560,000	100.00%	80,560,000
<u>\$ 524,263,059</u>		<u>\$ 520,379,887</u>	<u>\$ 616,982,228</u>		<u>\$ 592,480,392</u>	<u>\$ 582,927,228</u>		<u>\$ 562,512,107</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
2018	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 Square Miles	214,185	172,290	\$ 5,470,552,080	\$ 31,752	4.70%
2017	Dewitt, Ford, Livingston, Logan, McLean, Tazewell	1,863 Square Miles	207,953	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%

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	2018			2017			2016			2015			2014		
	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)	830	8	0.39%	760	8	0.37%	765	8	0.37%	765	9	0.37%	-	-	0.00%
Advocate Bro Menn Medical Center	1,305	5	0.61%	1,271	5	0.61%	1,402	5	0.67%	1,372	5	0.66%	791	9	0.38%
City of Bloomington	679	10	0.32%	691	10	0.33%	-	-	0.00%	-	-	0.00%	765	10	0.37%
COUNTRY Financial	1,972	3	0.92%	1,939	3	0.93%	1,910	3	0.92%	1,905	3	0.92%	1,949	3	0.93%
District 87 Schools (Bloomington)	680	9	0.32%	-	-	0.00%	657	9	0.32%	664	10	0.32%	-	-	0.00%
Illinois State University	3,281	2	1.53%	3,300	2	1.59%	3,320	2	1.60%	3,639	2	1.75%	3,289	2	1.58%
McLean County	835	7	0.39%	713	9	0.34%	829	7	0.40%	806	8	0.39%	812	8	0.39%
Mitsubishi Motor Manufacturing	-	-	0.00%	-	-	0.00%	-	-	0.00%	1,280	6	0.62%	1,251	5	0.60%
OSF St. Joseph Medical Center	860	6	0.40%	894	6	0.43%	1,364	6	0.66%	1,225	7	0.59%	1,012	7	0.49%
State Farm Insurance Companies	14,731	1	6.88%	14,532	1	6.99%	14,282	1	6.87%	14,109	1	6.78%	14,765	1	7.08%
TEK Systems	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	1,131	6	0.54%
Unit 5 Schools (Normal)	1,761	4	0.82%	1,669	4	0.80%	1,654	4	0.80%	1,549	4	0.74%	1,576	4	0.76%
Growmark	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Heritage Enterprises	-	-	0.00%	-	-	0.00%	596	10	0.29%	-	-	0.00%	-	-	0.00%
Heartland Bank & Trust	-	-	0.00%	763	7	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total	26,934		12.58%	26,532		12.39%	26,779		12.88%	27,314		13.13%	27,341		13.11%

Employer	2013			2012			2011			2010			2009		
	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)	700	10	0.34%	778	10	0.37%	900	8	0.43%	750	9	0.37%	883	8	0.43%
Advocate Bro Menn Medical Center	1,347	5	0.65%	1,157	6	0.55%	1,522	5	0.73%	2,006	5	0.99%	1,591	5	0.78%
City of Bloomington	-	-	0.00%	-	-	0.00%	743	10	0.36%	-	-	0.00%	-	-	0.00%
COUNTRY Financial	1,955	3	0.94%	2,049	3	0.98%	2,084	3	1.00%	2,174	3	1.07%	2,178	3	1.07%
District 87 Schools (Bloomington)	700	9	0.34%	-	-	0.00%	-	-	0.00%	699	10	0.34%	680	10	0.33%
Illinois State University	3,251	2	1.56%	3,275	2	1.57%	3,259	2	1.56%	3,542	2	1.74%	3,205	2	1.58%
McLean County	806	8	0.39%	806	9	0.39%	806	9	0.39%	806	8	0.40%	820	9	0.40%
Mitsubishi Motor Manufacturing	1,294	6	0.62%	1,270	5	0.61%	1,278	6	0.61%	1,303	6	0.64%	1,418	6	0.70%
OSF St. Joseph Medical Center	1,028	7	0.49%	832	8	0.40%	1,140	7	0.55%	1,096	7	0.54%	1,122	7	0.55%
State Farm Insurance Companies	14,935	1	7.16%	14,528	1	6.97%	14,450	1	6.93%	15,359	1	7.56%	15,509	1	7.63%
TEK Systems	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Unit 5 Schools (Normal)	1,674	4	0.80%	1,754	4	0.84%	1,826	4	0.88%	2,037	4	1.00%	1,692	4	0.83%
Growmark	-	-	0.00%	932	7	0.45%	-	-	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%
Total	27,690		13.28%	27,381		13.13%	28,008		13.43%	29,772		14.65%	29,098		14.32%

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)**

Fiscal Year	District #540 Property Value	McLean Co. Construction	McLean Co. Bank Deposits
2018	\$ 13,399,281	\$ 64,587	\$ 14,573,979
2017	13,272,314	136,797	13,824,988
2016	12,942,335	72,605	13,377,016
2015	12,721,466	76,518	13,362,905
2014	12,462,896	92,567	13,362,905
2013	12,394,911	48,823	12,453,121
2012	12,483,713	62,499	12,440,671
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

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Faculty					
Full-time	86	85	85	89	90
Part-time	187	179	172	186	187
Total Faculty	<u>273</u>	<u>264</u>	<u>257</u>	<u>275</u>	<u>277</u>
Staff					
Administrative	65	63	66	68	65
Classified	49	48	46	51	53
Professional/Technical	91	94	88	89	94
Total Staff	<u>205</u>	<u>205</u>	<u>200</u>	<u>208</u>	<u>212</u>

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Faculty					
Full-time	93	95	94	89	85
Part-time	172	232	213	200	189
Total Faculty	<u>265</u>	<u>327</u>	<u>307</u>	<u>289</u>	<u>274</u>
Staff					
Administrative	69	66	57	50	49
Classified	63	67	62	56	58
Professional/Technical	96	100	98	85	89
Total Staff	<u>228</u>	<u>233</u>	<u>217</u>	<u>191</u>	<u>196</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	2018	2017	2016	2015	2014
Baccalaureate	69,554	68,203	69,754	67,943	68,374
Business Occupational	2,365	2,580	2,513	2,282	3,134
Technical Occupational	5,207	5,056	4,029	4,154	4,381
Health Occupational	5,856	5,417	4,552	5,090	5,359
Remedial Developmental	7,553	8,309	8,720	9,649	10,371
Adult Basic Education/ Adult Secondary Education	687	6,042	7,711	10,052	9,260
Total	<u>91,222</u>	<u>95,607</u>	<u>97,279</u>	<u>99,170</u>	<u>100,879</u>

Funding Category	2013	2012	2011	2010	2009
Baccalaureate	71,611	80,036	77,170	74,823	68,423
Business Occupational	3,413	3,404	3,571	3,950	3,615
Technical Occupational	4,039	4,362	5,144	5,171	4,959
Health Occupational	5,353	5,614	6,053	5,355	4,483
Remedial Developmental	11,093	12,138	11,770	11,985	10,039
Adult Basic Education/ Adult Secondary Education	8,899	6,006	4,806	4,503	3,591
Total	<u>104,408</u>	<u>111,560</u>	<u>108,514</u>	<u>105,787</u>	<u>95,110</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
2018	5,193	3,241	2,401	2,792	2,127	3,066	17.10	191
2017	5,282	3,219	2,318	2,655	2,153	3,129	17.21	179
2016	5,298	3,477	2,375	2,923	2,168	3,130	16.72	179
2015	5,286	3,418	2,413	2,873	2,073	3,213	16.70	179
2014	5,215	3,319	2,414	2,801	2,241	2,974	18.97	179
2013	5,456	3,459	2,529	2,927	2,452	3,004	18.01	179
2012	5,610	3,632	2,616	2,994	2,591	3,019	18.42	179
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

Fiscal Year	Continuing Students	First Time College Level Students	Nondegree Seeking	Transfer Students	High School Students	In District Residents	Median Age	Degrees Conferred
2018	2,056	748	1,214	488	615	4,082	21	1,103
2017	2,145	734	991	538	616	4,129	21	1,088
2016	2,606	498	1,077	550	552	4,215	21	696
2015	2,485	861	960	332	531	4,692	21	639
2014	3,435	783	523	474	141	4,288	21	700
2013	2,532	1,019	824	663	210	4,341	21	654
2012	2,568	1,062	868	709	NA	4,346	21	723
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

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)**

	2018	2017	2016	2015	2014
Net Capital Assets:					
Land	\$ 4,481,528	\$ 4,481,528	\$ 4,481,528	\$ 4,481,528	\$ 4,368,661
Furniture and Equipment	4,484,710	4,414,574	4,936,327	5,312,171	5,816,802
Buildings	88,111,906	93,325,449	96,325,700	99,325,951	102,264,528
Infrastructure	9,723,035	8,298,524	9,065,358	9,887,357	10,080,223
Other Assets (Tower Leases)	345,739	152,027	165,453	178,879	192,305
Construction in Progress	79,346	102,958	102,958	102,958	564,957
Total Net Capital Assets	<u>\$ 107,226,264</u>	<u>\$ 110,775,060</u>	<u>\$ 115,077,324</u>	<u>\$ 119,288,844</u>	<u>\$ 123,287,476</u>

	2018	2017	2016	2015	2014
Other Information:					
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Expense	4,491,303	4,533,451	4,587,293	4,638,829	4,710,573
Amortization Expense (Tower Leases)	24,328	13,426	13,426	13,426	13,426

	2013	2012	2011	2010	2009
Net Capital Assets:					
Land	\$ 4,368,661	\$ 4,368,661	\$ 4,368,661	\$ 2,225,290	\$ 2,225,290
Furniture and Equipment	6,322,035	6,880,156	2,278,654	1,687,340	1,315,471
Buildings	103,141,471	106,121,515	106,546,605	85,362,347	50,745,044
Infrastructure	13,001,026	11,779,288	9,777,203	6,209,081	2,593,895
Other Assets (Tower Leases)	205,732	219,158	232,584	-	-
Construction in Progress	139,573	84,849	281,167	18,311,046	28,285,153
Total Net Capital Assets	<u>\$ 127,178,498</u>	<u>\$ 129,453,627</u>	<u>\$ 123,484,874</u>	<u>\$ 113,795,104</u>	<u>\$ 85,164,853</u>

	2013	2012	2011	2010	2009
Other Information:					
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Expense	4,722,293	4,430,553	3,619,928	2,457,929	1,986,177
Amortization Expense (Tower Leases)	13,246	-	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)**

CAPITAL ASSET TYPE:	<u>2018</u>	<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>
Land - Acres	<u>145.05</u>	<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>
Furniture and Equipment - No. of Units										
Education	92	96	97	110	112	117	116	123	113	110
Operations and Maintenance	23	18	18	19	19	18	14	12	12	14
Operations and Maintenance Restricted	64	65	65	65	67	68	68	85	85	85
Restricted Purposes	291	274	266	244	230	219	193	185	153	131
Liability, Protection & Settlement	19	11	11	8	7	7	7	6	5	5
Total Furniture and Equipment Units	<u>489</u>	<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>
Buildings - Square Feet										
Instructional Commons Building	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666	97,666
Instructional Commons North Building	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350	-
Astroth Continuing Education Center	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751	40,751	-
Child Development Lab	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100
Fitness and Recreation Center	46,784	46,784	46,784	46,784	46,784	46,784	46,784	46,784	-	-
Receiving and Storage Building	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556	7,556
Physical Plant Building	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436	14,436
Community Commons Building	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191
Student Commons Building	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182	102,182	79,932
Parkside Project Building	1,134	1,134	1,134	1,134	-	-	-	-	-	-
Workforce Development Center	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425
Total Building Square Footage	<u>525,575</u>	<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>
Infrastructure - No. of Improvements										
Education	1	1	1	1	-	-	-	-	-	-
Operations and Maintenance	12	11	11	11	9	9	8	6	4	3
Operations and Maintenance Restricted	19	18	17	17	13	12	11	11	10	9
Auxiliary	1	1	1	1	1	1	1	1	-	-
Restricted Purposes	8	8	8	8	7	6	4	2	1	-
Liability, Protection & Settlement	1	1	1	-	-	-	-	-	-	-
Total Infrastructure Improvements	<u>42</u>	<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>
Construction in Progress - No. of Buildings/Projects										
Buildings/Projects	4	2	2	2	4	2	2	4	1	4
Total Construction in Progress Buildings/Projects	<u>4</u>	<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>
Capital Assets Disposed - No. of Units	<u>17</u>	<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>

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
OPERATING INFORMATION
EQUALIZED ASSESSED VALUATIONS AND TAXES EXTENDED AND COLLECTED
LEVY YEARS 2016 THROUGH 2008
(UNAUDITED)**

	2017 Levy	2016 Levy	2015 Levy	2014 Levy	2013 Levy	2012 Levy	2011 Levy	2010 Levy	2009 Levy
Equalized Assessed Valuation									
DeWitt County	\$ 11,953,163	\$ 11,369,364	\$ 10,948,245	\$ 10,451,830	\$ 9,985,298	\$ 9,661,719	\$ 9,257,216	\$ 8,821,882	\$ 8,855,821
Ford County	244,000	229,770	219,550	205,650	196,500	187,310	179,260	171,980	165,330
Livingston County	331,881,287	325,462,512	313,498,012	300,293,602	302,920,748	304,334,001	304,891,479	298,191,608	293,226,900
Logan County	359,332,526	357,942,786	351,084,777	339,880,292	322,332,191	314,407,415	310,343,406	311,309,611	303,802,499
McLean County	3,663,250,300	3,632,459,522	3,542,390,690	3,494,423,465	3,424,724,043	3,410,957,250	3,447,174,824	3,411,002,045	3,359,472,510
Tazewell County	97,680,932	96,640,561	95,970,392	95,233,944	94,140,046	92,089,186	89,391,569	88,619,318	82,828,230
Total	<u>\$ 4,464,342,208</u>	<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>
Tax Rates (Per \$100 of Equalized Assessed Valuation)									
Educational Fund	0.17508	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500	0.17500
Operations and Maintenance Fund	0.05002	0.05002	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000
Audit Fund	0.00337	0.00324	0.00316	0.00307	0.00314	0.00350	0.00327	0.00300	0.00291
Liability, Protection and Settlement Fund	0.06015	0.05809	0.05310	0.05653	0.06092	0.06770	0.05901	0.05513	0.05184
Bond and Interest Fund	0.29165	0.22196	0.19344	0.17695	0.17880	0.16860	0.15971	0.16256	0.15284
Operations and Maintenance Fund (Restricted)	0.00549	0.00565	0.00116	0.00118	0.00094	0.00061	0.00264	0.00096	0.00099
Equity Tax	-	0.07479	0.06530	0.04310	0.03281	0.02650	0.02710	0.02650	0.02630
Total	<u>0.58576</u>	<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>
Taxes Extended									
Educational Fund	\$ 7,816,247	\$ 7,744,519	\$ 7,543,683	\$ 7,415,423	\$ 7,270,023	\$ 7,230,365	\$ 7,282,166	\$ 7,206,704	\$ 7,084,615
Operations and Maintenance Fund	2,233,213	2,212,878	2,157,053	2,118,692	2,077,149	2,065,818	2,080,619	2,059,058	2,024,176
Audit Fund	150,491	143,320	136,500	130,000	130,000	142,704	135,909	123,554	117,670
Liability, Protection and Settlement Fund	2,685,100	2,569,910	2,291,000	2,395,000	2,530,799	2,797,118	2,456,000	2,270,000	2,099,000
Bond and Interest Fund	13,020,240	9,819,832	8,345,186	7,497,650	7,428,025	6,967,310	6,646,020	6,694,465	6,187,314
Operations and Maintenance Fund (Restricted)	245,000	249,991	50,000	50,000	38,800	25,355	110,000	39,600	40,000
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
Total	<u>\$ 26,150,291</u>	<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>

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
OPERATING INFORMATION
SUMMARY OF TAXES RECEIVABLE AND TAX COLLECTIONS
YEAR ENDED JUNE 30, 2018
(UNAUDITED)**


	<u>2017 Levy</u>	<u>2016 Levy</u>
Assessed Valuations	\$ 4,464,342,208	\$ 4,424,104,515
Combined Rate Per \$100	<u>0.58576</u>	<u>0.58875</u>
Taxes Extended	<u>\$ 26,150,291</u>	<u>\$ 26,047,041</u>
Total Collected to June 30, 2017	\$ -	\$ 11,103,600
Collected During Year Ended June 30, 2018	<u>11,325,080</u>	<u>14,943,441</u>
Total Collected to June 30, 2018	<u>\$ 11,325,080</u>	<u>\$ 26,047,041</u>
Write-Offs	<u>\$ -</u>	<u>\$ -</u>
Balance at June 30, 2018	<u>\$ 14,825,211</u>	<u>\$ -</u>
Percent Collected through June 30, 2018	<u>43.31%</u>	<u>100.00%</u>
Balance by Funds:		
Education	\$ 4,433,090	
Operations and Maintenance	1,266,592	
Operations and Maintenance (Restricted)	138,860	
Bond and Interest	7,379,456	
Audit	85,340	
Liability, Protection, and Settlement	1,521,873	
Total	<u>\$ 14,825,211</u>	

**CERTIFICATION OF CHARGEBACK REIMBURSEMENT
FOR FISCAL YEAR 2019**


(Unaudited)

**CERTIFICATION OF CHARGEBACK REIMBURSEMENT
FOR FISCAL YEAR 2019
Prepared: October 9, 2018**

LINE NO.	FUND/DESCRIPTION	NON-CAPITAL OPER. EXPENSES
1	EDUCATION FUND	\$25,698,940
2	OPER & MAINT FUND	3,098,222
3	PBC O&M FUND	
4	BOND AND INTEREST	1,919,324
5	PBC RENTAL FUND	
6	RESTRICTED PURPOSES	25,314,052
7	AUDIT FUND	119,327
8	LIABILITY, PROTECTION, SET	2,467,262
9	AUXILIARY ENTERPRISES (subsidy only)	0
10	TOTAL NON-CAPITAL EXPENDS	\$58,617,127
11	DEPRECIATION ON CAPITAL OUTLAY FROM SOURCES OTHER THAN STATE/FEDERAL	124,634
12	TOTAL COSTS INCLUDED	\$58,741,761
13	TOTAL CERTIFIED SEMESTER CREDIT HOURS FOR FY 2018	97,860
14	PER CAPITA COST	\$600
15	ALL FY2018 STATE/FEDERAL OPERATING GRANTS FOR NON-CAPITAL EXPENDITURES, EXCEPT ICCB GRANTS	\$10,437,900
16	FY 2018 STATE/FEDERAL GRANTS PER SEMESTER CREDIT HOUR	\$107
17	DISTRICT'S AVERAGE ICCB FY 2018 GRANT RATE	\$29
18	DISTRICT'S STUDENT TUITION AND FEE RATE PER SEMESTER CREDIT HOUR FOR FY2019	\$153
	CHARGEBACK REIMBURSEMENT PER SEMESTER CREDIT HOUR	\$311

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

Date: 10/12/18

Approved: 
 President - Keith Cornille

Date: 10/12/18

ILLINOIS COMMUNITY COLLEGE BOARD (ICCB) STATE GRANTS SECTION

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Adult Education and Family Literacy Grants Program of Heartland Community College District #540 (District), which comprise the statement of net position as of June 30, 2018, 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.

Board of Trustees
Heartland Community College
Community College District #540

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 of Heartland Community College District #540 as of June 30, 2018, 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 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. 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, 2018, 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's basic financial statements. The supplementary schedule on page 95 is presented for purposes of additional analysis and is not a required part of the basic financial statements.



CliftonLarsonAllen LLP

Peoria, Illinois
October 12, 2018

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 of Heartland Community College District #540 (the District), which comprise the statement of net position as of June 30, 2018, 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 12, 2018.

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 12, 2018

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
ADULT EDUCATION AND FAMILY LITERACY GRANT
STATEMENT OF NET POSITION
JUNE 30, 2018**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
ASSETS			
Receivable	<u>\$ 73,525</u>	<u>\$ 48,462</u>	<u>\$ 121,987</u>
LIABILITIES			
Due to District	<u>\$ 73,525</u>	<u>\$ 48,462</u>	<u>\$ 121,987</u>
NET POSITION	<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, 2018**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
REVENUE			
State Sources	\$ 220,575	\$ 145,385	\$ 365,960
EXPENDITURES BY PROGRAM			
All Other Instructional Types	125,060	13,651	138,711
Social Work Services	16,092	-	16,092
Guidance Services	9,733	5,728	15,461
Assessment and Testing	12,257	8,946	21,203
Student Transportation Services	895	50	945
Literacy Services	645	-	645
Subtotal Instructional and Student Services	<u>164,682</u>	<u>28,375</u>	<u>193,057</u>
Improvement of Instructional Services	17,139	26,472	43,611
General Administration	19,226	79,961	99,187
Data and Information Services	19,528	10,577	30,105
Subtotal Program Support	<u>55,893</u>	<u>117,010</u>	<u>172,903</u>
Total Expenditures	<u>220,575</u>	<u>145,385</u>	<u>365,960</u>
EXCESS OF REVENUE OVER EXPENDITURES	-	-	-
Net Position - July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - JUNE 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Note to ICCB Grant Programs Financial Statements.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
BACKGROUND INFORMATION ON STATE GRANT ACTIVITY
JUNE 30, 2018**

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.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTE TO ICCB GRANT PROGRAM FINANCIAL STATEMENTS
ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAM
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying statements include only those transactions resulting from the ICCB Adult Education and Family Literacy Grants of the 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 GRANTS SUPPLEMENTARY SCHEDULE
EXPENDITURE AMOUNTS AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY
YEAR ENDED JUNE 30, 2018**

<u>State Basic</u>	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
Instruction (45% Minimum Required)	\$ 125,060	57%
General Administration (15% Maximum Allowed)	19,226	9%

SUPPLEMENTARY ICCB SCHEDULES



CliftonLarsonAllen

CliftonLarsonAllen LLP
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**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, 2018. 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 judgment, 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, 2018, are presented in all material respects, in accordance with provisions with the aforementioned guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
October 12, 2018

Heartland Community College
Community College District #540

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
Year ended June 30, 2018

Total Reimbursable Semester Credit Hours by Term

(Notes 1 and 2) Categories	Summer		Fall		Spring		(Note 3) Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	7,486.0	0.0	32,734.5	0.0	29,333.5	0.0	69,554.0	0.0
Business Occupational	242.5	0.0	929.5	0.0	1,193.0	0.0	2,365.0	0.0
Technical Occupational	370.5	0.0	2,311.5	0.0	2,524.5	0.0	5,206.5	0.0
Health Occupational	485.0	0.0	2,027.0	0.0	3,344.0	0.0	5,856.0	0.0
Remedial Developmental	576.0	0.0	4,212.0	0.0	2,765.0	0.0	7,553.0	0.0
Adult Basic Education/ Adult Secondary Education	297.0	0.0	166.5	3,346.0	223.5	3,292.0	687.0	6,638.0
Total credit hours certified	9,457.0	0.0	42,381.0	3,346.0	39,383.5	3,292.0	91,221.5	6,638.0

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours (all terms)	70,789.0	0.0	70,789.0

	Dual Credit	Dual Enrollment
Reimbursable Semester Credit Hours(All Terms)	7,570.0	368

District equalized assessed valuation

\$4,424,104,515

Signatures


Vice President of Business Services


Chief Executive Officer

Note 1: Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements.

Note 2: Restricted credit hours are supported with more than 50% of restricted sources of funding.

Note 3: Total of unrestricted and restricted should equal the S - 3 record totals.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES
UPON WHICH CLAIMS ARE FILED (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Reconciliation of Total Semester Credit Hours

Categories	Total			Total		
	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	69,554.0	69,554.0	-	-	-	-
Business Occupational	2,365.0	2,365.0	-	-	-	-
Technical Occupational	5,206.5	5,206.5	-	-	-	-
Health Occupational	5,856.0	5,856.0	-	-	-	-
Remedial Developmental	7,553.0	7,553.0	-	-	-	-
Adult Basic Education/Adult Secondary Education	687.0	687.0	-	6,638.0	6,638.0	-
Total	91,221.5	91,221.5	-	6,638.0	6,638.0	-

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

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB (Unrestricted and Restricted)	Difference
In-District Residents	70,789.0	70,789.0	-
Out-of-District on Chargeback or Contractual Agreement	-	-	-
Total	70,789.0	70,789.0	-

	Total Reimbursable	Total Reimbursable Certified to the ICCB	Difference
Dual Credit	7,570.0	7,570.0	-
Dual Enrollment	368.0	368.0	-
Total	7,938.0	7,938.0	-

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

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
DOCUMENTATION OF RESIDENCY VERIFICATION STEPS
JUNE 30, 2018
(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, 2018**

	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, 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
Revenues:										
Local Tax Revenue	10,998,014	2,936,668	249,841	9,821,541	-	-	-	143,049	2,567,933	26,717,046
All Other Local Revenue	-	-	-	-	-	-	-	-	-	-
ICCB Grants	4,255,976	-	-	-	-	728,931	-	-	-	4,984,907
All Other State Revenue	-	-	-	-	-	11,858,904	-	-	-	11,858,904
Federal Revenue	7,825	-	-	-	21,917	9,566,152	-	-	-	9,595,894
Student Tuition and Fees	14,152,803	1,265,039	-	-	1,282,871	209,855	-	-	-	16,910,568
All Other Revenue	1,607,862	130,365	4,431,025	53,020	685,009	55,632,151	43,202	2,640	75,054	62,660,328
Total Revenue	31,022,480	4,332,072	4,680,866	9,874,561	1,989,797	77,995,993	43,202	145,689	2,642,987	132,727,647
Expenditures:										
Instruction	12,187,252	10,727	-	-	-	6,858,989	-	-	188,083	19,245,051
Academic Support	1,107,355	-	-	-	227,541	587,206	-	-	47,834	1,969,936
Student Services	2,486,910	-	-	-	-	1,411,907	-	-	18,841	3,917,658
Public Service/ Continuing Education	1,920,904	-	-	-	-	591,961	-	-	4,013	2,516,878
Auxiliary Services	-	-	-	-	1,321,579	466,892	-	-	99,403	1,887,874
Operations and Maintenance	-	2,503,013	55,167	-	-	348,994	-	-	993,997	3,901,171
Institutional Support	5,198,696	652,822	4,752,853	5,309,324	-	58,850,598	-	119,327	1,163,591	76,047,211
Scholarships, Grants, Waivers	2,838,342	-	-	-	545,705	10,138,270	-	-	-	13,522,317
Total Expenditures	25,739,459	3,166,562	4,808,020	5,309,324	2,094,825	79,254,817	-	119,327	2,515,762	123,008,096
Net Transfers	(79,728)	(523,000)	528,000	(4,556,162)	117,930	4,556,162	(43,202)	-	-	-
Fund Balance June 30, 2018	\$ 9,998,392	\$ 4,581,110	\$ 890,597	\$ 1,159,090	\$ 135,360	\$ 6,808,434	\$ 3,900,000	\$ 84,987	\$ 127,776	\$ 27,685,746

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
UNIFORM FINANCIAL STATEMENT NO. 2
SUMMARY OF CAPITAL ASSETS AND DEBT
YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
CAPITAL ASSETS				
Land and Site Improvements	\$ 4,481,528	\$ -	\$ -	\$ 4,481,528
Buildings, Additions, and Improvements	121,163,674	50,000	-	121,213,674
Furniture and Equipment	13,839,975	663,879	188,893	14,314,961
Infrastructure	17,823,650	58,527	-	17,882,177
Construction in Progress	102,958	51,388	75,000	79,346
Accumulated Depreciation	46,788,752	4,491,303	188,893	51,091,162
Net Capital Assets	<u>\$ 110,623,033</u>	<u>\$ (3,667,509)</u>	<u>\$ 75,000</u>	<u>\$ 106,880,524</u>
FIXED DEBT				
General Obligation Bonds	\$ 70,965,000	\$ 49,005,000	\$ 51,405,000	\$ 68,565,000
General Obligation Debt Certificates	4,110,000	5,515,000	9,625,000	-
OPEB Liability	16,931,307	164,405	-	17,095,712
Total Fixed Liabilities	<u>\$ 92,006,307</u>	<u>\$ 54,684,405</u>	<u>\$ 61,030,000</u>	<u>\$ 85,660,712</u>

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
UNIFORM FINANCIAL STATEMENT NO. 3
OPERATING FUND REVENUES AND EXPENDITURES
YEAR ENDED JUNE 30, 2018**

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUES BY SOURCE			
Local Government Revenue:			
Local Taxes	\$ 10,998,014	\$ 2,206,560	\$ 13,204,574
Corporate Personal Property Replacement Tax	-	730,108	730,108
Total Local Government	<u>10,998,014</u>	<u>2,936,668</u>	<u>13,934,682</u>
State Government:			
ICCB Base Operating Grant	3,990,996	-	3,990,996
ICCB Career and Technical Education	250,050	-	250,050
Other ICCB Grants Not Listed Above	14,930	-	14,930
Total State Government	<u>4,255,976</u>	<u>-</u>	<u>4,255,976</u>
Federal Government:			
Department of Education	7,825	-	7,825
Student Tuition and Fees:			
Tuition	13,339,770	1,265,039	14,604,809
Fees	813,033	-	813,033
Total Student Tuition and Fees	<u>14,152,803</u>	<u>1,265,039</u>	<u>15,417,842</u>
Other Sources:			
Sales and Service Fees	1,279,549	-	1,279,549
Facilities Revenue	93,594	-	93,594
Investment Revenue	99,846	62,692	162,538
Other	134,873	67,673	202,546
Total Other Revenue	<u>1,607,862</u>	<u>130,365</u>	<u>1,738,227</u>
Total Revenue	<u>\$ 31,022,480</u>	<u>\$ 4,332,072</u>	<u>\$ 35,354,552</u>

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
UNIFORM FINANCIAL STATEMENT NO. 3
OPERATING FUND REVENUES AND EXPENDITURES (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES BY PROGRAM			
Instruction	\$ 12,187,252	\$ 10,727	\$ 12,197,979
Academic Support	1,107,355	-	1,107,355
Student Services	2,486,910	-	2,486,910
Public Service/Continuing Education	1,920,904	-	1,920,904
Operations and Maintenance	-	2,503,013	2,503,013
Institutional Support	5,198,696	652,822	5,851,518
Scholarships, Grants, Waivers	2,838,342	-	2,838,342
Total Operating Expenditure by Program	<u>25,739,459</u>	<u>3,166,562</u>	<u>28,906,021</u>
Adjusting Nonoperating Items:			
Tuition Chargeback	-	-	-
Transfers	117,930	528,000	645,930
Total Adjusted Expenditures	<u>\$ 25,857,389</u>	<u>\$ 3,694,562</u>	<u>\$ 29,551,951</u>
OPERATING EXPENDITURES BY OBJECT			
Salaries	\$ 17,401,067	\$ 498,114	\$ 17,899,181
Employee Benefits	2,703,028	91,270	2,794,298
Contractual Services	901,264	594,874	1,496,138
General Materials and Supplies	951,075	512,385	1,463,460
Library Materials**	47,270	-	47,270
Conference and Meeting Expenses	276,716	14,779	291,495
Fixed Charges	193,646	320,965	514,611
Utilities	614	815,933	816,547
Capital Outlay	40,519	307,340	347,859
Other	3,271,530	10,902	3,282,432
Student Grants and Scholarships**	2,838,341	-	2,838,341
Total Operating Expenditures by Object	<u>25,739,459</u>	<u>3,166,562</u>	<u>28,906,021</u>
Adjusting Nonoperating Items:			
Tuition Chargeback	-	-	-
Transfers	117,930	528,000	645,930
Total Adjusted Expenditures	<u>\$ 25,857,389</u>	<u>\$ 3,694,562</u>	<u>\$ 29,551,951</u>

**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, 2018**

REVENUE BY SOURCE

State Government:	
ICCB - Adult Education	\$ 665,201
ICCB - Other	63,730
Illinois Student Assistance Commission	1,261,686
SURS - On-Behalf	10,584,229
Other	12,989
Total State Government	<u>12,587,835</u>
Federal Government:	
Department of Education	9,528,883
Department of Labor	37,269
Total Federal Government	<u>9,566,152</u>
Other Sources:	
Tuition and Fees	209,855
Other	55,632,151
Total Other Sources	<u>55,842,006</u>
Total Restricted Purposes Fund Revenues	<u><u>\$ 77,995,993</u></u>

EXPENDITURES BY PROGRAM

Instruction	\$ 6,858,989
Academic Support	587,206
Student Services	1,411,907
Public Service/Continuing Education	591,961
Auxiliary Services	466,892
Operations and Maintenance	348,994
Institutional Support	58,850,598
Scholarships, Grants, and Waivers	10,138,270
Total Restricted Purposes Fund Expenditures	<u><u>\$ 79,254,817</u></u>

EXPENDITURES BY OBJECT

Salaries	\$ 909,884
Employee Benefits (Including SURS On-Behalf)	10,720,654
Contractual Services	1,550,497
Student Financial Aid	10,138,270
General Materials and Supplies	1,311,692
Library Materials*	1,913
Travel and Conference/Meeting Expenses	85,821
Fixed Charges	53,989,368
Utilities	14,431
Capital Outlay	526,985
Other	7,215
Scholarships, Grants, Waivers*	10,138,270
Total Restricted Purposes Fund Expenditures	<u><u>\$ 79,254,817</u></u>

*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, 2018**

INSTRUCTION

Instructional Programs	\$ 19,245,051
------------------------	---------------

ACADEMIC SUPPORT

Library Center	449,611
Instructional Materials Center	19,056
Educational Media Services	65,479
Academic Computing Support	19,520
Academic Administration and Planning	187,898
Other (Including SURS On-Behalf)	1,228,372
Total Academic Support	1,969,936

STUDENT SERVICES SUPPORT

Admissions and Records	454,649
Counseling and Career Services	162,321
Financial Aid Administration	328,324
Other (Including SURS On-Behalf)	2,972,364
Total Student Services Support	3,917,658

PUBLIC SERVICE/CONTINUING EDUCATION

Community Education	1,948,532
Customized Training (Instructional)	311,634
Community Services	40,166
Other (Including SURS On-Behalf)	216,546
Total Public Service/Continuing Education	2,516,878

AUXILIARY SERVICES

1,887,874

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
UNIFORM FINANCIAL STATEMENT NO. 5
CURRENT FUNDS* EXPENDITURES BY ACTIVITY (CONTINUED)
YEAR ENDED JUNE 30, 2018**

OPERATIONS AND MAINTENANCE OF PLANT

Maintenance	\$ 446,518
Custodial Services	467,617
Grounds	40,830
Campus Security	416,644
Transportation	37,527
Utilities	667,921
Administration	446,144
Other (Including SURS On-Behalf)	1,322,803
Total Operations and Maintenance of Plant	3,846,004

INSTITUTIONAL SUPPORT

Executive Management	952,349
Fiscal Operations	621,253
Community Relations	1,158,974
Administrative Support Services	598,423
Board of Trustees	18,359
General Institutional	17,022,221
Institutional Research	261,641
Administrative Data Processing	3,288,377
Other (Including SURS On-Behalf)	42,063,437
Total Institutional Support	65,985,034

SCHOLARSHIPS, STUDENTS GRANTS, AND WAIVERS

13,522,317

Total Current Funds Expenditures

\$ 112,890,752

*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, 2018, and the related notes to the financial statements, which collectively comprise Heartland Community College District #540's basic financial statements, and have issued our report thereon dated October 12, 2018. 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 12, 2018



**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, 2018. 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, 2018.

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 12, 2018

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Aid Cluster (Direct):			
Federal Pell Grant Program	(M) 84.063		\$ 4,999,897
Federal Pell Grant Program-Administrative Cost Allowance	(M) 84.063		7,825
Federal Work Study Program	(M) 84.033		89,168
Federal Supplemental Educational Opportunity Grant	(M) 84.007		96,975
Federal Parent Plus Loans	(M) 84.268		92,287
Federal Subsidized Student Loans	(M) 84.268		1,727,881
Federal Unsubsidized Student Loans	(M) 84.268		1,893,918
Subtotal Student Financial Aid Cluster (Direct)			<u>8,907,951</u>
TRIO - Student Support Services (Direct)	84.042		238,720
Pass-through Illinois Community College Board:			
Adult Education - Basic Grants to States:			
Federal Adult Education-Basic	84.002	54001	153,035
EL/Civics Program	84.002	54001	58,135
Subtotal Adult Education Federal Grants from ICCB			<u>211,170</u>
Vocational Educational Basic Grants to States:			
V.E. Perkins Title II Postsecondary/Adult	84.048	CTE54012	161,201
ICCB - Special Population Grant	84.048	CTE54012	7,665
ICCB - Dual Credit Enhancement	84.048	CTE54012	10,000
Subtotal Vocational Educational Basic Grants to States			<u>178,866</u>
Total U.S. Department of Education			9,536,707
U.S. Department of Labor			
WIOA Youth Activities Cluster, Pass-Through Career Link:			
Drop Out Recovery Grant	17.259	OOOSY2015-1	37,269
U.S. Department of Agriculture			
Pass-through State Board of Education:			
Child and Adult Food Care Program	10.558	1376002057	21,917
Total Expenditures of Federal Awards			<u>\$ 9,595,893</u>

(M) Denotes major program

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

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) under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As of and during the year ended June 30, 2018, the District did not receive any noncash federal assistance, federal insurance, or loan guarantees.

NOTE 3 DIRECT LOAN PROGRAMS

During the fiscal year ended June 30, 2018, students and their parents were awarded \$3,714,086 of federally guaranteed loans under the Federal Direct Student Loan Program (programs include Stafford Loans, Parents' Loans for Undergraduate Students, and Unsubsidized Stafford Loans).

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

NOTE 4 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 5 INDIRECT COST RATE

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

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

NOTE 6 SUBRECIPIENTS

No funding was passed through to subrecipients during the year ended June 30, 2018.

NOTE 7 BACKGROUND INFORMATION ON GRANT ACTIVITY

Restricted Adult Education Grants/Federal CFDA #84.002

Federal Basic. Grant awarded to Adult Education and Family Literacy providers to assist adults in becoming literate and obtain the knowledge and skills necessary for employment and self-sufficiency; to assist adults who are parents in obtaining the educational skills necessary to become full partners in the educational development of their children; and to assist adults in completing a secondary school education.

Restricted Vocational Education Grants to State (Perkins)/Federal CFDA #84.048

Grant awarded to community colleges as a result of the Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III). This grant is intended to help accomplish the new vision of vocational and technical education for the 21st century. The central goals of this new vision are improving student achievement and preparing students for postsecondary education, further learning, and careers. The grant allows community colleges to focus on those programs and student populations they feel will allow for the greatest improvement in overall performance while assuring success for all students in career and technical education programs.

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.063, 84.007, 84.033 and 84.268

Student Financial Aid Center

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

\$750,000

Auditee qualified as low-risk auditee?

X yes _____ no

**HEARTLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #540
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

**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, 2018**

Section III - Federal Award Findings and Questioned Costs

None.