MORTON COLLEGE

District 527 | Cicero, Illinois

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019 and 2018

MORTON COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 527
CICERO, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2019

Prepared by the Business Office

Morton College, Community College District 527
Comprehensive Annual Financial Report
June 30, 2019 and 2018

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Introductory Section

MORTON COLLEGE

Morton College, Community College District No. 527

November 15, 2019

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, 2019, 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. Strengthen Efficiencies in Operations
3. Develop new academic programs and revitalize existing programs
4. Promote economic and community vitality through dynamic partnerships
5. Maximize the teaching and learning experience through innovative and leading edge facilities
6. Increase giving and financial strength through improved development operations

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:

Student Enrollment Headcount
Fiscal Year

			Fiscal Year		
PROGRAM TYPE	**2019**	**2018**	**2017**	**2016**	**2015**
Transfer Program	2,147	2,083	1,957	1,894	1,885
Career Programs	1,848	1,949	2,023	1,989	1,622
Liberal Studies	775	545	538	532	439
Course Enrollees	921	583	966	930	1,456
Adult Education/ESL	1,260	1,094	1,164	1,597	1,714
Total	6,951	6,254	6,648	6,942	7,116
Total FTE	2,749	2,673	2,716	2,996	3,009

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		**2018**	**2017**	**2016**	**2015**	**2014**
Assessed valuation (in millions)		1,661	1,721	1,442	1,393	1,434
	Legal Limit					
Tax Rates						
Education Fund	0.7500	0.4426	0.4168	0.4860	0.4999	0.4711
Operation and Maintenance Fund	0.1000	0.0875	0.0815	0.0926	0.1000	0.1000
Operation and Maintenance Fund (restricted)	0.0500					
Bond and interest	-	0.0368	0.0354	0.0448	0.0463	0.0448
Life Safety Fund	0.1000					
Liability Insurance Fund	-	0.0337	0.0317	0.0370	0.0373	0.0399
Social Security Fund	-	0.0138	0.0130	0.0150	0.0149	0.0145
Audit Fund	0.0050	0.0042	0.0039	0.0046	0.0048	0.0050
Total	1.0050	0.6186	0.5823	0.6800	0.7032	0.6753

The assessed value of taxable property for 2018, for taxes collectible in 2019, is $1,660,547,053.

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 student and adult education enrollments have increased for 2019 compared to previous years.

In fiscal year 2018, the College implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This liability reflects the college's proportionate share of the estimated amount of the unfunded actuarial accrued liability of the College Insurance Program. This resulted in a $14.1M liability recorded in our financial statements.

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

DEBT ADMINISTRATION

In FY19, the College defeased the Series 2014 General Obligation Limited Tax Refunding Bonds. Payment coming from the College's Education Fund were placed in an escrow account which was created to defease the bonds. The investment and fixed earnings from the investment are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt has been considered defeased and therefore, the Series 2014 General Obligation Limited Tax Refunding Bonds were removed from the College's financial statements. The outstanding balance as of June 30, 2019, for the Series 2014 bond was $2,550,000.

In FY19, the College issued $8,335,000 in General Obligation Bonds, Series 2019, with interest rates ranging from 1.82% to 3.16%. These bonds have annual maturities of $280,000 to $625,000 starting in 2020 and ending in 2038. The bonds were issued to fund various capital projects throughout the College. See Note 5.

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, 2018. 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 **BKD, LLP** as the College's auditors. The auditor's 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
Chief Financial Officer

/S/ *Dr. Stanley Fields*

Dr. Stanley Fields
President

Morton College, Community College District 527

PRINCIPAL OFFICIALS
June 30, 2019

ADMINISTRATION

Dr. Stanley Fields, President

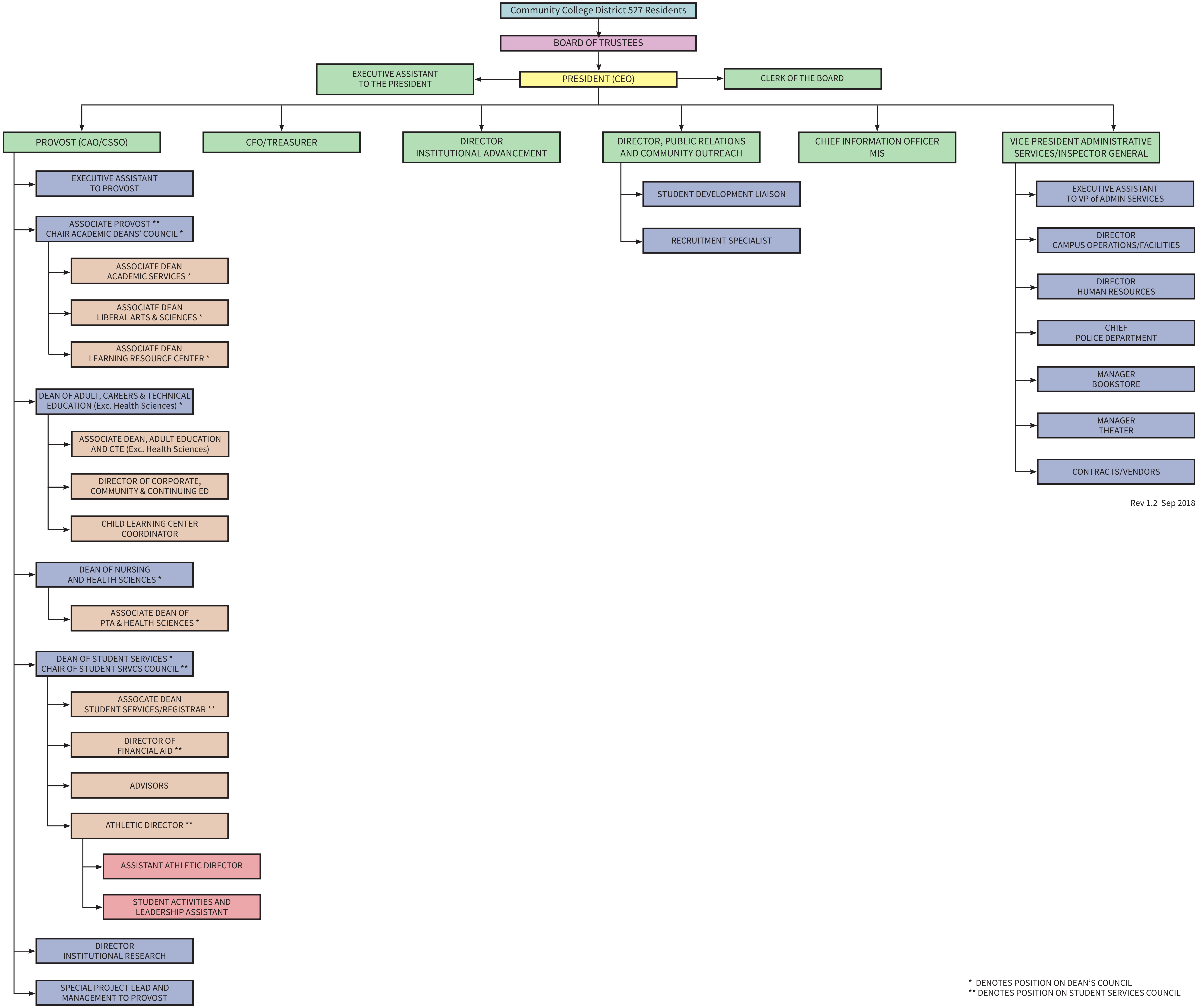
Dr. Keith McLaughlin – Provost
Frank Marzullo – Vice President of Administrative Services
Derek Shouba – Associate Provost

Mireya Perez, Chief Financial Officer/Treasurer

DEPARTMENT ISSUING REPORT

Business Office

MORTON COLLEGE ORGANIZATIONAL CHART



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, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

Comprehensive
Annual Financial Report

Fiscal Year Ended
June 30, 2019 and 2018

Financial Section

BKD
CPAs & Advisors

1901 S. Meyers Road, Suite 500 | Oakbrook Terrace, IL 60181-5209
630.282.9500 | Fax 630.282.9495 | bkd.com

Independent Auditor's Report

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 (College), as of and for the years ended June 30, 2019 and 2018, 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 in accordance with 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 Morton College, Community College District No. 527 as of June 30, 2019 and 2018, and the respective changes in its financial position and cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Morton College - Community College District No. 527's basic financial statements. The introductory section, statistical section and special reports section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The special reports section is required by the Illinois Community College Board and is presented on the modified accrual basis of accounting.

The special reports section 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 audits 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 section is 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 audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 15, 2019, on our consideration of Morton College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Morton College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morton College's internal control over financial reporting and compliance.

BKD, LLP

Oakbrook Terrace, Illinois
November 15, 2019

Management’s Discussion and Analysis

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, 2019 and June 30, 2018. 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 i-v), the College's basic financial statements (pages 10-13) and the footnotes (pages 14-43). 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 and liabilities, with the difference between the two 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)

	2019	2018	Increase (Decrease)	2017	Increase (Decrease)
Current assets	$ 29.5	$ 31.5	$ (2.0)	$ 27.6	$ 3.9
Noncurrent assets:					
Restricted cash and long-term investments	9.1	-	9.1	-	-
Capital assets, net of depreciation	23.3	23.7	(0.4)	25.6	(1.9)
Total assets	61.9	55.2	6.7	53.2	2.0
Deferred outflows of resources	0.9	0.8	0.1	0.1	0.7
Current liabilities	5.4	5.8	(0.4)	4.9	0.9
Noncurrent liabilities	23.7	16.4	7.3	3.4	13.0
Total liabilities	29.1	22.2	6.9	8.3	13.9
Deferred inflows of resources	6.8	6.4	0.4	5.1	1.3
Net position:					
Investment in capital assets	22.7	20.5	2.2	21.8	(1.3)
Restricted	14.0	12.7	1.3	12.4	0.3
Unrestricted	(9.8)	(5.8)	(4.0)	5.7	(11.5)
Total net position	$ 26.9	$ 27.4	$ (0.5)	$ 39.9	$ (12.5)

This schedule was prepared from the College's Statements of Net Position (page 10-11), which is presented on an accrual basis of accounting.

2019
Total net position, at June 30, 2019, decreased by $0.5M compared to fiscal year 2018 bringing it to $26.9M. The decrease is primarily due to the increase in the net other postemployment benefit liability of $14,121,970, which increased by $0.6M from the prior year. The following are key changes by fund: an increase in Academic Support for $0.3M, and increase in operations and maintenance of plant of $0.8M, a decrease in auxiliary enterprise of $1.1M and an increase in scholarships and fellowships of $0.7M.

2018
Total net position, at June 30, 2018, decreased by $12.5M compared to fiscal year 2017 bringing it to $27.4M. The decrease is primarily due to the implementation of GASB 75, which resulted in a net other postemployment benefit liability of $13,521,877. The following are key changes by fund: an increase in instruction for $2.3M of which $1.4M is for the recording of OPEB expense.

The change in net position is explained on page 8 after the Analysis of Net Position schedule.

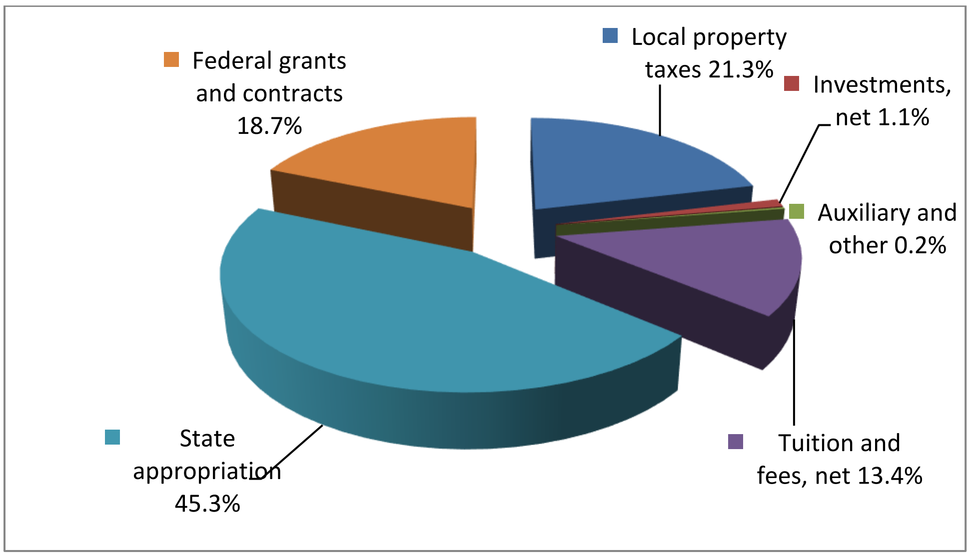
Operating Results
For the Years Ended June 30, (In millions)

	2019	2018	Increase (Decrease)	2017	Increase (Decrease)
Operating revenues:					
Tuition and fees	$ 11.3	$ 10.6	$ 0.7	$ 9.8	$ 0.8
Scholarship allowance	(5.1)	(5.6)	0.5	(5.1)	(0.5)
Auxiliary and other	0.1	1.2	(1.1)	1.7	(0.5)
Total	6.3	6.2	0.1	6.4	(0.2)
Less operating expenses	46.2	45.5	0.7	42.2	3.3
Net operating loss	(39.9)	(39.3)	(0.6)	(35.8)	(3.5)
Nonoperating revenues and expenses:					
Property taxes	9.8	10.0	(0.2)	9.7	0.3
State grants and contracts	20.9	19.9	1.0	18.5	1.4
Federal grants and contracts	8.6	9.4	(0.8)	8.7	0.7
Investment income	0.5	0.3	0.2	0.1	0.2
Interest expense	(0.4)	(0.2)	(0.2)	(0.2)	-
Total	39.4	39.4	-	36.8	2.6
Increase in net position	(0.5)	0.1	(0.6)	1.0	(0.9)
Net position, beginning of year (as previously stated)	27.4	39.9	(12.5)	38.9	1.0
Restatement for adoption of GASB 75 (Note 11)	-	(12.6)	12.60	-	(12.6)
Net position, beginning of year (as restated)	27.4	27.3	0.10	38.9	(11.6)
Net position, end of year	$ 26.9	$ 27.4	$ (0.5)	$ 39.9	$ (12.5)
Total revenues	$ 46.1	$ 45.8	$ 0.3	$ 43.4	$ 2.4
Total expenses	$ 46.6	$ 45.7	$ 0.9	$ 42.4	$ 3.3

2019
Net operating loss, for the twelve months ended June 30, 2019, increased to $39.9M from $39.3M in 2018 mainly due to an increase in academic support of $0.3M, and increase in operations and maintenance of plant of $0.8M, a decrease in auxiliary enterprise of $1.1M and an increase in scholarships and fellowships of $0.7M.

2018
Net operating loss, for the twelve months ended June 30, 2018, increased to $39.3M from $35.8M in 2017 mainly due to an increase in instruction for $2.3M of which $1.4M is for the recording of OPEB expense.

Revenues by Source (2019):

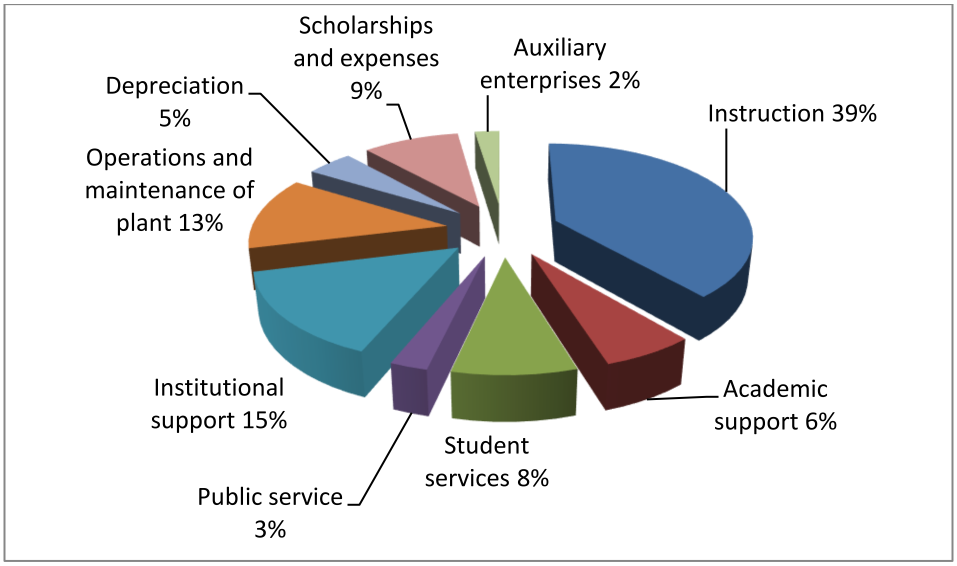


Operating Expenses
For the Years Ended June 30,
(In millions)

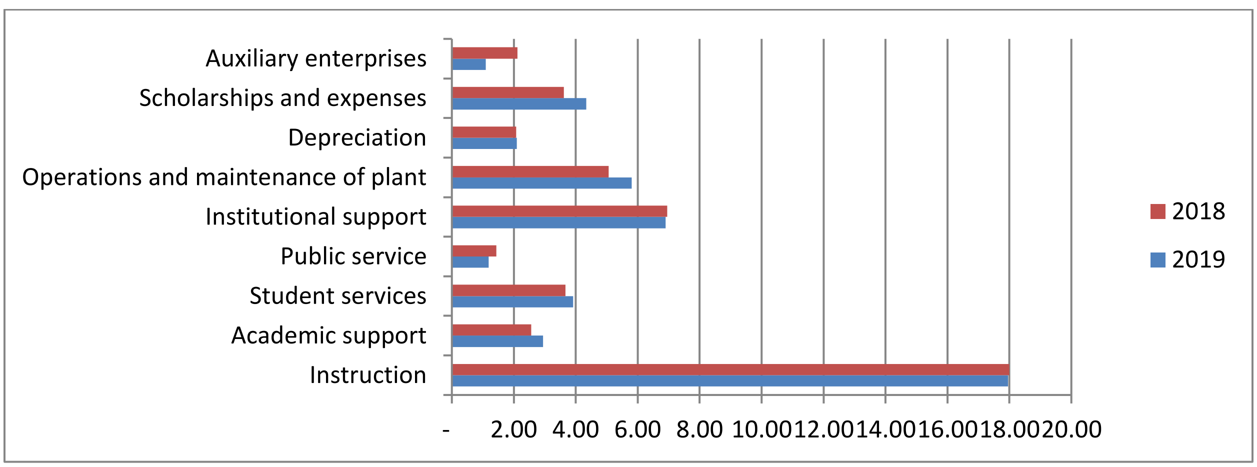
	2019	2018	Increase (Decrease)	2017	Increase (Decrease)
Instruction	$ 17.9	$ 18.0	$ (0.1)	$ 15.7	$ 2.3
Academic support	2.9	2.6	0.3	2.6	-
Student services	3.9	3.7	0.2	3.1	0.6
Public service	1.2	1.4	(0.2)	1.1	0.3
Institutional support	7.0	7.0	-	7.0	-
Operations and maintenance of plant	5.8	5.1	0.7	4.6	0.5
Depreciation	2.1	2.0	0.1	1.9	0.1
Scholarships and fellowships	4.3	3.6	0.7	3.7	(0.1)
Auxiliary enterprises	1.1	2.1	(1.0)	2.5	(0.4)
Total	$ 46.2	$ 45.5	$ 0.7	$ 42.2	$ 3.3

The following is a graphic illustration of operating expenses:

Operating Expenses by Function (2019):



Comparison of Operating Expenses Fiscal Years 2019 and 2018 (in millions):



2019
Total operating expenses increased to $46.2M from $45.5M mainly due to the following: an increase in Academic Support for $0.3M, and increase in operations and maintenance of plant of $0.8M, a decrease in auxiliary enterprise of $1.1M and an increase in scholarships and fellowships of $0.7M.

2018
Total operating expenses increased to $45.5M from $42.2M mainly due to the following: an increase in Instruction for $2.3M of which $1.4M is for the recording of OPEB expense, an increase in student services of $0.6M and an increase in operations and maintenance of plant of $0.5M.

Analysis of Net Position
June 30,
(In millions)

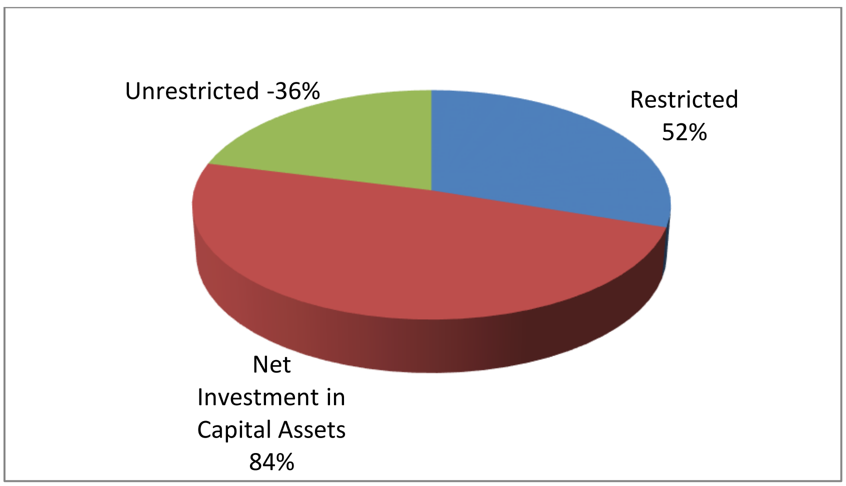
	2019	2018	Increase (Decrease)	2017	Increase (Decrease)
Net position:					
Net investment in capital assets	$ 22.7	$ 20.5	$ 2.2	$ 21.8	$ (1.3)
Restricted expendable	14.0	12.7	1.3	12.4	0.3
Unrestricted (restated - see Note 11)	(9.8)	(5.8)	(4.0)	5.7	(11.5)
Total	$ 26.9	$ 27.4	$ (0.5)	$ 39.9	$ (12.5)

2019
Total net position, at June 30, 2019, decreased by $0.5M compared to fiscal year 2018 due to the implementation of GASB 75, which resulted in a net other postemployment benefit liability increase of $0.6M.

2018
Total net position, at June 30, 2018, decreased by $12.5M compared to fiscal year 2017 due to the implementation of GASB 75, which resulted in a net other postemployment benefit liability of $13,521,877.

The following is a graphic illustration of net position.

Net Position
June 30, 2019



Analysis of Capital Assets
June 30, (In millions)

	2019	2018	Increase (Decrease)	2017	Increase (Decrease)
Capital assets:					
Land improvements	$ 2.6	$ 2.6	$ -	$ 2.6	$ -
Construction in progress	0.7	0.2	0.5	-	0.2
Building	36.0	35.4	0.6	35.5	(0.1)
Equipment	8.4	7.9	0.5	7.7	0.2
Total	47.7	46.1	1.6	45.8	0.3
Less: accumulated depreciation	(24.4)	(22.4)	(2.0)	(20.2)	(2.2)
Net capital assets	$ 23.3	$ 23.7	$ (0.4)	$ 25.6	$ (1.9)

2019
Net capital asset decrease of $0.4M mainly relates to the $2.0M net increase in accumulated depreciation offset by $1.6M increase in construction in progress, building and equipment. For more detailed information on capital asset activity, please see Note 4.

2018
Net capital asset decrease of $1.9M mainly relates to the $2.2M net increase in accumulated depreciation. For more detailed information on capital asset activity please see Note 4.

Long-Term Debt
June 30,
(In millions)

	2019	2018	Increase (Decrease)	2017	Increase (Decrease)
Long-term debt:					
General obligations	$ 9.3	$ 3.2	$ 6.1	$ 3.4	$ (0.2)
Capital lease payable	0.2	0.1	0.1	0.1	-
Net other postemployment benefit liabilities	14.1	13.5	0.6	-	13.5
Total	$ 23.6	$ 16.8	$ 6.8	$ 3.5	$ 13.3

2019
The $6.8M increase in long-term debt is due to the $6.1M increase in general obligations and a $0.6M increase in net other postemployment benefit liabilities, which was recorded as part of the implementation of GASB 75 in fiscal year 2018. For more detailed information on long-term debt activity please see Note 5.

2018
The $13.3M increase in long-term debt is due to the $13.5M net other postemployment benefit liabilities, which was recorded as part of the implementation of GASB 75 in fiscal year 2018. General obligations decreased by $0.5M due to the annual debt payment on Series 2006 and 2014. For more detailed information on long-term debt activity please see Note 5.

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.

Basic Financial Statements

Morton College, Community College District No. 527

Statements of Net Position

June 30, 2019 and 2018

Assets

	2019	2018
Current Assets		
Cash and cash equivalents	$ 21,241,942	$ 22,693,268
Receivables, net		
Property taxes and corporate personal property replacement taxes, net allowances of $892,503 in 2019 and $981,873 in 2018, respectively	4,430,879	4,231,435
Government claims	889,685	1,143,474
Tuition and fees, net of allowances for doubtful accounts of $5,132,399 in 2019 and $4,872,054 in 2018	2,494,125	2,531,614
Other	326,676	169,212
Inventories	-	534,427
Prepaid expenses and other current assets	123,869	150,005
Total current assets	29,507,176	31,453,435
Noncurrent Assets		
Restricted cash and cash equivalents	9,112,867	-
Long-term investments	733	-
Capital assets, net of accumulated depreciation, where applicable	23,296,518	23,702,232
Total noncurrent assets	32,410,118	23,702,232
Total assets	61,917,294	55,155,667

Deferred Outflows of Resources

	2019	2018
Unamortized loss on refunding	-	99,068
Other postemployment benefit obligation	919,331	715,634
Total deferred outflows of resources	919,331	814,702

(Cont.)

Morton College, Community College District No. 527

Statements of Net Position

June 30, 2019 and 2018

Liabilities

	2019	2018
Current Liabilities		
Accounts payable	$ 756,374	$ 616,845
Accrued salaries and vacation	777,929	791,456
Unearned revenue		
Tuition and fees	2,904,463	2,906,878
Grants	149,427	173,156
Other current liabilities	365,819	226,483
Long-term obligations - current		
Current portion of capital lease payable	44,716	21,362
Current portion of general obligation bonds	-	445,000
Deposits held in custody for others	440,802	633,715
Total current liabilities	5,439,530	5,814,895
Noncurrent Liabilities		
Capital lease payable, net of current portion	173,022	16,076
General obligation bonds, net of current portion	9,371,438	2,817,578
Net other postemployment benefit liabilities	14,121,970	13,521,877
Total noncurrent liabilities	23,666,430	16,355,531
Total liabilities	29,105,960	22,170,426

Deferred Inflows of Resources

	2019	2018
Property taxes	5,026,329	5,235,025
Other postemployment benefit obligation	1,799,652	1,164,773
Total deferred inflows of resources	6,825,981	6,399,798

Net Position

	2019	2018
Net investment in capital assets	22,674,183	20,501,284
Restricted for		
Capital projects	1,559,071	734,920
Working cash	9,442,448	9,442,448
Debt service	1,447,845	938,618
Specific purposes	1,618,288	1,542,806
Unrestricted (deficit)	(9,837,151)	(5,759,931)
Total net position	$ 26,904,684	$ 27,400,145

Morton College, Community College District No. 527

Statements of Revenue, Expenses and Changes in Net Position

Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Tuition and fees, net of scholarship allowances of $5,154,470 and $5,611,728 for 2019 and 2018, respectively	$ 6,144,407	$ 5,006,299
Sales and services of auxiliary activities	108,327	1,187,270
Total operating revenues	6,252,734	6,193,569
Operating Expenses		
Instruction	17,949,000	17,995,297
Academic support	2,940,227	2,563,405
Student services	3,919,084	3,668,700
Public service	1,189,860	1,436,109
Auxiliary enterprises	1,071,095	2,121,933
Operations and maintenance of plant	5,808,513	5,062,853
Institutional support	6,898,008	6,951,773
Scholarships and fellowships	4,347,856	3,624,113
Depreciation	2,094,445	2,076,399
Total operating expenses	46,218,088	45,500,582
Operating Loss	(39,965,354)	(39,307,013)
Nonoperating Revenue (Expense)		
Federal grants and contracts	8,568,350	9,353,438
State grants and contracts	20,952,783	19,957,533
Local grants and contracts	3,783	1,848
Property taxes	9,861,485	9,982,119
Interest expense on bonds	(439,285)	(162,642)
Investment income	522,777	264,202
Total nonoperating revenue (expense)	39,469,893	39,396,498
Increase (Decrease) in Net Position	(495,461)	89,485
Net Position, Beginning of Year	27,400,145	27,310,660
Net Position, End of Year	$ 26,904,684	$ 27,400,145

Morton College, Community College District No. 527

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Operating Activities		
Tuition and fees	$ 6,179,481	$ 4,906,861
Payments to suppliers	(12,438,098)	(13,093,171)
Payments to employees	(17,918,140)	(17,128,044)
Auxiliary enterprise charges, net	108,327	1,187,270
Net cash used in operating activities	(24,068,430)	(24,127,084)
Noncapital Financing Activities		
Local property taxes	9,453,345	9,527,946
Grants and contracts	8,555,630	9,414,890
State appropriations	8,938,740	12,388,490
Net cash provided by noncapital financing activities	26,947,715	31,331,326
Capital and Related Financing Activities		
Purchase of capital assets	(1,478,768)	(226,528)
Proceeds from issuance of capital debt	9,374,328	-
Payments on capital debt	(3,196,063)	(516,037)
Interest paid on capital debt	(439,285)	(150,662)
Net cash provided by (used in) capital and related financing activities	4,260,212	(893,227)
Investing Activities		
Proceeds from sales and maturities of investments	(733)	1,858
Interest received on investments	522,777	264,202
Net cash provided by investing activities	522,044	266,060
Net Increase in Cash and Cash Equivalents	7,661,541	6,577,075
Cash, and Cash Equivalents, Beginning of Year	22,693,268	16,116,193
Cash and Cash Equivalents, End of Year	$ 30,354,809	$ 22,693,268
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (39,965,354)	$ (39,307,013)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation	2,094,445	2,076,399
State payment in kind for retirement	11,176,883	9,951,140
State payment in kind for OPEB	926,259	1,239,861
Deferred outflows of resources - other postemployment benefit	(203,697)	(651,305)
Deferred inflows of resources - other postemployment benefit	634,879	1,164,773
Net other postemployment benefit liability	600,093	808,874
Changes in		
Tuition and fees receivable	37,489	(497,528)
Inventories	534,427	231,453
Prepaid expenses	26,136	(25,772)
Accounts payable	139,529	322,835
Accrued salaries and vacation	(13,527)	43,502
Unearned tuition and fees	(2,415)	398,090
Other current liabilities	139,336	58,897
Amounts held in custody for others	(192,913)	58,710
Net cash used in operating activities	$ (24,068,430)	$ (24,127,084)
Noncash Capital and Related Financing Activities		
Capital lease acquisitions	$ 209,963	$ -

Note 1: Organization and Summary of Significant Accounting Policies

Morton 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. Based on the above criteria, the College does not have any significant component units.

Basis of Accounting

The College's financial statements have been prepared in accordance with generally accepted accounting principles as applicable to public colleges and universities outlined in GASB Statement No. 35 as well as those prescribed by the Illinois Community College Board (ICCB).

The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Accrual Basis

The financial statements of the College have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

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.

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. As of June 30, 2019, the College no longer owns and manages the bookstore and therefore, the ending inventory balance as of June 30, 2019, is $0. At June 30, 2018, the balance was $534,427.

Capital Assets

Capital assets are reported at cost at the date of acquisition or their estimated acquisition value at the date of donation. For movable property, the College's capitalization policy includes all items with a unit cost of $5,000 or more. 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.

Unearned Tuition and Fee Revenue

Tuition and fee revenues collected during the fiscal year which relate to the period after June 30, 2019 and 2018, 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.

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 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 includes 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. The amounts restricted for specific purposes represent funds accumulated from taxes levied for restricted purposes ($3,873), audit purposes ($80,271), and liability, protection and settlement purposes ($1,534,144). 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 (Deficit)

Unrestricted net position (deficit) represents net positions that are not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the governing board.

Operating Revenues and Expenses

Revenue and expense transactions are normally classified as operating revenue and expenses when such transactions are generated by the College's principal ongoing operations. However, most revenue that is considered to be nonexchange, such as tax revenue, federal Pell Grant revenue and state appropriations, is nonoperating revenue.

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.

Revenue Recognition of Tuition and Fees

The academic programs are offered in traditional fall and spring semesters. Revenue from tuition and student fees is recognized during the academic term. Revenue from the summer semester, which commences in May and ends in August, is split and recognized proportionally to the number of days of the semester within the fiscal year. Tuition revenue is reported at established rates net of institutional financial aid and discounts provided directly by the College to students.

Scholarship Discounts and Allowances

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Grant Revenue

Revenue from grant and contract agreements is recognized as it is earned through expenditure in accordance with the agreement.

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work Study and Federal Direct Lending programs. Federal programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles*, and *Audit Requirements for Federal Awards (Uniform Guidance)*, and the compliance supplement.

During the years ended June 30, 2019 and 2018, the College distributed $465,641 and $520,333, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Income Taxes

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

Use of Estimates

The preparation of financial statements requires management to make estimate and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

Deferred Outflows of Resources

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 represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College only has two items that qualify for reporting in this category. Those are the deferred charge on refunding and deferred outflows of resources from Other Postemployment Benefits (OPEB) reported in the 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. The deferred outflows of resources related to OPEB represents other postemployment benefits that will be recognized as expense (or as a reduction of net OPEB liability) in future periods.

Deferred Inflows of Resources

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 represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The College has two items that qualify for reporting in this category: deferred revenue, which is derived from property tax and deferred inflows of resources related to other postemployment benefits. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or as amortized as a reduction of OPEB expense.

Retirement System - Pension

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

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

Cost-Sharing Defined Benefit Other Postemployment Benefit Plan

The College participates in a cost-sharing multiple-employer defined benefit other postemployment benefit plan, Community College Health Insurance Security Fund, (the OPEB Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 8 additional disclosures.

Note 2: 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 2018 become due and payable in two installments (March 1, 2019 and August 1, 2019). 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 2018 tax year and collected in 2019 are recorded as revenue in the year ended June 30, 2019. The remaining revenue related to the 2018 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 2019. The deferred revenue is related to bonds and interest payments. Based upon collection histories, the College records real property taxes at approximately 50% of the 2018 extended levy.

A reserve of approximately $893,000 and $982,000 for the fiscal years 2019 and 2018, respectively, has been set up for the estimated amount of unpaid amounts related to prior years' taxes.

The statutory maximum tax rates and the respective rates for the 2018 and 2017 tax levies, per $100 of assessed valuation, are as follows:

	Statutory Maximum Rate	Tax Levy Year 2018	Tax Levy Year 2017
Current			
Education Fund	0.7500	0.4426	0.4168
Operation and Maintenance Fund	0.1000	0.0875	0.0815
Bond and Interest	-	0.0368	0.0354
Life Safety Fund	0.1000	-	-
Liability, Protection, and Settlement Fund	-	0.0337	0.0317
Social Security Fund	-	0.0138	0.0130
Audit Fund	0.0050	0.0042	0.0039
	0.9550	0.6186	0.5823

Note 3: 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 within 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 Funds' share price, which is the price at which the investment could be sold.

Deposits

As of June 30, 2019 and 2018, the carrying amounts of the College's deposits were $10,606,485 ($9,112,867 is restricted) and $1,171,349, respectively, with bank balances of $11,468,963 and $1,921,532, respectively. 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, 2019, none of the College's deposits were exposed to custodial credit risk. The Illinois Funds are not subject to collateralization.

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 College's deposits and investments are included on the statement of net position under the following classifications at June 30, 2019 and 2018:

	2019	2018
Cash and cash equivalents	$ 21,241,942	$ 22,693,268
Restricted cash and cash equivalents	9,112,867	-
Investments	733	-
Total cash and investments	$ 30,355,542	$ 22,693,268

The amounts in the previous chart are classified in the following categories for disclosure purposes:

	2019	2018
Deposits	$ 10,606,485	$ 1,171,349
Investments in securities and similar instruments	19,748,539	21,521,401
Petty cash on hand	518	518
Total cash and investments	$ 30,355,542	$ 22,693,268

As of June 30, 2019, the College had the following investments and maturities:

		Investment Maturities			
Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
GNMAs (government guaranteed)	$ 733	$ 733	$ -	$ -	$ -
State Treasurer Illinois Funds	19,747,806	19,747,806	-	-	-
	$ 19,748,539	$ 19,748,539	$ -	$ -	$ -

As of June 30, 2018, the College had the following investments and maturities:

		Investment Maturities			
Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
State Treasurer Illinois Funds	$ 21,521,401	$ 21,521,401	$ -	$ -	$ -

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%.

State Treasurer Illinois Funds are reported as cash and cash equivalents on the statement of net position. The credit rating is AAAm as described by the Standard & Poor's and Moody's at June 30, 2019 and 2018. 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. In 2019, GNMAs make up 100% of the fiscal year's investment balance.

Note 4: Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets not being depreciated				
Land and improvements	$ 2,600,248	$ -	$ -	$ 2,600,248
Construction in progress	165,000	697,860	(165,000)	697,860
Total capital assets not being depreciated	2,765,248	697,860	(165,000)	3,298,108
Capital assets being depreciated				
Building and building improvements	35,441,975	409,092	165,000	36,016,067
Furniture, fixtures and equipment	7,855,997	581,779	-	8,437,776
Total capital assets being depreciated	43,297,972	990,871	165,000	44,453,843
Total	46,063,220	1,688,731	-	47,751,951
Less accumulated depreciation for				
Buildings and building improvements	16,745,295	1,511,200	-	18,256,495
Furniture, fixtures and equipment	5,615,693	583,245	-	6,198,938
Total accumulated depreciation	22,360,988	2,094,445	-	24,455,433
Capital assets, net	$ 23,702,232			$ 23,296,518

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets not being depreciated				
Land and improvements	$ 2,600,248	$ -	$ -	$ 2,600,248
Construction in progress	-	165,000	-	165,000
Total capital assets not being depreciated	2,600,248	165,000	-	2,765,248
Capital assets being depreciated				
Building and building improvements	35,510,495	-	(68,520)	35,441,975
Furniture, fixtures and equipment	7,725,949	61,528	68,520	7,855,997
Total capital assets being depreciated	43,236,444	61,528	-	43,297,972
Total	45,836,692	226,528	-	46,063,220
Less accumulated depreciation for				
Buildings and building improvements	15,372,978	1,473,121	(100,804)	16,745,295
Furniture, fixtures and equipment	4,911,611	603,278	100,804	5,615,693
Total accumulated depreciation	20,284,589	2,076,399	-	22,360,988
Capital assets, net	$ 25,552,103			$ 23,702,232

Note 5: Long and Short-Term Liabilities

On March 13, 2014, the College refunded the remaining $3,195,000 balance of the $5,105,000 Taxable General Obligation College Building Bonds, Series 2009 (Alternate Revenue Source, Build America Bonds). The 2014 Series bonds have interest rates ranging from 3.00% to 5.00%. These bonds have annual maturities of $40,000 to $560,000 starting in 2014 and ending in 2023. On May 24, 2019, the remaining balance of $2,550,000 were refunded and defeased through an escrow agent. See defeased debt section in Note 5.

On May 29, 2019, Morton College issued $8,335,000 of General Obligation Limited Tax Bonds, Series 2019. The 2019 Series bonds have interest rates ranging from 1.82% to 3.16% and are payable on December 15 and June 15 in each year. These bonds have annual maturities of $280,000 to $625,000 starting in 2020 and ending in 2038.

In fiscal year 2014, the College entered into one new capital lease agreement, which has monthly payments of $1,748 and are due through July 2018. This agreement has an approximate interest rate of 8.5%. The copier/printer was recorded at a cost of $85,200 and accumulated depreciation is $85,200 as of June 30, 2019. The College also entered into one new vehicle lease agreement, with monthly payments of $1,805 and are due through September 2018. This agreement has an interest rate of 5.77%. The vehicles were recorded at a cost of $94,340 and accumulated depreciation is $94,340 of June 30, 2019.

In fiscal year 2015, the College entered into three new lease agreements, which have aggregate monthly payments of approximately $787 and are due through March 2020. These agreements have approximate interest rates of 3.9%. The copier/printers were recorded at a cost of $42,824 and accumulated depreciation is $42,824 as of June 30, 2019.

In fiscal year 2016, the College entered into one new copier lease agreement, with monthly payments of $179 that are due through December 2020. This agreement has an approximate interest rate of 8%. The copier/printer was recorded at a cost of $8,848 and accumulated depreciation is $7,080 as of June 30, 2019.

In fiscal year 2017, the College entered into a new copier lease agreement, with monthly payments of $337 that are due through December 2021. This agreement has approximate interest rate of 7%. The copier/printer was recorded at a cost of $16,846 and accumulated depreciation of $10,107 as of June 30, 2019.

In fiscal year 2019, the College entered into a new copier lease agreement, with monthly payments of $2,897 that are due through December 2024. This agreement has approximate interest rate of 7%. The copier/printer was recorded at a cost of $146,165 and accumulated depreciation of $29,233 as of June 30, 2019.

In fiscal year 2019, the College entered into a new capital lease agreement for a bus unit, with monthly payments of $1,248 that are due through May 2024. This agreement has approximate interest rate of 7%. The bus was recorded at a cost of $63,798 and accumulated depreciation of $12,759 as of June 30, 2019.

A summary of long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Bonds payable					
Serial bonds, 2014 series	$ 2,995,000	$ -	$ 2,995,000	$ -	$ -
Serial bonds, 2019 series	-	8,335,000	-	8,335,000	-
Leases payable					
Capital leases	37,438	209,614	29,314	217,738	44,716
Other long-term liabilities					
Unamortized bond premium	267,578	1,039,329	270,469	1,036,438	-
Net other postemployment benefit liabilities (Note 8)	13,521,877	1,803,900	1,203,807	14,121,970	-
	$ 16,821,893	$ 11,387,843	$ 4,498,590	$ 23,711,146	$ 44,716

A summary of long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Bonds payable					
Serial bonds, 2006 series	$ 415,000	$ -	$ 415,000	$ -	$ -
Serial bonds, 2014 series	3,040,000	-	45,000	2,995,000	445,000
Leases payable					
Capital leases	93,475	-	56,037	37,438	21,362
Other long-term liabilities					
Unamortized bond premium	314,910	-	47,332	267,578	-
Net other postemployment benefit liabilities* (Note 8)	12,713,003	808,874	-	13,521,877	-
	$ 16,576,388	$ 808,874	$ 563,369	$ 16,821,893	$ 466,362

*See restatement footnote in Note 11.

Total principal and interest maturities on the bonds and leases payable as of June 30, 2019, is as follows:

Year Ending June 30,	Debt Obligation Principal	Interest	Total
2020	$ 44,716	$ 395,839	$ 440,555
2021	324,388	376,422	700,810
2022	338,789	358,957	697,746
2023	350,417	340,898	691,315
2024	359,427	322,075	681,502
Thereafter	7,135,000	2,471,625	9,606,625
	$ 8,552,738	$ 4,265,815	$ 12,818,553

A computation of the legal debt margin of the College is as follows:

	2019	2018
Assessed valuation	$ 1,660,547,053	$ 1,721,823,048
Legal debt limit - 2.875% of assessed valuation	47,740,728	49,502,413
Debt applicable to debt limit	(9,371,438)	(3,262,578)
Legal debt margin	$ 38,369,290	$ 46,239,835

The legal debt limit is imposed by the Illinois Community College Board.

Defeased Debt

On May 29, 2019, the College refunded and defeased its remaining Series 2014 General Obligation Taxable Refunding Bonds with face value of $2,550,000. Cash from the General Fund was placed in escrow to purchase government securities which will be sufficient to pay the outstanding balance of the Series 2014 General Obligation Refunding Bonds. At June 30, 2019, as a result of the restructuring, the Series 2014 Bonds are considered defeased and the liability has been removed from the Statement of Net Position. At June 30, 2019, $2,550,000 of the defeased 2014 Bonds remain outstanding.

Although the refunding resulted in the recognition of an accounting loss of $55,685 for the year ended June 30, 2019, the College obtained an economic gain (difference between the present values of the old and new debt service payments) of $766,000.

Cash Paid for Interest

Cash paid for interest for the fiscal year was approximately $406,134 and $151,000 for the years ended June 30, 2019 and 2018, respectively.

Note 6: 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.

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.

The activity related to the accrued compensated absences for the years ending June 30, 2019 and 2018, is as follows:

	2019	2018
Beginning balance	$ 190,063	$ 178,169
Additions	217,044	190,063
Deletions	(190,063)	(178,169)
Ending balance	$ 217,044	$ 190,063

Note 7: Retirement Plan

Plan Description

The College contributes to the State Universities Retirement System (SURS) of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 1, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at *www.SURS.org*.

Benefits Provided

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier I refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2018, can be found in the System's comprehensive annual financial report (CAFR) notes to the financial statements.

Contributions

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total actuarial accrued liability by the end of fiscal year 2045. Employer contributions from trust, federal and other funds are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer's normal cost for fiscal year 2018 and 2019 was 12.46% and 12.29%, respectively, of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability except for police officers and fire fighters who contribute 9.5% of their earnings. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of affected annuitants or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period). Contributions by the State for the years ended June 30, 2019 and 2018, were $11,106,495 and $9,885,726, respectively, which have been recognized as revenue and expense by the College. College contributions were $0 for the same periods.

Net Pension Liability

At June 30, 2019 and 2018, SURS reported a net pension liability (NPL) of $27,494,556,682 and $25,481,105,995, respectively. The 2019 net pension liability was measured as of June 30, 2018. The 2018 net pension liability was measured as of June 30, 2017.

Employer Proportionate Share of Net Pension Liability

The fiscal year 2019 and 2018 amounts of the proportionate share of the net pension liability to be recognized by the College is $0. The fiscal year 2019 and 2018 proportionate shares of the State's net pension liability associated with the College are $113,717,486 or 0.4136% and $104,396,092 or 0.4097%, respectively. This amount is not recognized in the financial statement, due to the special funding situation. The net pension liabilities were measured as of June 30, 2018 and 2017, and the total pension used to calculate the net pension liabilities were determined based on the June 30, 2017 and 2016 actuarial valuations rolled forward. The basis of allocations used in the proportionate share of net pension liabilities are the actual reported pensionable earnings made to SURS during fiscal year 2018 and 2017.

Pension Expense

For the years ended June 30, 2019 and 2018, SURS reported a collective net pension expense of $2,685,322,700 and $2,412,918,129, respectively.

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense is recognized as nonoperating revenue with matching expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable earnings made to SURS during fiscal year 2018. As a result, the College recognized on-behalf revenue and pension expense of $11,106,495 from this special funding situation for the fiscal year ended June 30, 2019, and $9,885,726 for the fiscal year ended June 30, 2018.

Deferred Outflows of Resources and Deferred Inflows of Resources

No deferred outflows of resources or deferred inflows of resources related to pensions have been recorded at June 30, 2019 or 2018.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	As of June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 65,521,614	$ 181,032,053
Change in assumptions	1,286,257,095	123,218,306
Net difference between projected and actual earnings on pension plan investments	26,810,634	-
	$ 1,378,589,343	$ 304,250,359

	As of June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 139,193,227	$ 1,170,771
Change in assumptions	205,004,315	259,657,577
Net difference between projected and actual earnings on pension plan investments	94,620,827	-
	$ 438,818,369	$ 260,828,348

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Expenses as of June 30, 2019

Year Ending June 30,	Amount
2019	$ 763,171,084
2020	540,443,042
2021	(192,612,398)
2022	(36,662,744)
2023	-
Thereafter	-
	$ 1,074,338,984

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2014-2017. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.25% to 12.25%, including inflation
Investment rate of return	6.75% beginning with the actual valuation as of June 30, 2018

Mortality rates were based on the RP-2014 Combined Mortality Table with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary(s). For each major asset class that is included in the pension plans target asset allocation as of June 30, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.00%
Private Equity	6%	8.50%
Non-U.S. Equity	19%	6.45%
Global Equity	8%	6.00%
Fixed Income	19%	1.50%
Treasury-Inflation Protected Securities	4%	0.75%
Emerging Market Debt	3%	3.65%
Real Estate REITS	4%	5.45%
Direct Real Estate	6%	4.75%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	1%	7.00%
	100%	

Discount Rate

A single discount rate of 6.65% (7.09% in the prior year) was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.62% (3.56% in the prior year) (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.65% (7.09% in the prior year), as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.65%	Current Single Discount Rate Assumption 6.65%	1% Increase 7.65%
$ 33,352,188,584	$ 27,494,556,682	$ 22,650,651,520

Additional information regarding the SURS basic financial statements including the plan net position can be found in the SURS comprehensive annual financial report by accessing the website at *www.SURS.org*.

Changes of Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2019 and 2018.

Changes of Assumptions

In accordance with Illinois Compiled Statues, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017, was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- *Salary increase.* Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- *Investment return.* Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- *Effective rate of interest*. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- *Normal retirement rates*. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- *Early retirement rates*. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- *Turnover rates*. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- *Mortality rates*. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- *Disability rates*. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

Note 8: Other Postemployment Benefit Plan

Plan Description

The College contributes and is part of the Community College Health Insurance Security Fund (CCHISF) [also known as the College Insurance Program, “CIP”] which was established under the *State Employees Group Insurance Act of 1971*, as amended, 5 ILCS 375/6.9 (f), which became effective July 1, 1999. The purpose of the CCHISF is to receive and record all revenues from the administration of health benefit programs under Article 15 of the Illinois Pension Code.

The OPEB Plan is a cost-sharing, multiple-employer, defined benefit OPEB Plan due to the following criteria:

1. Plan assets are pooled and may be used to pay employee benefits of any employer participating in the plan.
2. OPEB is provided to the employees of more than one employer.

3. Benefits plan members will receive at or after separation from employment are defined by specific benefit terms as noted in 5 ILCS 375/6 and 5 ILCS 375/6.1.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, paragraph 18, states, "special funding situations are circumstances in which a nonemployer entity is legally responsible for providing financial support for OPEB of the employees of another entity by making contributions directly to an OPEB plan that is administered through a trust that meets the criteria," of trust fund reporting (GASB 75, paragraph 4), and either of the following criteria are met: (1) the amount of contributions or benefit payments for which the nonemployer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the OPEB or (2) the nonemployer entity is the only entity with a legal obligation to provide financial support directly to an OPEB plan that is used to provide OPEB to employees of another entity.

The CCHISF has a special funding situation as described in 40 ILCS 15/1.4. The State is required by statute to contribute a defined percentage of participant payroll directly to the OPEB plan, which is administered through a trust.

CCHISF has no component units and is not a component unit of any other entity. However, because CCHISF is not legally separate from the State of Illinois, the financial statements of the CCHISF are included in the financial statements of the State of Illinois as a pension (and other employee benefit) trust fund. This fund is a nonappropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs.

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

Benefits Provided

The CCHISF provides health, prescription, vision and dental coverage to eligible retirees and their dependents. A summary of postemployment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department may be obtained by writing to the Department of Central Management Services, 401 South Spring Street, Springfield, Illinois, 62706-4100.

Contributions

Employers participating in a cost-sharing OPEB plan, and any nonemployer contributing entities that meet the definition of a special funding situation, are required to recognize their proportionate share of the collective OPEB amounts for OPEB benefits provided to members through the CCHISF plan.

The *State Employees Group Insurance Act of 1971* (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The *State Pension Funds Continuing Appropriation Act* (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees.

For each of the years ended June 30, 2019 and 2018, the College contributed $65,415 and $64,329, respectively, to CCHISF.

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

At June 30, 2019, the College reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the College. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the College were as follows:

	2019	2018
College's proportionate share of the net OPEB liability	$ 14,121,970	$ 13,521,877
State proportionate share of the net OPEB liability associated with the College	14,121,970	13,343,786
Total	$ 28,243,940	$ 26,865,663

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on actual contributions made to the plan by the College compared to the total actual contributions made to the plan by all employers. At June 30, 2018, the College's proportion was 0.75%, which was an increase of 0.01% from its proportion as of June 30, 2017.

For the years ended June 30, 2019 and 2018, the College recognized OPEB expense of $2,020,232 and $2,626,531, respectively. The College also recognized on-behalf revenue for the State share amounting to $926,259 in 2019 and $1,239,861 in 2018. These amounts are included in the OPEB expense recognized by the College.

At June 30, 2019 and 2018, the College reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 207,559	$ 30,929
Changes of assumptions	-	1,767,654
Net difference between projected and actual earnings on OPEB investments	-	461
Changes in proportion and differences between the College's contributions and proportionate share of contributions	646,357	608
College contributions subsequent to the measurement date	65,415	-
	$ 919,331	$ 1,799,652

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 38,270
Changes of assumptions	-	1,126,361
Net difference between projected and actual earnings on OPEB investments	-	142
Changes in proportion and differences between the College's contributions and proportionate share of contributions	651,305	-
College contributions subsequent to the measurement date	64,329	-
	$ 715,634	$ 1,164,773

The College's contribution of $65,415 in 2019 and $64,329 in 2018 are reported as deferred outflows of resources related to OPEB resulting from College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2019, will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2020	$ (208,507)
2021	(208,507)
2022	(208,507)
2023	(214,811)
2024	(105,404)
	$ (945,736)

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 and 2018 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Depends on service and ranges from 10.00% at less than 1 year of service to 3.75% at 34 or more years of service. Salary increase includes a 3.75% wage inflation assumption.
Health care cost trend and rates	Actual trend used for fiscal year 2018. For fiscal year 2019, trend starts at 8.00% and 9.00% for non-Medicare cost and post-Medicare cost, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.41% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
Investment rate of return	0%, net of OPEB plan investment expense, inflation, for all plan years.

Mortality rates were based on the following:

- Retirement and beneficiary annuitant – RP-2014 White Collar Annuitant Mortality Table
- Disabled annuitant – RP-2014 Disabled Annuitant Table
- Pre-retirement – RP-2014 White Collar Table

Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2014.

OPEB Plan Investment and Returns

During plan year ended June 30, 2018, the trust earned $59,000 in interest, and due to a significant benefit payable, the market value of assets at June 30, 2018, is negative $64.3 million. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the investment return assumption was set to zero.

Discount Rate

The State, community colleges and active members each contribute 0.50% of pay. Retirees contribute a percentage of the premium rate. The State also contributes an additional amount to cover plan costs in excess of contributions and investment income. Because plan benefits are financed on a pay-as-you-go basis, this single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.56% at June 30, 2017, and 3.62% at June 30, 2018, was used to measure the total OPEB liability.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The College's proportionate share of the net OPEB liability has been calculated using a discount rate of 3.62%. The following presents the College's proportionate share of the net OPEB liability calculated using a discount rate 1% higher and 1% lower than the current discount rate.

1% Decrease 2.62%	Current Single Discount Rate Assumption 3.62%	1% Increase 4.62%
$ 16,366,994	$ 14,121,971	$ 12,253,439

The following table shows the College's share in the plan's net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key current trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.91% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
$ 11,707,019	$ 14,121,971	$ 17,300,408

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.91% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.91% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

Payable to the OPEB Plan

At June 30, 2019 and 2018, the College has no outstanding contributions payable the OPEB Plan.

Note 9: 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, 2019, the loss limits for the Consortium were $125,000 for property, $250,000 for liability and $500,000 for workers' compensation for each occurrence. The members of the Consortium pool may share in the cost of losses and surpluses. The Consortium purchased excess insurance for $500 million on the property and $30 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 10: Commitments and Contingencies

Environmental Remediation

During 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.

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 of Cicero 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.

In June 2019, the Town of Cicero removed the provision that states the College would need to obtain a No Further Remediation letter from the Illinois EPA. This will allow the College to make use of the property.

General Liability

The College is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is of the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the College. Events could occur that would change this estimate materially in the near term.

Other Commitments

The College has commitments for the implementation of ongoing Enterprise Resource Planning (ERP) System totaling approximately $80,000.

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, 2019.

Note 11: Pronouncements to be Implemented in the Future

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all governmental entities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. The requirements of this statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The provisions of this statement are effective for financial statements for the College's fiscal year ending June 30, 2020.

GASB Statement No. 87, *Leases*, establishes a single approach to accounting for and reporting leases by governmental entities. The standard addresses the reporting for governments that are lessors or lessees. GASB 87 is effective for financial statements for the College's fiscal year ending June 30, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. GASB 89 is effective for financial statements for the College's fiscal year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, establishes consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. GASB 90 is effective for financial statements for the College's fiscal year ending June 30, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*, establishes consistent recognition, measurement and disclosure between governments for Conduit Debt Obligations. The guidance clarifies the existing definition of a conduit debt obligation, establishes a single method of reporting for issuers and enhances note disclosures. GASB 90 is effective for financial statements for the College's fiscal year ending June 30, 2022.

While not effective in the short term, the College will begin assessing the potential impact on the financial statements of these statements and begin the process of communicating the impact with those charged with governance and other stakeholders.

Note 12: Subsequent Events

Subsequent to year end, the College entered into agreements for the following projects: toilet renovations $643,851, renovation of stair handrails $565,500 and Rockit Site Cleanup $2,170,000.

Required Supplementary Information

Morton College, Community College District No. 527

Required Supplementary Information

Pension

June 30, 2019 and 2018

Components of Net Pension Liability and Related Ratios

Schedule of the College's Proportionate Share of the Net Pension Liability

	FY 2019	FY 2018	FY 2017	FY 2016
(a) Proportion percentage of the collective net pension pension liability	0%	0%	0%	0%
(b) Proportion of amount of the collective net pension liability	$ -	$ -	$ -	$ -
(c) Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with employer	113,717,486	104,396,091	104,137,848	93,240,864
Total (b) + (c)	$ 113,717,486	$ 104,396,091	$ 104,137,848	$ 93,240,864
Covered payroll	$ 14,739,149	$ 14,419,344	$ 14,439,567	$ 14,278,533
Portion of collective net pension liability associated with employer as a percentage of covered payroll	771.53%	724.00%	721.20%	653.01%
SURS plan net position as a percentage of the total pension liability	41.27%	42.04%	39.57%	42.37%

Schedule of the College Contributions

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Federal, trust, grant and other contribution	$ -	$ -	$ -	$ -	$ -
Contribution in relation to required contribution	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	16,030,474	14,795,075	14,530,503	14,439,567	14,278,533
Contribution as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: The Illinois State University Retirement System implemented GASB 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years. The Net Pension Liability as a Percentage of Covered Employee Payroll Schedule comprised of both SURS and the District's information while the Federal, Trust, Grant and Other Contribution Schedule is only comprised of the District's information.

Covered Employee Payroll

The payroll of employees that are provided with pensions through the pension plan.

Changes of Benefit Terms

There were no benefit changes recognized in the total pension liability as of June 30, 2019.

Changes of Assumptions

In accordance with Illinois Compiled Statues, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017, was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- *Salary increase.* Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.2 percent.
- *Investment return.* Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- *Effective rate of interest*. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- *Normal retirement rates*. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- *Early retirement rates*. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- *Turnover rates*. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- *Mortality rates*. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- *Disability rates*. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

Morton College, Community College District No. 527

Required Supplementary Information

Other Postemployment Benefit Obligations

June 30, 2019 and 2018

Schedule of the College's Proportionate Share of the Net OPEB Liability

	FY 2019	FY 2018
College's proportion of the net OPEB liability	0.7491%	0.7415%
College's proportion of the net OPEB liability	$ 14,121,970	$ 13,521,877
State's proportionate share of the net OPEB liability associated with the College	14,121,970	13,343,786
Total	$ 28,243,940	$ 26,865,663
College's covered payroll	$ 16,030,474	$ 14,795,075
College's proportionate share of the net OPEB liability as a percentage of covered payroll	176.19%	181.59%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

Note: The State of Illinois through the Department of Central Management Services (CMS) implemented GASB 75 in fiscal year 2018. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years. The OPEB Liability as a Percentage of Covered Employee Payroll Schedule comprised of both CMS and the District's information.

Schedule of College Contributions

	2019	2018
Statutorily required contribution	$ 65,415	$ 64,329
Contributions in relation to the actuarially determined contribution	65,415	64,329
Contribution deficiency (excess)	-	-
Covered payroll	16,030,474	14,795,075
Contributions as a percentage of covered payroll	0.41%	0.43%

The information above is presented for as many years as available. The Schedule is intended to show information for 10 years. Contributions are defined by State statute and Actuarially Determined Contributions are not developed. Benefits are financed on a pay-as-you go basis, based on contribution rates defined by statute. For fiscal year end June 30, 2019, contribution rates are 0.50% of pay for active members, 0.50% of pay for community colleges, and 0.50% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.

Notes to Schedule

Actuarial valuation date	June 30, 2017
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Entry-age normal
Asset valuation method	Market value
Inflation	2.75%
Health care cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.41% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
Salary increases	Depends on service and ranges from 10.00% at less than one year of service to 3.75% at 34 or more years of service. Salary increase includes a 3.75% wage inflation assumption.
Investment rate of return	0%, net of OPEB Plan investment expenses, including inflation, for all plan years.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2014 actuarial valuation.
Mortality	Retirement and beneficiary annuitants: RP-2014 White Collar Annuitant Mortality Table. Disabled annuitants: RP-2014 Disabled Annuitant Table. Pre-retirement: RP-2014 White Collar Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2014.
Aging factors	Based on the 2013 SOA Study, "Health Care Costs - From Birth to Death."
Other information	Health administrative expenses are included in the development of the per capita claim costs. Operating expenses are included as a component of the annual OPEB expense.

STATISTICAL SECTION

Comprehensive
Annual Financial Report

Fiscal Year Ended
June 30, 2019 and 2018

Statistical Section

Morton College, Community College District No. 527

Statistical Section

June 30, 2019

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.

Contents

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

Fiscal Year	2019	2018	2017	2016
Net Investment in Capital Assets	$ 22,674,183	$ 20,501,284	$ 21,847,098	$ 22,796,061
Restricted				
Capital projects	1,559,071	734,920	549,584	483,236
Working cash	9,442,448	9,442,448	9,442,448	9,392,979
Debt service	1,447,845	938,618	966,420	1,011,459
Specific purposes	1,618,288	1,542,806	1,469,734	-
Unrestricted *	(9,837,151)	(5,759,931) *	5,684,050	5,251,744
Total net position	$ 26,904,684	$ 27,400,145	$ 39,959,334	$ 38,935,479

* GASB 75 was implemented in fiscal year 2018

Data Source

College records

2015	2014	2013	2012	2011	2010
$ 19,481,082	$ 19,976,342	$ 16,826,457	$ 15,907,741	$ 15,844,272	$ 16,397,137
1,128,601	14,274	1,149,200	511,865	736,089	1,734,387
9,384,486	9,384,486	9,384,615	9,382,285	9,382,285	9,382,285
1,154,821	1,162,982	1,108,691	1,121,588	1,218,466	1,196,142
-	-	-	-	-	-
9,416,289	9,590,316	9,889,204	9,487,652	9,242,269	5,940,693
$ 40,565,279	$ 40,128,400	$ 38,358,167	$ 36,411,131	$ 36,423,381	$ 34,650,644

Morton College, Community College District No. 527

Financial Trends (Unaudited)

Changes in Net Position

Last Ten Fiscal Years

Fiscal Year	2019	2018	2017	2016
Operating Revenue				
Student tuition and fees, net	$ 6,133,413	$ 4,982,373	$ 4,684,983	$ 4,596,204
Other	119,321	1,211,196	1,696,682	1,720,315
Total operating revenue	6,252,734	6,193,569	6,381,665	6,316,519
Operating Expenses				
Instruction	18,077,524	17,995,297	15,728,370	10,517,895
Academic support	2,940,227	2,563,405	2,585,214	2,766,990
Student services	3,919,084	3,668,700	3,072,864	2,552,963
Public service	1,185,466	1,436,109	1,134,636	558,055
Institutional administration	6,773,878	6,951,773	7,036,574	6,589,007
Physical plant operations	5,808,513	5,062,853	4,607,377	7,959,932
Depreciation	2,094,445	2,076,399	1,870,339	2,068,042
Scholarship expense	4,347,856	3,624,113	3,684,305	4,095,799
Auxiliary expense	1,071,095	2,121,933	2,463,156	2,482,407
Total operating expenses	46,218,088	45,500,582	42,182,835	39,591,090
Operating Loss	(39,965,354)	(39,307,013)	(35,801,170)	(33,274,571)
Nonoperating Revenue (Expenses)				
Local property taxes	9,861,485	9,982,119	9,763,900	9,128,821
State appropriations	20,952,783	19,957,533	18,480,322	15,145,280
Federal grants and contracts	8,568,350	9,353,438	8,651,665	8,852,948
Local grants and contracts	3,783	1,848	11,625	3,300
Investment income	522,777	264,202	(177,874)	27,677
Interest expense on bonds	(439,285)	(162,642)	95,387	(204,466)
Net nonoperating revenue (expenses)	39,469,893	39,396,498	36,825,025	32,953,560
Increase (Decrease) in Net Position	$ (495,461)	$ 89,485	$ 1,023,855	$ (321,011)

Data Source

Morton College Comprehensive Annual Financial Reports and general ledger reports

	2015	2014	2013	2012	2011	2010
	$ 4,040,567	$ 3,361,086	$ 4,125,936	$ 3,336,367	$ 2,965,107	$ 1,978,334
	1,850,764	1,982,775	2,238,138	2,408,893	2,597,828	2,383,068
	5,891,331	5,343,861	6,364,074	5,745,260	5,562,935	4,361,402
	12,568,259	13,683,816	11,178,977	10,560,776	10,891,769	10,207,879
	2,364,630	2,300,300	2,146,750	1,640,870	1,657,044	728,771
	2,552,583	2,463,099	2,064,685	1,724,416	1,963,425	2,457,240
	528,553	517,563	486,255	528,209	499,903	964,727
	7,022,773	5,602,019	5,878,454	5,487,908	4,068,162	4,267,797
	4,787,610	2,702,346	4,265,754	4,363,130	3,317,143	2,915,452
	1,797,419	1,761,597	1,445,016	1,437,228	1,450,714	1,195,651
	4,391,965	4,380,563	6,203,707	4,682,950	4,160,475	2,748,859
	2,440,249	2,649,892	2,567,778	2,603,138	2,539,302	2,481,197
	38,454,041	36,061,195	36,237,376	33,028,625	30,547,937	27,967,573
	(32,562,710)	(30,717,334)	(29,873,302)	(27,283,365)	(24,985,002)	(23,606,171)
	9,310,381	8,337,495	8,215,441	7,667,168	8,945,308	8,652,341
	14,449,848	14,453,707	12,816,492	9,411,230	8,471,061	8,362,672
	9,458,611	9,917,890	10,911,286	10,159,841	9,379,397	7,308,800
	20,710	23,650	220,428	294,408	254,565	209,467
	3,687	3,437	12,691	19,317	12,394	41,859
	(243,648)	(248,612)	(356,000)	(280,849)	(304,986)	(156,168)
	32,999,589	32,487,567	31,820,338	27,271,115	26,757,739	24,418,971
	$ 436,879	$ 1,770,233	$ 1,947,036	$ (12,250)	$ 1,772,737	$ 812,800

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
2019	$ 44,124	$ 18,078	$ 2,940	$ 3,919	$ 6,774
2018	43,424	17,995	2,563	3,669	6,952
2017	40,312	15,728	2,585	3,073	7,037
2016	37,523	10,518	2,767	2,553	6,589
2015	36,658	12,568	2,365	2,553	7,023
2014	34,300	13,684	2,300	2,463	5,602
2013	34,794	11,179	2,147	2,065	5,879
2012	31,591	10,561	1,641	1,724	5,488
2011	29,096	10,892	1,657	1,963	4,068
2010	26,772	10,208	729	2,457	4,268

Excludes unallocated depreciation

Data Source

College records

Operation and Maintenance of Plant	Scholarships and Fellowships	Public Service	Auxiliary Service
$ 5,809	$ 4,348	$ 1,185	$ 1,071
5,063	3,624	1,436	2,122
4,607	3,684	1,135	2,463
7,960	4,096	558	2,482
4,788	4,392	529	2,440
2,702	4,381	518	2,650
4,266	6,204	486	2,568
4,363	4,683	528	2,603
3,317	4,160	500	2,539
2,915	2,749	965	2,481

Morton College, Community College District No. 527

Revenue Capacity (Unaudited)

Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railroad Property
2018	N/A	N/A	N/A	$ -	$ 28,320,242
2017	$ 1,225,521,099	$ 308,743,701	$ 160,163,978	-	27,394,270
2016	1,001,392,862	277,468,730	136,440,304	-	26,971,080
2015	962,020,600	270,979,264	135,101,934	-	25,750,151
2014	992,167,998	276,656,708	140,550,826	-	25,475,596
2013	1,050,767,490	270,215,325	191,960,604	-	25,254,915
2012	1,132,021,942	293,820,048	190,451,096	-	24,603,475
2011	1,247,814,160	314,294,693	200,305,710	-	21,293,561
2010	1,732,327,412	335,543,279	217,994,164	-	19,534,030
2009	1,671,095,959	370,937,285	209,171,874	-	16,757,916

Notes

Property in the College's district is reassessed every three years.
Cook County is on a triennial reassessment cycle.
Property estimated assessed value is at 33% of actual value.

<u>Data Source</u>

Offices of the County Clerk of Cook County

Other Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
$ 9,467	$ 1,660,547,053	61.90%	$ 4,981,641,159	33.33%
-	1,721,823,048	58.30%	5,165,469,144	33.33%
-	1,442,272,976	68.00%	4,326,818,928	33.33%
-	1,393,851,949	69.80%	4,181,555,847	33.33%
-	1,434,851,128	67.00%	4,304,553,384	33.33%
-	1,538,198,334	61.30%	4,614,595,002	33.33%
-	1,640,896,561	55.60%	4,922,689,683	33.33%
-	1,783,704,124	50.40%	5,351,112,372	33.33%
-	2,305,398,885	39.20%	6,916,196,655	33.33%
-	2,267,963,034	39.30%	6,803,889,102	33.33%

Morton College, Community College District No. 527

Revenue Capacity (Unaudited)

Property Tax Rates – Direct and Overlapping Governments

Last Ten Levy Years

Taxing Body	2018	2017	2016	2015
Cook County	0.489	0.496	0.496	0.552
Cook County Forest Preserve	0.060	0.062	0.062	0.069
Metropolitan Water Reclamation	0.396	0.402	0.402	0.426
Consolidated Elections	-	0.031	0.031	0.034
Town of Cicero	6.504	6.029	6.029	6.315
Town of Cicero Library Fund	0.287	0.279	0.279	0.388
General Assistance	0.023	0.024	0.024	0.049
Clyde Park District	0.507	0.460	0.460	0.542
Elementary School District #99	4.306	4.111	4.111	5.238
High School District #201	3.036	2.875	2.875	3.339
Cicero Community Mental Health	0.104	0.093	0.093	0.120
Total overlapping rate	15.712	14.862	14.862	17.072
Morton Community College No. 527	0.619	0.583	0.583	0.698
Total rate	16.331	15.445	15.445	17.770

Year is year of extension.

Data Source

Cook County Clerk’s Office

2014	2013	2012	2011	2010	2009
0.568	0.560	0.531	0.462	0.423	0.394
0.069	0.069	0.063	0.058	0.051	0.049
0.430	0.417	0.370	0.320	0.274	0.261
-	0.031	-	0.025	-	0.021
5.760	5.183	4.522	4.566	3.388	3.344
0.351	0.322	0.289	0.231	0.166	0.161
0.047	0.062	0.068	0.051	0.037	0.036
0.556	0.545	0.505	0.458	0.333	0.308
4.998	4.670	4.302	3.874	2.799	2.786
3.216	2.954	2.732	2.454	1.858	1.848
0.104	0.096	0.100	0.077	0.063	0.062
16.099	14.909	13.482	12.576	9.392	9.270
0.670	0.613	0.556	0.504	0.392	0.393
16.769	15.522	14.038	13.080	9.784	9.663

Morton College, Community College District No. 527

Revenue Capacity (Unaudited)

Principal Property Taxpayers

2018 Levy Year and Nine Years Ago

Name	Type of Business or Property	2018 Equalized Assessed Valuation*	Rank
MacNeal Hospital Finance	General hospital and commercial properties	$ 18,375,567	1
Cermak Plaza Associate	Shopping center	14,326,423	2
Hawthorne Works Ste 316	Shopping center	13,537,316	3
Wal-mart Real Estate	Retail store	10,292,395	4
Thomas Carey Heirs	Commercial property	10,244,115	5
Chill LLC Lyons	Commercial properties	8,254,509	6
Cicero Market Place	Supermarket, one-store stores	7,271,251	7
DiMucci Companies	Shopping center, supermarket	6,877,884	8
CICF 2 IL1B01 LLC	Commercial property	6,743,949	9
Target Proptax T732	Discount department stores	6,741,816	10
KTR Capital PTR Tax Dept	Industrial property		
Heartland Bank	Commercial property		
United States Cold Storage	Industrial property		
Cambridge Realty CAP	Commercial property		
		$ 102,665,225	

*Includes only those parcels with 2018 equalized assessed valuations of approximately $100,000 and over as recorded in the County Assessor's Office.

**Includes only those parcels with 2009 equalized assessed valuations of $260,000 and over as recorded in the County Assessor's Office.

Data Source

Cook County Clerk's and Assessor's Offices

Percent of District's Total EAV	2009 Equalized Assessed Valuation**	Rank	Percent of District's Total EAV
1.10%	$ 22,770,098	1	1.00%
0.90%	11,204,673	3	0.49%
0.80%	13,875,571	2	0.61%
0.60%			
0.60%	11,093,281	4	0.49%
0.50%			
0.40%	10,457,198	5	0.46%
0.40%	10,156,993	7	0.45%
0.40%			
0.40%			
	10,203,254	6	0.45%
	10,133,891	8	0.45%
	8,304,850	9	0.37%
	7,981,741	10	0.35%
	$ 116,181,550		

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 EAV
2018	$ 10,278,763	$ 5,120,062	49.81%	$ -	$ 5,120,062	49.81%
2017	10,038,214	9,886,521	98.49%	(172,007)	9,714,514	96.78%
2016	9,807,465	9,674,736	98.65%	(190,679)	9,484,057	96.70%
2015	9,729,038	9,888,151	101.64%	(534,561)	9,353,590	96.14%
2014	9,613,393	9,535,983	99.12%	(358,157)	9,177,826	95.47%
2013	9,428,970	9,403,540	99.60%	(346,186)	9,057,354	96.06%
2012	9,123,084	9,053,905	99.24%	(279,738)	8,774,167	96.18%
2011	8,989,563	8,914,223	99.16%	(265,452)	8,648,771	96.21%
2010	9,036,894	8,977,670	99.34%	(265,112)	8,712,558	96.41%
2009	8,912,688	8,918,889	100.07%	(399,383)	8,519,506	95.59%

Data Source

County tax records

Morton College, Community College District No. 527

Revenue Capacity (Unaudited)

Assessed Valuations and Taxes Extended

Governmental Fund Types

Last Ten Levy Years

	2018 Levy	2017 Levy	2016 Levy	2015 Levy	2014 Levy
Assessed valuation	$ 1,660,547,053	$ 1,721,823,048	$ 1,442,272,976	$ 1,393,851,949	$ 1,434,851,128
Tax rates (per $100 of assessed valuation)					
Education Fund	0.4426	0.4168	0.4860	0.4999	0.4711
Operations and Maintenance Fund	0.0875	0.0815	0.0926	0.1000	0.1000
Bond and Interest Fund	0.0368	0.0354	0.0448	0.0463	0.0134
Liability, Protection and Settlement Fund	0.0337	0.0317	0.0370	0.0373	0.0713
Social Security Fund	0.0138	0.0130	0.0150	0.0149	0.0145
Audit Fund	0.0042	0.0039	0.0046	0.0048	0.0050
Total tax rates	0.6186	0.5823	0.6800	0.7032	0.6753
Taxes extended					
Education Fund	$ 7,363,200	$ 7,176,000	$ 7,098,000	$ 6,968,000	$ 6,760,000
Operations and Maintenance Fund	1,456,000	1,404,000	1,352,000	1,393,852	1,434,851
Bond and Interest Fund	611,364	609,076	645,502	644,592	642,824
Audit Fund	69,680	67,600	67,600	67,600	71,743
Liability, Protection and Settlement Fund	561,600	769,600	759,200	728,000	780,000
Total taxes extended	$ 10,061,844	$ 10,026,276	$ 9,922,302	$ 9,802,044	$ 9,689,418

2013 Levy	2012 Levy	2011 Levy	2010 Levy	2009 Levy
$ 1,538,198,334	$ 1,640,896,561	$ 1,783,704,124	$ 2,305,398,885	$ 2,282,836,100
0.4226	0.3866	0.3396	0.2552	0.2652
0.1000	0.1000	0.1000	0.0887	0.0892
0.0413	0.0273	0.0251	0.0196	0.0256
0.0321	0.0263	0.0248	0.0173	0.0011
0.0115	0.0105	0.0093	0.0069	0.0072
0.0050	0.0050	0.0050	0.0036	0.0038
0.6125	0.5557	0.5038	0.3913	0.3921
$ 6,500,000	$ 6,344,000	$ 6,058,000	$ 5,883,377	$ 6,014,640
1,538,198	1,640,897	1,783,704	2,044,888	2,023,023
634,974	447,486	451,365	467,999	580,996
76,910	82,045	88,400	82,994	86,182
670,800	603,200	608,400	557,906	188,240
$ 9,420,882	$ 9,117,628	$ 8,989,869	$ 9,037,164	$ 8,893,081

Morton College, Community College District No. 527

Debt Capacity (Unaudited)

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Unamortized Bond Premium	Capital Leases	Total Outstanding Debt	District 527 Actual Taxable Property Value
2019	$ 8,335,000	$ 1,036,438	$ 217,738	$ 9,589,176	$ 1,660,547,053
2018	2,995,000	267,578	37,438	3,300,016	1,721,823,048
2017	3,455,000	314,910	93,475	3,863,385	1,442,272,976
2016	3,895,000	364,264	131,463	4,390,727	1,393,851,949
2015	4,315,000	411,669	172,376	4,899,045	1,434,851,128
2014	4,745,000	-	173,275	4,918,275	1,538,198,334
2013	5,580,000	-	23,996	5,603,996	1,640,896,561
2012	6,395,000	-	33,777	6,428,777	1,783,704,124
2011	7,200,000	-	40,116	7,240,116	2,305,398,885
2010	8,075,000	-	57,899	8,132,899	2,282,836,100

*Estimated figures used for 2010 through 2019
N/A - Personal income not available for 2010 through 2019

Data Source

College records and Bureau of Economic Analysis

Percentage of Total Debt to Actual Taxable Property Value	Population*	Total Debt Per Capita	Percentage of Personal Income
0.58%	157,067	61.05	N/A
0.19%	157,067	21.01	N/A
0.27%	157,067	24.60	N/A
0.32%	157,067	27.95	N/A
0.34%	157,067	31.19	N/A
0.32%	157,067	31.31	N/A
0.34%	157,067	35.68	N/A
0.36%	157,067	40.93	N/A
0.31%	157,067	46.10	N/A
0.36%	157,067	51.78	N/A

Morton College, Community College District No. 527

Debt Capacity (Unaudited)

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Unamortized Bond Premium	Total Outstanding Bonded Debt	Amounts Available In Debt Service Fund	Total Net Outstanding Bond Debt	District 527 Actual Taxable Property Value
2019	$ 8,335,000	$ 1,036,438	$ 9,371,438	$ 2,016,134	$ 7,355,304	$ 1,660,547,053
2018	2,995,000	267,578	3,262,578	938,618	2,323,960	1,721,823,048
2017	3,455,000	314,910	3,769,910	966,420	2,803,490	1,442,272,976
2016	3,895,000	364,264	4,259,264	1,011,459	3,247,805	1,393,851,949
2015	4,315,000	411,669	4,726,669	1,154,821	3,571,848	1,434,851,128
2014	4,745,000	-	4,745,000	1,162,982	3,582,018	1,538,198,334
2013	5,580,000	-	5,580,000	1,108,691	4,471,309	1,640,896,561
2012	6,395,000	-	6,395,000	1,121,588	5,273,412	1,783,704,124
2011	7,200,000	-	7,200,000	1,218,466	5,981,534	2,305,398,885
2010	8,075,000	-	8,075,000	1,196,142	6,878,858	2,282,836,100

*Estimated figures used for 2010 through 2019.

Data Source

College records and Bureau of Economic Analysis

Percentage of Net Outstanding Bonded Debt to Actual Taxable Property Value	Population*	Total Net Outstanding Bonded Debt Per Capita
0.44%	157,067	46.8
0.13%	157,067	14.8
0.19%	157,067	17.8
0.23%	157,067	20.7
0.25%	157,067	22.7
0.23%	157,067	22.8
0.27%	157,067	28.5
0.30%	157,067	33.6
0.26%	157,067	38.1
0.30%	157,067	43.8

Morton College, Community College District No. 527

Debt Capacity (Unaudited)

Direct and Overlapping General Obligation Bonded Debt*

June 30, 2019

Name	Outstanding Bonds		Applicable to District Percentage	Applicable to District Amount
Morton Community College District No. 527	2,550,000		100.00%	$ 2,550,000
Cook County	$2,950,121,750	(3)	1.03%	30,445,256
Cook County Forest Preserve	145,190,000		1.03%	1,498,361
Metropolitan Water Reclamation District	2,377,123,381	(1)	1.05%	24,959,796
Lyons Township	1,220,000		4.60%	56,144
Municipalities				
City of Berwyn	137,610,000		100.00%	137,610,000
Town of Cicero	56,735,000	(4)	100.00%	56,735,000
Village of Forest View	735,000		43.82%	322,084
Village of Lyons	3,910,000	(3)(5)	95.31%	3,726,738
Village of McCook	35,775,000	(5)	26.69%	9,546,917
Village of Stickney	6,680,000		100.00%	6,680,000
Park Districts				
Berwyn Park District	1,865,000		100.00%	1,865,000
Central Stickney Park District	962,000		2.22%	21,395
Clyde Park District	2,450,000		100.00%	2,450,000
Hawthorne Park District	176,350	(3)	100.00%	176,350
McCook Park District	531,000		26.87%	142,690
North Berwyn Park District	411,285	(3)	100.00%	411,285
Library District				
McCook Public Library District	0	(3)	26.87%	-
Stickney Forest View Public Library District	1,010,000		55.72%	562,742
School Districts				
School District #99	47,255,000	(3)	100.00%	47,255,000
School District #100	32,400,000		100.00%	32,400,000
School District #103	6,445,503	(2)	70.61%	4,551,170
School District #104	26,035,000		3.45%	898,208
High School District #201	64,944,586	(2)	100.00%	64,944,586
Total Direct and Overlapping General Obligation Bonded Debt				$ 429,808,721

*2018 Equalized Assessed Values were used for this statement.
Outstanding bonds are as of June 30, 2019.

(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

Data Source

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

Morton College, Community College District No. 527

Debt Capacity (Unaudited)

Legal Debt Margin Information

Last Ten Fiscal Years

Year	Amount	Rate	Limit Rate)	Debt Limit	Margin	of Debt Limit
2019	$ 1,660,547,053	2.875%	$ 47,740,728	$ 9,371,438	$ 38,369,290	19.63%
2018	1,721,823,048	2.875%	49,502,413	3,262,578	46,239,835	6.59%
2017	1,442,272,976	2.875%	41,465,348	3,769,910	37,695,438	9.09%
2016	1,393,851,949	2.875%	40,073,244	4,259,264	35,813,980	10.63%
2015	1,434,851,128	2.875%	41,251,970	4,726,669	36,525,301	11.46%
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%

<u>Data Source</u>

County tax records; College records

Morton College, Community College District No. 527

Demographic and Economic Information (Unaudited)

Personal Income Per Capita

Last Ten Fiscal Years

Fiscal Year	Population Employed (2)	Personal Income (2)	Per Capital Personal Income	Unemployment Rate (1)
2019	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A

N/A - Data Not Available

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

Morton College, Community College District No. 527

Demographic and Economic Information (Unaudited)

Principal Employers

Current Year and Nine Years Ago

Employer	City	Approximate Number of Employees	Data Source*	Rank	Percent of Total District Employment**
2019					
MacNeal Hospital & Health Services	Berwyn	1,800	(2)	1	4.20%
Breakthru Beverage Illinois (formerly Wirtz Beverage Illinois)	Cicero	1,000	(2)	2	2.33%
Morton East & West High Schools	Berwyn, Cicero	773	(3)	3	1.80%
BUONA Restaurants and Catering	Berwyn	600	(4)	4	1.40%
Hawthorne Race Course	Cicero	550	(4)	5	1.28%
United Scrap Metal, Inc.	Cicero	500	(4)	6	1.17%
LBP Manufacturing, Inc. (Levin Bros. Paper/Terrace Paper Co.)	Cicero	400	(1)	7	0.93%
Morton College	Cicero	383	(3)	8	0.89%
USF Holland, Inc.	McCook	340	(2)	9	0.79%
Walmart Supercenter	Cicero	335	(4)	10	0.78%
Campagna-Turano Bakery	Berwyn	300	(1)	11	0.70%
Freeman Expositions, Inc.	McCook	300	(2)	11	0.70%
Fontanini Italian Meats	McCook	270	(1)	12	0.63%
Saporito Finishing Co.	Cicero	250	(1)	13	0.58%
Total		7,801			18.21%
2010					
MacNeal Memorial Hospital	Berwyn	2,200	(2)	1	1.40%
A & R Janitorial Service	Cicero	1,800	(2)	2	1.14%
USF Holland, Inc	McCook	500	(2)	3	0.32%
Brad Foote Gear Works Inc.	Cicero	450	(1)	4	0.29%
Meade Electric Co., Inc.	McCook	400	(2)	5	0.25%
Terrace Paper Co.	Cicero	400	(1)	6	0.25%
Champaagna-Turano Bakery	Berwyn	300	(1)	7	0.19%
Grout Industries, Inc.	McCook	250	(2)	8	0.16%
Morton College	Cicero	250	(2)	9	0.16%
Tru Vue	McCook	250	(1)	10	0.16%
World Marketing Chicago	McCook	250	(2)	11	0.16%
Estes Express Lines, Inc.	McCook	240	(2)	12	0.15%
Innerpac Inc.	Cicero	240	(6)	13	0.15%
Bell Fuels, Inc.	Cicero	200	(2)	14	0.13%
BNSF Railway Company, Div of Burlington Northern Santa Fe Corp.	Cicero	200	(2)	15	0.13%
Classic Party Rentals	McCook	200	(2)	16	0.13%
Corey Steel	Cicero	200	(1)(6)	17	0.13%
Itron Corp	McCook	200	(6)	18	0.13%
Waste Management, Inc.	Cicero	200	(2)	19	0.13%
UOP	McCook	200	(1)	20	0.13%
		8,930			5.67%

*The 2010 principal employer information was obtained from the District's 2010 Official Statement which listed the sources shown below in (5).

**Illinois Department of Employment Security.

Data Source

(1) 2019 and 2010 Illinois Manufacturers Directory
(2) 2019 and 2010 Illinois Services Directory
(3) Employer Official Website and/or Financial Reports
(4) AtoZdatases.com - Business Edition
(5) Illinois Department of Employment Security
(6) 2010 Harris Illinois Industrial Directory

Morton College, Community College District No. 527

Operating Information (Unaudited)

Full-Time Equivalent Employees

Last Ten Fiscal Years

	2019	2018	2017	2016
Faculty				
Full time	63	56	53	55
Full time overload	-	-	-	-
Full time summer	-	-	-	-
	63	56	53	55
Part time	124	179	171	171
Total Faculty FTE	187	235	224	226
Teaching	187	235	224	226
Non-teaching	-	-	-	-
Total Faculty FTE	187	235	224	226
Library, counselors and others				
Full time	4	4	-	3
Summer	-	-	-	-
Part time	3	4	5	4
Total Library, counselors and Others	7	8	5	7
Library	-	-	-	-
Counselors	-	-	-	-
Others	-	-	-	-
Total library, counselors and Others	-	-	-	-
Administrators	27	23	26	30
Classified employees	134	121	121	121
Total FTE employees	355	387	376	384
Student employee (1)	13	14	7	15
Total FTE employees	368	401	383	399

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

Data Source

College records

2015	2014	2013	2012	2011	2010
56	54	51	51	52	53
-	-	-	-	-	-
-	-	-	-	-	-
56	54	51	51	52	53
187	190	192	190	166	159
243	244	243	241	218	212
243	243	243	241	218	212
-	-	-	-	-	-
243	243	243	241	218	212
3	3	3	3	3	4
-	-	-	-	-	-
3	3	4	4	4	7
6	6	7	7	7	11
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
34	31	29	24	15	15
113	114	112	108	106	105
396	394	391	380	346	343
11	16	18	19	19	5
407	410	409	399	365	348

Morton College, Community College District No. 527

Operating Information (Unaudited)

Capital Assets Statistics

Last Ten Fiscal Years

	2019	2018	2017	2016
Capital asset type				
Land and improvements	$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248
Building and building improvements	36,016,067	35,441,975	35,510,495	30,648,155
Furniture, fixtures and equipment	8,437,776	7,855,997	7,725,949	7,534,528
Construction in progress	697,860	165,000	-	4,602,737
Total capital assets	47,751,951	46,063,220	45,836,692	45,385,668
Less accumulated depreciation				
Building and building improvements	(18,256,495)	(16,745,295)	(15,372,978)	(14,118,355)
Furniture, fixtures and equipment	(6,198,938)	(5,615,693)	(4,911,611)	(4,295,895)
Total accumulated depreciation	(24,455,433)	(22,360,988)	(20,284,589)	(18,414,250)
Total net capital assets	$ 23,296,518	$ 23,702,232	$ 25,552,103	$ 26,971,418
Other information				
Capital additions	$ 1,523,731	$ 226,528	$ 451,024	$ 4,326,485
Depreciation expense	$ 2,094,445	$ 2,076,399	$ 1,870,339	$ 2,068,042

Data Source

College records

2015	2014	2013	2012	2011	2010
$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248
30,355,520	30,083,273	24,237,896	23,718,767	23,380,951	23,293,440
7,296,085	7,078,802	6,634,673	6,126,427	5,242,349	1,832,742
807,330	-	1,290,305	869,399	765,534	3,393,564
41,059,183	39,762,323	34,763,122	33,314,841	31,989,082	31,119,994
(12,606,188)	(11,350,048)	(10,127,758)	(8,920,731)	(8,005,858)	(7,107,072)
(3,740,020)	(3,198,741)	(2,659,434)	(2,421,445)	(1,899,090)	(1,347,162)
(16,346,208)	(14,548,789)	(12,787,192)	(11,342,176)	(9,904,948)	(8,454,234)
$ 24,712,975	$ 25,213,534	$ 21,975,930	$ 21,972,665	$ 22,084,134	$ 22,665,760
$ 1,296,860	$ 4,999,201	$ 1,448,281	$ 1,325,759	$ 869,088	$ 3,772,003
$ 1,797,419	$ 1,761,597	$ 1,445,016	$ 1,437,228	$ 1,450,714	$ 1,195,651

Morton College, Community College District No. 527

Residency Policy

Year Ended June 30, 2019

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.

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.

SPECIAL REPORT SECTION

Comprehensive
Annual Financial Report

Fiscal Year Ended
June 30, 2019 and 2018

Special Reports Section

State Required Report Section

Morton College, Community College District No. 527

All Funds Summary

Uniform Financial Statement Number 1

Year Ended June 30, 2019

	Education Fund	Operations and Maintenance Fund	Operation and Maintenance Fund (Restricted)	Auxiliary Enterprises Fund	Restricted Purposes Fund
Account balance at July 1, 2018	$ 7,608,857	$ 970,380	$ (235,460)	$ 988,422	$ 3,873
Revenues					
Local tax revenue	6,887,389	1,356,508	-	-	-
All other local revenue	-	-	-	-	3,783
ICCB grants	6,337,185	-	-	-	848,842
All other state revenue (including SURS and OPEB on-behalf)	690,763	620,374	125,954	-	11,403,407
Federal revenue	-	-	-	-	8,568,350
Student tuition and fees	9,664,295	1,634,582	-	-	-
All other revenue	547,442	52,710	-	5,796	-
Total revenues	24,127,074	3,664,174	125,954	5,796	20,824,382
Expenditures					
Instruction	10,085,877	-	-	-	7,907,837
Academic support	2,020,146	-	-	-	766,924
Student services	2,415,335	-	-	-	1,283,180
Public service/continuing education	483,900	-	-	-	622,773
Auxiliary services	720,668	-	-	158,269	160,266
Operation and maintenance of plant	7,039	3,575,678	1,246,864	-	1,156,362
Institutional support	4,818,743	-	-	-	1,364,625
Scholarships, student grants and waivers	1,959,026	-	-	-	7,543,300
Debt service	-	-	-	-	-
Depreciation	-	-	-	-	-
Total expenditures	22,510,734	3,575,678	1,246,864	158,269	20,805,267
Transfers in	254,037	-	1,856,565	-	-
Transfers out	1,040,616	-	-	835,949	19,115
Account balance at June 30, 2019	$ 8,438,618	$ 1,058,876	$ 500,195	$ -	$ 3,873

Bond Retirement Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Adjustments for GAAP	Total
$ 938,618	$ 9,442,448	$ 49,401	$ 1,489,532	$ 6,144,074	$ 27,400,145
849,674	-	95,248	672,666	-	9,861,485
-	-	-	-	-	3,783
-	-	-	-	-	7,186,027
-	-	-	-	926,258	13,766,756
-	-	-	-	-	8,568,350
-	-	-	-	-	11,298,877
131	234,922	22	44	(209,963)	631,104
849,805	234,922	95,270	672,710	716,295	51,316,382
-	-	-	145,101	(189,815)	17,949,000
-	-	-	17,981	135,176	2,940,227
-	-	-	23,278	197,291	3,919,084
-	-	-	20,451	62,736	1,189,860
-	-	-	3,671	28,221	1,071,095
-	-	-	27,876	(205,306)	5,808,513
-	-	84,400	389,740	240,500	6,898,008
-	-	-	-	-	9,502,326
340,578	-	-	-	98,707	439,285
-	-	-	-	2,094,445	2,094,445
340,578	-	84,400	628,098	2,461,955	51,811,843
-	-	20,000	-	-	2,130,602
-	234,922	-	-	-	2,130,602
$ 1,447,845	$ 9,442,448	$ 80,271	$ 1,534,144	$ 4,398,414	$ 26,904,684

Morton College, Community College District No. 527

Summary of Capital Assets and Debt

Uniform Financial Statement Number 2

Year Ended June 30, 2019

	July 1, 2018	Additions	Disposals	Transfers	June 30, 2019
Capital asset type					
Land and improvements	$ 2,600,248	$ -	$ -	$ -	$ 2,600,248
Building and building improvements	35,441,975	409,092	-	165,000	36,016,067
Furniture, fixtures and equipment	7,855,997	581,779	-	-	8,437,776
Construction in progress	165,000	697,860	-	(165,000)	697,860
Total capital assets	46,063,220	1,688,731	-	-	47,751,951
Less accumulated depreciation	(22,360,988)	(2,094,445)	-	-	(24,455,433)
Total net capital assets	$ 23,702,232	$ (405,714)	$ -	$ -	$ 23,296,518
Debt					
Bonds payable	$ 3,262,578	$ 9,374,329	$ (3,265,469)	$ -	$ 9,371,438
Other	13,559,315	2,013,514	(1,233,121)	-	14,339,708
Total debt	$ 16,821,893	$ 11,387,843	$ (4,498,590)	$ -	$ 23,711,146

Morton College, Community College District No. 527

Operating Funds Revenues and Expenditures

Uniform Financial Statement Number 3

Year Ended June 30, 2019

	Fund	Fund	Funds
Operating revenues, by source			
Local government			
Taxes	$ 6,887,389	$ 1,356,508	$ 8,243,897
Chargeback revenue			
Other community colleges	-	-	-
Total local government	6,887,389	1,356,508	8,243,897
State government			
ICCB credit hour grants	1,917,850	-	1,917,850
ICCB equalization grants	4,257,770	-	4,257,770
ICCB CTE formula	161,565	-	161,565
Corporate personal property replacement taxes	620,375	620,374	1,240,749
On-behalf payments for community college health insurance program	70,388	-	70,388
Total state government	7,027,948	620,374	7,648,322
Student tuition and fees			
Tuition	7,838,757	-	7,838,757
Fees	1,825,538	1,634,582	3,460,120
Total student tuition and fees	9,664,295	1,634,582	11,298,877
Other sources			
Sales and service fees	21,351	-	21,351
Facilities rental	-	38,276	38,276
Investment revenue	273,340	14,339	287,679
Other sources	252,751	95	252,846
Total other sources	547,442	52,710	600,152
Total revenue	24,127,074	3,664,174	27,791,248
Less nonoperating items*			
Tuition chargeback revenue	-	-	-
Adjusted revenue	$ 24,127,074	$ 3,664,174	$ 27,791,248

*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, 2019

By program			
Instruction	$ 10,085,877	$ -	$ 10,085,877
Academic support	2,020,146	-	2,020,146
Student services	2,415,335	-	2,415,335
Public service/continuing education	483,900	-	483,900
Auxiliary services	720,668	-	720,668
Operation and maintenance of plant	7,039	3,575,678	3,582,717
Institutional support	4,818,743	-	4,818,743
Scholarships, student grants and waivers	1,959,026	-	1,959,026
Total operating expenditures, by program	22,510,734	3,575,678	26,086,412
Total operating items*			
Tuition chargeback revenue	-	-	-
Adjusted expenditures	22,510,734	3,575,678	26,086,412
By object			
Salaries	14,415,690	1,867,775	16,283,465
Employee benefits	1,727,031	233,585	1,960,616
Contractual services	2,061,085	440,686	2,501,771
General materials and supplies	1,131,724	121,411	1,253,135
Conference and meeting expenses	387,012	2,153	389,165
Fixed charges	42,809	-	42,809
Utilities	-	838,538	838,538
Capital outlay	500,249	71,530	571,779
Student grants and scholarships	1,985,262	-	1,985,262
Other	259,872	-	259,872
Total operating expenditures, by object	22,510,734	3,575,678	26,086,412
Less operating items*			
Tuition chargeback revenue	-	-	-
Adjusted expenditures	$ 22,510,734	$ 3,575,678	$ 26,086,412

*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

Restricted Purposes Fund Revenues and Expenditures

Uniform Financial Statement Number 4

Year Ended June 30, 2019

Restricted purposes fund revenues, by source		
Local government		
Other	$	3,783
State government		
ICCB adult education		848,842
SURS - On Behalf		11,106,495
Other state revenue		296,912
Total state government		12,252,249
Federal government		
Department of Education		8,562,955
Department of Agriculture		5,395
Total federal government		8,568,350
Total restricted purposes fund revenues, by source	$	20,824,382
Restricted purposes fund expenditures, by program		
Instruction	$	7,907,837
Academic support		766,924
Student services		1,283,180
Public service/continuing education		622,773
Auxiliary services		160,266
Operation and maintenance of plant		1,156,362
Institutional support		1,364,625
Scholarships, student grants and waivers		7,543,300
Total restricted purposes fund expenditures, by program	$	20,805,267
Restricted purposes fund expenditures, by object		
Salaries	$	1,622,386
Employee benefits		11,213,359
Contractual services		32,623
General materials and supplies		313,407
Conference and meeting expenses		27,318
Fixed charges		32,943
Student grants and scholarships		7,563,231
Total restricted purposes fund expenditures, by object	$	20,805,267

Morton College, Community College District No. 527

Current Funds – Expenditures by Activity

Uniform Financial Statement Number 5

Year Ended June 30, 2019

Instruction	
Instruction programs	$ 10,085,877
Other	8,052,938
Total instruction	18,138,815
Academic support	
Library center	693,791
Instructional materials center	301,667
Other	1,809,593
Total academic support	2,805,051
Student services support	
Admissions and records	418,802
Counseling and career services	1,256,192
Financial aid administration	383,382
Other student services support	1,663,417
Total student services and support	3,721,793
Public service/continuing education	
Community education	253,926
Community services	204,172
Other	669,026
Total public service/continuing education	1,127,124
Auxiliary services	1,042,874
Operation and maintenance	
Maintenance	624,986
Custodial services	695,237
Grounds	166,058
Campus security	1,073,061
Plant utilities	838,538
Administration	1,369,075
Total operation and maintenance	4,766,955
Institutional support	
Executive management	912,343
Fiscal operations	516,460
Community relations	525,348
Administration support services	396,118
Board of Trustees	63,129
General institutional	1,195,834
Administrative data processing	1,551,075
Other	1,497,201
Total institutional support	6,657,508
Scholarship, student grants and waivers	9,502,326
Total current funds expenditures	$ 47,762,446

*Current funds include the Education, Operation and Maintenance, Auxiliary Enterprises, Restricted Purposes, Audit, and Liability, Protection, and Settlement Funds.

Morton College, Community College District No. 527
Fiscal Year 2019 Certification of Chargeback Reimbursement
Year Ended June 30, 2019

All fiscal year 2019 noncapital audited operating expenditures from the following funds	
Education Fund	$ 21,944,405
Operations and Maintenance Fund	3,487,641
Operations and Maintenance Fund (restricted)	186,306
Bond Retirement Fund	544,075
Restricted Purposes Fund	9,698,772
Audit Fund	84,400
Liability, Protection, and Settlement Fund	628,098
Auxiliary Enterprise Fund	27,944
Total noncapital expenditures	36,601,641
Depreciation on capital outlay expenses paid from sources other than state and federal funds	1,649,011
Total costs included	$ 38,250,652
Total certified semester credit hours	78,086
Per capita cost per semester credit hour	$ 489.85
All fiscal year 2019 state and federal operation grants for noncapital expenses, except ICCB grants	$ 9,269,256
Fiscal year 2019 state and federal grants per semester credit hour	118.71
District's average ICCB grant rate for fiscal year 2020	31.92
District's student tuition and fees per semester credit hour for fiscal year 2019	144
Chargeback reimbursement per semester credit hour	195

Approved: Maryja Perez — Chief Financial Officer — 11/1/19 Date

Approved: ________ President — 11.1.19 Date

State Grant Compliance Section

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Independent Auditor's Report

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 (College) State Adult Education and Family Literacy Grant Program (State Basic, and Performance) (Grant Programs), as of June 30, 2019, and the related statements of revenues, expenditures and 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, 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 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.

Board of Trustees
Morton College, Community College
District No. 527

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 respective financial position of the College's Grant Programs as of June 30, 2019, 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, 2019, 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 opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Grant Programs' financial statements. The other supplementary information on "Expenditure Amount and Percentages for ICCB Grant Funds Only" schedule is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information on "Expenditure Amount and Percentages for ICCB Grant Funds Only" schedule 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 "Expenditure Amount and Percentages for ICCB Grant Funds Only" schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Trustees
Morton College, Community College
District No. 527

Report of Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2019, 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, 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.

BKD, LLP

Oakbrook Terrace, Illinois
November 15, 2019

BKD
CPAs & Advisors

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Independent Auditor's 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*

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 (College) State Adult Education and Family Literacy Grant (State Basic, and Performance - Grant Programs) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, and have issued our report thereon, dated November 15, 2019. As described in Note 1, these 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, 2019, 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.

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.

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.

BKD, LLP

Oakbrook Terrace, Illinois
November 15, 2019

State Adult Education and Family Literacy Grant Program

Morton College, Community College District No. 527

State Adult Education and Family Literacy Grant Program

(State Basic and Performance)

Balance Sheet

June 30, 2019

	State Basic	Performance	Total (Memorandum Only)
Assets			
Receivables	$ 56,027	$ 18,406	$ 74,433
Liabilities and Program Balance			
Liabilities			
Due to other funds	$ 56,027	$ 18,406	$ 74,433
Program Balance	-	-	-
	$ 56,027	$ 18,406	$ 74,433

Morton College, Community College District No. 527

State Adult Education and Family Literacy Grant Program
(State Basic and Performance)
Statement of Revenues, Expenditures and Changes in Program Balances
Year Ended June 30, 2019

	State Basic	Performance	Total (Memorandum Only)
Revenues			
Illinois Community College Board Grant	$ 560,265	$ 184,060	$ 744,325
Expenditures			
Instructional and student services			
Instruction	413,388	18,288	431,676
Social work services	7,149	728	7,878
Guidance services	33,364	28,030	61,394
Assessment and testing	22,627	3,466	26,093
Total instructional and student services	476,528	50,513	527,041
Program support			
Improvement of instructional service	63,056	43,218	106,274
General administration	-	8,457	8,457
Data and informational service	15,914	81,873	97,787
Workforce coordination	4,766	-	4,766
Total program support	83,737	133,547	217,284
Total expenditures	560,265	184,060	744,325
Excess of Revenues Over Expenditures	-	-	-
Program Balance			
Beginning balance - July 1, 2018	-	-	-
Ending balance - June 30, 2019	$ -	$ -	$ -

Morton College, Community College District No. 527

ICCB Compliance Statement for the
Adult and Family Literacy Grant Program
Expenditure Amounts and Percentages for ICCB Grant Funds Only
Year Ended June 30, 2019

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	$ 413,388	74%
General administration (15% maximum allowed)	-	0%

Morton College, Community College District No. 527

Notes to Financial Statements

June 30, 2019

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 (College). The accompanying statements include only those transactions resulting from the State Adult Education and Family Literacy Grant. These transactions have been accounted for in the College's Restricted Purposes Fund. Because the financial statements of the ICCB grant programs presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows, if applicable, of the College.

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, 2019. Amounts received from ICCB are recognized as revenues when the corresponding expenditures are incurred.

Funds obligated for goods and services by June 30, 2019, and paid for by August 31, 2019, are recorded as unearned revenue. Payments of prior year's encumbrances for goods received prior to August 31, 2018, are reflected as expenditures during the current fiscal year.

Accounts Receivable

The College's accounts receivable are comprised of amounts committed from the State of Illinois for the Adult Education program. Management reviews all the accounts receivable as of June 30, and establishes an allowance for doubtful accounts based on specific assessment of each account as necessary. There was no allowance as of June 30, 2019.

Credit Hour Data

BKD
CPAs & Advisors

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Independent Accountant's Report on Schedule of Credit Hour Data and Other Basis Upon Which Claims Were Filed

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

We have examined the accompanying Schedule of Credit Hour Data and Other Basis Upon Which Claims Were Filed (Schedule) of Morton College, Community College District No. 527 for the year ended June 30, 2019. Morton College, Community College District No. 527's management is responsible for the Schedule. 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 and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*; and accordingly, including examining, on a test basis, evidence supporting the Schedule and performing such other procedures as we consider necessary in the circumstances. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying Schedule of Credit Hour Data and Other Basis Upon Which Claims Were Filed is fairly presented, in all material respects, in accordance with the provisions of the aforementioned guidelines for the year ended June 30, 2019.

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.

BKD, LLP

Oakbrook Terrace, Illinois
November 15, 2019

Morton College, Community College District No. 527

Schedule of Credit Hour Data and Other Bases

Upon Which Claims are Filed

Year Ended June 30, 2019

	Total Reimbursable Semester Credit Hours by Term			
	Summer Term		Fall Term	
Credit Hour Categories	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	4,413.0	-	22,858.0	-
Business occupational	135.0	-	1,370.0	-
Technical occupational	227.0	-	1,622.0	-
Health occupational	174.0	-	2,642.0	-
Remedial/developmental	572.0	-	3,576.0	-
Adult education	-	1,219.5	-	4,443.0
Total	5,521.0	1,219.5	32,068.0	4,443.0

	Spring Term		Total All Terms	
Credit Hour Categories	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	22,121.0	-	49,392.0	
Business occupational	1,641.0	-	3,146.0	-
Technical occupational	2,309.0	-	4,158.0	-
Health occupational	2,575.0	-	5,391.0	-
Remedial/developmental	2,770.0	-	6,918.0	-
Adult education	-	3,418.0	-	9,080.5
Total	31,416.0	3,418.0	69,005.0	9,080.5

	In-District (All terms)	
	Unrestricted Hours	Restricted Hours
Reimbursable credit hours	62,150.0	7,901.0
Credit hours on chargeback or Contractual agreement	799.0	

	Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Reimbursable credit hours	4,612.0	-	412.0	-

Equalized assessed valuation	1,660,547,053

Morton College, Community College District No. 527

Schedule of Credit Hour Data and Other Bases
Upon Which Claims are Filed
Year Ended June 30, 2019

	Correctional Semester Credit Hours			
	Summer	Fall	Spring	Total
Credit Hour Categories	Correctional Hours	Correctional Hours	Correctional Hours	Correctional Hours
Baccalaureate	-	-	-	-
Business occupational	-	-	-	-
Technical occupational	-	-	-	-
Health occupational	-	-	-	-
Remedial/developmental	-	-	-	-
Adult education	-	-	-	-
Total	-	-	-	-

Approved: Chief Financial Officer   11/1/19 Date

Approved: President   11.1.19 Date

Morton College, Community College District No. 527

Reconciliation of Total Semester Credit Hours

Year Ended June 30, 2019

Credit Hour Categories	Total Reimbursable Semester Credit Hours Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference
Baccalaureate	49,392.0	49,392.0	-
Business occupational	3,146.0	3,146.0	-
Technical occupational	4,158.0	4,158.0	-
Health occupational	5,391.0	5,391.0	-
Remedial/developmental	6,918.0	6,918.0	-
Adult education	-	-	-
Total	69,005	69,005	-

Credit Hour Categories	Total Reported in Audit Restricted Hours	Total Certified to ICCB Restricted Hours	Difference
Baccalaureate	-	-	-
Business occupational	-	-	-
Technical occupational	-	-	-
Health occupational	-	-	-
Remedial/developmental	-	-	-
Adult education	9,080.5	9,080.5	-
Total	9,080.5	9,080.5	-

	Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference
In-district credit hours	62,150.0	62,150.0	-
Dual credit hours	4,612.0	4,505.0	107.0
Dual enrollment hours	412.0	412.0	-

	Total Reported in Audit Restricted Hours	Total Certified to ICCB Restricted Hours	Difference
In-district credit hours	7,901.0	7,901.0	-
Dual credit hours	-	-	-
Dual enrollment hours	-	-	-

Morton College, Community College District No. 527

Reconciliation of Total Semester Credit Hours

Year Ended June 30, 2019

	Total Correctional Semester Credit Hours		
Credit Hour Categories	Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference
Baccalaureate	-	-	-
Business occupational	-	-	-
Technical occupational	-	-	-
Health occupational	-	-	-
Remedial/developmental	-	-	-
Adult education	-	-	-
Total	-	-	-

Credit Hour Categories	Total Reported in Audit Restricted Hours	Total Certified to ICCB Restricted Hours	Difference
Baccalaureate	49,392.0	49,392.0	-
Business occupational	3,146.0	3,146.0	-
Technical occupational	4,158.0	4,158.0	-
Health occupational	5,391.0	5,391.0	-
Remedial/developmental	6,918.0	6,918.0	-
Adult education	9,080.5	9,080.5	-
Total	78,085.5	78,085.5	-