

# FINANCIAL REPORT



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

# MORTON COLLEGE

DISTRICT 527  
CICERO, ILLINOIS

**MORTON COLLEGE**  
**COMMUNITY COLLEGE DISTRICT NO. 527**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the years ended June 30, 2014 and 2013

Prepared by:  
**Business Office**

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the years ended June 30, 2014 and 2013

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# INTRODUCTORY SECTION



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

January 9, 2015

To Members of the Board of Trustees of Morton College,  
Community College District No. 527:

The Comprehensive Annual Financial Report (“CAFR”) of Morton College, (“the College”), Community College District No. 527, County of Cook, State of Illinois, for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest with management of 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 changes in financial position 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.

## **FINANCIAL STATEMENTS**

This letter of transmittal should be read in conjunction with the accompanying *Management’s Discussion and Analysis*, which focuses on current activities, accounting changes, and currently known facts.

## **VISION, MISSION AND GOALS**

### ***The District’s Vision Statement:***

Our Vision is to be the leader among educational institutions in the delivery of quality academic and workforce development programs that enhance the quality of life for the towns of Berwyn, Cicero, Forest View, Lyons, McCook, and Stickney.

### ***The District’s Mission Statement:***

As a comprehensive Community College, recognized by the Illinois Community College Board (“ICCB”), the mission of Morton College is to enhance the quality of life of our diverse community through exemplary teaching and learning opportunities, community service, and life-long learning.

Consistent with our mission, Morton College’s educational philosophy conforms to requirements set forth in state law and stresses the importance of helping individuals live and work as better informed citizens in a dynamic society. This philosophy is reflected in the College’s programs that model core values of truth, compassion, fairness, responsibility and respect.

The following strategic goals define the framework within the District’s annual operating and capital budgets are formulated and considered for the next three to five years.

1. Make student success the core work of Morton College.
2. Develop new programs and strengthen existing programs to respond to projected economic trends.
3. Promote the health and economic vitality of the community through dynamic partnerships, coalitions and collaboration.
4. Build on relationships with school districts to create a seamless education experience in Morton College’s service area.

5. Expand program delivery options, including the use of instructional technology in student learning.
6. Foster an entrepreneurial environment to create new revenue sources and operational efficiencies.
7. Make better use of existing data and information and create new actionable information to support College operations and strategic planning.
8. Expand professional growth opportunities for faculty and staff to cultivate an environment of continuous quality improvement.

## DIVERSITY STATEMENT

Diversity at Morton College is more than just a variety of people with different backgrounds. It is the core of who we are as an educational culture and it supports our goals as an organization. Consistent with its mission of social responsibility and community development, Morton College continually works “to enhance the quality of life of our diverse community.”

## GENERAL

The College prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as set forth by the Governmental Accounting Standards Board (“GASB”). The College maintains its accounts in accordance with guidelines set forth by the National Association of College and University Business Officers (“NACUBO”) and the ICCB. The ICCB requires accounting by funds in order that limitations and restrictions on resources can be easily accounted for. 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 incurred.

## ECONOMIC CONDITION AND OUTLOOK

The following table illustrates enrollments over the last five years:

PROGRAM TYPE	Student Enrollment Headcount				
	Fiscal Year				
	Fiscal Year				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Transfer Program	1,936	2,052	1,927	1,829	1,673
Career Programs	1,554	1,674	1,765	1,468	1,430
Liberal Studies	454	467	372	208	182
Course Enrollees	1,682	1,976	2,070	2,348	2,634
Adult Education/ESL	<u>1,883</u>	<u>1,814</u>	<u>2,264</u>	<u>2,483</u>	<u>2,253</u>
Total	<u>7,509</u>	<u>7,983</u>	<u>8,398</u>	<u>8,336</u>	<u>8,172</u>
Total FTE	<u>3,114</u>	<u>3,229</u>	<u>3,356</u>	<u>3,177</u>	<u>2,982</u>

## FINANCIAL INFORMATION

*Internal Controls.* Management of the College is responsible for establishing and maintaining internal controls designed to protect the assets of the College, prevent loss from theft or misuse and to provide adequate accounting data to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are 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 costs and benefits requires estimates and judgments by management.

*Budgetary Controls.* The objective of the College budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees. Activities of the following fund groups and individual funds are included in the annual budget. These funds are required for ICCB reporting purpose only.

FUND GROUP	FUND
Current Unrestricted	Education Operating and Maintenance Auxiliary / Enterprise
Current Restricted	Restricted Purpose Working Cash Liability, Protection, and Settlement Audit
Plant and Other	Bond and Interest Investment in Plant Operating and Maintenance (Restricted)

The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established for each individual fund of the College. The College also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at the end of each fiscal year.

As demonstrated by the statements included in financial section of this report, the College meets its responsibility for sound financial management.

*Property Taxes.* The following table illustrates the College's final property tax levy rates over the last five years:

Levy Rates (Per \$100 of assessed valuations):

Property Tax Year	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	
Assessed valuation (in millions)	<u>\$ 1,538</u>	<u>\$ 1,641</u>	<u>\$ 1,784</u>	<u>\$ 2,305</u>	<u>\$ 2,283</u>	
Legal Limit						
<b>Tax Rates</b>						
Education Fund	0.7500	0.4226	0.3866	0.3396	0.2552	0.2652
Operation and Maintenance Fund	0.1000	0.1000	0.1000	0.1000	0.0887	0.0892
Operation and Maintenance Fund (restricted)	0.0500	-	-	-	-	-
Bond and interest	-	0.0413	0.0273	0.0251	0.0196	0.0256
Life Safety Fund	0.0500	-	-	-	-	-
Liability Insurance Fund	-	0.0321	0.0263	0.0248	0.0173	0.0011
Social Security Fund	-	0.0115	0.0105	0.0093	0.0069	0.0072
Audit Fund	<u>0.0050</u>	<u>0.0050</u>	<u>0.0050</u>	<u>0.0050</u>	<u>0.0036</u>	<u>0.0038</u>
Total	<u>0.9550</u>	<u>0.6125</u>	<u>0.5557</u>	<u>0.5038</u>	<u>0.3913</u>	<u>0.3921</u>



The assessed value of taxable property for 2013, for taxes collectible in 2014, is \$1,538,198,334. The College's average collection rate over the past five years, including collection of back taxes, has been approximately 98.0%, as Cook County extends the College's levies up to 103.0% depending on the tax cap limitation.

## **PROSPECTS FOR THE FUTURE**

The College's financial outlook for the future continues to be stable. As illustrated in an earlier table, the College's enrollments have continued to grow over the past five years.

Public Act 89-1 placed limitations on the annual growth of property tax collections of most local governments, including the College.

In fiscal year 2011, the College started implementation of a new Enterprise Resource Planning (ERP) system. This software has started to enable the College to centrally aggregate data, both academic and financial, in a secure repository. The system has improved the effectiveness and efficiency of information management, which is critical to the success of the College. The project is estimated to cost \$4.8 million dollars. The College has issued Alternate Revenue Bonds in the Amount of \$5.1 million dollars to finance this project. The new ERP system was implemented in stages over 30 months and was completed by June 30, 2014.

## **DEBT ADMINISTRATION**

The College has two General Obligation Bond series outstanding for projects. As of June 30, 2014, \$4,745,000 was outstanding and during fiscal year ended June 30, 2014, \$835,000 in principal was retired, with \$3,195,000 of bonds refunded during the year. See note 4.

## **OTHER INFORMATION**

Awards. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the College for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Independent Audit. State statutes require an annual audit by independent certified public auditors. The Morton College's Board of Trustees selected Crowe Horwath LLP as the College's auditors. The auditors' report on the financial statements and schedules is included in the financial section of the report.

Acknowledgements. The preparation of the CAFR was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

*/s/ Mireya Perez*

Mireya Perez  
Director of Business Services

*/s/ Dr. Dana A. Grove*

Dr. Dana A. Grove  
President

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527

PRINCIPAL OFFICIALS  
June 30, 2014

BOARD OF TRUSTEES

Anthony Martinucci ,Chair  
Melissa Cundari, Vice Chair  
Susan L. Banks, Secretary  
Frank J. Aguilar, Trustee  
Joseph J. Belcaster, Trustee  
Jose A. Collazo, Trustee  
Frances F. Reitz, Trustee  
Omar Ruiz, Student Member

ADMINISTRATION

Dr. Dana A. Grove – President

Muddassir Siddiqi – Provost

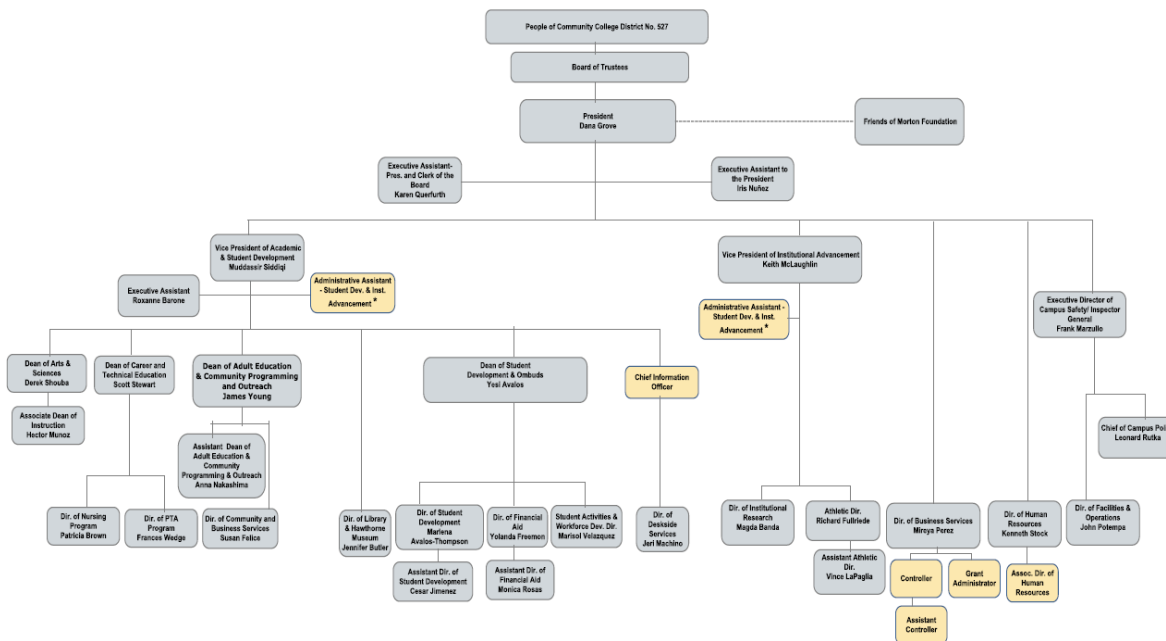
Derek Shouba – Dean of Arts and Sciences  
Keith McLaughlin – Vice President of Institutional Planning and Effectiveness  
James Young - Dean of Adult Education, Community Programming and Outreach

David A. Gonzalez, Associate Vice-President of Finance  
Mireya Perez, Director of Business Services

DEPARTMENT ISSUING REPORT

Business Office

MORTON COLLEGE - ORGANIZATIONAL CHART



Open Position      \*Shared position

Effective  
September 1, 2013



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Morton College - Illinois  
Community College District 527**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# FINANCIAL SECTION



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Morton College  
Community College District No. 527  
Cicero, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of Morton College – Community College District No. 527, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College, as of June 30, 2014 and 2013, and the changes in its financial position and its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 – 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The introductory section, statistical section, and special reports information included on pages 46 – 52 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The special reports section information included on pages 46 – 52 is required by the Illinois Community College Board and is presented on the modified accrual basis of accounting.

The special reports information included on pages 46 – 52 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 special reports information included on pages 46 – 52 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section in the table of contents 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.

## Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2015 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Crowe Horwath LLP*

Crowe Horwath LLP

Oak Brook, Illinois  
January 9, 2015

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MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014 and 2013  
(UNAUDITED)

This section of Morton College's Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2014, and June 30, 2013. Since this Management's Discussion and Analysis (MD&A) is designed to focus on current year's activities, resulting changes and currently known facts, it should be read in conjunction with the transmittal letter (pages iii-vii), the College's basic financial statements (pages 10-13) and the footnotes (pages 14-28). Responsibility for the completeness and fairness of this information rests with the College.

**Using This Annual Report**

The financial statements prepared under Governmental Accounting Standards Board (GASB) Statement No. 34 focus on the College as a whole. The College's basic financial statements (see pages 10-13) are designed to emulate corporate presentation models whereby all College activities are consolidated into one total column. The Statements of Net Position presents information on all the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. These statements combine and consolidate current and long-term financial resources and capital assets. 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, state, and other revenues. This approach is intended to summarize and simplify the user's analysis of costs of various College services to students and the public.

**Financial Highlights**  
**Financial Analysis of the College as a Whole**  
**Net Position**  
**As of June 30, (In millions)**

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Current assets	\$ 28.9	\$ 29.7	\$ (0.8)	\$ 29.6	\$ 0.1
Non-current assets:					
Restricted cash & long term investments	0.1	1.3	(1.2)	0.7	0.6
Capital assets, net of depreciation	<u>25.2</u>	<u>22.0</u>	<u>3.2</u>	<u>22.0</u>	<u>-</u>
Total assets	<u>54.2</u>	<u>53.0</u>	<u>1.2</u>	<u>52.3</u>	<u>0.7</u>
Deferred outflows of resources - unamort. loss on refunding	<u>0.3</u>	<u>-</u>	<u>0.3</u>	<u>-</u>	<u>-</u>
Current liabilities	4.5	4.9	(0.4)	5.6	(0.7)
Non-current liabilities	<u>4.9</u>	<u>4.8</u>	<u>0.1</u>	<u>5.6</u>	<u>(0.8)</u>
Total liabilities	<u>9.4</u>	<u>9.7</u>	<u>(0.3)</u>	<u>11.2</u>	<u>(1.5)</u>
Deferred inflows of resources - property taxes	<u>5.0</u>	<u>4.8</u>	<u>0.2</u>	<u>4.6</u>	<u>0.2</u>
Net position:					
Net investment in capital assets	20.0	16.8	3.2	15.9	0.9
Restricted	10.5	11.6	(1.1)	11.0	0.6
Unrestricted	<u>9.6</u>	<u>9.9</u>	<u>(0.3)</u>	<u>9.5</u>	<u>0.4</u>
Total net position	<u>\$ 40.1</u>	<u>\$ 38.3</u>	<u>\$ 1.8</u>	<u>\$ 36.4</u>	<u>\$ 1.9</u>

This schedule was prepared from the College's statements of net position (page 10), which is presented on an accrual basis of accounting.

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014 and 2013  
(UNAUDITED)

**2014**

Total net position, at June 30, 2014 increased by \$1.8 million compared to fiscal year 2013 bringing it to \$40.1 million. The following are key changes by fund: a decrease of \$1.4 million in the Education Fund, a decrease of \$0.5 million in the Operations and Maintenance fund, a decrease of \$0.3 million in the Operations and Maintenance Fund (Restricted), an increase of \$0.3 million in the Liability, Protection, and Settlement Funds and an increase of \$3.8 million in the Investment in Plant.

**2013**

Total net position, at June 30, 2013 increased by \$1.9 million compared to fiscal year 2012 bringing it to \$38.3 million. The following are key changes by fund: an increase of \$0.8 million in the Education Fund, a decrease of \$0.3 million in the Operations and Maintenance fund, an increase of \$0.4 million in the Operations and Maintenance Fund (Restricted), an increase of \$0.1 million in the Liability, Protection, and Settlement Funds and an increase of \$0.9 million in the Investment in Plant.

The change in Net Position is explained on page 9 after the Analysis of Net Position schedule.

**Operating Results**  
**For the Years Ended June 30, (In millions)**

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Operating revenues					
Tuition and fees	\$ 9.4	\$ 10.2	\$ (0.8)	\$ 9.6	\$ 0.6
Scholarship allowance	(6.0)	(6.1)	0.1	(6.3)	0.2
Auxiliary and other	2.0	2.2	(0.2)	2.4	(0.2)
Total	<u>5.4</u>	<u>6.3</u>	<u>(0.9)</u>	<u>5.7</u>	<u>0.6</u>
Less operating expenses	<u>36.1</u>	<u>36.2</u>	<u>(0.1)</u>	<u>33.0</u>	<u>3.2</u>
Net operating loss	<u>(30.7)</u>	<u>(29.9)</u>	<u>(0.8)</u>	<u>(27.3)</u>	<u>(2.6)</u>
Non-operating revenues & expenses					
Property taxes	8.3	8.2	0.1	7.7	0.5
State grants and contracts	14.5	12.8	1.7	9.4	3.4
Federal grants and contracts	9.9	10.9	(1.0)	10.2	0.7
Interest expense	(0.2)	(0.4)	0.2	(0.3)	(0.1)
Local grants and contracts	-	0.2	(0.2)	0.3	(0.1)
Investment income	-	-	-	-	-
Total	<u>32.5</u>	<u>31.7</u>	<u>0.8</u>	<u>27.3</u>	<u>4.4</u>
Increase in net position	1.8	1.9	-	-	1.9
Net position, beginning of year	<u>38.3</u>	<u>36.4</u>	<u>-</u>	<u>36.4</u>	<u>-</u>
Net position, end of year	<u>\$ 40.1</u>	<u>\$ 38.3</u>	<u>\$ -</u>	<u>\$ 36.4</u>	<u>\$ 1.9</u>
Total revenues	<u>\$ 38.1</u>	<u>\$ 38.4</u>	<u>\$ (0.3)</u>	<u>\$ 33.3</u>	<u>\$ 5.1</u>
Total expenses	<u>\$ 36.3</u>	<u>\$ 36.6</u>	<u>\$ (0.3)</u>	<u>\$ 33.3</u>	<u>\$ 3.3</u>

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014 and 2013  
(UNAUDITED)

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**2014**

Net operating loss, for the twelve months ended June 30, 2014, increased to \$30.7 million from \$29.9 million in 2013 mainly due to changes in expenses which include: an increase in Instruction for \$2.5 million, an increase in Student Services for \$.4 million, an increase in Depreciation of \$0.4 million, a decrease in Operations and Maintenance of plant for \$1.5 million, and a decrease in Scholarships and Fellowships for \$1.8 million.

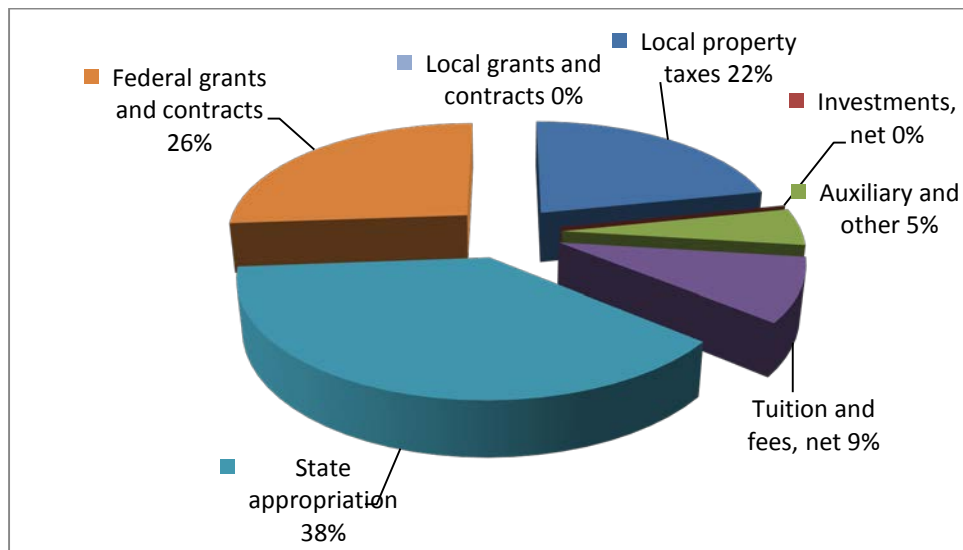
**2013**

Net operating loss, for the twelve months ended June 30, 2013, increased to \$29.9 million from \$27.3 million in 2012 mainly due to changes in expenses which include: an increase in Academic Support for \$0.5 million, an increase in Institutional Support for \$.4 million, an increase in Student Services for \$0.3 million, and an increase in Scholarships and Fellowships expenses of \$1.6 million.

Operating revenues increased by \$0.6 million due to an increase in tuition and enrollment.

The increase in non-operating revenues and expenses of \$4.4 million is mainly attributed to the following: \$0.7 million increase in federal funding, \$3.4 million increase in state grants and contracts, and \$0.5 million increase in local property taxes.

**Revenues by Source (2014):**



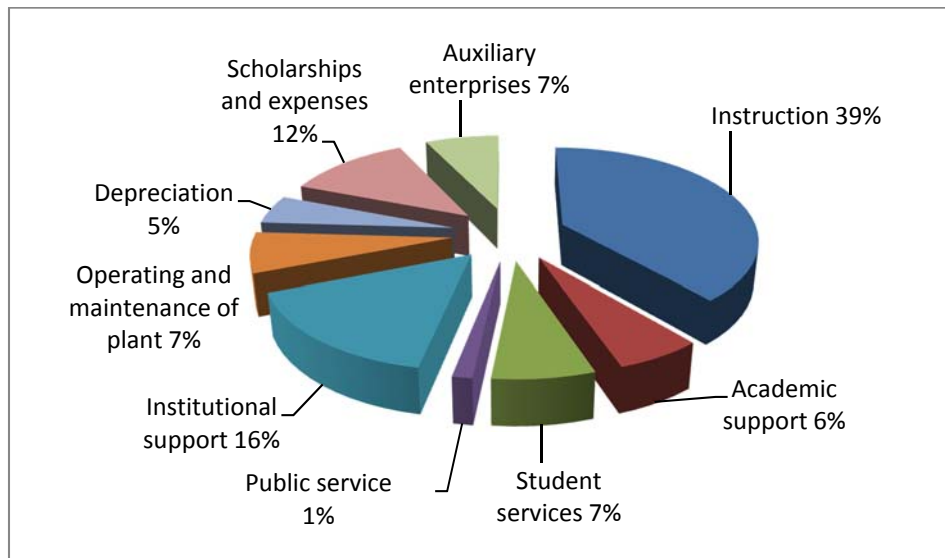
MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014 and 2013  
(UNAUDITED)

**Operating Expenses**  
**For the Years Ended June 30,**  
**(In millions)**

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Instruction	\$ 13.7	\$ 11.2	\$ 2.5	\$ 10.6	\$ 0.6
Academic support	2.3	2.1	0.2	1.6	0.5
Student services	2.5	2.1	0.4	1.7	0.4
Public service	0.5	0.5	-	0.5	-
Institutional support	5.6	5.9	(0.3)	5.5	0.4
Operating and maintenance of plant	2.7	4.2	(1.5)	4.4	(0.2)
Depreciation	1.8	1.4	0.4	1.4	-
Scholarships and fellowships	4.4	6.2	(1.8)	4.7	1.5
Auxiliary enterprises	2.6	2.6	-	2.6	-
<b>Total</b>	<b>\$ 36.1</b>	<b>\$ 36.2</b>	<b>\$ (0.1)</b>	<b>\$ 33.0</b>	<b>\$ 3.2</b>

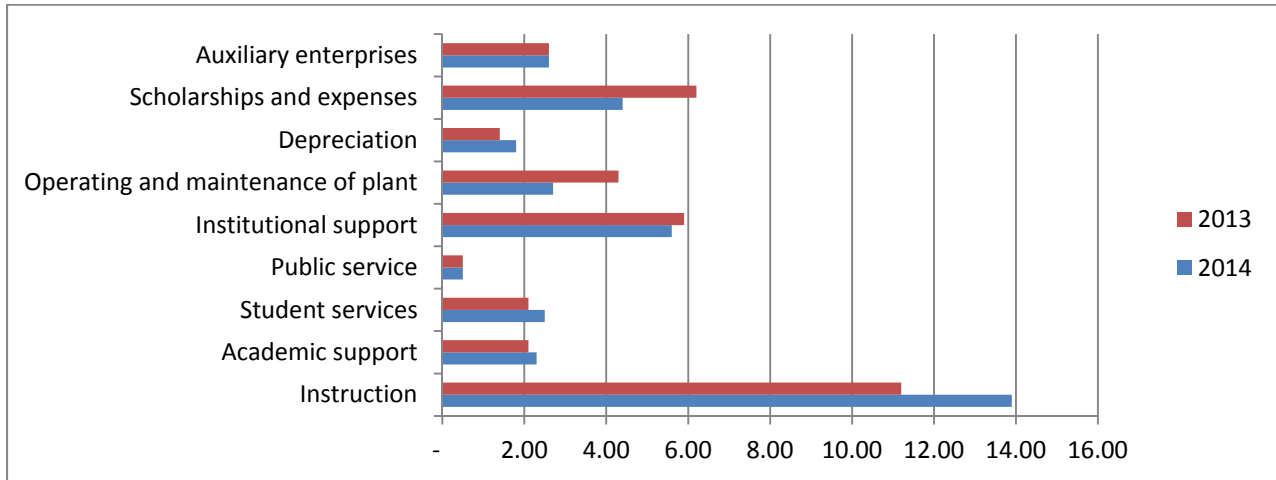
The following is a graphic illustration of operating expenses:

**Operating Expenses by Function (2014):**



MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014 and 2013  
(UNAUDITED)

**Comparison of Operating Expenses Fiscal Years 2014 and 2013 (in millions):**



**2014**

Total operating expenses decreased to \$36.1 million from \$36.2 million mainly due to the following: an increase in Instruction for \$2.5 million, an increase in Academic Support for \$0.2 million, a decrease in Operating and maintenance of plant of \$1.5 million, a decrease in Institutional Support for \$0.3 million, an increase in Student Services for \$0.4 million, and a decrease in Scholarships and Fellowships expenses of \$1.8 million.

**2013**

Total operating expenses increased to \$36.2 million from \$33 million mainly due to the following: an increase in Academic Support for \$.5 million, an increase in Institutional Support for \$.4 million, an increase in Student Services for \$.4 million, and an increase in Scholarships and Fellowships expenses of \$1.5 million.

**Analysis of Net Position  
June 30,  
(In millions)**

	<u>2014</u>	<u>2013</u>	<u>Increase (decrease)</u>	<u>2012</u>	<u>Increase (decrease)</u>
Net position:					
Net investment in capital assets	\$ 20.0	\$ 16.8	\$ 3.2	\$ 15.9	\$ 0.9
Restricted expendable	10.5	11.6	(1.1)	11.0	0.6
Unrestricted	9.6	9.9	(0.3)	9.5	0.4
Total	<u>\$ 40.1</u>	<u>\$ 38.3</u>	<u>\$ 1.8</u>	<u>\$ 36.4</u>	<u>\$ 1.9</u>

**2014**

Total net position, at June 30, 2014, increased from fiscal year 2013 by \$1.8 million. The following are key changes by fund: a decrease of \$1.4 million in the Education Fund, a decrease of \$0.5 million in the Operations and Maintenance fund, a decrease of \$0.3 million in the Operations and Maintenance Fund (Restricted), an increase of \$0.3 million in the Liability, Protection, and Settlement Funds and an increase of \$3.8 million in the Investment in Plant.

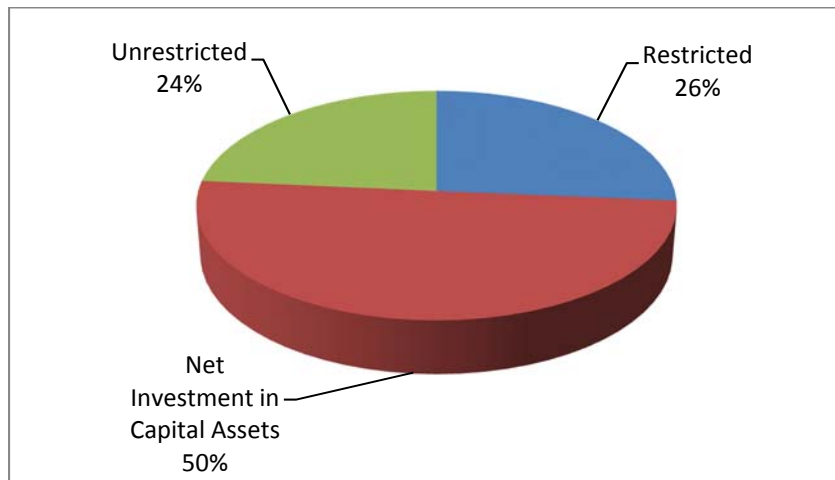
MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014 and 2013  
(UNAUDITED)

**2013**

Total net position, at June 30, 2013, increased from fiscal year 2012 by \$1.9 million. The following are key changes by fund: an increase of \$0.2 million in the Education Fund, a decrease of \$0.3 million in the Operations and Maintenance fund, a decrease of \$0.8 in the Operations and Maintenance Fund (Restricted), an increase of \$0.1 million in the Liability, Protection, and Settlement Funds and an increase of \$.9 million in the Investment in Plant.

The following is a graphic illustration of net position.

**Net Position  
June 30, 2014**



**Analysis of Capital Assets  
June 30, (In millions)**

	<u>2014</u>	<u>2013</u>	<u>Increase (decrease)</u>	<u>2012</u>	<u>Increase (decrease)</u>
Capital assets:					
Land improvements	\$ 2.6	\$ 2.6	\$ -	\$ 2.6	\$ -
Construction in progress	-	1.5	(1.5)	0.9	-
Buildings	30.0	24.0	6.0	23.7	0.3
Equipment	<u>7.1</u>	<u>6.7</u>	<u>0.4</u>	<u>6.1</u>	<u>0.6</u>
Total	39.7	34.8	4.9	33.3	1.5
Less: accumulated depreciation	<u>(14.5)</u>	<u>(12.8)</u>	<u>(1.7)</u>	<u>(11.3)</u>	<u>(1.5)</u>
Net capital assets	<u>\$ 25.2</u>	<u>\$ 22.0</u>	<u>\$ 3.2</u>	<u>\$ 22.0</u>	\$ -

**2014**

Net capital asset increase of \$3.2 million mainly relates to \$6.0 million increase in buildings, offset by \$1.7 million net increase in accumulated depreciation. For more detail information on capital asset activity please see Note 3.

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014 and 2013  
(UNAUDITED)

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**2013**

Net capital asset decrease of \$.1 million mainly relates to \$1.3 million increase in equipment, offset by \$1.4 million net increase in accumulated depreciation. For more detail information on capital asset activity please see Note 3.

<b>Long Term Debt</b>					
<b>June 30,</b>					
<b>(In millions)</b>					
	<u>2014</u>	<u>2013</u>	<u>Increase (decrease)</u>	<u>2012</u>	<u>Increase (decrease)</u>
Long-term debt:					
General obligations	\$ 4.7	\$ 5.6	\$ (0.9)	\$ 6.4	\$ (0.8)
Capital lease payable	<u>0.2</u>	<u>-</u>	<u>0.2</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4.9</u>	<u>\$ 5.6</u>	<u>\$ (0.7)</u>	<u>\$ 7.2</u>	<u>\$ (0.8)</u>

**2014**

The \$0.7 million decrease in long-term debt is due to the annual debt payment on Series 2006 for \$0.3, a decrease of \$3.7 million due to the payment on Series 2009, and an increase of \$3.2 million due to the issuance of Series 2014. Capital leases of \$0.2 million were initiated in 2014. For more detail information on long-term debt activity please see Note 4.

**2013**

The \$.8 million decrease in long-term debt is due to the annual debt payment on Series 2006 for \$.3 and the annual debt payment on Series 2009 for \$.5. For more detail information on long-term debt activity please see Note 4.

**Other Factors**

There are currently no other known facts, decisions or conditions that will have a significant effect on the financial position (net position) or results of operation (revenues, expenses and changes in net position) of the College.

**Request for information**

This financial report is designed to provide a general overview of the College's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services at 3801 South Central Avenue, Cicero, IL 60804; or by telephone at (708) 656-8000.

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
STATEMENTS OF NET POSITION  
JUNE 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 19,597,653	\$ 20,377,592
Receivables, net:		
Property taxes and corporate personal property		
replacement taxes, net of allowance 2014 \$1,854,000; 2013 \$1,408,000	3,502,359	3,870,835
Government claims	1,731,408	1,562,358
Tuition and fees, net of allowance for doubtful accounts		
2014 \$2,327,000; 2013 \$1,974,000	3,105,685	2,977,110
Other	66,781	25,820
Inventories	658,008	706,472
Prepaid expenses	199,851	159,554
<b>Total current assets</b>	<u>28,861,745</u>	<u>29,679,741</u>
<b>Noncurrent assets</b>		
Restricted cash and cash equivalents	14,274	1,149,200
Investments	71,516	119,769
Capital assets not being depreciated	2,600,248	3,890,553
Capital assets being depreciated, net	22,613,286	18,085,377
<b>Total noncurrent assets</b>	<u>25,299,324</u>	<u>23,244,899</u>
<b>Total assets</b>	<u>54,161,069</u>	<u>52,924,640</u>
Deferred outflows of resources - unamortized loss on refunding	<u>322,745</u>	<u>-</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	197,247	486,583
Other accruals	56,163	27,115
Accrued salaries and vacation	623,240	562,534
Unearned revenues:		
Tuition and fees	2,224,319	1,997,699
Grants	246,961	80,580
Current portion of capital lease payable	37,793	6,004
Current portion of general obligation bonds	430,000	835,000
Amounts held in custody for others	496,180	475,495
Other current liabilities	167,195	493,848
<b>Total current liabilities</b>	<u>4,479,098</u>	<u>4,964,858</u>
<b>Noncurrent liabilities</b>		
Capital lease payable, non-current portion	135,482	17,992
General obligation bonds, less current portion	4,772,203	4,781,185
<b>Total noncurrent liabilities</b>	<u>4,907,685</u>	<u>4,799,177</u>
<b>Total liabilities</b>	<u>9,386,783</u>	<u>9,764,035</u>
Deferred inflows of resources - property taxes	<u>4,968,631</u>	<u>4,802,438</u>
<b>Net position</b>		
Net investment in capital assets	19,976,342	16,826,457
Restricted for:		
Capital projects	14,274	1,149,200
Working cash	9,384,486	9,384,615
Debt Service	1,162,982	1,108,691
Unrestricted	9,590,316	9,889,204
<b>Total net position</b>	<u>\$ 40,128,400</u>	<u>\$ 38,358,167</u>



MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Student tuition and fees	\$ 9,360,129	\$ 10,221,865
Less scholarship allowance	(5,999,043)	(6,095,929)
Auxiliary and other	<u>1,982,775</u>	<u>2,238,138</u>
Total operating revenues	<u>5,343,861</u>	<u>6,364,074</u>
Operating expenses:		
Instruction	13,683,816	11,178,977
Academic support	2,300,300	2,146,750
Student services	2,463,099	2,064,685
Public service	517,563	486,255
Institutional support	5,602,019	5,878,454
Operations and maintenance of plant	2,702,346	4,265,754
Depreciation	1,761,597	1,445,016
Scholarships and fellowships	4,380,563	6,203,707
Auxiliary enterprises	<u>2,649,892</u>	<u>2,567,778</u>
Total operating expenses	<u>36,061,195</u>	<u>36,237,376</u>
Operating (loss)	<u>(30,717,334)</u>	<u>(29,873,302)</u>
Nonoperating revenues (expenses):		
Local property taxes	8,337,495	8,215,441
State appropriations	14,453,707	12,816,492
Federal grants and contracts	9,917,890	10,911,286
Local grants and contracts	23,650	220,428
Investment income	3,437	12,691
Interest payments on debt	<u>(248,612)</u>	<u>(356,000)</u>
Total nonoperating revenues (expenses), net	<u>32,487,567</u>	<u>31,820,338</u>
Increase/(decrease) in net position	<u>1,770,233</u>	<u>1,947,036</u>
Net position at the beginning of the year	<u>38,358,167</u>	<u>36,411,131</u>
Net position at the end of the year	<u>\$ 40,128,400</u>	<u>\$ 38,358,167</u>

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2014 and 2013

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	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Tuition and fees	\$ 3,418,170	\$ 3,801,247
Payments to suppliers	(19,545,092)	(14,844,821)
Payments to employees	(10,089,442)	(15,055,919)
Auxiliary enterprise charges	<u>1,982,775</u>	<u>2,238,138</u>
Net cash (used in) operating activities	<u>(24,233,589)</u>	<u>(23,861,355)</u>
 Cash flows from noncapital financing activities:		
Local property taxes	8,872,164	8,476,736
State appropriations	14,453,707	12,816,492
Grants and contracts	<u>4,756,759</u>	<u>6,547,697</u>
Net cash provided by noncapital financing activities	<u>28,082,630</u>	<u>27,840,925</u>
 Cash flows from capital financing activities:		
Capital lease principal payment	(30,261)	(21,413)
Principal payment on general obligations bonds	(835,000)	(815,000)
Interest paid	(130,674)	(356,000)
Purchases of capital assets	<u>(4,819,661)</u>	<u>(1,824,106)</u>
Net cash provided by (used in) capital financing activities	<u>(5,815,596)</u>	<u>(3,016,519)</u>
 Cash flows from investing activities:		
Proceeds from sales and maturities of investments	48,253	72,807
Interest received on investments	<u>3,437</u>	<u>12,691</u>
Net cash provided by investing activities	<u>51,690</u>	<u>85,498</u>
 Net increase (decrease) in cash and cash equivalents	(1,914,865)	1,048,549
 Cash and cash equivalents, beginning of year	<u>21,526,792</u>	<u>20,478,243</u>
 Cash and cash equivalents, end of year	<u>\$ 19,611,927</u>	<u>\$ 21,526,792</u>

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(Continued)

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating (loss)		
to net cash used in operating activities:		
Operating loss	\$ (30,717,334)	\$ (29,873,302)
Adjustments to reconcile operating loss to net cash used		
in operating activities:		
Depreciation	1,761,597	1,445,016
Amortization - bond premium	(19,665)	(7,083)
State payment in kind for retirement	5,182,112	4,554,398
Changes in net assets:		
(Increase)/decrease receivables (net)	(169,536)	183,382
(Increase)/decrease inventories	48,464	(14,021)
Decrease prepaid expenses	(40,297)	42,371
(Decrease)/increase accounts payable	(289,336)	73,917
(Decrease) other accruals	29,048	(5,848)
Increase/(decrease) accrued salaries and vacation	60,706	62,183
Increase/(decrease) unearned tuition and fees	226,620	(508,071)
Increase amounts held in custody for others	20,685	36,464
Increase/(decrease) other current liabilities	<u>(326,653)</u>	<u>149,239</u>
Net cash used in operating activities	<u>\$ (24,233,589)</u>	<u>\$ (23,861,355)</u>
 Non-cash transactions		
Capital lease acquisition	\$ 179,540	\$ 11,632
2014 refunding bond proceeds	3,195,000	-
2014 refunding bond payment to escrow	(3,534,822)	-
2014 refunding bond premium	440,683	-
2014 refunding bond bond costs	(100,861)	-

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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

Morton College, "the College", Community College District No. 527 is a separate taxing body created under the Illinois Public Community College Act of 1965, serving the towns of Berwyn, Cicero, Forest View, Lyons, McCook and Stickney. Established in 1924, it is the second oldest two-year college in Illinois providing baccalaureate-oriented, career-oriented, and continuing education courses. The Board of Trustees, which is elected by residents of the District, is the College's governing body that establishes the policies and procedures by which the College is governed.

Reporting Entity: The accompanying financial statements include all entities for which the Board of Trustees of the College has financial accountability. In defining the financial reporting entity, the College has considered whether there are any potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in Government Accounting Standards Board (GASB) Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus." These statements amend Statement No.14, "The Financial Reporting Entity," to provide guidance to determine whether certain organizations for which the College is not financially accountable should be reported as a component unit based upon the nature and significance of the relationship with the College. Generally, it requires reporting as a component an organization that raises and holds significant economic resources for the direct benefit of a government unit. The College does not have any component units as defined by the above guidance.

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

Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes 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 are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments are reported at fair value, based upon quoted market prices. Changes in the carrying value of investments, resulting in unrealized gains or losses, are reported as a component of investment income in the statement of revenues, expenses, and changes in net position. The Illinois Funds is an external investment pool administered by the Illinois State Treasurer. The fair value of the College's investment in the fund is the same as the value of the pool shares.

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(Continued)

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories: Inventories are reported at the lower of cost or market principally determined by the retail inventory method. Inventories primarily represent items held for resale by the College's bookstore.

Restricted Cash and Cash Equivalents: Cash that is externally restricted to purchase or construct capital assets is classified as a restricted asset in the statement of net position.

Capital Assets: Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the College's capitalization policy includes all items with a unit cost of \$2,500 or more and an estimated useful life that is greater than two years. Renovations to buildings and land improvements that exceed \$50,000 and significantly increase the value 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 was incurred. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings and 5 years for equipment.

Noncurrent Liabilities: Noncurrent liabilities include principal amounts of general obligation bonds and capital leases with contractual maturities greater than one year and future payments of other post-employment benefits due in greater than one year.

Bond Premium: Bond premiums are capitalized and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable.

Net Position: The College's net position is classified as follows:

*Net investment in Capital Assets:* This represents the College's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

*Restricted Net Position:* Restricted expendable net position include resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Net position restricted for capital projects include unspent grant proceeds that are restricted by the grantor for future capital projects. Net position for debt service is resources accumulated for retirement of debt service that is restricted via the College's annual property tax levy. The Working Cash restriction represents the principal balance of the Working Cash subfund, which pursuant to College Board of Trustees resolution and Illinois law, is held in perpetuity. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

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

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(Continued)

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Classification of Revenues and Expenses: The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating Revenues and Expenses:* Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees, and sales and services of auxiliary enterprises, net of scholarship discounts and allowances, salaries and benefits and materials and supplies.

*Non-operating Revenues and Expenses:* Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as (1) local property taxes, (2) State appropriations, (3) most Federal, state, and local grants and contracts and Federal appropriations, and (4) gifts and contributions, interest on debt.

Personal Property Replacement Taxes: Personal property replacement taxes are recognized as revenue when these amounts are deposited by the State of Illinois in its Replacement Tax Fund for distribution.

Tuition and Fees: Tuition and fees include all such items charged to students for educational and service purposes. Tuition revenue is reported after deducting applicable refunds and adjustments. Tuition waivers and scholarships are reported as a discount to tuition income. Scholarship grants that are paid to students are recorded as an expense. Tuition and fees revenue is recognized when the educational services are performed. Tuition allowance determined based on collections of previous terms.

Income Taxes: The College as a governmental body is not subject to state or federal income taxes.

Property Taxes: The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective shares of the collections. Taxes levied in 2013 become due and payable in two installments (March 1, 2014, and October 1, 2014). The first installment is an estimated bill and is one half of the prior year's tax bill. The second installment is based on the current levy, assessment, and equalization.

Any changes from the prior year will be reflected in the second installment bill. Taxes must be levied by the last Tuesday in December for the following levy year. The levy becomes an enforceable lien against the property as of January 1 immediately following the levy year.

In accordance with the College Board resolution, 50% of property taxes extended for the 2013 tax year and collected in 2014 are recorded as revenue in the year ended June 30, 2014. The remaining revenue related to the 2013 tax year extension has been deferred and will be recorded as revenue in the subsequent fiscal year. However, for Bond and Interest Fund, the levy is intended to pay for the principal and interest payments due during 2014. The deferred revenue is related to bond and interest payments. Based upon collection histories, the College records real property taxes at approximately 50% of the 2013 extended levy. A reserve of approximately \$1,854,000 and \$1,408,000 for fiscal year 2014 and 2013, respectively, has been set up for the estimated amount of unpaid credits relating to prior years' taxes.

The statutory maximum tax rates and the respective rates for the 2013 and 2012 tax levies, per \$100 of assessed valuation, are as follows:

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(Continued)

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	Satutory Maximum Rate	Tax Levy Year	
		2013	2012
Current:			
Education Fund	0.7500	0.4226	0.3866
Operation and Maintenance Fund	0.1000	0.1000	0.1000
Operation and Maintenance Fund (restricted)	0.0500	-	-
Bond and interest	-	0.0413	0.0273
Life Safety Fund	0.0500	-	-
Liability, Protection, and Settlement Fund	-	0.0321	0.0263
Social Security Fund	-	0.0115	0.0105
Audit Fund	0.0050	0.0050	0.0050
Total	<u>0.9550</u>	<u>0.6125</u>	<u>0.5557</u>

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unearned Tuition and Fee Revenue: Tuition and fee revenues collected during the fiscal year, which relate to the period after June 30, 2014, have been recognized as unearned revenues. Unearned revenues arise when resources are received by the College before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the College has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet or statement of net position and revenue is recognized.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The College has only one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *property taxes*, is reported in the statement of net position. These amounts are deferred and organized as an inflow of resources in the period that the amounts become available.

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(Continued)

MORTON COLLEGE  
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June 30, 2014 and 2013

**NOTE 2 - CASH AND INVESTMENTS**

State statutes authorize the College to make deposits in commercial banks and savings and loan institutions, and to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements (under certain statutory restrictions), commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds, and the Illinois School District Liquid Asset Fund Plus.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, which is the price at which the investment could be sold.

Deposits: As of June 30, 2014, the carrying amount of the College's deposits was \$2,013,336 with bank balances of \$2,463,369. Petty cash totaled \$518 at June 30, 2014. It is the College's policy that 105% of the bank balances be collateralized by securities held in the pledging bank's trust department or by its agent in the College's name when not federally insured. At June 30, 2014, all of the Colleges deposits were collateralized. The Illinois Funds are not subject to categorization.

As of June 30, 2013, the carrying amount of the College's deposits was \$2,805,436 with bank balances of \$3,296,126. Petty cash totaled \$518 at June 30, 2013. It is the College's policy that 105% of the bank balances be collateralized by securities held in the pledging bank's trust department or by its agent in the College's name when not federally insured. At June 30, 2013, all of the Colleges deposits were collateralized. The Illinois Funds are not subject to categorization.

Investments: The investments which the College may purchase are limited by Illinois law to the following (1) securities which are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. Government Agency securities; (3) certificates of deposit or time deposits of banks and savings and loan associations which are insured by a Federal corporation; (4) short-term discount obligations of the Federal National Mortgage Association; (5) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds and (8) money market mutual funds and certain other instruments.

The following schedules report the fair values and maturities (using the segmented time distribution method) for the College's investments as of June 30:

2014

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten years</u>	<u>Greater than Ten Years</u>
GNMAs (Government Guaranteed)	\$ 71,516	\$ -	\$ 27,941	\$ 43,575	\$ -
State Treasurer Illinois Funds	<u>17,598,073</u>	<u>17,598,073</u>	-	-	-
Total	<u>\$ 17,669,589</u>	<u>\$ 17,598,073</u>	<u>\$ 27,941</u>	<u>\$ 43,575</u>	<u>\$ -</u>

(Continued)



MORTON COLLEGE  
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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Petty cash of \$518, deposits of \$2,013,336 and cash equivalents and investments of \$17,669,589, totaling \$19,683,443 are reported in the financial statements as:

Current assets - cash and cash equivalents	\$ 19,597,653
Noncurrent assets - restricted cash and cash equivalents	14,274
Investments	<u>71,516</u>
 Total	 <u>\$ 19,683,443</u>

2013

<u>Investment Type</u>	<u>Fair Value</u>	Investment Maturities			
		<u>Less than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten years</u>	<u>Greater than Ten Years</u>
GNMAs (Government Guaranteed)	\$ 119,769	\$ -	\$ 49,731	\$ 70,038	\$ -
State Treasurer Illinois Funds	<u>18,720,838</u>	<u>18,720,838</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 18,840,607</u>	 <u>\$ 18,720,838</u>	 <u>\$ 49,731</u>	 <u>\$ 70,038</u>	 <u>\$ -</u>

Petty cash of \$518, deposits of \$2,805,436 and cash equivalents and investments of \$18,840,607, totaling \$21,646,561 are reported in the financial statements as:

Current assets - cash and cash equivalents	\$ 20,377,592
Noncurrent assets - restricted cash and cash equivalents	1,149,200
Investments	<u>119,769</u>
 Total	 <u>\$ 21,646,561</u>

Interest Rate Risk: In accordance with its investment policy, the College limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two year period. The investment policy does not strictly limit the maximum maturity lengths of investments but limits long-term investment to 33.3%.

Credit Risk: The College limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. However, the College's investment policy does not specifically limit the College to these types of investments.

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(Continued)

MORTON COLLEGE  
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June 30, 2014 and 2013

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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the College will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure, the College's investment policy requires all security transactions that are exposed to custodial credit risk to be collateralized by all investment with a third party holding the collateralization.

State Treasurer Illinois Funds are reported as Cash and Cash Equivalents on the Statement of Net Position. The credit rating was AAA as described by the Standard & Poor's and Moody's at June 30, 2014 and 2013. The Government National Mortgage Association Pools (GNMAs) are explicitly guaranteed by the United States Government and are not considered to have credit risk. No disclosure of credit rating is necessary for these investments. The GNMAs make up 100% of the fiscal year 2014 and 2013 investment balance.

Concentration of Credit Risk: At June 30, 2014 and 2013, the College had greater than five percent of its overall portfolio investment in State Treasurer Illinois Funds. This is in accordance with the College's investment policy, which does not contain any specific guidelines on the diversification of the investment portfolio.

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustment in interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the College's investment in the funds is the same as the value of the pool shares. The Pool is audited annually by independent auditors and copies of the auditors' report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The College's investments in the Illinois funds are not required to be categorized because these are not securities. The relationship between the College and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidence ownership or creditorship.

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MORTON COLLEGE  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

**NOTE 3 - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended June 30:

2014

	Balance at June 30, 2013	Additions	Retirements	Transfers	Balance at June 30, 2014
Capital assets not being depreciated					
Land and improvements	\$ 2,600,248	\$ -	\$ -	\$ -	\$ 2,600,248
Construction in progress	<u>1,290,305</u>	<u>-</u>	<u>-</u>	<u>(1,290,305)</u>	<u>-</u>
Total	<u>3,890,553</u>	<u>-</u>	<u>-</u>	<u>(1,290,305)</u>	<u>2,600,248</u>
Capital assets being depreciated					
Buildings and improvements	24,237,896	4,822,025	-	1,023,352	30,083,273
Movable equipment	<u>6,634,673</u>	<u>177,176</u>	<u>-</u>	<u>266,953</u>	<u>7,078,802</u>
Total	<u>30,872,569</u>	<u>4,999,201</u>	<u>-</u>	<u>1,290,305</u>	<u>37,162,075</u>
Less accumulated depreciation					
Buildings and Improvements	10,127,758	1,222,290	-	-	11,350,048
Movable equipment	<u>2,659,434</u>	<u>539,307</u>	<u>-</u>	<u>-</u>	<u>3,198,741</u>
Total	<u>12,787,192</u>	<u>1,761,597</u>	<u>-</u>	<u>-</u>	<u>14,548,789</u>
Net capital assets being depreciated	<u>18,085,377</u>	<u>3,237,604</u>	<u>-</u>	<u>1,290,305</u>	<u>22,613,286</u>
Net capital assets	<u>\$ 21,975,930</u>	<u>\$ 3,237,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,213,534</u>
	Balance at June 30, 2012	Additions	Retirements	Transfers	Balance at June 30, 2013
Capital assets not being depreciated					
Land and improvements	\$ 2,600,248	\$ -	\$ -	\$ -	\$ 2,600,248
Construction in progress	<u>869,399</u>	<u>1,325,176</u>	<u>-</u>	<u>(904,270)</u>	<u>1,290,305</u>
Total	<u>3,469,647</u>	<u>1,325,176</u>	<u>-</u>	<u>(904,270)</u>	<u>3,890,553</u>
Capital assets being depreciated					
Buildings and improvements	23,718,767	-	-	519,129	24,237,896
Movable equipment	<u>6,126,427</u>	<u>123,105</u>	<u>-</u>	<u>385,141</u>	<u>6,634,673</u>
Total	<u>29,845,194</u>	<u>123,105</u>	<u>-</u>	<u>904,270</u>	<u>30,872,569</u>
Less accumulated depreciation					
Buildings and Improvements	8,920,731	924,653	-	282,374	10,127,758
Movable equipment	<u>2,421,445</u>	<u>520,363</u>	<u>-</u>	<u>(282,374)</u>	<u>2,659,434</u>
Total	<u>11,342,176</u>	<u>1,445,016</u>	<u>-</u>	<u>-</u>	<u>12,787,192</u>
Net capital assets being depreciated	<u>18,503,018</u>	<u>(1,321,911)</u>	<u>-</u>	<u>904,270</u>	<u>18,085,377</u>
Net capital assets	<u>\$ 21,972,665</u>	<u>\$ 3,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,975,930</u>

(Continued)

MORTON COLLEGE  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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**NOTE 4 - LONG- AND SHORT-TERM LIABILITIES**

On July 13, 2006, Morton College issued \$3,375,000 of General Obligation Limited Tax Bonds, Series 2006. The bonds will mature on December 1, for the years and in the amounts shown. The Bonds bear interest at a rate of 3.93% to 4.25% and are payable on December 1 and June 1 in each year. The Bonds mature December 1, 2017.

On September 23, 2009, the College issued \$5,105,000 in Taxable General Obligation College Building Bonds, Series 2009 (Alternate Revenue Source, Build America Bonds), with interest rates ranging from 1.35% to 4.75%. These bonds have annual maturities of \$450,000 to \$575,000 starting in 2011 and ending in 2019. The bonds will mature on December, 1 for the years and in the amounts shown below. The bonds were issued to fund the purchase of a new computer system to provide support to administration, academic affairs, management, and student services. These bonds were refunded with the Series 2014 General Obligation Limited Tax Refunding Bonds. The proceeds of the Series 2014 General Obligation Limited Tax Refunding Bonds have been used to purchase U.S. government securities that were placed in a trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt has been considered defeased and therefore Taxable General Obligation College Building Bonds, Series 2009 (Alternate Revenue Source, Build America Bonds), were removed from the College's financial statements. The outstanding balance as of June 30, 2014 for the Series 2009 bond was \$3,195,000.

On February 26, 2014, the College issued \$3,195,000 of Series 2014 General Obligation Limited Tax Refunding Bonds, with interest rates ranging from 3.00% to 5.00%. These bonds have annual maturities of \$70,000 to \$560,000 starting in 2015 and ending in 2024. The bonds will mature on December 1 for the years and in the amounts shown. The proceeds from the 2014 Series bonds reduce the total debt service payments of the 2009 Series bonds over the next 10 years by \$67,167 and obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$79,600.

The College entered into 2 new capital lease agreements for equipment in fiscal year 2013. Aggregate monthly payments of approximately \$242 and are due through April 2018. These agreements have approximate interest rates between 9%. The copier/printer was recorded at a cost of \$11,682 and accumulated depreciation as of June 30, 2014 and 2013 was \$606 and \$0, respectively.

The College entered into 2 new capital lease agreements for equipment in fiscal year 2014. Aggregate monthly payments of approximately \$3,553 and are due through September 2018. These agreements have approximate interest rates of 8.5% and 5.77%, respectively. The copier/printers were recorded at a cost of \$179,540 and accumulated depreciation as of June 30, 2014 and 2013 was \$29,771 and \$0, respectively.

A summary of long-term liability activity for the year ended June 30:

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MORTON COLLEGE  
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June 30, 2014 and 2013

**NOTE 4 - LONG- AND SHORT-TERM LIABILITIES (Continued)**

2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts due within one year
General obligations:					
Series 2006	\$ 1,895,000	\$ -	\$ 345,000	\$ 1,550,000	\$ 360,000
Series 2009	3,685,000	-	3,685,000	-	-
Series 2014	-	3,195,000	-	3,195,000	70,000
Total general obligations	5,580,000	3,195,000	4,030,000	4,745,000	430,000
Unamortized premiums	36,185	440,683	19,665	457,203	-
Capital lease	23,996	179,540	30,261	173,275	37,793
Total long-term liabilities	<u>\$ 5,640,181</u>	<u>\$ 3,815,223</u>	<u>\$ 4,079,926</u>	<u>\$ 5,375,478</u>	<u>\$ 467,793</u>

2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts due within one year
General obligations:					
Series 2006	\$ 2,225,000	\$ -	\$ 330,000	\$ 1,895,000	\$ 345,000
Series 2009	4,170,000	-	485,000	3,685,000	490,000
Total general obligations	6,395,000	-	815,000	5,580,000	835,000
Unamortized premiums	43,268	-	7,083	36,185	-
Capital lease	33,777	11,632	21,413	23,996	6,004
Total long-term liabilities	<u>\$ 6,472,045</u>	<u>\$ 11,632</u>	<u>\$ 843,496</u>	<u>\$ 5,640,181</u>	<u>\$ 841,004</u>

The general obligation bonds and the capital lease are due as follows:

2014

Fiscal year ending June 30:	Principal	Interest	Total
2015	\$ 467,793	\$ 338,986	\$ 806,779
2016	460,879	296,444	757,323
2017	482,987	291,490	774,477
2018	502,384	215,052	717,436
2019	454,232	131,814	586,046
2020-2024	2,550,000	328,425	2,878,425
Total	<u>\$ 4,918,275</u>	<u>\$ 1,602,211</u>	<u>\$ 6,520,486</u>

(Continued)

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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**NOTE 4 - LONG- AND SHORT-TERM LIABILITIES (Continued)**

2013

Fiscal year ending June 30:	Principal	Interest	Total
2014	\$ 841,004	\$ 233,919	\$ 1,074,923
2015	864,944	186,914	1,051,858
2016	895,633	142,074	1,037,707
2017	925,163	104,042	1,029,205
2018	947,252	135,239	1,082,491
2019-2020	1,130,000	53,456	1,183,456
Total	<u>\$ 5,603,996</u>	<u>\$ 855,644</u>	<u>\$ 6,459,640</u>

A computation of the legal debt margin of the College as of June 30, 2014, is as follows:

Assessed valuation - 2013	<u>\$ 1,538,198,334</u>
Legal debt limit - 2.875% of assessed valuation	\$ 44,223,202
Debt applicable to debt limit	<u>4,745,000</u>
Legal debt margin	<u>\$ 39,478,202</u>

A computation of the legal debt margin of the College as of June 30, 2013, is as follows:

Assessed valuation - 2012	<u>\$ 1,640,896,561</u>
Legal debt limit - 2.875% of assessed valuation	\$ 47,175,776
Debt applicable to debt limit	<u>5,580,000</u>
Legal debt margin	<u>\$ 41,595,776</u>

**NOTE 5 - COMPENSATED ABSENCES**

Sick leave for classified staff members is continuously accumulated at the rate of one day per month; administrative personnel accumulate sick leave at the rate of 20 days per year. Accumulated sick leave is not subject to a maximum number of days and can be taken in the event of illness or doctor's appointments. Upon employee termination, the College has no commitment for accumulated sick leave, and therefore, no liability is recorded. Employees who retire are given credit for unused sick leave toward years of service in the State Universities Retirement System.

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(Continued)

MORTON COLLEGE  
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**NOTE 5 - COMPENSATED ABSENCES** (Continued)

Vacation leave is accrued at a minimum rate of 5/6 day per month up to a maximum of 21 days. All vacation leave must be used by the end of the benefit year, except if written approval is obtained. All unused vacation leave is computed at the daily rate of compensation and is paid to the employee or beneficiary in the event of termination, retirement, or death. Accumulated vacation leave is recorded as expenditure and as a liability.

2014

<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amount due</u> <u>within one year</u>
\$ 72,870	\$ 136,807	\$ 72,870	\$ 136,807	\$ 136,807

2013

<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Amount due</u> <u>within one year</u>
\$ 53,415	\$ 72,870	\$ 53,415	\$ 72,870	\$ 72,870

**NOTE 6 - RETIREMENT PLAN**

The College is a participating member of the State Universities Retirement System of Illinois (SURS), a cost-sharing multi-employer defined benefit pension plan with a special funding situation whereby the State of Illinois 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 the state universities, certain affiliated organizations and certain other state educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

Plan members are required to contribute 8.0% of their annual covered salary. Substantially all of employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 34.5% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ending June 30, 2014, 2013 and 2012, are \$5,182,112 and \$4,554,398, and \$3,253,882, respectively, equal to the required contributions for each year.

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(Continued)

MORTON COLLEGE  
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**NOTE 7 - RISK MANAGEMENT**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The College participates in the Illinois Community College Risk Management Consortium, which was established in 1981 by several Chicago area community colleges as a means of reducing the cost of general liability insurance. The Consortium is a public entity risk pool currently operating as a common risk management and insurance program for the member colleges. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit.

As of June 30, 2014, the loss limits for the consortium were \$100,000 for property, \$100,000 for liability and \$500,000 for workers compensation for each occurrence. The members of the Consortium pool risks and may share in the cost of losses and surpluses. The consortium purchased excess insurance for \$500 million on the property and \$21 million on liability. The interest percentage calculated for each of the community colleges varies each year and is different for each type of coverage. One representative from each member serves on the Board of the Consortium, and each board member has one vote on the board. None of the members of the Consortium have any direct interest in the Consortium. The College, along with other members, has a contractual obligation to fund any deficit attributable to a membership year during which it was a member. Supplemental contributions may be required to fund these deficits, but none have been required in any of the past three fiscal years.

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

Environmental Remediation: During the fiscal year 1995, the College purchased 12.58 acres of land, which is contiguous to the College's current campus, from the Town of Cicero for \$600,000 for use as a multipurpose athletic field. An additional \$150,000 was paid for the demolition and cleanup of the land. Prior to completing the purchase of the land, the College engaged a consultant to perform an environmental study to determine what contaminants, if any, existed on the site and what would be needed to remediate the condition. Based primarily on this environmental study, the College accrued \$277,200 for estimated environmental cleanup costs at the site during fiscal year 1995.

Prior to the closing date on the purchase of the land, soil was dumped on the property by an unknown party. Subsequent environmental testing revealed the presence of additional soil contaminants, the source of which management believes to be, in part, the fill dumped on the property prior to closing.

During 1996, the College obtained an additional environmental study related to cleanup of the site, including removal of the added fill and remediation of the surrounding soil, which estimated the cleanup costs to be as high as \$2,042,000.

In October 1997, the Board of Trustees voted to initiate a lawsuit against the Town of Cicero for environmental contamination of this property. The College is continuing to work with environmental consultants to determine the extent of environmental and pollution related problems. In response to the College's suit, the Town of Cicero filed countersuits against the College contending that the property presents a public nuisance and alleging that the College had violated the Illinois Freedom of Information Act by failing to disclose documents relating to the property. These countersuits have been dismissed.

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(Continued)



MORTON COLLEGE  
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**NOTE 8 - COMMITMENTS AND CONTINGENCIES (Continued)**

The College and the Town of Cicero had pursued settling the outstanding litigation and cooperating in the cleanup of the property. Another study of the property has been conducted by the College's environmental engineers, who have determined that there may be cleanup costs in the amount of \$2,000,000. This property has been enrolled in the site remediation program of the Illinois Environmental Protection Agency.

During the fiscal year ended June 30, 2003, the College and the Town of Cicero entered into a settlement agreement that requires the Town to remit up to \$1 million to the College to be used for costs associated with the cleanup. The \$1 million has been collected in fiscal year 2005. The funds were used toward clean-up costs in fiscal year 2005 totaling approximately \$1.6 million.

The College has been advised to perform additional testing to determine the current status of the property. In addition, the final phase of the remediation process will be dependent on the use of the property. Accordingly, management is unable to reasonably estimate the final remediation costs for financial reporting purposes.

Lease Commitment: The College entered into a 60-month non-cancelable copier lease and bus lease equipment agreement effective August 1, 2013 and October 1, 2013, respectively. The leases require a monthly payment of \$1,748 and \$1,805 through July of 2018 and September of 2018, respectively. The imputed interest rate for the lease agreements are approximately 8.5% and 5.77%.

Obligations under this non-cancelable operating lease \$659 due in fiscal year 2014.

Other Commitments: The College has commitments for the implementation of a new Enterprise Resource Planning (ERP) System totaling approximately \$407,000.

The United States Department of Education is conducting an inquiry into federal student aid funds disbursed at Morton College to certain students. The amount of funds that may have been improperly disbursed cannot be determined at this time and management is presently unable to determine the probable outcome of the inquiry.

Management is not aware of any claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the financial statements at June 30, 2014.

**NOTE 9 - NEW ACCOUNTING PRONOUNCEMENTS**

In June 2013, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions." This Statement replaces the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and Statement No. 50, "Pension Disclosures," as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions of this Statement are effective for the College's financial year ending June 30, 2015. Management has determined that implementation of this statement will lead to significant modifications of the pension footnotes as well as a potentially material liability adjustment to its financial statements.

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(Continued)

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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**NOTE 9 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

In January 2014, the GASB issued Statement 69, "Government Combinations and Disposals of Government Operations." This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. This Statement also requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for the College's fiscal year ended June 30, 2015, with earlier application being encouraged. Management determined that this Statement will have no impact on its financial statements.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68 and are effective for the College's financial year ending June 30, 2015. Management has not determined what impact this statement will have on its financial statements.

# STATISTICAL SECTION



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
STATISTICAL SECTION (UNAUDITED)  
TABLE OF CONTENTS  
June 30, 2014

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

Financial Trends..... 30-32

These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

Revenue Capacity..... 33-37

These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax.

Debt Capacity..... 38-40

These schedules contain information about College's ability to meet its current levels of outstanding debt, and, the College's ability to issue additional debt in the future.

Demographic and Economic Information..... 41-42

These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.

Operating Information ..... 43-44

These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.

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

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**FINANCIAL TRENDS (UNAUDITED)**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Position:										
Net Investment in Capital Assets	\$ 19,976,342	\$ 16,826,457	\$ 15,907,741	\$ 15,844,272	\$ 16,397,137	\$ 16,847,808	\$ 16,993,089	\$ 17,572,715	\$ 15,331,282	\$ 17,165,360
Restricted										
Capital Projects	14,274	1,149,200	511,865	736,089	1,734,387	82,755	1,025,341	(100,163)	1,704,741	(955,953)
Working cash	9,384,486	9,384,615	9,382,285	9,382,285	9,382,285	9,362,109	8,838,001	8,135,494	7,388,074	6,691,636
Debt service	1,162,982	1,108,691	1,121,588	1,218,466	1,196,142	1,527,297	1,586,742	1,309,877	1,572,479	2,139,500
Unrestricted	<u>9,590,316</u>	<u>9,889,204</u>	<u>9,487,652</u>	<u>9,242,269</u>	<u>5,940,693</u>	<u>6,017,875</u>	<u>4,215,635</u>	<u>4,748,482</u>	<u>4,048,430</u>	<u>4,505,468</u>
Total Net Position	<u>\$ 40,128,400</u>	<u>\$ 38,358,167</u>	<u>\$ 36,411,131</u>	<u>\$ 36,423,381</u>	<u>\$ 34,650,644</u>	<u>\$ 33,837,844</u>	<u>\$ 32,658,808</u>	<u>\$ 31,666,405</u>	<u>\$ 30,045,006</u>	<u>\$ 29,546,011</u>

Sources: College records.

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**FINANCIAL TRENDS (UNAUDITED)**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>OPERATING REVENUES</b>										
Student tuition and fees, net	\$ 3,361,086	\$ 4,125,936	\$ 3,336,367	\$ 2,965,107	\$ 1,978,334	\$ 2,463,462	\$ 2,492,440	\$ 2,792,459	\$ 2,924,583	\$ 2,587,386
Other	<u>1,982,775</u>	<u>2,238,138</u>	<u>2,408,893</u>	<u>2,597,828</u>	<u>2,383,068</u>	<u>2,016,032</u>	<u>1,939,714</u>	<u>1,981,494</u>	<u>1,791,421</u>	<u>1,603,622</u>
Total operating revenues	<u>5,343,861</u>	<u>6,364,074</u>	<u>5,745,260</u>	<u>5,562,935</u>	<u>4,361,402</u>	<u>4,479,494</u>	<u>4,432,154</u>	<u>4,773,953</u>	<u>4,716,004</u>	<u>4,191,008</u>
<b>OPERATING EXPENSES</b>										
Instruction	13,683,816	11,178,977	10,560,776	10,891,769	10,207,879	8,820,978	8,133,825	7,926,897	8,488,070	7,667,233
Academic support	2,300,300	2,146,750	1,640,870	1,657,044	728,771	1,261,197	1,557,271	1,741,351	876,369	684,759
Student services	2,463,099	2,064,685	1,724,416	1,963,425	2,457,240	2,644,019	2,605,073	2,854,617	2,554,699	1,418,827
Public services	517,563	486,255	528,209	499,903	964,727	517,128	433,838	356,984	462,112	143,629
Institutional support	5,602,019	5,878,454	5,487,908	4,068,162	4,267,797	3,496,613	3,799,780	3,104,004	3,247,578	5,803,942
Operation and maintenance of plant	2,702,346	4,265,754	4,363,130	3,317,143	2,915,452	2,621,437	3,007,529	2,840,300	2,848,215	3,579,084
Depreciation expense	1,761,597	1,445,016	1,437,228	1,450,714	1,195,651	1,145,936	1,135,715	1,010,134	1,095,583	689,086
Scholarship expense	4,380,563	6,203,707	4,682,950	4,160,475	2,748,859	1,935,715	2,511,346	2,548,719	2,304,768	2,176,422
Auxiliary enterprises	<u>2,649,892</u>	<u>2,567,778</u>	<u>2,603,138</u>	<u>2,539,302</u>	<u>2,481,197</u>	<u>2,101,710</u>	<u>2,128,633</u>	<u>1,949,951</u>	<u>2,024,270</u>	<u>1,744,898</u>
Total operating expenses	<u>36,061,195</u>	<u>36,237,376</u>	<u>33,028,625</u>	<u>30,547,937</u>	<u>27,967,573</u>	<u>24,544,733</u>	<u>25,313,010</u>	<u>24,332,957</u>	<u>23,901,664</u>	<u>23,907,880</u>
Operating (loss)	<u>(30,717,334)</u>	<u>(29,873,302)</u>	<u>(27,283,365)</u>	<u>(24,985,002)</u>	<u>(23,606,171)</u>	<u>(20,065,239)</u>	<u>(20,880,856)</u>	<u>(19,559,004)</u>	<u>(19,185,660)</u>	<u>(19,716,872)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>										
Local property taxes	8,337,495	8,215,441	7,667,168	8,945,308	8,652,341	8,366,317	8,411,056	7,994,722	7,332,526	7,256,725
State appropriations	14,453,707	12,816,492	9,411,230	8,471,061	8,362,672	7,780,647	8,019,653	7,991,383	7,754,086	7,607,079
Federal grants and contracts	9,917,890	10,911,286	10,159,841	9,379,397	7,308,800	4,915,014	4,707,745	4,406,367	4,019,556	3,308,857
Local grants and contracts	23,650	220,428	294,408	254,565	209,467	158,014	335,366	187,653	93,491	62,469
Investment income	3,437	12,691	19,317	12,394	41,859	189,444	588,697	824,774	572,534	311,073
Interest expense on debt	<u>(248,612)</u>	<u>(356,000)</u>	<u>(280,849)</u>	<u>(304,986)</u>	<u>(156,168)</u>	<u>(165,161)</u>	<u>(189,258)</u>	<u>(224,496)</u>	<u>(87,538)</u>	<u>(110,472)</u>
Net non-operating revenues (expenses)	<u>32,487,567</u>	<u>31,820,338</u>	<u>27,271,115</u>	<u>26,757,739</u>	<u>24,418,971</u>	<u>21,244,275</u>	<u>21,873,259</u>	<u>21,180,403</u>	<u>19,684,655</u>	<u>18,435,731</u>
Change in net position before capital contributions	<u>1,770,233</u>	<u>1,947,036</u>	<u>(12,250)</u>	<u>1,772,737</u>	<u>812,800</u>	<u>1,179,036</u>	<u>992,403</u>	<u>1,621,399</u>	<u>498,995</u>	<u>(1,281,141)</u>
<b>CAPITAL CONTRIBUTIONS</b>										
Capital gifts and grants	-	-	-	-	-	-	-	-	-	1,583,600
Total capital contributions	-	-	-	-	-	-	-	-	-	1,583,600
<b>CHANGE IN NET POSITION</b>	<u>\$ 1,770,233</u>	<u>\$ 1,947,036</u>	<u>\$ (12,250)</u>	<u>\$ 1,772,737</u>	<u>\$ 812,800</u>	<u>\$ 1,179,036</u>	<u>\$ 992,403</u>	<u>\$ 1,621,399</u>	<u>\$ 498,995</u>	<u>\$ 302,459</u>

Sources: Morton College Comprehensive Annual Financial Reports and general ledger reports

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**FINANCIAL TRENDS (UNAUDITED)**

**OPERATING EXPENSES BY FUNCTION (DOLLARS IN THOUSANDS)  
LAST TEN FISCAL YEARS**

Year of Levy	Total	Instruction	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Public Service	Auxiliary Service
2014	\$ 34,300	\$ 13,684	\$ 2,300	\$ 2,463	\$ 5,602	\$ 2,702	\$ 4,381	\$ 518	\$ 2,650
2013	34,794	11,179	2,147	2,065	5,879	4,266	6,204	486	2,568
2012	31,591	10,561	1,641	1,724	5,488	4,363	4,683	528	2,603
2011	29,096	10,892	1,657	1,963	4,068	3,317	4,160	500	2,539
2010	26,772	10,208	729	2,457	4,268	2,915	2,749	965	2,481
2009	23,399	8,821	1,261	2,644	3,497	2,621	1,936	517	2,102
2008	24,177	8,134	1,557	2,605	3,800	3,008	2,511	434	2,129
2007	23,323	7,927	1,741	2,855	3,104	2,840	2,549	357	1,950
2006	22,806	8,488	876	2,555	3,248	2,848	2,305	462	2,024
2005	23,219	7,667	685	1,419	5,804	3,579	2,176	144	1,745

Source: College Records

\*Does not include depreciation

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**REVENUE CAPACITY (UNAUDITED)**

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

<b>Levy Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Farm Property</b>	<b>Railroad Property</b>	<b>Other Assessed Value</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Estimated Actual Taxable Value</b>
2013	DNA	DNA	DNA	DNA	\$ 25,254,915	DNA	\$ 1,538,198,334	61.30%	\$ 4,614,599,617	33.333%
2012	\$ 1,132,021,942	\$ 293,820,048	\$ 190,451,096	\$ -	24,603,475	\$ -	1,640,896,561	55.60%	4,922,689,683	33.333%
2011	1,247,810,160	314,294,693	200,305,710	-	21,293,561	-	1,783,704,124	50.40%	5,351,112,372	33.333%
2010	1,732,327,412	335,543,279	217,994,164	-	19,534,030	-	2,305,398,885	39.30%	6,916,196,655	33.333%
2009	1,671,095,959	370,937,285	209,171,874	-	16,757,916	-	2,282,836,100	39.30%	6,803,889,102	33.333%
2008	1,635,692,667	407,701,368	220,468,300	-	15,207,631	-	2,279,023,709	38.90%	6,837,209,898	33.333%
2007	1,478,340,370	345,655,890	224,375,057	-	14,744,453	-	2,063,115,770	41.10%	6,189,347,310	33.333%
2006	1,395,631,515	346,564,900	219,035,813	-	14,359,331	-	1,975,591,559	41.70%	5,926,774,677	33.333%
2005	1,392,616,353	361,196,216	229,622,327	-	13,900,647	-	1,997,335,543	39.70%	5,992,006,629	33.333%
2004	1,093,285,023	307,993,915	213,073,328	-	14,018,988	-	1,628,371,254	47.10%	4,885,113,762	33.333%

**Data Sources:**

Offices of the County Clerk of Cook county

DNA = Data Not Available

**Notes:**

(1) Property in the College's district is reassessed every three years  
Cook County is in a triennial reassessment cycle.

(2) Property is assessed at 33% of actual value.

See accompanying independent auditors' report.



MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527

REVENUE CAPACITY (UNAUDITED)

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN LEVY YEARS

<b>Taxing Bodies:</b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Cook County	0.560	0.531	0.462	0.423	0.394	0.415	0.446	0.500	0.533	0.593
Cook County Forest Preserve	0.069	0.063	0.058	0.051	0.049	0.051	0.053	0.057	0.060	0.060
Metropolitan Water Reclamation	0.417	0.370	0.320	0.274	0.261	0.252	0.263	0.284	0.315	0.347
Consolidated Elections	0.031	0.000	0.025	0.000	0.021	0.000	0.012	0.000	0.014	0.000
Town of Cicero	5.183	4.522	4.566	3.388	3.344	3.243	3.613	3.754	3.610	4.366
Town of Cicero Library Fund	0.322	0.289	0.231	0.166	0.161	0.156	0.168	0.174	0.171	0.200
General Assistance	0.062	0.068	0.051	0.037	0.036	0.030	0.023	0.024	0.024	0.027
Suburban T.B. Sanitarium	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.005	0.005	0.001
Clyde Park District	0.545	0.505	0.458	0.333	0.308	0.289	0.363	0.368	0.349	0.417
Elementary School District 99	4.670	4.302	3.874	2.799	2.786	2.704	2.893	2.655	2.760	3.371
High School District 201	2.954	2.732	2.454	1.858	1.848	1.835	1.960	2.001	1.925	2.299
Town of Cicero Mental Health	<u>0.096</u>	<u>0.100</u>	<u>0.077</u>	<u>0.063</u>	<u>0.062</u>	<u>0.060</u>	<u>0.065</u>	<u>0.068</u>	<u>0.067</u>	<u>0.078</u>
Total Overlapping Rate	14.909	13.482	12.576	9.392	9.270	9.035	9.859	9.890	9.833	11.759
Morton College	<u>0.613</u>	<u>0.556</u>	<u>0.504</u>	<u>0.391</u>	<u>0.392</u>	<u>0.388</u>	<u>0.410</u>	<u>0.416</u>	<u>0.396</u>	<u>0.471</u>
Total Rate	<u>15.522</u>	<u>14.038</u>	<u>13.080</u>	<u>9.783</u>	<u>9.662</u>	<u>9.423</u>	<u>10.269</u>	<u>10.306</u>	<u>10.229</u>	<u>12.230</u>

Source: Cook County Clerk's Office – Year is year of extension.

DNA – Data not available

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**REVENUE CAPACITY (UNAUDITED)**

**PRINCIPAL PROPERTY TAX PAYERS  
2013 LEVY YEAR AND TEN YEARS AGO**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2013</u>			<u>2004</u>		
		<u>Assessed Value (Millions)*</u>	<u>Rank</u>	<u>Percentage of Total District 527 Assessed Valuation</u>	<u>Assessed Value (Millions)**</u>	<u>Rank</u>	<u>Percentage of Total District 527 Assessed Valuation</u>
Mac Neal Hospital Finance (formerly MacNeal Hospital & Health Service)	General hospital and commercial properties	\$ 16.67	1	1.08%	\$ 24.81	1	1.52%
Hawthorne Works Ste 316	Shopping Center	12.09	2	0.79%	12.53	4	0.77%
ONC Cicero LLC	Industrial property	9.88	3	0.64%			
Cicero Market Place and DDC of Cicero	Supermarket, one-story stores and bank building	8.15	4	0.53%	8.94	8	0.55%
Concordia M. Flight	Shopping Center	7.87	5	0.51%			
Thomas Carey Heirs	Commercial property	7.62	6	0.50%	13.29	2	0.82%
Heartland Bank	Nine-story building with special commercial improvements	7.35	7	0.48%			
United States Cold Storage	Industrial Property	6.83	8	0.44%			
DiMucci Co. Development	Shopping center including one-story stores and supermarket	5.84	9	0.38%			
Target Corporation 732	Discount department store	<u>5.63</u>	10	<u>0.37%</u>	7.71	10	0.47%
Cambridge Realty CAP LTD	Nine story building with special improvements				12.56	3	0.77%
Cermak Plaza Association	Shopping center				10.53	5	0.65%
Property Tax Dept. 201	Industrial property				9.57	6	0.59%
Commonwealth Edison	Electric Utility				9.06	7	0.56%
VHS of Illinois	Commercial buildings over three stories and one-story stores				<u>8.31</u>	9	<u>0.51%</u>
		<u>\$ 87.93</u>		<u>5.72%</u>	<u>\$ 117.31</u>		<u>5.69%</u>

\* Includes only those parcels with 2013 equalized assessed valuations of \$160,000 and over as recorded in the Cook County Assessor's Office

\*\* Includes parcels with 2004 equalized assessed valuation of approximately \$200,000 and over as recorded in the Cook County Assessor's Office

Sources: Cook County Clerk and Assessor's Office

See accompanying independent auditors' report.

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527

REVENUE CAPACITY (UNAUDITED)

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN LEVY YEARS

Year of Levy	Total Extended Tax Levy	Current Year Collections	Percent of Levy	Delinquent Taxes Collected (refunded)	Total Taxes Collected	Percent of levy
2013	\$ 9,420,882	\$ 4,483,437	47.59%	\$ -	\$ 4,483,437	47.59%
2012	9,117,628	8,910,212	97.73%	-	8,910,212	97.73%
2011	8,989,869	8,772,283	97.58%	-	8,772,283	97.58%
2010	9,037,164	8,906,373	98.55%	(69,514)	8,836,859	97.78%
2009	8,893,081	8,630,887	97.05%	(216,582)	8,414,305	94.62%
2008	8,845,166	8,581,539	97.02%	(271,208)	8,310,331	93.95%
2007	8,465,660	8,525,645	100.71%	(268,281)	8,257,364	97.54%
2006	8,139,625	7,994,146	98.21%	(394,393)	7,599,753	93.37%
2005	7,905,750	7,774,140	98.34%	(471,373)	7,302,767	92.37%
2004	7,659,325	7,695,714	100.48%	(242,592)	7,453,122	97.31%

The 2010 delinquent tax data is the latest data available.

Source: County tax records.

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**REVENUE CAPACITY (UNAUDITED)**

**ASSESSED VALUATIONS AND TAXES EXTENDED  
GOVERNMENTAL FUND TYPES  
LAST SIX LEVY YEARS**

	<u>2013 Levy</u>	<u>2012 Levy</u>	<u>2011 Levy</u>	<u>2010 Levy</u>	<u>2009 Levy</u>	<u>2008 Levy</u>
Assessed Valuation	\$ 1,538,198,334	\$ 1,640,896,561	\$ 1,783,704,124	\$ 2,305,398,885	\$ 2,282,836,100	\$ 2,279,023,709
Tax Rates (Per \$100 of Assessed Valuation)						
Education Fund	0.4226	0.3866	0.3396	0.2552	0.2652	0.2624
Operations and Maintenance Fund	0.1000	0.1000	0.1000	0.0887	0.0892	0.0883
Bond and Interest Fund	0.0413	0.0273	0.0251	0.0196	0.0256	0.0254
Life Safety Fund	-	-	-	-	-	-
Liability, Protection, and Settlement Fund	0.0321	0.0263	0.0248	0.0173	0.0011	0.0011
Social Security Fund	0.0115	0.0105	0.0093	0.0069	0.0072	0.0071
Audit Fund	<u>0.0050</u>	<u>0.0050</u>	<u>0.0050</u>	<u>0.0036</u>	<u>0.0038</u>	<u>0.0038</u>
Total Tax Rates	<u>0.6125</u>	<u>0.5557</u>	<u>0.5038</u>	<u>0.3913</u>	<u>0.3921</u>	<u>0.3881</u>
Taxes Extended						
Education Fund	\$ 6,500,000	\$ 6,344,000	\$ 6,058,000	\$ 5,883,377	\$ 6,014,640	\$ 5,980,158
Operations and Maintenance Fund	1,538,198	1,640,897	1,783,704	2,044,888	2,023,023	2,012,377
Bond and Interest Fund	634,974	447,486	451,365	467,999	580,996	579,150
Audit Fund	76,910	82,045	88,400	82,994	86,182	86,602
Liability, Protection, and Settlement Fund	<u>670,800</u>	<u>603,200</u>	<u>608,400</u>	<u>557,906</u>	<u>188,240</u>	<u>186,879</u>
Total Taxes Extended	<u>\$ 9,420,882</u>	<u>\$ 9,117,628</u>	<u>\$ 8,989,869</u>	<u>\$ 9,037,164</u>	<u>\$ 8,893,081</u>	<u>\$ 8,845,166</u>

Sources: County tax records

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NUMBER 527**

**DEBT CAPACITY (UNAUDITED)**

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	Total Outstanding Debt	Net Position Restricted for Debt Service	Net Outstanding Debt	District 527 Actual Taxable Property Value <sup>(1)</sup>	Percentage of Net General Bonded Debt to Actual Taxable Property Value	Population *	Net General Bonded Debt Per Capita	Percentage of Personal Income
2014	\$ 4,745,000	\$ -	\$ 173,275	\$ 4,918,275	\$ 1,162,982	\$ 3,755,293	\$ 1,538,198,334	0.24%	157,067	23.91	NA
2013	5,580,000	-	23,996	5,603,996	1,108,691	4,495,305	1,640,896,561	0.27%	157,067	28.62	NA
2012	6,395,000	-	33,777	6,428,777	1,121,588	5,307,189	1,783,704,124	0.30%	157,067	33.79	NA
2011	7,200,000	-	40,116	7,240,116	1,218,466	6,021,650	2,305,398,885	0.26%	157,067	38.34	NA
2010	8,075,000	-	57,899	8,132,899	1,196,142	6,936,757	2,282,836,100	0.30%	157,067	44.16	NA
2009	3,375,000	-	74,319	3,449,319	1,527,297	1,922,022	2,279,023,709	0.08%	157,067	12.24	NA
2008	3,760,000	-	-	3,760,000	1,586,742	2,173,258	2,063,115,770	0.11%	157,067	13.84	NA
2007	4,130,000	-	-	4,130,000	1,309,877	2,820,123	1,975,591,559	0.14%	157,067	17.95	1.73%
2006	1,515,000	3,000,000	-	4,515,000	1,572,479	2,942,521	1,997,335,543	0.15%	157,067	18.73	2.04%
2005	1,975,000	-	-	1,975,000	1,975,000	-	1,628,371,254	0.00%	157,067	-	0.94%

\* estimated figures used for 2005 through 2014

Sources: College records and Bureau of Economic Analysis  
NA - Personal Income not available for 2008 through 2014

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**DEBT CAPACITY (UNAUDITED)**

**DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT\*  
JUNE 30, 2014**

	Outstanding	Applicable to District	
	Bonds	Percentage	Amount
<b>Direct Debt:</b>			
Morton Community College #527	\$ 4,745,000 (3)	100.00%	\$ 4,745,000
<b>Overlapping Debt:</b>			
Cook County	3,572,060,000	1.21%	43,043,323
Cook County Forest Preserve	124,455,000 (3)	1.21%	1,499,683
Metropolitan Water Reclamation District	2,458,515,565 (1)	1.23%	30,215,156
<b>Municipalities:</b>			
City of Berwyn	133,983,157 (2)	100.00%	133,983,157
Town of Cicero	83,600,000 (4)	100.00%	83,600,000
Village of Forest View	1,760,000	44.41%	794,429
Village of Lyons	5,760,000 (3)(5)	95.52%	5,505,581
Village of McCook	26,878,000	28.42%	7,236,902
Village of Stickney	10,710,000	100.00%	10,710,000
<b>Park Districts:</b>			
Berwyn Park District	1,795,000	100.00%	1,795,000
Central Stickney Park District	540,000	1.65%	9,191
Clyde Park District	1,910,000 (3)	100.00%	1,910,000
Hawthorne Park District	164,825 (3)	100.00%	164,825
McCook Park District	550,000	28.56%	149,149
North Berwyn Park District	799,050	100.00%	799,050
<b>Library District:</b>			
McCook Public Library District	- (3)	28.56%	-
Stickney-Forest View Library District	-	54.40%	-
<b>School Districts:</b>			
#99	46,150,000	100.00%	46,150,000
#100	33,960,000	100.00%	33,960,000
#103	8,741,937 (2)	71.86%	6,218,664
#104	30,440,000	2.98%	924,767
<b>High School District:</b>			
#201	36,967,129 (2)	100.00%	36,967,129
<b>Total Overlapping Debt</b>	<b>6,579,739,663</b>		<b>445,636,006</b>
<b>Total Direct and Overlapping General Obligation Bonded Debt</b>	<b>\$ 6,584,484,663</b>		<b>\$ 450,381,006</b>

\*2013 Equalized Assessed Values (latest available) were used for this statement.  
Outstanding bonds were as of June 30, 2014.

- (1) Includes IEPA Revolving Loan Fund Bonds
- (2) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.
- (3) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation.
- (4) Excludes self-supporting debt
- (5) Excludes debt certificates

Sources: Offices of the Cook County Clerk, Cook County Comptroller, and the Treasurer of the Metropolitan Water Reclamation District of Greater Chicago

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**DEBT CAPACITY (UNAUDITED)**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value <sup>(1)</sup>	Debt Limit Rate	Debt Limit (Assessed Value Debt Limit Rate)	Net Debt Applicable to Debt Limit	Legal Debt Margin	Net Debt Applicable to Debt Limit as a Percentage of Debt Limit
2014	\$ 1,538,198,334	2.875%	\$ 44,223,202	\$ 4,745,000	\$ 39,478,202	10.73%
2013	1,640,896,561	2.875%	47,175,776	5,580,000	41,595,776	11.83%
2012	1,783,704,124	2.875%	51,281,494	6,395,000	44,886,494	12.47%
2011	2,305,398,885	2.875%	65,521,932	7,200,000	58,321,932	10.99%
2010	2,282,836,100	2.875%	59,314,578	8,075,000	51,239,578	13.61%
2009	2,279,023,709	2.875%	56,798,257	3,375,000	53,423,257	5.94%
2008	2,063,115,770	2.875%	57,423,397	3,760,000	53,663,397	6.55%
2007	1,975,591,559	2.875%	46,815,674	4,130,000	42,685,674	8.82%
2006	1,997,335,543	2.875%	45,921,150	4,515,000	41,406,150	9.83%
2005	1,628,371,254	2.875%	46,838,367	1,975,000	44,863,367	4.22%

Source: County tax records: college records

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**DEMOGRAPHIC AND ECONOMIC INFORMATION (UNAUDITED)**

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

Fiscal Year	Population Employed <b>(2)</b>	Personal Income <b>(2)</b>	Per Capita Personal Income	Unemployment Rate <b>(1)</b>
2014	NA	NA	NA	NA
2013	NA	NA	NA	NA
2012	NA	NA	NA	NA
2011	NA	NA	NA	NA
2010	NA	NA	NA	NA
2009	NA	NA	NA	NA
2008	NA	NA	NA	NA
2007	NA	NA	NA	6.50%
2006	5,271,405	\$ 238,426,065	\$ 45,230	5.10%
2005	5,280,306	221,735,670	41,993	4.70%

\* All income estimates with the exception of PCPI are in thousands of dollars.

Data Source

- 1) Illinois Department of Employment Security, Illinois Labor Market Information for the County of Cook
- 2) Bureau of Economic Analysis Bearfacts Regional Economic Accounts for the County of Cook

NA - Data Not Available

See accompanying independent auditors' report.



**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**DEMOGRAPHIC AND ECONOMIC INFORMATION (UNAUDITED)**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	City	Number of Jobs	Rank	Employed Population	Percent of Total District 527 Population	
<b><u>2014</u></b>						
MacNeal Hospital	Berwyn	(2)	2,200	1	63,705	3.4534%
Wirtz Beverage Illinois, LLC	Cicero	(1)	1,000	2	63,705	1.5697%
LBP Manufacturing, Inc.	Cicero	(1)	500	3	63,705	0.7849%
USF Holland, Inc.	McCook	(2)	500	3	63,705	0.7849%
Morton East & West High Schools	Cicero	(3)	401	4	63,705	0.6295%
Terrace Paper Co., Inc.	Cicero	(1)	400	5	63,705	0.6279%
Meade Electric Co.	McCook	(2)	400	5	63,705	0.6279%
A&R Janitorial Services, Inc.	Cicero	(2)	350	6	63,705	0.5494%
Campagna-Turano Bakery	Berwyn	(1)	300	7	63,705	0.4709%
Capital Wholesale Meats Inc.	McCook	(1)	270	8	63,705	0.4238%
Brad Foote Gear Works, Inc.	Cicero	(1)	270	8	63,705	0.4238%
Groot Industries, Inc.	McCook	(2)	250	9	63,705	0.3924%
Morton College	Cicero	(1)	250	10	63,705	0.3924%
Saporito Finishing Co.	Cicero	(1)	250	10	63,705	0.3924%
Tru Vue, Inc.	McCook	(1)	250	10	63,705	0.3924%
World Marketing - Chicago	McCook	(2)	250	10	63,705	0.3924%
<b><u>2006</u></b>						
MacNeal Memorial Hospital	Berwyn	(4)	1,000	1	129,346	0.7731%
A & R Janitorial Service	Cicero	(4)	1,100	2	129,346	0.8504%
Turano Baking Company	Berwyn	(4)	400	3	129,346	0.3092%
Westshire Nursing & Rehab Center	Cicero	(4)	350	4	129,346	0.2706%
Alden Management Services Inc.	Cicero	(4)	250	5	129,346	0.1933%
Chicago Metallic Corp.	Stickney	(4)	225	6	129,346	0.1740%
Corey Steel	Cicero	(4)	200	7	129,346	0.1546%
Home Depot USA Inc.	Cicero	(4)	200	8	129,346	0.1546%
Itron Corp.	Cicero	(4)	200	9	129,346	0.1546%
Building Services of America	Berwyn		199	10	129,346	0.1539%

Data Sources: (1) 2014 Illinois Manufacturers Directory  
(2) 2014 Illinois Services Directory  
(3) ReferenceUSA.com  
(4) 2006 Illinois Manufacturers Directory and 2006 Illinois Services Directory

Note: 2005 data not available

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY SCHOOL DISTRICT NUMBER 527**

**OPERATING INFORMATION (UNAUDITED)**

**FULL-TIME EQUIVALENT EMPLOYEES  
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>FACULTY</b>										
Full Time	54	51	51	52	53	52	51	54	52	52
Full Time Overload										
Full Time Summer	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>54</u>	<u>51</u>	<u>51</u>	<u>52</u>	<u>53</u>	<u>52</u>	<u>51</u>	<u>54</u>	<u>52</u>	<u>52</u>
Part Time	<u>190</u>	<u>192</u>	<u>190</u>	<u>166</u>	<u>159</u>	<u>154</u>	<u>150</u>	<u>174</u>	<u>176</u>	<u>200</u>
Total Faculty FTE	<u>244</u>	<u>243</u>	<u>241</u>	<u>218</u>	<u>212</u>	<u>206</u>	<u>201</u>	<u>228</u>	<u>228</u>	<u>252</u>
Teaching	243	243	241	218	212	206	201	228	228	252
Non-Teaching	-	-	-	-	-	-	-	-	-	-
Total Faculty FTE	<u>243</u>	<u>243</u>	<u>241</u>	<u>218</u>	<u>212</u>	<u>206</u>	<u>201</u>	<u>228</u>	<u>228</u>	<u>252</u>
<b>LIBRARY, COUNSELORS, &amp; OTHER</b>										
Full Time	3	3	3	3	4	4	3	3	3	-
Summer	-	-	-	-	-	-	-	-	-	-
Part Time	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>7</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Total Library, Counselors, & Other FTE	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>11</u>	<u>9</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>-</u>
<b>ADMINISTRATORS</b>										
	31	29	24	15	15	14	15	15	17	21
<b>CLASSIFIED EMPLOYEES</b>										
	<u>114</u>	<u>112</u>	<u>108</u>	<u>106</u>	<u>105</u>	<u>108</u>	<u>105</u>	<u>155</u>	<u>116</u>	<u>-</u>
TOTAL FTE EMPLOYEES (before student employee FTE)	<u>394</u>	<u>391</u>	<u>380</u>	<u>346</u>	<u>343</u>	<u>337</u>	<u>328</u>	<u>405</u>	<u>368</u>	<u>273</u>
<b>STUDENT EMPLOYEE (1)</b>										
	<u>16</u>	<u>18</u>	<u>19</u>	<u>19</u>	<u>5</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
TOTAL FTE EMPLOYEES (including student employee FTE)	<u>410</u>	<u>409</u>	<u>399</u>	<u>365</u>	<u>348</u>	<u>341</u>	<u>331</u>	<u>408</u>	<u>371</u>	<u>273</u>

Data Source: College records

Notes

(1) Student FTE are based upon 20 hours per week

See accompanying independent auditors' report.

**MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527**

**OPERATING INFORMATION (UNAUDITED)**

**CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Capital Asset Type:</b>										
Land & Land improvements	\$ 2,600,248	\$ 2,600,248	\$ 2,600,248	\$ 2,600,248	\$ 2,600,248	\$ 2,600,248	\$ 2,600,248	\$ 2,600,248	\$ 2,600,248	\$ 2,600,248
Building & Building improvements	30,083,273	24,237,896	23,718,767	23,380,951	23,293,440	23,103,524	22,263,455	22,051,225	17,445,532	16,459,689
Construction in progress	-	1,290,305	869,399	765,534	3,393,564	16,376	9,900	-	1,656,496	1,112,542
Movable Equipment	<u>7,078,802</u>	<u>6,634,673</u>	<u>6,126,427</u>	<u>5,242,349</u>	<u>1,832,742</u>	<u>1,980,273</u>	<u>2,052,200</u>	<u>2,218,759</u>	<u>2,027,737</u>	<u>2,335,387</u>
Total Capital Assets	<u>39,762,323</u>	<u>34,763,122</u>	<u>33,314,841</u>	<u>31,989,082</u>	<u>31,119,994</u>	<u>27,700,421</u>	<u>26,925,803</u>	<u>26,870,232</u>	<u>23,730,013</u>	<u>22,507,866</u>
<b>Less Accumulated Depreciation</b>										
Building & Building improvements	(11,350,048)	(10,127,758)	(8,920,731)	(8,005,858)	(7,107,072)	(6,213,233)	(5,328,129)	(4,482,557)	(3,747,763)	(3,579,536)
Equipment	<u>(3,198,741)</u>	<u>(2,659,434)</u>	<u>(2,421,445)</u>	<u>(1,899,090)</u>	<u>(1,347,162)</u>	<u>(1,397,780)</u>	<u>(1,437,305)</u>	<u>(1,647,680)</u>	<u>(1,650,968)</u>	<u>(1,762,970)</u>
Total Accumulated Depreciation	<u>(14,548,789)</u>	<u>(12,787,192)</u>	<u>(11,342,176)</u>	<u>(9,904,948)</u>	<u>(8,454,234)</u>	<u>(7,611,013)</u>	<u>(6,765,434)</u>	<u>(6,130,237)</u>	<u>(5,398,731)</u>	<u>(5,342,506)</u>
Total Net Capital Assets	<u>\$ 25,213,534</u>	<u>\$ 21,975,930</u>	<u>\$ 21,972,665</u>	<u>\$ 22,084,134</u>	<u>\$ 22,665,760</u>	<u>\$ 20,089,408</u>	<u>\$ 20,160,369</u>	<u>\$ 20,739,995</u>	<u>\$ 18,331,282</u>	<u>\$ 17,165,360</u>
<b>Other Information:</b>										
Capital additions	<u>\$ 4,999,201</u>	<u>\$ 1,448,281</u>	<u>\$ 1,325,759</u>	<u>\$ 869,088</u>	<u>\$ 3,772,003</u>	<u>\$ 1,074,975</u>	<u>\$ 556,089</u>	<u>\$ 3,418,847</u>	<u>\$ 2,261,505</u>	<u>\$ 6,027,775</u>
Depreciation expense	<u>\$ 1,761,597</u>	<u>\$ 1,445,016</u>	<u>\$ 1,437,228</u>	<u>\$ 1,450,714</u>	<u>\$ 1,195,651</u>	<u>\$ 1,145,936</u>	<u>\$ 1,135,715</u>	<u>\$ 1,010,134</u>	<u>\$ 1,095,583</u>	<u>\$ 689,086</u>

Data Source: College records

See accompanying independent auditors' report.

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
OPERATING INFORMATION (UNAUDITED)

RESIDENCE POLICY  
Year Ended June 30, 2014

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The tuition rate is determined by the student's residence. Residence is defined as the place where a student lives and which a student intends to be his true permanent home. A student who temporarily moves into the district for the purpose of attending the College at a reduced tuition rate will not be considered as having established a true residence within the district.

The student must meet the following criteria to be considered a resident of the district: One must have occupied and/or owned a dwelling in the district for 30 days immediately prior to the start of classes and must demonstrate proof of district residency by providing at least two of the following acceptable proof of residency documents: Illinois driver's license, state I.D., automobile registration, property tax statement, voter registration card, lease or purchase agreement, matricula, utility or telephone bill. Acceptable proof of identification documents include Illinois driver's license, state I.D., matricula and passports.

A change from out-of-district to in-district status during a semester becomes effective no earlier than the following semester. Students who move in or out of the district during a semester are required to report their new residence to the Office of Admissions and Records.

Documentation Verifying District or State Residency

DISTRICT RESIDENCY VERIFICATION

1. High school transcripts are on-file for all degree-seeking in-district and in-state high school graduates.
2. Two forms of identification as listed above must be provided for any student who has mail returned, or who has been reported to reside outside of the district. A student's record will be restricted until this is verified. A photocopy of this documentation will be placed in the student file.

CONTRACT TRAINING

1. In-district companies many provide contract training for their employees at an in-district rate. Contract training is defined as specific coursework or enrollment in a specific degree/certificate program which is job-related as approved by the sponsoring in-district company. It infers the company will derive direct benefits as a result of the employee's training. The procedures are:
  - a. An authorized company representative must sign a contract training agreement form with Morton College for each employee to be trained verifying the courses approved as being related to their job.
  - b. The company is directly billed for the courses at in-district tuition rates.

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See accompanying independent auditors' report.

# SPECIAL REPORTS SECTION



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

MORTON COLLEGE  
 COMMUNITY COLLEGE DISTRICT NO. 527  
 ALL FUNDS SUMMARY - UNIFORM FINANCIAL STATEMENT NUMBER 1  
 YEAR ENDED JUNE 30, 2014

	Education Fund	Operation and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Auxiliary Enterprises Fund	Restricted Purposes Fund	Bond Retirement Fund	Working Cash Fund	Audit Fund	Liability, Protection and Settlement Funds	Investment in Plant	Total
Account Balance at July 1, 2013	\$ 7,766,409	\$ 1,118,386	\$ 354,667	\$ 1,698,675	\$ 21,411	\$ 1,108,691	\$ 9,384,615	\$ (53,622)	\$ 784,525	\$ 16,174,410	\$ 38,358,167
Revenues:											
Local tax revenue	5,679,063	1,662,199	-	-	-	408,576	-	70,365	517,292	-	8,337,495
All other local revenue	6,150	-	-	-	17,500	-	-	-	-	-	23,650
ICCB grants	4,729,479	-	-	-	640,484	-	-	-	-	-	5,369,963
All other state revenue	623,052	623,052	2,450,000	-	5,387,640	-	-	-	-	-	9,083,744
Federal revenue	-	-	-	-	9,894,236	23,654	-	-	-	-	9,917,890
Student tuition and fees	8,886,672	473,457	-	-	-	-	-	-	-	-	9,360,129
All other revenue	291,807	3,914	-	1,868,467	-	3,635,696	1,542	2	7	(3,815,223)	1,986,212
Total revenues	<u>20,216,223</u>	<u>2,762,622</u>	<u>2,450,000</u>	<u>1,868,467</u>	<u>15,939,860</u>	<u>4,067,926</u>	<u>1,542</u>	<u>70,367</u>	<u>517,299</u>	<u>(3,815,223)</u>	<u>44,079,083</u>
Expenditures:											
Instruction	8,638,718	-	-	-	4,114,950	-	-	-	129,916	800,232	13,683,816
Academic support	1,912,032	-	-	-	372,748	-	-	-	15,520	-	2,300,300
Student services	1,924,801	-	-	-	518,211	-	-	-	20,087	-	2,463,099
Public service/ continuing education	238,320	-	-	-	274,867	-	-	-	4,376	-	517,563
Auxiliary services	689,617	-	-	1,800,799	155,463	-	-	-	4,013	-	2,649,892
Operation and maintenance of plant	-	3,244,158	4,759,318	-	518,796	-	-	-	25,452	(5,845,378)	2,702,346
Institutional support	4,465,758	-	-	-	673,675	-	-	99,698	362,888	-	5,602,019
Scholarships, student grants and waivers	1,095,372	-	-	-	9,284,234	-	-	-	-	-	10,379,606
Debt Service	-	-	-	-	-	4,613,635	-	-	-	(4,365,023)	248,612
Depreciation	-	-	-	-	-	-	-	-	-	1,761,597	1,761,597
Total expenditures	<u>18,964,618</u>	<u>3,244,158</u>	<u>4,759,318</u>	<u>1,800,799</u>	<u>15,912,944</u>	<u>4,613,635</u>	<u>-</u>	<u>99,698</u>	<u>562,252</u>	<u>(7,648,572)</u>	<u>42,308,850</u>
Operation transfers in	201,671	12,810	2,000,000	-	-	600,000	-	-	300,000	-	3,114,481
Operation transfers out	<u>2,900,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>12,810</u>	<u>-</u>	<u>1,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,114,481</u>
Account balance at June 30, 2014	<u>\$ 6,319,685</u>	<u>\$ 649,660</u>	<u>\$ 45,349</u>	<u>\$ 1,566,343</u>	<u>\$ 35,517</u>	<u>\$ 1,162,982</u>	<u>\$ 9,384,486</u>	<u>\$ (82,953)</u>	<u>\$ 1,039,572</u>	<u>\$ 20,007,759</u>	<u>\$ 40,128,400</u>

\* Revenues and expenditures in the Restricted Purposes Fund include State on-behalf contributions to SURS of \$5,182,112

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
SUMMARY OF CAPITAL ASSETS AND DEBT -  
UNIFORM FINANCIAL STATEMENT NUMBER 2  
Year Ended June 30, 2014

Schedule 2

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	Capital Asset/Debt July 1, 2013	Additions	Deletions	Transfers	Capital Asset/Debt June 30, 2014
Capital assets:					
Land and improvements	\$ 2,600,248	\$ -	\$ -	\$ -	\$ 2,600,248
Buildings and improvements	24,237,896	4,822,025	-	1,023,352	30,083,273
Movable equipment	6,634,673	177,176	-	266,953	7,078,802
Other capital assets (construction in progress)	1,290,305	-	-	(1,290,305)	-
Total capital assets	34,763,122	4,999,201	-	-	39,762,323
Less: accumulated depreciation	12,787,192	1,761,597	-	-	14,548,789
Net capital assets	\$ 21,975,930	\$ 3,237,604	\$ -	\$ -	\$ 25,213,534
Debt					
Total debt	\$ 5,640,181	\$ 3,815,223	\$ (4,079,926)	\$ -	\$ 5,375,478

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MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
OPERATING FUNDS REVENUES AND EXPENDITURES -  
UNIFORM FINANCIAL STATEMENT NUMBER 3  
Year Ended June 30, 2014

Schedule 3

	<u>Education Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Total Operating Funds</u>
Operating revenues by source:			
Local government:			
Taxes	\$ 5,679,063	\$ 1,662,199	\$ 7,341,262
Chargeback revenue, other community colleges	-	-	-
Total local government	<u>5,679,063</u>	<u>1,662,199</u>	<u>7,341,262</u>
State government:			
ICCB credit hour grants	1,542,959	-	1,542,959
ICCB equalization grants	3,059,213	-	3,059,213
ICCB vocational education	127,307	-	127,307
Corporate personal property replacement taxes	<u>623,052</u>	<u>623,052</u>	<u>1,246,104</u>
Total State government	<u>5,352,531</u>	<u>623,052</u>	<u>5,975,583</u>
Student tuition and fees:			
Tuition	7,426,876	-	7,426,876
Fees	<u>1,459,796</u>	<u>473,457</u>	<u>1,933,253</u>
Total student tuition and fees	<u>8,886,672</u>	<u>473,457</u>	<u>9,360,129</u>
Other sources:			
Sales and service fees	165,258	-	165,258
Facilities rental	-	193	193
Investment revenue	1,402	471	1,873
Other	<u>131,297</u>	<u>3,250</u>	<u>134,547</u>
Total other sources	<u>297,957</u>	<u>3,914</u>	<u>301,871</u>
Total revenue	20,216,223	2,762,622	22,978,845
Less - nonoperating items*			
Tuition chargeback revenue	-	-	-
Adjusted revenue	<u>\$ 20,216,223</u>	<u>\$ 2,762,622</u>	<u>\$ 22,978,845</u>

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



MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
OPERATING FUNDS REVENUES AND EXPENDITURES -  
UNIFORM FINANCIAL STATEMENT NUMBER 3  
Year Ended June 30, 2014

Schedule 3

	<u>Education Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Total Operating Funds</u>
Operating expenditures:			
By program:			
Instruction	\$ 8,638,718	\$ -	\$ 8,638,718
Academic support	1,912,032	-	1,912,032
Student services	1,924,801	-	1,924,801
Public service/continuing education	238,320	-	238,320
Auxiliary services	689,617	-	689,617
Operation and maintenance of plant	-	3,244,158	3,244,158
Institutional support	4,465,758	-	4,465,758
Scholarships, student grants and waivers	<u>1,095,372</u>	<u>-</u>	<u>1,095,372</u>
Total operating expenditures, by program	18,964,618	3,244,158	22,208,776
Less - nonoperating items*			
Tuition chargeback revenue	<u>36,287</u>	<u>-</u>	<u>36,287</u>
Adjusted expenditures	<u>\$ 18,928,331</u>	<u>\$ 3,244,158</u>	<u>\$ 22,172,489</u>
By Object:			
Salaries	\$ 12,696,823	\$ 1,598,702	\$ 14,295,525
Employee benefits	1,365,650	196,722	1,562,372
Contractual services	2,075,257	380,618	2,455,875
General materials and supplies	1,159,282	101,677	1,260,959
Conference and meeting expenses	278,191	1,619	279,810
Fixed charges	12,393	-	12,393
Utilities	-	919,260	919,260
Capital outlay	272,294	45,560	317,854
Student grants and scholarships	1,020,102	-	1,020,102
Other	<u>84,626</u>	<u>-</u>	<u>84,626</u>
Total operating expenditures, by object	<u>18,964,618</u>	<u>3,244,158</u>	<u>22,208,776</u>
Less - nonoperating items*			
Tuition chargeback revenue	<u>36,287</u>	<u>-</u>	<u>36,287</u>
Adjusted expenditures	<u>\$ 18,928,331</u>	<u>\$ 3,244,158</u>	<u>\$ 22,172,489</u>

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
RESTRICTED PURPOSED FUND REVENUES AND EXPENDITURES -  
UNIFORM FINANCIAL STATEMENT NUMBER 4  
Year Ended June 30, 2014

Schedule 4

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Restricted Purposes Fund revenues, by source:	
Local tax revenue	
Other	\$ 17,500
Total local tax revenue	<u>17,500</u>
State government:	
ICCB workforce development grants	-
ICCB vocational education	9,395
ICCB adult education	631,089
Illinois Student Assistance Commission	-
Other state revenue	<u>5,387,640</u>
Total state government	<u>6,028,124</u>
Federal government:	
Department of Education	9,888,539
Department of Agriculture	5,697
Department of Justice	-
Total federal government	<u>9,894,236</u>
Other sources:	
Tuition and fees	-
Total other sources	<u>-</u>
Total Restricted Purposes Fund revenues, by source	<u>\$ 15,939,860</u>
Restricted Purposes Fund expenditures, by program:	
Instruction	\$ 4,114,950
Academic support	372,748
Student services	518,211
Public service/continuing education	274,867
Auxiliary services	155,463
Operation and maintenance of plant	518,796
Institutional support	673,675
Scholarships, student grants and waivers	<u>9,284,234</u>
Total restricted purposes fund expenditures, by program	<u>\$ 15,912,944</u>
Restricted Purposes Fund expenditures, by object:	
Salaries	1,139,301
Employee benefits	5,242,660
Contractual services	87,908
General materials and supplies	110,665
Conferences and meetings	35,352
Fixed charges	-
Capital outlay	12,824
Scholarships, student grants and waivers	<u>9,284,234</u>
Total Restricted Purposes Fund expenditures, by object	<u>\$ 15,912,944</u>

\* Revenues and expenditures in the Restricted Purposes Fund include State on-behalf contributions to SURS of \$5,182,112.

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
CURRENT FUNDS - EXPENDITURES BY ACTIVITY -  
UNIFORM FINANCIAL STATEMENT NUMBER 5  
Year Ended June 30, 2014

Schedule 5

Instruction:	
Instructional programs	\$ 9,903,506
Other	<u>2,980,078</u>
Total Instruction	<u>12,883,584</u>
Academic Support:	
Library Center	594,376
Instructional Materials Center	119,461
Other	<u>1,586,463</u>
Total academic support	<u>2,300,300</u>
Student services support:	
Admissions and records	456,583
Counseling and career services	879,515
Financial aid administration	348,537
Other student services support	<u>778,464</u>
Total student services support	<u>2,463,099</u>
Public service/continuing education:	
Community education	231,925
Community services	6,393
Other	<u>279,245</u>
Total public service/continuing education	<u>517,563</u>
Auxiliary services	<u>2,649,892</u>
Operation and maintenance:	
Maintenance	497,021
Custodial services	553,750
Grounds	228,134
Campus security	831,726
Plant utilities	919,260
Administration	<u>758,515</u>
Total operation and maintenance of plant	<u>3,788,406</u>
Institutional support:	
Executive management	956,063
Fiscal operations	770,617
Community relations	103,644
Administrative support services	358,552
Board of Trustees	53,596
General institutional	806,132
Administrative data processing	1,867,035
Other	<u>686,150</u>
Total institutional support	<u>5,602,019</u>
Scholarships, student grants and waivers	<u>10,379,606</u>
Total current funds expenditures	<u>\$ 40,584,469</u>

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

\*\* Revenues and expenditures in the Restricted Purposes Fund include State on-behalf contributions to SURS of \$5,182,112.

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
CERTIFICATION OF CHARGEBACK REIMBURSEMENT  
ALL NONCAPITAL AUDITED OPERATING EXPENSES  
Year Ended June 30, 2014

Schedule 6

Education Fund	\$ 18,692,324
Operations and Maintenance Fund	3,198,598
Operations and Maintenance Fund (Restricted)	296,187
Bond Retirement Fund	142,952
Restricted Purposes Fund	10,718,008
Audit Fund	99,698
Liability, Protection and Settlement Fund	<u>562,252</u>
Total noncapital audited expenses	33,710,019
Depreciation on capital outlay expenses paid from sources other than State and Federal funds	<u>1,723,684</u>
Total costs included	<u>\$ 31,986,335</u>
Total certified semester credit hour	<u>88,899</u>
Per capita cost per semester credit hour	<u>\$ 359.81</u>
All Fiscal year 2014 state and Federal operation grants for noncapital expenses, except ICCB grants	<u>\$ 13,819,522</u>
Fiscal year 2014 state and Federal grants per semester credit hour	\$ (155.45)
Districts average ICCB grant rate for fiscal year 2015	(18.15)
District's student tuition and fees per semester credit hour for fiscal year 2015	<u>(110.50)</u>
Chargeback reimbursement per semester credit hour	<u>\$ 75.70</u>

Approved: Mindy Perez 11/25/14  
Chief Financial Officer Date

Approved: Dave Stone 11/25/14  
President Date

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Morton College  
Community College District No. 527  
Cicero, Illinois

**Report on the Financial Statements**

We have audited the accompanying balance sheets of the Morton College – Community College District No. 527 (the College) Career and Technical Education – Program Improvement and State Adult Education and Family Literacy Grant Program (State Basic, Public Assistance, and Performance) (Grant Programs), as of June 30, 2014 and the related statements of revenues, expenditures in changes in program balances for the year then ended and the related notes to the financial statements which collectively comprise the Grant Programs' 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.

**Auditor's Responsibility**

Our responsibility is to express opinions 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board *Fiscal Management Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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(Continued)

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College's Grant Programs as of June 30, 2014, and the respective changes in program balances for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As described in Note 1, the financial statements present only the Grant Programs, and do not purport to, and do not, present fairly the financial position of the College as of June 30, 2014, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## Other Matters

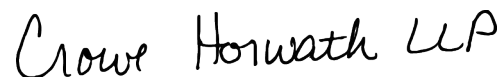
### *Supplementary information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grant Programs' financial statements. The supplementary information on page 61 is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information on page 61 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on page 61 is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Report of Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated January 9, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Grant Programs' internal control over financial reporting and compliance.



Crowe Horwath LLP

Oak Brook, Illinois  
January 9, 2015

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

To the Board of Trustees  
Morton College  
Community College District No. 527  
Cicero, 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 and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the Morton College - Community College District No. 527, (The College) State Adult Education and Family Literacy Grant (State Basic, Public Assistance, and Performance) and Career and Technical Education – Program Improvement (Grant Programs) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, and have issued our report thereon dated January 9, 2015.

### Internal Control over Financial Reporting

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

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 Grant Programs' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph in 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.

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(Continued)

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether these financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

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

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois  
January 9, 2015



MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
CAREER AND TECHNICAL EDUCATION PROGRAM IMPROVEMENT GRANT  
BALANCE SHEET  
June 30, 2014

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Assets	\$ <u>          -</u>
Liabilities and Program Balance:	
Liabilities	\$ <u>          -</u>
Program balance	<u>          -</u>
Total liabilities and program balance	\$ <u><u>          -</u></u>

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See notes to financial statements

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
CAREER AND TECHNICAL EDUCATION PROGRAM IMPROVEMENT GRANT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN PROGRAM BALANCE  
Year Ended June 30, 2014

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Revenues:	
Illinois Community College Board Grant	\$ 9,395
Total revenues	<u>9,395</u>
Expenditures	
Current year's grant:	
Materials and supplies	9,395
Conferences and meetings	<u>-</u>
Total current year's grant	<u>9,395</u>
Total prior year encumbrances:	<u>-</u>
Total expenditure	<u>9,395</u>
Excess revenues over expenditures	-
Program balance:	
Beginning balance - July 1, 2013	<u>-</u>
Ending balance - June 30, 2014	<u>\$ -</u>

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See notes to financial statements

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
STATE ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAM  
(STATE BASIC, PUBLIC ASSISTANCE, PERFORMANCE)  
BALANCE SHEETS  
June 30, 2014

	<u>State Basic</u>	<u>Public Assistance</u>	<u>Performance</u>	Total (Memorandum Only)
<b>Assets</b>				
Receivable	\$ 31,202	\$ 3,797	\$ 21,387	\$ 56,386
Prepaid items	<u>-</u>	<u>-</u>	<u>1,875</u>	<u>1,875</u>
<b>Total assets</b>	<b><u>\$ 31,202</u></b>	<b><u>\$ 3,797</u></b>	<b><u>\$ 23,262</u></b>	<b><u>\$ 58,261</u></b>
<b>Liabilities and program balance</b>				
<b>Liabilities</b>				
Accrued salaries	\$ -	\$ -	\$ 3,722	\$ 3,722
Accrued expenses	1,931	-	-	1,931
Due to other funds	<u>29,271</u>	<u>3,797</u>	<u>19,540</u>	<u>52,608</u>
<b>Total liabilities</b>	<b><u>31,202</u></b>	<b><u>3,797</u></b>	<b><u>23,262</u></b>	<b><u>58,261</u></b>
Program balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and program balance</b>	<b><u>\$ 31,202</u></b>	<b><u>\$ 3,797</u></b>	<b><u>\$ 23,262</u></b>	<b><u>\$ 58,261</u></b>

See notes to financial statements

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
STATE ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN PROGRAM BALANCES  
Year Ended June 30, 2014

	State Basic	Public Assistance	Performance	Total (Memorandum Only)
Revenue:				
Illinois Community College Board Grant	\$ 374,420	\$ 47,987	\$ 208,682	\$ 631,089
Expenditures:				
Instructional and student services:				
Instruction	331,645	22,502	39,878	394,025
Social work services	-	9,839	660	10,499
Guidance services	12,810	10,303	19,386	42,499
Assessment & testing	170	-	18,550	18,720
Student transportation services	-	-	-	-
Literacy services	-	-	-	-
Child care services	-	268	-	268
Total instructional and student services	<u>344,625</u>	<u>42,912</u>	<u>78,474</u>	<u>466,011</u>
Program support:				
Improvement of instructional services	29,795	-	33,997	63,792
General administration	-	-	22,574	22,574
Data and informational service	-	5,075	73,637	78,712
Total program support	<u>29,795</u>	<u>5,075</u>	<u>130,208</u>	<u>165,078</u>
Total expenditures	374,420	47,987	208,682	631,089
Excess revenues over expenditures	-	-	-	-
Program balance:				
Beginning balance - July 1, 2013	-	-	-	-
Ending balance - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

MORTON COLLEGE  
 COMMUNITY COLLEGE DISTRICT NO. 527  
 ICCB COMPLIANCE STATEMENT FOR THE ADULT EDUCATION AND FAMILY  
 LITERACY GRANT PROGRAM  
 EXPENDITURE AMOUNTS AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY  
 Year Ended June 30, 2014

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$ 331,645	89%
General Administration (15% maximum allowed)	-	0%
State Public Assistance	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$ 22,502	47%
General Administration (15% maximum allowed)	-	0%

MORTON COLLEGE COMMUNITY  
COLLEGE DISTRICT NO. 527  
GRANT PROGRAMS  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2014

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**NOTE 1 - DESCRIPTION OF PROGRAMS**

The following grants received from the Illinois Community College Board (ICCB) are administered by Morton College – Community College District No. 527 (the College). The accompanying statements include only those transactions resulting from the ICCB Career and Technical Education - Program Improvement Grant and State Adult Education and Family Literacy Grant. These transactions have been accounted for in the College's Restricted Purposes Fund.

Career and Technical Education - Program Improvement Grant: This grant is intended to enhance instruction and academic support activities to strengthen and improve career and technical programs and services.

State Adult Education and Family Literacy Grant: This grant is intended to assist adults to become literate, obtain the knowledge and skills necessary for employment and self-sufficiency, become full partners in the educational development of their children and completion of secondary school education.

**NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

ICCB Grant Programs: The financial statements of the ICCB grant programs have been prepared on the modified accrual basis of accounting. Expenditures included all accounts payable representing liabilities for goods and services actually received as of June 30, 2014. Amounts received from ICCB are recognized as revenues when the corresponding expenditures are incurred.

Funds obligated for goods and services by June 30, 2014, and paid for by August 31, 2014, are recorded as unearned revenue. Payments of prior year's encumbrances for goods received prior to August 31, 2013, are reflected as expenditures during the current fiscal year.

Cash: Cash is composed of cash on hand and cash in the College's bank account.

INDEPENDENT ACCOUNTANTS' REPORT ON SCHEDULE OF ENROLLMENT DATA  
AND OTHER BASES UPON WHICH CLAIMS WERE FILED

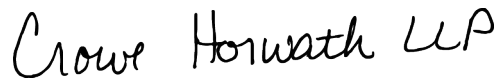
To the Board of Trustees  
Morton College  
Community College District No. 527  
Cicero, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed (Schedule), of Morton College – Community College District No. 527 for the year ended June 30, 2014. The Schedule is the responsibility of the College's management. Our responsibility is to express an opinion on the Schedule based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and accordingly, included examining, on a test basis, evidence supporting the Schedule and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed, in all material respects, is fairly presented in accordance with the provisions of the aforementioned guidelines for the year ended June 30, 2014.

This report is intended solely for the information and use of the Board of Trustees, management, and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Oak Brook, Illinois  
January 9, 2015

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
SCHEDULE OF ENROLLMENT DATA AND OTHER BASIS UPON WHICH  
CLAIMS WERE FILED WITH THE ILLINOIS COMMUNITY COLLEGE BOARD  
Year Ended June 30, 2014

	Total Certified Restricted Credit Hours by Term			
	Summer	Fall	Spring	Total
Baccalaureate	-	-	-	-
Business occupational	-	-	-	-
Technical occupational	-	-	-	-
Health occupational	-	-	-	-
Remedial development	-	-	-	-
Adult basic education/adult secondary education	1,965	6,496	5,883	14,344
<b>Total credit hours certified</b>	1,965	6,496	5,883	14,344

	Summer	Fall	Spring	Total
Reimbursable In-District residents	1,812	5,824	5,242	12,878

	Total Restricted Certified Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Baccalaureate	-	-	-	-
Business occupational	-	-	-	-
Technical occupational	-	-	-	-
Health occupational	-	-	-	-
Remedial development	-	-	-	-
Adult basic education/adult secondary education	-	-	-	-
<b>Total credit hours certified</b>	-	-	-	-

	Total Restricted Certified Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Adult basic education/adult secondary education	-	-	-	-
<b>Total credit hours certified</b>	-	-	-	-

Approved: Muriel Ruiz 1/9/15  
Chief Financial Officer Date

Approved: Dana Stone 1/9/15  
President Date

(Continued)



MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH  
CLAIMS WERE FILED WITH THE ILLINOIS COMMUNITY COLLEGE BOARD  
Year Ended June 30, 2014

	Total Certified Unrestricted Credit Hours by Term			
	Summer	Fall	Spring	Total
Baccalaureate	4,433	24,081	23,540	52,054
Business occupational	229	2,607	2,446	5,282
Technical occupational	161	1,854	1,372	3,387
Health occupational	350	2,195	2,188	4,733
Remedial development	810	4,502	3,787	9,099
Adult basic education/adult secondary education	-	-	-	-
<b>Total credit hours certified</b>	<b>5,983</b>	<b>35,239</b>	<b>33,333</b>	<b>74,555</b>
	Summer	Fall	Spring	Total
Reimbursable In-District residents	5,359	31,054	29,102	65,515
Reimbursable out-of-district on chargeback or contractual agreement	30	119	111	260
<b>Total</b>	<b>5,389</b>	<b>31,173</b>	<b>29,213</b>	<b>65,775</b>

	Total Unrestricted Certified Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Baccalaureate	-	-	-	-
Business occupational	-	-	-	-
Technical occupational	-	-	-	-
Health occupational	-	-	-	-
Remedial development	-	-	-	-
Adult basic education/adult secondary education	-	-	-	-
<b>Total credit hours certified</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Summary of Certified Dual Credit and Dual Enrollment Hours			
	Summer	Fall	Spring	Total
Adult basic education/adult secondary education	-	407	184	591
<b>Total credit hours certified</b>	<b>-</b>	<b>407</b>	<b>184</b>	<b>591</b>

Approved: Mirrah Pulez 1/9/15  
Chief Financial Officer Date

Approved: David Crane 1/9/15  
President Date

MORTON COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 527  
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH  
CLAIMS WERE FILED WITH THE ILLINOIS COMMUNITY COLLEGE BOARD  
Year Ended June 30, 2014

	Total Reimbursable Credit Hours	Total Reimbursable Credit Hours Certified to the ICCB	Difference
Baccalaureate	52,054	52,054	-
Business occupational	5,282	5,282	-
Technical occupational	3,387	3,387	-
Health occupational	4,733	4,733	-
Remedial developmental	9,099	9,099	-
Adult basic education/adult secondary education	<u>14,344</u>	<u>14,344</u>	-
Total	<u>88,899</u>	<u>88,899</u>	-
	<u>Total Attending</u>	<u>Total Attending as Certified to the ICCB</u>	<u>Difference</u>
Reimbursable in-district residents	78,393	78,393	-
Reimbursable out-of-district on chargeback or contractual agreement	<u>260</u>	<u>260</u>	-
Total	<u>78,653</u>	<u>78,653</u>	-
	<u>Certified Correctional Credit Hours</u>		
	Total Reimbursable Credit Hours	Total Reimbursable Credit Hours Certified to the ICCB	Difference
Baccalaureate	-	-	-
Business occupational	-	-	-
Technical occupational	-	-	-
Health occupational	-	-	-
Remedial developmental	-	-	-
Adult basic education/adult secondary education	<u>-</u>	<u>-</u>	-
Total	<u>-</u>	<u>-</u>	-
	<u>Total Reimbursable Credit Hours</u>	<u>Total Reimbursable Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Dual Credit	-	-	-
Dual Enrollment	<u>591</u>	<u>591</u>	-
Total	<u>591</u>	<u>591</u>	-