# MORTON COLLEGE

District 527 | Cicero, Illinois

# Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2020 and 2019

# MORTON COLLEGE
# COMMUNITY COLLEGE DISTRICT NUMBER 527
# CICERO, ILLINOIS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FISCAL YEARS ENDED
## JUNE 30, 2020 AND 2019

**Prepared by the Business Office**

# Morton College, Community College District 527
## Comprehensive Annual Financial Report
## June 30, 2020 and 2019

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## Comprehensive Annual Financial Report
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Fiscal Year Ended
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# Introductory Section

MORTON COLLEGE

December 16, 2020

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, 2020, 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** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Transfer Program | 2,057 | 2,147 | 2,083 | 1,957 | 1,894 |
| Career Programs | 1,645 | 1,848 | 1,949 | 2,023 | 1,989 |
| Liberal Studies | 889 | 775 | 545 | 538 | 532 |
| Course Enrollees | 944 | 921 | 583 | 966 | 930 |
| Adult Education/ESL | 1,191 | 1,260 | 1,094 | 1,164 | 1,597 |
| Total | 6,726 | 6,951 | 6,254 | 6,648 | 6,942 |
| Total FTE | 2,620 | 2,749 | 2,673 | 2,716 | 2,996 |

## 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<br>Operating and Maintenance<br>Auxiliary / Enterprise |
| Current Restricted | Restricted Purpose<br>Working Cash<br>Liability, Protection, and Settlement<br>Audit |
| Plant and Other | Bond and Interest<br>Investment in Plant<br>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 the 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 | | **2019** | **2018** | **2017** | **2016** | **2015** |
|---|---|---|---|---|---|---|
| Assessed valuation (in millions) | | 1,640 | 1,661 | 1,721 | 1,442 | 1,393 |
| | Legal Limit | | | | | |
| **Tax Rates** | | | | | | |
| Education Fund | 0.7500 | 0.4596 | 0.4426 | 0.4168 | 0.4860 | 0.4999 |
| Operation and Maintenance Fund | 0.1000 | 0.0900 | 0.0875 | 0.0815 | 0.0926 | 0.1000 |
| Operation and Maintenance Fund (restricted) | 0.0500 | | | | | |
| Bond and interest | - | 0.0414 | 0.0368 | 0.0354 | 0.0448 | 0.0463 |
| Life Safety Fund | 0.1000 | | | | | |
| Liability Insurance Fund | - | 0.0347 | 0.0337 | 0.0317 | 0.0370 | 0.0373 |
| Social Security Fund | - | 0.0143 | 0.0138 | 0.0130 | 0.0150 | 0.0149 |
| Audit Fund | 0.0050 | 0.0044 | 0.0042 | 0.0039 | 0.0046 | 0.0048 |
| Total | 1.0050 | 0.6444 | 0.6186 | 0.5823 | 0.6800 | 0.7032 |

The assessed value of taxable property for 2019, for taxes collectible in 2020, is $1,640,547,923.

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 enrollment for 2020 did have a 3% decrease in student headcount and a 5% decrease in full-time equivalent compared to 2019. We do expect a decrease in enrollment for FY2021 due to the Coronavirus (COVID-19) pandemic.

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. As of June 30, 2020, a $14.8M liability has been 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

The College had one General Obligation Bond during FY2020. As of June 30, 2020, $8,335,000 was outstanding. 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, 2019. 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 auditors' report on the financial statements and schedules is included in the financial section of the report.

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

Respectfully submitted,

/S/ *Mireya Perez*

Mireya Perez
Chief Financial Officer

/S/ *Dr. Stanley Fields*

Dr. Stanley Fields
President

# Morton College, Community College District 527

PRINCIPAL OFFICIALS
June 30, 2020



ADMINISTRATION

Dr. Stanley Fields, President

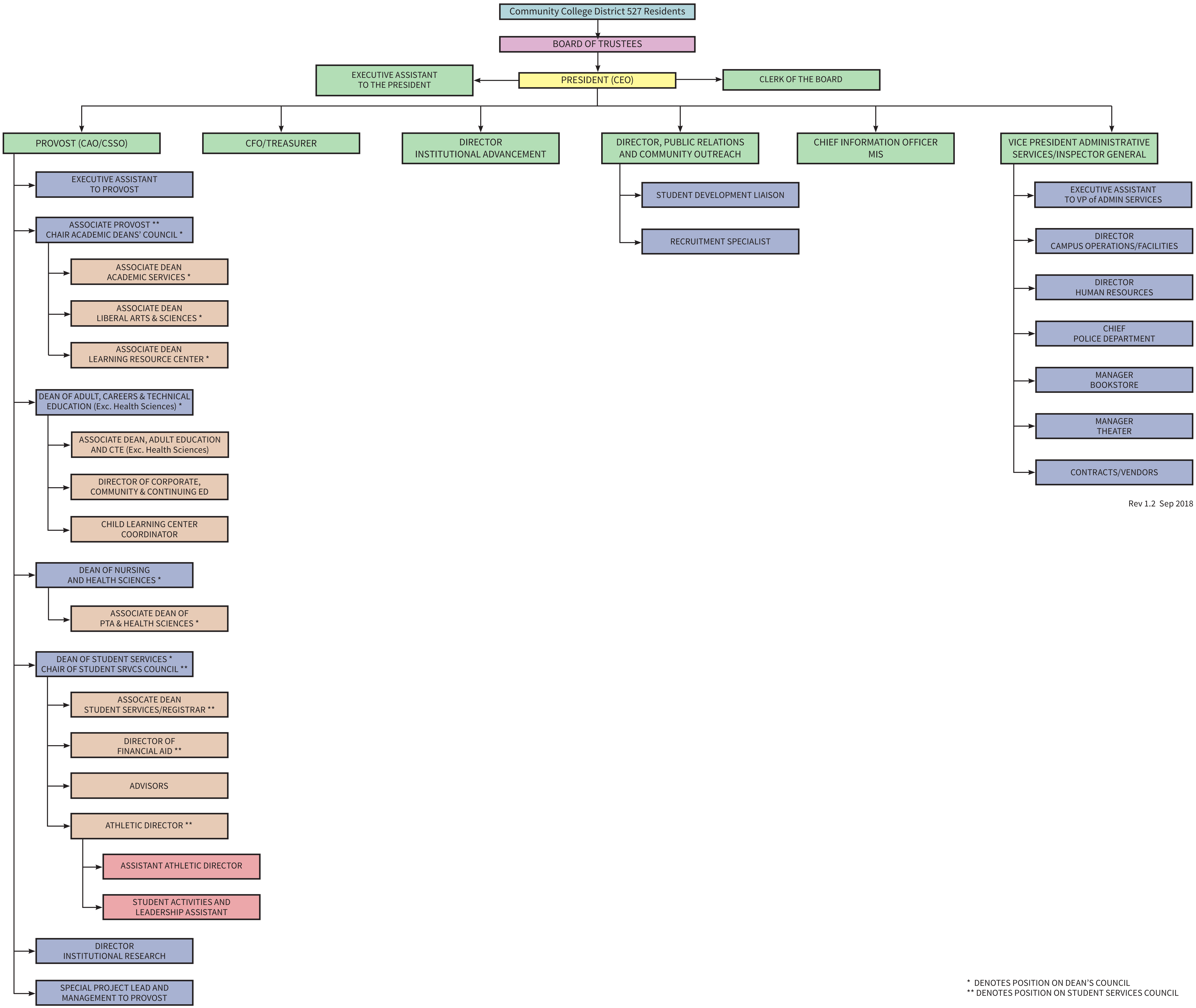
Dr. Keith McLaughlin – Provost
Frank Marzullo – Vice President of Administrative Services
Derek Shouba – Associate Provost

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, 2019

Christopher P. Morrill

Executive Director/CEO

# FINANCIAL SECTION

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020 and 2019

# Financial Section

# 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, 2020 and 2019, 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, 2020 and 2019, 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 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. As discussed in the Special Reports Section – The Uniform Financial Statement Number 1, the beginning account balance at July 1, 2019, was restated to correct the Operation and Maintenance Fund and the adjustment for GAAP column. Our opinion was not modified with respect to this matter.

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 December 16, 2020, 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
December 16, 2020

# 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, 2020 and June 30, 2019. 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-iv), the College's basic financial statements (pages 10-13) and the footnotes (pages 14-42). 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 present 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 Statement 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)**

| | 2020 | 2019 | Increase (Decrease) | 2018 | Increase (Decrease) |
|---|---|---|---|---|---|
| Current assets | $ 30.0 | $ 29.5 | $ 0.5 | $ 31.5 | $ (2.0) |
| Noncurrent assets: | | | | | |
| Restricted cash and long-term investments | 4.4 | 9.1 | (4.7) | - | 9.1 |
| Capital assets, net of depreciation | 28.2 | 23.3 | 4.9 | 23.7 | (0.4) |
| Total assets | 62.6 | 61.9 | 0.7 | 55.2 | 6.7 |
| Deferred outflows of resources | 1.3 | 0.9 | 0.4 | 0.8 | 0.1 |
| Current liabilities | 6.5 | 5.4 | 1.1 | 5.8 | (0.4) |
| Noncurrent liabilities | 24.0 | 23.7 | 0.3 | 16.4 | 7.3 |
| Total liabilities | 30.5 | 29.1 | 1.4 | 22.2 | 6.9 |
| Deferred inflows of resources | 7.8 | 6.8 | 1.0 | 6.4 | 0.4 |
| Net position: | | | | | |
| Investment in capital assets | 21.6 | 22.7 | (1.1) | 20.5 | 2.2 |
| Restricted | 7.4 | 14.0 | (6.6) | 12.7 | 1.3 |
| Unrestricted | (3.4) | (9.8) | 6.4 | (5.8) | (4.0) |
| Total net position | $ 25.6 | $ 26.9 | $ (1.3) | $ 27.4 | $ (0.5) |

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

**2020**
Total net position, at June 30, 2020, decreased by $1.3M compared to fiscal year 2019 bringing it to $25.6M. The decrease is primarily due to the increase in the net other postemployment benefit liability of $14,808,702, which increased by $0.7M from the prior year. The following are key changes by fund: an increase in Academic Support for $0.5M, increase in Student Services for $0.4M, increase in Institutional Support of $1.0M, increase in Operations and Maintenance of Plant of $2.9M, a decrease in Instruction of $1.3M and an increase in Scholarship and Fellowship of $0.7M.

**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 Scholarship and Fellowship of $0.7M.

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)**

| | 2020 | 2019 | Increase (Decrease) | 2018 | Increase (Decrease) |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Tuition and fees | $ 11.9 | $ 11.3 | $ 0.6 | $ 10.6 | $ 0.7 |
| Scholarship allowance | (5.5) | (5.1) | (0.4) | (5.6) | 0.5 |
| Auxiliary and other | - | 0.1 | (0.1) | 1 | (1.1) |
| Total | 6.4 | 6.3 | 0.1 | 6.2 | 0.1 |
| Less operating expenses | 50.7 | 46.2 | 4.5 | 45.5 | 0.7 |
| Net operating loss | (44.3) | (39.9) | (4.4) | (39.3) | (0.6) |
| Nonoperating revenues and expenses: | | | | | |
| Property taxes | 9.8 | 9.8 | - | 10.0 | (0.2) |
| State grants and contracts | 23.6 | 20.9 | 2.7 | 19.9 | 1.0 |
| Federal grants and contracts | 9.6 | 8.6 | 1.0 | 9.4 | (0.8) |
| Investment income | 0.3 | 0.5 | (0.2) | 0.3 | 0.2 |
| Interest expense | (0.30) | (0.4) | 0.10 | (0.20) | (0.20) |
| Total | 43 | 39 | 3.6 | 39.4 | - |
| Increase (decrease) in net position | (1.3) | (0.5) | (0.8) | 0.1 | (0.6) |
| Net position, beginning of year | 26.9 | 27.4 | (0.5) | 27.3 | 0.1 |
| Net position, end of year | 25.6 | 26.9 | (1.3) | 27.4 | (0.5) |
| Total revenues | $ 49.7 | $ 46.1 | $ 3.6 | $ 45.8 | $ 0.3 |
| Total expenses | $ 51.0 | $ 46.6 | $ 4.4 | $ 45.7 | $ 0.9 |

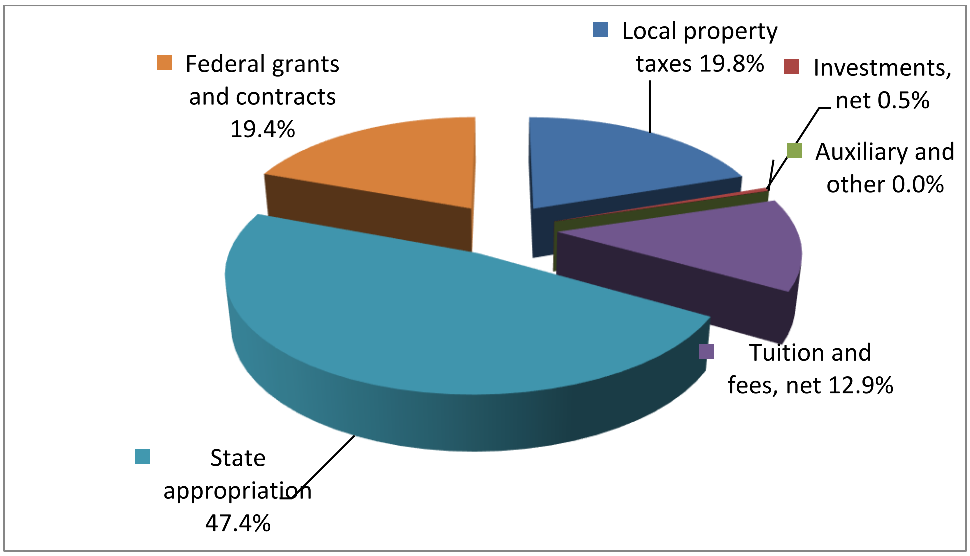
**2020**

Net operating loss, for the twelve months ended June 30, 2020, increased to $44.3M from $39.9M in 2019 mainly due to an increase in Academic Support for $0.5M, increase in Student Services for $0.4M, increase in Institutional Support of $1.0M, increase in Operations and Maintenance of Plant of $2.9M, a decrease in Instruction of $1.3M and an increase in Scholarship and Fellowship of $0.7M.

**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 Scholarship and Fellowship of $0.7M.

**Revenues by Source (2020):**

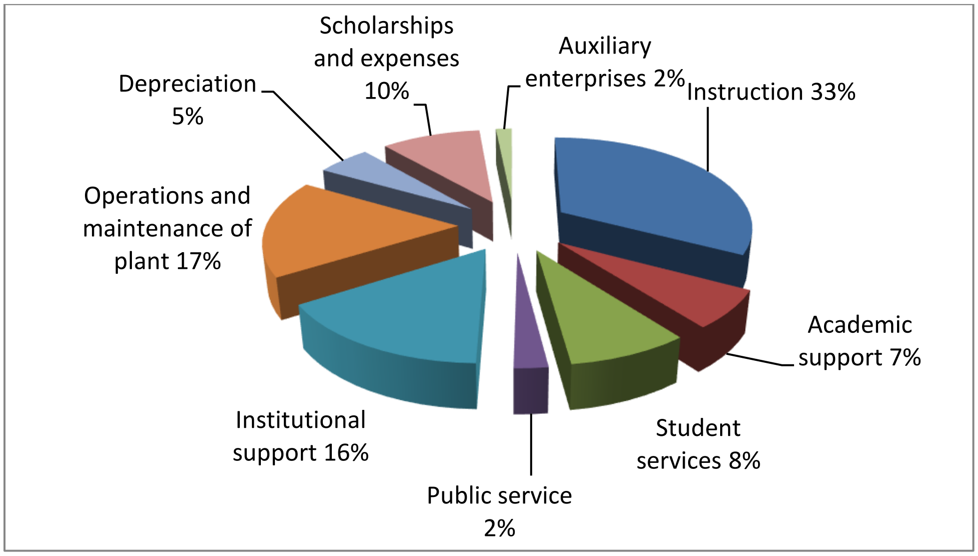



**Operating Expenses**
**For the Years Ended June 30,**
**(In millions)**

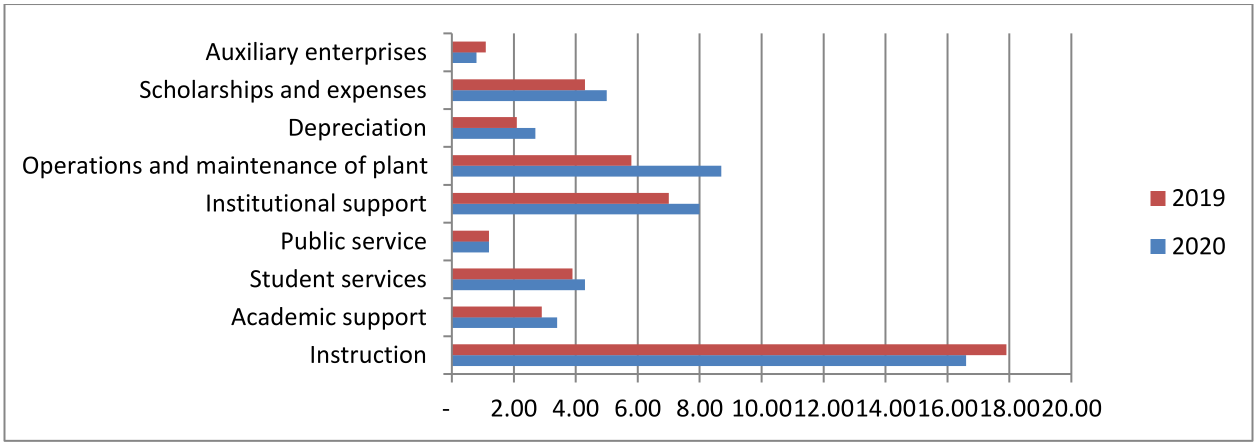
| | 2020 | 2019 | Increase (Decrease) | 2018 | Increase (Decrease) |
|---|---|---|---|---|---|
| Instruction | $ 16.6 | $ 17.9 | $ (1.3) | $ 18.0 | $ (0.1) |
| Academic support | 3.4 | 2.9 | 0.5 | 2.6 | 0.3 |
| Student services | 4.3 | 3.9 | 0.4 | 3.7 | 0.2 |
| Public service | 1.2 | 1.2 | - | 1.4 | (0.2) |
| Institutional support | 8.0 | 7.0 | 1.0 | 7.0 | - |
| Operations and maintenance of plant | 8.7 | 5.8 | 2.9 | 5.1 | 0.7 |
| Depreciation | 2.7 | 2.1 | 0.6 | 2.0 | 0.1 |
| Scholarships and fellowships | 5.0 | 4.3 | 0.7 | 3.6 | 0.7 |
| Auxiliary enterprises | 0.8 | 1.1 | (0.3) | 2.1 | (1.0) |
| Total | $ 50.7 | $ 46.2 | $ 4.5 | $ 45.5 | $ 0.7 |

The following is a graphic illustration of operating expenses:

**Operating Expenses by Function (2020):**




**Comparison of Operating Expenses Fiscal Years 2020 and 2019 (in millions):**




**2020**
Total operating expenses increased to $50.7M from $46.2M mainly due to the following: an increase in Academic Support for $0.5M, increase in Student Services for $0.4M, increase in Institutional Support of $1.0M, increase in Operations and Maintenance of Plant of $2.9M, a decrease in Instruction of $1.3M and an increase in Scholarship and Fellowship of $0.7M.

**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 Scholarship and Fellowship of $0.7M.

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

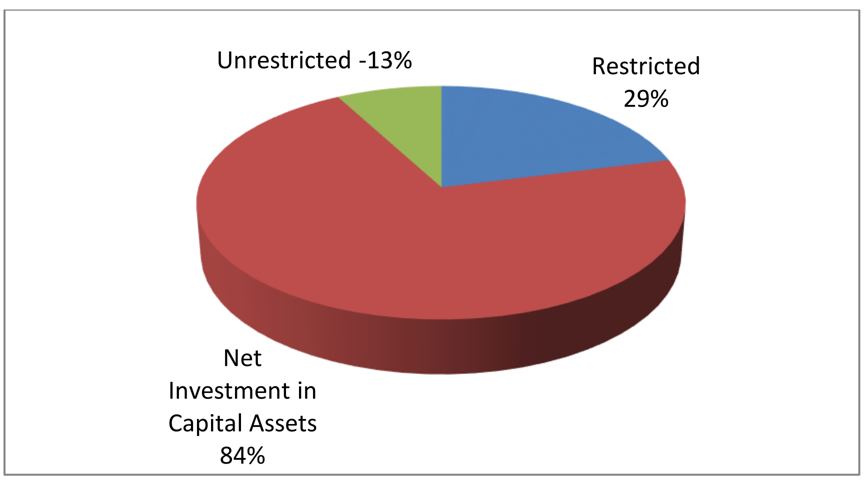
| | 2020 | 2019 | Increase (Decrease) | 2018 | Increase (Decrease) |
|---|---|---|---|---|---|
| Net position: | | | | | |
| Net investment in capital assets | $ 21.6 | $ 22.7 | $ (1.1) | $ 20.5 | $ 2.2 |
| Restricted expendable | 7.4 | 14.0 | (6.6) | 12.7 | 1.3 |
| Unrestricted (restated - See Note 11) | (3.4) | (9.8) | 6.4 | (5.8) | (4.0) |
| Net capital assets | $ 25.6 | $ 26.9 | $ (1.3) | $ 27.4 | $ (0.5) |

**2020**
Total net position, at June 30, 2020 decreased by $1.3M compared to fiscal year 2019 due to the increase in the net other postemployment benefit liability of $0.7M.

**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.

The following is a graphic illustration of net position.

**Net Position**
**June 30, 2020**



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

| | 2020 | 2019 | Increase (Decrease) | 2018 | Increase (Decrease) |
|---|---|---|---|---|---|
| Capital assets: | | | | | |
| Land improvements | $ 2.6 | $ 2.6 | $ - | $ 2.6 | $ - |
| Construction in progress | 3.6 | 0.7 | 2.9 | 0.2 | 0.5 |
| Building | 40.4 | 36.0 | 4.4 | 35.4 | 0.6 |
| Equipment | 8.7 | 8.4 | 0.3 | 7.9 | 0.5 |
| Total | 55.3 | 47.7 | 7.6 | 46.1 | 1.6 |
| Less: accumulated depreciation | (27.1) | (24.4) | (2.7) | (22.4) | (2.0) |
| Net capital assets | $ 28.2 | $ 23.3 | $ 4.9 | $ 23.7 | $ (0.4) |

**2020**
Net capital asset decrease of $4.9M mainly relates to the $4.4M in Building and $2.7M net increase in accumulated depreciation offset by $2.9M increase in Construction in progress. For more detail information on capital asset activity, please see Note 4.

**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 detail information on capital asset activity, please see Note 4.

**Long Term Debt**
**June 30,**
**(In millions)**

| | 2020 | 2019 | Increase (Decrease) | 2018 | Increase (Decrease) |
|---|---|---|---|---|---|
| Long-term debt: | | | | | |
| General obligations | $ 9.3 | $ 9.3 | $ - | $ 3.2 | $ 6.1 |
| Notes from direct borrowing and placements | 0.2 | 0.2 | - | 0.1 | 0.1 |
| Net other postemployment benefit liability | 14.8 | 14.1 | 0.7 | 13.5 | 0.6 |
| Total | $ 24.3 | $ 23.6 | $ 0.7 | $ 16.8 | $ 6.8 |

**2020**
The $0.7M increase in long-term debt is due to $0.7M increase in net other postemployment benefit liabilities, which was recorded as part of the implementation of GASB 75 in fiscal year 2018 (see Note 8). For more detail information on long-term debt activity please see Note 5.

**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 (see Note 11). For more detail information on long-term debt activity please see Note 5.

**Other Factors**
We are currently undergoing a pandemic, Coronavirus (COVID-19). The pandemic did not have a huge impact on our financial statements ending fiscal year 2020, but will have a significant impact in enrollment in fiscal year 2021.

# Basic Financial Statements

# Morton College, Community College District No. 527

## Statements of Net Position

### June 30, 2020 and 2019

## Assets

| | 2020 | 2019 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ 19,890,967 | $ 21,241,942 |
| Receivables, net | | |
| Property taxes and corporate personal property replacement taxes, net allowances of $871,186 in 2020 and $892,503 in 2019, respectively | 4,759,379 | 4,430,879 |
| Government claims | 1,980,975 | 889,685 |
| Tuition and fees, net of allowances for doubtful accounts of $5,044,649 in 2020 and $5,132,399 in 2019 | 2,384,511 | 2,494,125 |
| Other | 185,568 | 326,676 |
| Investments | 500,000 | - |
| Prepaid expenses and other current assets | 253,209 | 123,869 |
| Total current assets | 29,954,609 | 29,507,176 |
| **Noncurrent Assets** | | |
| Restricted cash and cash equivalents | 4,457,055 | 9,112,867 |
| Long-term investments | - | 733 |
| Capital assets, net of accumulated depreciation, where applicable | 28,170,468 | 23,296,518 |
| Total noncurrent assets | 32,627,523 | 32,410,118 |
| Total assets | 62,582,132 | 61,917,294 |

## Deferred Outflows of Resources

| | 2020 | 2019 |
|---|---|---|
| Other postemployment benefits | 1,350,380 | 919,331 |

(Cont.)

# Morton College, Community College District No. 527

## Statements of Net Position

## June 30, 2020 and 2019

### Liabilities

| | 2020 | 2019 |
|---|---|---|
| **Current Liabilities** | | |
| Accounts payable | $ 1,310,438 | $ 756,374 |
| Accrued salaries and vacation | 1,234,334 | 777,929 |
| Unearned revenue | | |
| Tuition and fees | 2,522,643 | 2,904,463 |
| Grants | 249,054 | 149,427 |
| Other current liabilities | 398,511 | 365,819 |
| Long-term obligations - current | | |
| Current portion of capital lease payable | 51,934 | 44,716 |
| Current portion of general obligation bonds | 280,000 | - |
| Deposits held in custody for others | 421,977 | 440,802 |
| Total current liabilities | 6,468,891 | 5,439,530 |
| **Noncurrent Liabilities** | | |
| Capital lease payable, net of current portion | 156,304 | 173,022 |
| General obligation bonds, net of current portion | 9,060,262 | 9,371,438 |
| Net other postemployment benefit liabilities | 14,808,702 | 14,121,970 |
| Total noncurrent liabilities | 24,025,268 | 23,666,430 |
| Total liabilities | 30,494,159 | 29,105,960 |

### Deferred Inflows of Resources

| | 2020 | 2019 |
|---|---|---|
| Property taxes | 5,412,195 | 5,026,329 |
| Other postemployment benefits | 2,417,911 | 1,799,652 |
| Total deferred inflows of resources | 7,830,106 | 6,825,981 |

### Net Position

| | 2020 | 2019 |
|---|---|---|
| Net investment in capital assets | 21,602,244 | 22,674,183 |
| Restricted for | | |
| Capital projects | 5,658,557 | 1,559,071 |
| Working cash | - | 9,442,448 |
| Debt service | 77,289 | 1,447,845 |
| Specific purposes | 1,701,251 | 1,618,288 |
| Unrestricted (deficit) | (3,431,094) | (9,837,151) |
| Total net position | $ 25,608,247 | $ 26,904,684 |

# Morton College, Community College District No. 527

## Statements of Revenue, Expenses and Changes in Net Position

## Years Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| **Operating Revenues** | | |
| Tuition and fees, net of scholarship allowances of $5,558,673 and $5,154,470 for 2020 and 2019, respectively | $ 6,392,476 | $ 6,144,407 |
| Sales and services of auxiliary activities | 53,378 | 108,327 |
| Total operating revenues | 6,445,854 | 6,252,734 |
| **Operating Expenses** | | |
| Instruction | 16,652,880 | 17,949,000 |
| Academic support | 3,359,257 | 2,940,227 |
| Student services | 4,336,106 | 3,919,084 |
| Public service | 1,272,212 | 1,189,860 |
| Auxiliary enterprises | 810,214 | 1,071,096 |
| Operations and maintenance of plant | 8,676,087 | 5,808,512 |
| Institutional support | 7,976,278 | 6,898,008 |
| Scholarships and fellowships | 4,976,378 | 4,347,856 |
| Depreciation | 2,695,030 | 2,094,445 |
| Total operating expenses | 50,754,442 | 46,218,088 |
| **Operating Loss** | (44,308,588) | (39,965,354) |
| **Nonoperating Revenue (Expense)** | | |
| Federal grants and contracts | 9,621,196 | 8,568,350 |
| State grants and contracts | 23,570,198 | 20,952,783 |
| Local grants and contracts | - | 3,783 |
| Property taxes | 9,844,059 | 9,861,485 |
| Interest expense on bonds | (351,096) | (439,285) |
| Investment income | 327,794 | 522,777 |
| Total nonoperating revenue | 43,012,151 | 39,469,893 |
| **Decrease in Net Position** | (1,296,437) | (495,461) |
| **Net Position, Beginning of Year** | 26,904,684 | 27,400,145 |
| **Net Position, End of Year** | $ 25,608,247 | $ 26,904,684 |

# Morton College, Community College District No. 527

## Statements of Cash Flows

## Years Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| **Operating Activities** | | |
| Tuition and fees | $ 6,120,270 | $ 6,179,481 |
| Payments to suppliers | (16,545,000) | (12,438,098) |
| Payments to employees | (17,362,442) | (17,918,140) |
| Auxiliary enterprise charges, net | 53,378 | 108,327 |
| Net cash used in operating activities | (27,733,794) | (24,068,430) |
| **Noncapital Financing Activities** | | |
| Local property taxes | 9,901,425 | 9,453,345 |
| Grants and contracts | 9,139,860 | 8,555,630 |
| State appropriations | 10,817,947 | 8,938,740 |
| Net cash provided by noncapital financing activities | 29,859,232 | 26,947,715 |
| **Capital and Related Financing Activities** | | |
| Purchase of capital assets | (7,528,372) | (1,478,768) |
| Proceeds from issuance of capital debt | - | 9,374,328 |
| Payments on capital debt | (81,284) | (3,196,063) |
| Interest paid on capital debt | (351,096) | (439,285) |
| Net cash provided by (used in) capital and related financing activities | (7,960,752) | 4,260,212 |
| **Investing Activities** | | |
| Proceeds from sales and maturities of investments | (499,267) | (733) |
| Interest received on investments | 327,794 | 522,777 |
| Net cash provided by (used in) investing activities | (171,473) | 522,044 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | (6,006,787) | 7,661,541 |
| **Cash and Cash Equivalents, Beginning of Year** | 30,354,809 | 22,693,268 |
| **Cash and Cash Equivalents, End of Year** | $ 24,348,022 | $ 30,354,809 |
| **Reconciliation of Operating Loss to Net Cash Used in Operating Activities** | | |
| Operating loss | $ (44,308,588) | $ (39,965,354) |
| Adjustment to reconcile operating loss to net cash used in operating activities | | |
| Depreciation | 2,695,030 | 2,094,445 |
| State payment in kind for retirement | 11,710,167 | 11,176,883 |
| State payment in kind for OPEB | 672,865 | 926,259 |
| Deferred outflows of resources - other postemployment benefit | (431,049) | (203,697) |
| Deferred inflows of resources - other postemployment benefit | 618,259 | 634,879 |
| Net other postemployment benefit liability | 686,732 | 600,093 |
| Changes in | | |
| Tuition and fees receivable | 109,614 | 37,489 |
| Inventories | - | 534,427 |
| Prepaid expenses | (129,340) | 26,136 |
| Accounts payable | 554,064 | 139,529 |
| Accrued salaries and vacation | 456,405 | (13,527) |
| Unearned tuition and fees | (381,820) | (2,415) |
| Other current liabilities | 32,692 | 139,336 |
| Amounts held in custody for others | (18,825) | (192,913) |
| Net cash used in operating activities | $ (27,733,794) | $ (24,068,430) |
| **Noncash Capital and Related Financing Activities** | | |
| Capital lease acquisitions | $ 40,608 | $ 209,963 |

# Morton College, Community College District No. 527

## Notes to Basic Financial Statements

## June 30, 2020 and 2019

## 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.

### *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, 2020 and 2019, 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 bond or grant proceeds that are restricted by the bond documents or 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. Prior to April of 2020, the Working Cash subfund restriction represented the principal balance of the Working Cash subfund, which pursuant to College Board of Trustees resolution and Illinois law, was held in perpetuity. In April of 2020, the College Board of Trustees approved resolution abolishing the Working Cash subfund and transfer to the Education subfund for necessary infrastructure projects. The amounts restricted for specific purposes represent funds accumulated from taxes levied for restricted purposes ($3,875), audit purposes ($114,005), and liability, protection and settlement purposes ($1,583,371). 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, 2020 and 2019, the College distributed $418,939 and $465,641, 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 one item that qualifies for reporting in this category. That is the deferred outflows of resources from Other Postemployment Benefits (OPEB) reported in the statement of net position. 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 2019 become due and payable in two installments (March 1, 2020 and August 1, 2020). 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 2019 tax year and collected in 2020 are recorded as revenue in the year ended June 30, 2020. The remaining revenue related to the 2019 tax year extension has been deferred and will be recorded as revenue in the subsequent fiscal year. However, for the Bond and Interest Fund, the levy is intended to pay for the principal and interest payments due during 2020. 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 2019 extended levy.

A reserve of approximately \$871,000 and \$893,000 for the fiscal years 2020 and 2019, 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 2019 and 2018 tax levies, per $100 of assessed valuation, are as follows:

| | Statutory Maximum Rate | Tax Levy Year 2019 | Tax Levy Year 2018 |
|---|---|---|---|
| Current | | | |
| Education Fund | 0.7500 | 0.4596 | 0.4426 |
| Operation and Maintenance Fund | 0.1000 | 0.0900 | 0.0875 |
| Bond and Interest | - | - | 0.0368 |
| Limited Bonds | - | 0.0414 | - |
| Life Safety Fund | 0.1000 | - | - |
| Liability, Protection, and Settlement Fund | - | 0.0347 | 0.0337 |
| Social Security Fund | - | 0.0143 | 0.0138 |
| Audit Fund | 0.0050 | 0.0044 | 0.0042 |
| | 0.9550 | 0.6444 | 0.6186 |

## 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, 2020 and 2019, the carrying amounts of the College's deposits were $16,151,651 ($3,702,449 is restricted) and $10,606,485 ($9,112,867 is restricted), respectively, with bank balances of $6,037,937 and $11,468,963, respectively. These amounts do not include the petty cash on hand of $518. 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, 2020 and 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, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Cash and cash equivalents | $ 19,890,967 | $ 21,241,942 |
| Restricted cash and cash equivalents | 4,457,055 | 9,112,867 |
| Investments | 500,000 | 733 |
| Total cash and investments | $ 24,848,022 | $ 30,355,542 |

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

| | 2020 | 2019 |
|---|---|---|
| Deposits | $ 16,151,651 | $ 10,606,485 |
| Investments in securities and similar instruments | 8,695,853 | 19,748,539 |
| Petty cash on hand | 518 | 518 |
| Total cash and investments | $ 24,848,022 | $ 30,355,542 |

As of June 30, 2020, 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 |
| Certificates of deposit | $ 500,000 | $ 500,000 | $ - | $ - | $ - |
| State Treasurer Illinois Funds | 8,195,853 | 8,195,853 | - | - | - |
| | $ 8,695,853 | $ 8,695,853 | $ - | $ - | $ - |

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 | $ - | $ - | $ - |

Interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two-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, 2020 and 2019. 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.

## Note 4: Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2020:

| | Beginning Balance | Additions | Transfers/ Disposals | Ending Balance |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land and improvements | $ 2,600,248 | $ - | $ - | $ 2,600,248 |
| Construction in progress | 697,860 | 3,637,850 | (697,860) | 3,637,850 |
| Total capital assets not being depreciated | 3,298,108 | 3,637,850 | (697,860) | 6,238,098 |
| Capital assets being depreciated | | | | |
| Building and building improvements | 36,016,067 | 4,331,644 | - | 40,347,711 |
| Furniture, fixtures and equipment | 8,437,776 | 297,346 | - | 8,735,122 |
| Total capital assets being depreciated | 44,453,843 | 4,628,990 | - | 49,082,833 |
| Total | 47,751,951 | 8,266,840 | (697,860) | 55,320,931 |

| | Beginning Balance | Additions | Transfers/ Disposals | Ending Balance |
|---|---|---|---|---|
| Less accumulated depreciation for | | | | |
| Buildings and building improvements | $ 18,256,495 | $ 2,042,630 | $ - | $ 20,299,125 |
| Furniture, fixtures and equipment | 6,198,938 | 652,400 | - | 6,851,338 |
| Total accumulated depreciation | 24,455,433 | 2,695,030 | - | 27,150,463 |
| Capital assets, net | $ 23,296,518 | | | $ 28,170,468 |

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 |

## Note 5: Long and Short-Term Liabilities

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 2015, the College entered into three new notes from direct borrowings and direct placements, 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, 2020 and 2019.

In fiscal year 2016, the College entered into one new note from direct borrowings and direct placements, 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 $8,848 as of June 30, 2020, and $7,080 as of June 30, 2019.

In fiscal year 2017, the College entered into a note from direct borrowings and direct placements, 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 $13,476 as of June 30, 2020, and $10,107 as of June 30, 2019.

In fiscal year 2019, the College entered into a note from direct borrowings and direct placements, 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 $58,466 as of June 30, 2020, and $29,233 as of June 30, 2019.

In fiscal year 2019, the College entered into a note from direct borrowings and direct placements 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 $25,518 as of June 30, 2020, and $12,759 as of June 30, 2019.

In fiscal year 2020, the College entered into a new note from direct borrowings and direct placements, with monthly payments of $778 that are due through September 2024. This agreement has approximate interest rate of 6%. The copier/printer was recorded at a cost of $40,608 and accumulated depreciation of $8,121 as of June 30, 2020.

A summary of long-term liability activity for the year ended June 30, 2020, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Current Portion |
|---|---|---|---|---|---|
| Bonds payable | | | | | |
| Serial bonds, 2019 series | $ 8,335,000 | $ - | $ - | $ 8,335,000 | $ 280,000 |
| Notes from direct borrowings and direct placements | 217,738 | 40,608 | 50,108 | 208,238 | 51,934 |
| Other long-term liabilities | | | | | |
| Unamortized bond premium | 1,036,438 | - | 31,176 | 1,005,262 | - |
| Net other postemployment benefit liabilities (Note 8) | 14,121,970 | 1,645,789 | 959,057 | 14,808,702 | - |
| | $ 23,711,146 | $ 1,686,397 | $ 1,040,341 | $ 24,357,202 | $ 331,934 |

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, 2006 series | $ 2,995,000 | $ - | $ 2,995,000 | $ - | $ - |
| Serial bonds, 2014 series | - | 8,335,000 | - | 8,335,000 | - |
| Notes from direct borrowings and direct placements | 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 |

Total principal and interest maturities on the bonds and notes from direct borrowings and direct placements payable as of June 30, 2020, is as follows:

| Year Ending June 30, | Debt Obligation Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 331,934 | $ 378,208 | $ 710,142 |
| 2022 | 346,772 | 360,306 | 707,078 |
| 2023 | 358,860 | 341,787 | 700,647 |
| 2024 | 366,357 | 322,478 | 688,835 |
| 2025 | 344,315 | 304,468 | 648,783 |
| Thereafter | 6,795,000 | 2,167,175 | 8,962,175 |
| | $ 8,543,238 | $ 3,874,422 | $ 12,417,660 |

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

| | 2020 | 2019 |
|---|---|---|
| Assessed valuation | $ 1,640,547,923 | $ 1,660,547,053 |
| Legal debt limit - 2.875% of assessed valuation | 47,165,753 | 47,740,728 |
| Debt applicable to debt limit | (9,340,262) | (9,371,438) |
| Legal debt margin | $ 37,825,491 | $ 38,369,290 |

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. As a result of the refunding, the

Series 2014 Bonds are considered defeased and the liability has been removed from the Statement of net position. At June 30, 2020, $2,085,000 of the defeased 2014 Bonds remain outstanding.

### *Cash Paid for Interest*

Cash paid for interest for the fiscal year was approximately $351,096 and $406,134 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, is as follows:

| | 2020 | 2019 |
|---|---|---|
| Beginning balance | $ 217,044 | $ 190,063 |
| Additions | 344,184 | 217,044 |
| Deletions | (217,044) | (190,063) |
| Ending balance | $ 344,184 | $ 217,044 |

## 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, 2019, 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 2019 and 2020 was 12.29% and 13.02%, respectively, of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary 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), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor). Contributions by the State for the years ended June 30, 2020 and 2019, were $13,368,958 and $11,106,495, 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, 2020 and 2019, SURS reported a net pension liability (NPL) of $28,720,071 and $27,494,556,682, respectively. The 2020 net pension liability was measured as of June 30, 2019. The 2019 net pension liability was measured as of June 30, 2018.

### *Employer Proportionate Share of Net Pension Liability*

The fiscal year 2020 and 2019 amounts of the proportionate share of the net pension liability to be recognized by the College is $0. The fiscal year 2020 and 2019 proportionate shares of the State's net pension liability associated with the College are $124,070,707 or 0.4320% and $113,717,486 or 0.4136%, 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, 2019 and 2018, and the total pension used to calculate the net pension liabilities were determined based on the June 30, 2018 and 2017 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 2019 and 2018.

### *Pension Expense*

For the years ended June 30, 2020 and 2019, SURS reported a collective net pension expense of $3,094,666,252 and $2,685,322,700, 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 $13,368,958 from this special funding situation for the fiscal year ended June 30, 2020, and $11,106,495 for the fiscal year ended June 30, 2019.

### *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, 2020 or 2019.

# Morton College, Community College District No. 527

## Notes to Basic Financial Statements

## June 30, 2020 and 2019

### *SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources*

| | As of June 30, 2020 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | $ 160,132,483 | $ 80,170,745 |
| Change in assumptions | 773,321,300 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 55,456,660 |
| | $ 933,453,783 | $ 135,627,405 |

| | 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 |

### *SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Expenses as of June 30, 2020*

| Year Ending June 30, | Amount |
|---|---|
| 2020 | $ 786,021,133 |
| 2021 | (11,534,848) |
| 2022 | (6,661,326) |
| 2023 | 30,001,419 |
| 2024 | - |
| Thereafter | - |
| | $ 797,826,378 |

### *Actuarial Assumptions*

The actuarial assumptions used in the June 30, 2019 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, 2019 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 White Collar, gender distinct tables 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, 2019, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| U.S. Equity | 23% | 5.25% |
| Private Equity | 6% | 8.65% |
| Non-U.S. Equity | 19% | 6.75% |
| Global Equity | 8% | 6.25% |
| Fixed Income | 19% | 1.85% |
| Treasury-Inflation Protected Securities | 4% | 1.20% |
| Emerging Market Debt | 3% | 4.00% |
| Real Estate REITS | 4% | 5.70% |
| Direct Real Estate | 6% | 4.85% |
| Commodities | 2% | 2.00% |
| Hedged Strategies | 5% | 2.85% |
| Opportunity Fund | 1% | 7.00% |
| | 100% | |

### *Discount Rate*

A single discount rate of 6.59% (6.65% 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 3.13% (3.62% 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 6.59% (6.65% 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 5.59% | Current Single Discount Rate Assumption 6.59% | 1% Increase 7.59% |
|---|---|---|
| $ 34,786,851,779 | $ 28,720,071,173 | $ 23,712,555,197 |

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, 2020 and 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% to 12.25% based on years of service, with underlying wage inflation of 2.25%.
- *Investment return.* Decrease the investment return assumption to 6.75%. This reflects maintaining an assumed real rate of return of 4.50% and decreasing the underlying assumed price inflation to 2.25%.
- *Effective rate of interest*. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75% (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% 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, 2020 and 2019, the College contributed $70,388 and $65,415, respectively, to CCHISF.

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

At June 30, 2020, 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:

| | 2020 | 2019 |
|---|---|---|
| College's proportionate share of the net OPEB liability | $ 14,808,702 | $ 14,121,970 |
| State proportionate share of the net OPEB liability associated with the College | 14,808,702 | 14,121,970 |
| Total | $ 29,617,404 | $ 28,243,940 |

The net OPEB liability was measured as of June 30, 2019, 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, 2019, the College's proportion was 0.78%, which was an increase of 0.03% from its proportion as of June 30, 2019.

For the years ended June 30, 2020 and 2019, the College recognized OPEB expense of $1,622,166 and $2,020,232 respectively. The College also recognized on-behalf revenue for the State share amounting to $672,865 in 2020 and $926,259 in 2019. These amounts are included in the OPEB expense recognized by the College.

# Morton College, Community College District No. 527

## Notes to Basic Financial Statements

## June 30, 2020 and 2019

At June 30, 2020 and 2019, the College reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

| | 2020 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 173,556 | $ 313,171 |
| Changes of assumptions | - | 2,063,197 |
| Net difference between projected and actual earnings on OPEB investments | - | 654 |
| Changes in proportion and differences between the College's contributions and proportionate share of contributions | 1,106,436 | 40,889 |
| College contributions subsequent to the measurement date | 70,388 | - |
| | $ 1,350,380 | $ 2,417,911 |

| | 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 |

The College's contribution of $70,388 in 2020 and $65,415 in 2019, 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, 2020, will be recognized in OPEB expense as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2021 | $ (290,075) |
| 2022 | (290,075) |
| 2023 | (290,048) |
| 2024 | (201,232) |
| 2025 | (66,489) |
| | $ (1,137,919) |

### *Actuarial Assumptions*

The total OPEB liability in the June 30, 2020 and 2019 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.25% |
| Salary increases | Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption. |
| Health care cost trend and rates | Actual trend used for fiscal year 2019. For fiscal year 2020, 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 0.40% 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, 2019, the trust earned $48,000 in interest, and due to a significant benefit payable, the market value of assets at June 30, 2019, is negative $74.9 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 3.62% at June 30, 2018, and 3.13% at June 30, 2019, 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 3.13% (3.62% in the prior year). 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 2.13% | Current Single Discount Rate Assumption 3.13% | 1% Increase 4.13% |
|---|---|---|
| $ 16,996,485 | $ 14,808,702 | $ 12,951,818 |

The following table shows the College's share in the plan's net OPEB liability as of June 30, 2019, 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 2020 decreasing to an ultimate trend rate of 4.90% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2029 for Medicare coverage.

| 1% Decrease (a) | Healthcare Cost Trend Rates Assumption | 1% Increase (b) |
|---|---|---|
| $ 12,290,321 | $ 14,808,702 | $ 18,136,597 |

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.90% in 2027 for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2029 for Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.90% in 2027 for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2029 for Medicare coverage.

### *Payable to the OPEB Plan*

At June 30, 2020 and 2019, 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, 2020, the loss limits for the Consortium were $150,000 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

### *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 capital project commitments totaling approximately $9,200,000. The College completed projects totaling approximately $3,000,000 in fiscal year 2020, with the remaining in progress.

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, 2020.

## Note 11: Pronouncements to be Implemented in the Future

### *GASB Statement No. 84,* Fiduciary Activities (GASB 84)

GASB 84 establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries.

GASB 84 is effective for financial statements for fiscal years beginning after December 15, 2019. Earlier application is encouraged.

### *GASB Statement No. 87*, Leases (GASB 87)

In June 2017, GASB published GASB 87. The standard was the result of a multi-year project to reexamine the accounting and financial reporting for leases. The new standard establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. Specifically, GASB 87 includes the following accounting guidance for lessees and lessors:

Lessee Accounting – A lessee will recognize a liability measured at the present value of payments expected to be made for the lease term, and an intangible asset measured at the amount of the initial lease liability, plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs. A lessee will reduce the liability as payments are made and recognize an outflow of resources for interest on the liability. The asset will be amortized by the lessee over the shorter of the lease term or the useful life of the asset.

Lessor Accounting – A lessor will recognize a receivable measured at the present value of the lease payments expected for the lease term and a deferred inflow of resources measured at the value of the lease receivable plus any payments received at or prior to the beginning of the lease that relate to future periods. The lessor will reduce the receivable as payments are received and recognize an inflow of resources from the deferred inflow of resources in a systematic and rational manner over the term of the lease. A lessor will not derecognize the asset underlying the lease. There is an exception for regulated leases for which certain criteria are met, such as airport-aeronautical agreements.

The lease term used to measure the asset or liability is based on the period in which the lessee has the noncancelable right to use the underlying asset. The lease term also contemplates any lease extension or termination option that is reasonably certain of being exercised.

GASB 87 does not apply to leases for intangible assets, biological assets (*i.e.*, timber and living plants and animals), service concession agreements or leases in which the underlying asset is financed with conduit debt that is reported by the lessor. Additionally, leases with a maximum possible term of 12 months or less are excluded.

The effective date is for periods beginning after June 15, 2021.

### ***GASB Statement No. 92,*** **Omnibus 2020 (GASB 92)**

GASB 92 addresses practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics including issues related to leases, intra-entity transfers, fiduciary activities and fair value disclosures.

GASB 92 is effective for reporting periods based on individual topics discussed therein. Earlier application is encouraged and is permitted by individual topic to the extent that all requirements associated with an individual topic are implemented simultaneously.

### ***GASB Statement No. 95***, **Postponement of Effective Dates of Certain Authoritative Guidance (GASB 95)**

In response to the challenges arising from COVID-19, on May 7, 2020 GASB approved Statement 95. GASB approved an 18-month postponement for Statement 87, *Leases*. All statements and implementation guides with a current effective date of reporting periods beginning after June 15, 2018, and later have a one-year postponement. This change is effective immediately. Early application is still encouraged. The effective dates on GASBs discussed above have already been adjusted to account for the postponements issued in GASB 95.

### ***GASB Statement No. 96***, **Subscription - Based Information Technology Arrangements (GASB 96)**

GASB 96 provides guidance on governments are utilizing more cloud-based solutions for their information technology (IT) needs and paying for the use of third-parties' IT software on a subscription basis. The accounting and financial reporting for what the Governmental Accounting

Standards Board (GASB) refers to as subscription-based information technology arrangements (SBITAs) has been inconsistent because of a lack of authoritative guidance. The Standard is effective for reporting periods after June 15, 2022, and all reporting periods thereafter, with early implementation encouraged. The statement would be applied retroactively, using the facts and circumstances that exist at the beginning of the fiscal year of implementation. Due to the COVID-19 pandemic, the effective date was delayed one year from that originally proposed.

### *GASB Statement No. 97,* Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32 (GASB 97)

GASB 97 amends guidance for determining financial accountability between the primary government and a potential component unit (PCU). The new guidance pertains to instances where the PCU does not have its own governing board and the primary government's board is effectively acting as the board of the PCU. In these instances, the primary government is considered to have the equivalent of the ability to appoint a voting majority of the PCU. However, this treatment would not apply to defined contribution pension/OPEB plans or defined contribution other employee benefit plans (such as IRC 457 plans). The requirements, as they relate to defined contribution pension/OPEB plans or other employee benefit plans, were effective upon issuance of Statement No. 97. For all other arrangements, the effective date is for fiscal periods beginning after June 15, 2021.

Statement No. 97 also amends the criterion that a financial benefit or burden relationship exists if the primary government is legally obligated or has otherwise assumed the responsibility to make contributions to a pension or OPEB plan. This criterion now only applies to contribution obligations to defined benefit pension or OPEB plans. This amended criterion was effective upon issuance of Statement No. 97.

Management has not currently determined what impact, if any, these Statements may have on its financial statements.

## Note 12: Subsequent Events

In March 2020, Illinois Governor J.B. Pritzker enacted a Stay-At-Home order due to the COVID-19 Pandemic. The pandemic and ongoing mitigation efforts will significantly, negatively impact the national, regional and local economy. Some revenue sources will be negatively impacted, such as tuition revenue and investment income.

In November 2020, the Higher Learning Commission (HLC) extended the College's "Notice" period because the College remains at risk of noncompliance with the Criteria for Accreditation. The College must submit a Notice Report providing evidence that it is no longer at risk for non-compliance with the Criteria for Accreditation in advance of a HLC follow up visit scheduled to occur in September 2021. Following that visit, the HLC Board will meet in November 2021 to determine if the College has ameliorated the findings and is no longer at risk of noncompliance with the Criteria for Accreditation and thus whether Notice shall be removed, or if the College has not ameliorated the findings, or is no longer in compliance with the Criteria for Accreditation, whether other action should be taken under HLC policy, up to and including withdrawal of accreditation.

# Required Supplementary Information

# Morton College, Community College District No. 527

## Required Supplementary Information

## Pension

## June 30, 2020 and 2019

## Components of Net Pension Liability and Related Ratios

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

| | FY 2020 | FY 2019 | FY 2018 | FY 2017 | FY 2016 |
|---|---|---|---|---|---|
| (a) Proportion percentage of the collective net pension pension liability | 0% | 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 | 124,070,707 | 113,717,486 | 104,396,091 | 104,137,848 | 93,240,864 |
| Total (b) + (c) | $ 124,070,707 | $ 113,717,486 | $ 104,396,091 | $ 104,137,848 | $ 93,240,864 |
| Covered payroll | $ 15,572,814 | $ 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 | 796.71% | 771.53% | 724.00% | 721.20% | 653.01% |
| SURS plan net position as a percentage of the total pension liability | 40.71% | 41.27% | 42.04% | 39.57% | 42.37% |

### *Schedule of the College Contributions*

| | FY 2020 | 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 | 16,230,875 | 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% | 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, 2020.

## 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% to 12.25% based on years of service, with underlying wage inflation of 2.2%.
- *Investment return.* Decrease the investment return assumption to 6.75%. This reflects maintaining an assumed real rate of return of 4.50% and decreasing the underlying assumed price inflation to 2.25%.
- *Effective rate of interest*. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75% (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% 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, 2020 and 2019

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

| | FY 2020 | FY 2019 |
|---|---|---|
| College's proportion of the net OPEB liability | 0.7841% | 0.7491% |
| College's proportion of the net OPEB liability | $ 14,808,702 | $ 14,121,970 |
| State's proportionate share of the net OPEB liability associated with the College | 14,808,702 | 14,121,970 |
| Total | $ 29,617,404 | $ 28,243,940 |
| College's covered payroll | $ 16,230,875 | $ 16,030,474 |
| College's proportionate share of the net OPEB liability as a percentage of covered payroll | 182.48% | 176.19% |
| 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

| | 2020 | 2019 |
|---|---|---|
| Statutorily required contribution | $ 70,388 | $ 65,415 |
| Contributions in relation to the actuarially determined contribution | 70,388 | 65,415 |
| Contribution deficiency (excess) | - | - |
| Covered payroll | 16,230,875 | 16,030,474 |
| Contributions as a percentage of covered payroll | 0.43% | 0.41% |

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, 2020, 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, 2018 |
| *Methods and assumptions used to determine contribution rates* | |
| Actuarial cost method | Entry-age normal |
| Asset valuation method | Market value |
| Inflation | 2.25% |
| Health care cost trend rates | Actual trend used for fiscal year 2019. For fiscal years on and after 2020, 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 0.40% is added to non-Medicare cost on and after 2022 to account for the Excise Tax. |
| Salary increases | Depends on service and ranges from 12.25% at less than one year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% 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, 2018, actuarial valuation of SURS. |
| 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-2017. |
| 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, 2020 and 2019

# Statistical Section

# Morton College, Community College District No. 527
## Statistical Section
## June 30, 2020

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 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| **Net Investment in Capital Assets** | $ 21,602,244 | $ 22,674,183 | $ 20,501,284 | $ 21,847,098 |
| **Restricted** | | | | |
| Capital projects | 5,658,557 | 1,559,071 | 734,920 | 549,584 |
| Working cash | - | 9,442,448 | 9,442,448 | 9,442,448 |
| Debt service | 77,289 | 1,447,845 | 938,618 | 966,420 |
| Specific purposes | 1,701,251 | 1,618,288 | 1,542,806 | 1,469,734 |
| **Unrestricted *** | (3,431,094) | (9,837,151) | (5,759,931) * | 5,684,050 |
| Total net position | $ 25,608,247 | $ 26,904,684 | $ 27,400,145 | $ 39,959,334 |

* GASB 75 was implemented in fiscal year 2018

Data Source

College records

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| $ 22,796,061 | $ 19,481,082 | $ 19,976,342 | $ 16,826,457 | $ 15,907,741 | $ 15,844,272 |
| 483,236 | 1,128,601 | 14,274 | 1,149,200 | 511,865 | 736,089 |
| 9,392,979 | 9,384,486 | 9,384,486 | 9,384,615 | 9,382,285 | 9,382,285 |
| 1,011,459 | 1,154,821 | 1,162,982 | 1,108,691 | 1,121,588 | 1,218,466 |
| - | - | - | - | - | - |
| 5,251,744 | 9,416,289 | 9,590,316 | 9,889,204 | 9,487,652 | 9,242,269 |
| $ 38,935,479 | $ 40,565,279 | $ 40,128,400 | $ 38,358,167 | $ 36,411,131 | $ 36,423,381 |

# Morton College, Community College District No. 527

## Financial Trends (Unaudited)

## Changes in Net Position

## Last Ten Fiscal Years

| Fiscal Year | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| **Operating Revenue** | | | | |
| Student tuition and fees, net | $ 6,392,476 | $ 6,133,413 | $ 4,982,373 | $ 4,684,983 |
| Other | 53,378 | 119,321 | 1,211,196 | 1,696,682 |
| Total operating revenue | 6,445,854 | 6,252,734 | 6,193,569 | 6,381,665 |
| **Operating Expenses** | | | | |
| Instruction | 16,652,880 | 18,077,524 | 17,995,297 | 15,728,370 |
| Academic support | 3,359,257 | 2,940,227 | 2,563,405 | 2,585,214 |
| Student services | 4,336,106 | 3,919,084 | 3,668,700 | 3,072,864 |
| Public service | 1,272,212 | 1,185,466 | 1,436,109 | 1,134,636 |
| Institutional administration | 7,976,278 | 6,773,878 | 6,951,773 | 7,036,574 |
| Physical plant operations | 8,676,087 | 5,808,513 | 5,062,853 | 4,607,377 |
| Depreciation | 2,695,030 | 2,094,445 | 2,076,399 | 1,870,339 |
| Scholarship expense | 4,976,378 | 4,347,856 | 3,624,113 | 3,684,305 |
| Auxiliary expense | 810,214 | 1,071,095 | 2,121,933 | 2,463,156 |
| Total operating expenses | 50,754,442 | 46,218,088 | 45,500,582 | 42,182,835 |
| **Operating Loss** | (44,308,588) | (39,965,354) | (39,307,013) | (35,801,170) |
| **Nonoperating Revenue (Expenses)** | | | | |
| Local property taxes | 9,844,059 | 9,861,485 | 9,982,119 | 9,763,900 |
| State appropriations | 23,570,198 | 20,952,783 | 19,957,533 | 18,480,322 |
| Federal grants and contracts | 9,621,196 | 8,568,350 | 9,353,438 | 8,651,665 |
| Local grants and contracts | - | 3,783 | 1,848 | 11,625 |
| Investment income | 327,794 | 522,777 | 264,202 | (177,874) |
| Interest expense on bonds | (351,096) | (439,285) | (162,642) | 95,387 |
| Net nonoperating revenue | 43,012,151 | 39,469,893 | 39,396,498 | 36,825,025 |
| **Increase (Decrease) in Net Position** | $ (1,296,437) | $ (495,461) | $ 89,485 | $ 1,023,855 |

Data Source

Morton College Comprehensive Annual Financial Reports and general ledger reports

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| $ 4,596,204 | $ 4,040,567 | $ 3,361,086 | $ 4,125,936 | $ 3,336,367 | $ 2,965,107 |
| 1,720,315 | 1,850,764 | 1,982,775 | 2,238,138 | 2,408,893 | 2,597,828 |
| 6,316,519 | 5,891,331 | 5,343,861 | 6,364,074 | 5,745,260 | 5,562,935 |
| 10,517,895 | 12,568,259 | 13,683,816 | 11,178,977 | 10,560,776 | 10,891,769 |
| 2,766,990 | 2,364,630 | 2,300,300 | 2,146,750 | 1,640,870 | 1,657,044 |
| 2,552,963 | 2,552,583 | 2,463,099 | 2,064,685 | 1,724,416 | 1,963,425 |
| 558,055 | 528,553 | 517,563 | 486,255 | 528,209 | 499,903 |
| 6,589,007 | 7,022,773 | 5,602,019 | 5,878,454 | 5,487,908 | 4,068,162 |
| 7,959,932 | 4,787,610 | 2,702,346 | 4,265,754 | 4,363,130 | 3,317,143 |
| 2,068,042 | 1,797,419 | 1,761,597 | 1,445,016 | 1,437,228 | 1,450,714 |
| 4,095,799 | 4,391,965 | 4,380,563 | 6,203,707 | 4,682,950 | 4,160,475 |
| 2,482,407 | 2,440,249 | 2,649,892 | 2,567,778 | 2,603,138 | 2,539,302 |
| 39,591,090 | 38,454,041 | 36,061,195 | 36,237,376 | 33,028,625 | 30,547,937 |
| (33,274,571) | (32,562,710) | (30,717,334) | (29,873,302) | (27,283,365) | (24,985,002) |
| 9,128,821 | 9,310,381 | 8,337,495 | 8,215,441 | 7,667,168 | 8,945,308 |
| 15,145,280 | 14,449,848 | 14,453,707 | 12,816,492 | 9,411,230 | 8,471,061 |
| 8,852,948 | 9,458,611 | 9,917,890 | 10,911,286 | 10,159,841 | 9,379,397 |
| 3,300 | 20,710 | 23,650 | 220,428 | 294,408 | 254,565 |
| 27,677 | 3,687 | 3,437 | 12,691 | 19,317 | 12,394 |
| (204,466) | (243,648) | (248,612) | (356,000) | (280,849) | (304,986) |
| 32,953,560 | 32,999,589 | 32,487,567 | 31,820,338 | 27,271,115 | 26,757,739 |
| $ (321,011) | $ 436,879 | $ 1,770,233 | $ 1,947,036 | $ (12,250) | $ 1,772,737 |

# 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 |
|---|---|---|---|---|---|
| 2020 | $ 48,058 | $ 16,653 | $ 3,359 | $ 4,336 | $ 7,976 |
| 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 |

Excludes unallocated depreciation

Data Source

College records

| Operation and Maintenance of Plant | Scholarships and Fellowships | Public Service | Auxiliary Service |
|---|---|---|---|
| $ 8,676 | $ 4,976 | $ 1,272 | $ 810 |
| 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 |

# 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 |
|---|---|---|---|---|---|
| 2019 | N/A | N/A | N/A | $ - | $ 31,017,224 |
| 2018 | $ 1,171,731,640 | $ 309,100,358 | $ 151,394,813 | - | 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 |

*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 |
|---|---|---|---|---|
| $ 9,155 | $ 1,640,547,923 | 64.50% | $ 4,921,643,769 | 33.33% |
| | 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% |

# Morton College, Community College District No. 527

## Revenue Capacity (Unaudited)

## Property Tax Rates – Direct and Overlapping Governments

## Last Ten Levy Years

| Taxing Body | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Cook County | 0.454 | 0.489 | 0.496 | 0.533 |
| Cook County Forest Preserve | 0.059 | 0.060 | 0.062 | 0.063 |
| Metropolitan Water Reclamation | 0.389 | 0.396 | 0.402 | 0.406 |
| Consolidated Elections | 0.030 | - | 0.031 | - |
| Town of Cicero | 6.633 | 6.504 | 6.029 | 6.382 |
| Town of Cicero Library Fund | 0.296 | 0.287 | 0.279 | 0.394 |
| General Assistance | 0.023 | 0.023 | 0.024 | 0.041 |
| Clyde Park District | 0.517 | 0.507 | 0.460 | 0.530 |
| Elementary School District #99 | 4.453 | 4.306 | 4.111 | 4.717 |
| High School District #201 | 3.128 | 3.036 | 2.875 | 3.251 |
| Cicero Community Mental Health | 0.104 | 0.104 | 0.093 | 0.122 |
| Total overlapping rate | 16.086 | 15.712 | 14.862 | 16.439 |
| Morton Community College No. 527 | 0.645 | 0.619 | 0.583 | 0.680 |
| Total rate | 16.731 | 16.331 | 15.445 | 17.119 |

Year is year of extension.

Data Source

Cook County Clerk's Office

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| 0.552 | 0.568 | 0.560 | 0.531 | 0.462 | 0.423 |
| 0.069 | 0.069 | 0.069 | 0.063 | 0.058 | 0.051 |
| 0.426 | 0.430 | 0.417 | 0.370 | 0.320 | 0.274 |
| 0.034 | - | 0.031 | - | 0.025 | - |
| 6.315 | 5.760 | 5.183 | 4.522 | 4.566 | 3.388 |
| 0.388 | 0.351 | 0.322 | 0.289 | 0.231 | 0.166 |
| 0.049 | 0.047 | 0.062 | 0.068 | 0.051 | 0.037 |
| 0.542 | 0.556 | 0.545 | 0.505 | 0.458 | 0.333 |
| 5.238 | 4.998 | 4.670 | 4.302 | 3.874 | 2.799 |
| 3.339 | 3.216 | 2.954 | 2.732 | 2.454 | 1.858 |
| 0.120 | 0.104 | 0.096 | 0.100 | 0.077 | 0.063 |
| 17.072 | 16.099 | 14.909 | 13.482 | 12.576 | 9.392 |
| 0.698 | 0.670 | 0.613 | 0.556 | 0.504 | 0.392 |
| 17.770 | 16.769 | 15.522 | 14.038 | 13.080 | 9.784 |

# Morton College, Community College District No. 527

## Revenue Capacity (Unaudited)

## Principal Property Taxpayers

## 2019 Levy Year and Nine Years Ago

| Name | Type of Business or Property | 2019 Equalized Assessed Valuation* | Rank |
|---|---|---|---|
| MacNeal Hospital Finance | General hospital and commercial properties | $ 18,276,501 | 1 |
| Cermak Plaza Associate | Shopping center | 15,618,402 | 2 |
| Hawthorne Works Ste 316 | Shopping center | 14,634,984 | 3 |
| Dimucci Development Co | Shopping center, supermarket | 11,323,148 | 4 |
| Wal-Mart Real Estate | Commercial property | 10,310,428 | 5 |
| Thomas Carey Heirs | Commercial properties | 10,262,063 | 6 |
| Chill LL LLC Lyons | Commercial properties | 8,268,971 | 7 |
| CICF 2 IL1B0 LLC | Industrial Services | 7,547,189 | 8 |
| Cicero Market Place | Supermarket, one-store stores | 7,283,991 | 9 |
| Target Proptax T732 | Discount department stores | 6,753,628 | 10 |
| KTR Capital PTR Tax Dept | Industrial property | | |
| Heartland Bank | Commercial property | | |
| United States Cold Storage | Industrial property | | |
| Andrew S. Bermant | Industrial property | | |
| ONC Cicero LLC | Industrial Property | | |
| | | $ 110,279,305 | |

(1) 2019 total equalized asset valuation: 1,640,547,923
Includes only those parcels with 2019 EAVs over $100.000.

*Includes only those parcels with 2010 equalized asset valuations of $200,000 and over as recorded in the Count Assessor's Office.

Data Source

Cook County Clerk’s and Assessor’s Offices

| Percent of District's Total EAV | 2010 Equalized Assessed Valuation* | Rank | Percent of District's Total EAV |
|---|---|---|---|
| 1.11% | $ 22,296,467 | 1 | 0.97% |
| 0.95% | | | |
| 0.89% | 13,819,595 | 2 | 0.60% |
| 0.69% | 9,498,935 | 8 | 0.41% |
| 0.63% | | | |
| 0.63% | 10,862,541 | 3 | 0.47% |
| 0.50% | | | |
| 0.46% | | | |
| 0.44% | 10,239,682 | 5 | 0.44% |
| 0.41% | | | |
| | 9,787,140 | 7 | 0.42% |
| | 9,923,100 | 6 | 0.43% |
| | 8,132,104 | 10 | 0.35% |
| | 10,816,285 | 4 | 0.47% |
| | 8,865,358 | 9 | 0.38% |
| | $ 114,241,207 | | |

# 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 |
|---|---|---|---|---|---|---|
| 2019 | $ 10,570,508 | $ 5,111,956 | 48.36% | $ - | 5,111,956 | 48.36% |
| 2018 | 10,278,763 | 10,131,989 | 98.57% | - | 10,131,989 | 98.57% |
| 2017 | 10,038,214 | 9,886,521 | 98.49% | (217,433) | 9,669,088 | 96.32% |
| 2016 | 9,807,465 | 9,674,736 | 98.65% | (248,141) | 9,426,595 | 96.12% |
| 2015 | 9,729,038 | 9,888,151 | 101.64% | (579,296) | 9,308,855 | 95.68% |
| 2014 | 9,613,393 | 9,535,983 | 99.12% | (364,673) | 9,171,310 | 95.40% |
| 2013 | 9,428,970 | 9,403,540 | 99.60% | (350,367) | 9,053,173 | 96.01% |
| 2012 | 9,123,084 | 9,053,905 | 99.24% | (281,906) | 8,771,999 | 96.15% |
| 2011 | 8,989,563 | 8,914,223 | 99.16% | (265,915) | 8,648,308 | 96.20% |
| 2010 | 9,036,894 | 8,977,670 | 99.34% | (265,397) | 8,712,273 | 96.41% |

<u>Data Source</u>

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

| | 2019 Levy | 2018 Levy | 2017 Levy | 2016 Levy | 2015 Levy |
|---|---|---|---|---|---|
| Assessed valuation | $ 1,640,547,923 | $ 1,660,547,053 | $ 1,721,823,048 | $ 1,442,272,976 | $ 1,393,851,949 |
| Tax rates (per $100 of assessed valuation) | | | | | |
| Education Fund | 0.4596 | 0.4426 | 0.4168 | 0.4860 | 0.4999 |
| Operations and Maintenance Fund | 0.0900 | 0.0875 | 0.0815 | 0.0926 | 0.1000 |
| Bond and Interest Fund | 0.0414 | 0.0368 | 0.0354 | 0.0448 | 0.0463 |
| Liability, Protection and Settlement Fund | 0.0347 | 0.0337 | 0.0317 | 0.0370 | 0.0373 |
| Social Security Fund | 0.0143 | 0.0138 | 0.0130 | 0.0150 | 0.0149 |
| Audit Fund | 0.0044 | 0.0042 | 0.0039 | 0.0046 | 0.0048 |
| Total tax rates | 0.6444 | 0.6186 | 0.5823 | 0.6800 | 0.7032 |
| Taxes extended | | | | | |
| Education Fund | $ 7,540,000 | $ 7,363,200 | $ 7,176,000 | $ 7,098,000 | $ 6,968,000 |
| Operations and Maintenance Fund | 1,476,800 | 1,456,000 | 1,404,000 | 1,352,000 | 1,393,852 |
| Bond and Interest Fund | 679,068 | 611,364 | 609,076 | 645,502 | 644,592 |
| Audit Fund | 71,760 | 69,680 | 67,600 | 67,600 | 67,600 |
| Liability, Protection and Settlement Fund | 568,880 | 561,600 | 769,600 | 759,200 | 728,000 |
| Total taxes extended | $ 10,336,508 | $ 10,061,844 | $ 10,026,276 | $ 9,922,302 | $ 9,802,044 |

Data Source

County tax records

| | 2014 Levy | 2013 Levy | 2012 Levy | 2011 Levy | 2010 Levy |
|---|---|---|---|---|---|
| | $ 1,434,851,128 | $ 1,538,198,334 | $ 1,640,896,561 | $ 1,783,704,124 | $ 2,305,398,885 |
| | 0.4711 | 0.4226 | 0.3866 | 0.3396 | 0.2552 |
| | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.0887 |
| | 0.0134 | 0.0413 | 0.0273 | 0.0251 | 0.0196 |
| | 0.0713 | 0.0321 | 0.0263 | 0.0248 | 0.0173 |
| | 0.0145 | 0.0115 | 0.0105 | 0.0093 | 0.0069 |
| | 0.0050 | 0.0050 | 0.0050 | 0.0050 | 0.0036 |
| | 0.6753 | 0.6125 | 0.5557 | 0.5038 | 0.3913 |
| | $ 6,760,000 | $ 6,500,000 | $ 6,344,000 | $ 6,058,000 | $ 5,883,377 |
| | 1,434,851 | 1,538,198 | 1,640,897 | 1,783,704 | 2,044,888 |
| | 642,824 | 634,974 | 447,486 | 451,365 | 467,999 |
| | 71,743 | 76,910 | 82,045 | 88,400 | 82,994 |
| | 780,000 | 670,800 | 603,200 | 608,400 | 557,906 |
| | $ 9,689,418 | $ 9,420,882 | $ 9,117,628 | $ 8,989,869 | $ 9,037,164 |

# 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 | Notes From Direct Borrowings and Direct Placements | Total Outstanding Debt | District 527 Actual Taxable Property Value |
|---|---|---|---|---|---|
| 2020 | $ 8,335,000 | $ 1,005,262 | $ 208,238 | $ 9,548,500 | $ 1,640,547,923 |
| 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 |

*Estimated figures used for 2011 through 2020
N/A - Personal income not available for 2011 through 2020

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 | 60.79 | N/A |
| 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 |

# 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 |
|---|---|---|---|---|---|---|
| 2020 | $ 8,335,000 | $ 1,005,262 | $ 9,340,262 | $ 1,477,289 | 7,862,973 | $ 1,640,547,923 |
| 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 |

*Estimated figures used for 2011 through 2020.

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 |
|---|---|---|
| 0.48% | 157,067 | 50.1 |
| 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 |

# Morton College, Community College District No. 527

## Debt Capacity (Unaudited)

## Direct and Overlapping General Obligation Bonded Debt*

## June 30, 2020

| Name | Outstanding Bonds | | Applicable to District Percentage | Applicable to District Amount |
|---|---|---|---|---|
| Morton Community College District No. 527 | $ 8,335,000 | | 100.00% | $ 8,335,000 |
| Cook County | 2,803,851,750 | | 0.97% | 27,113,246 |
| Cook County Forest Preserve | 140,990,000 | | 0.97% | 1,363,373 |
| Metropolitan Water Reclamation District | 2,274,859,669 | (1) | 0.98% | 22,384,619 |
| Lyons Township | 520,000 | | 4.60% | 23,894 |
| Municipalities | | | | |
| City of Berwyn | 132,880,000 | | 100.00% | 132,880,000 |
| Town of Cicero | 46,580,000 | (4) | 100.00% | 46,580,000 |
| Village of Forest View | 495,000 | | 42.64% | 211,058 |
| Village of Lyons | 4,040,000 | (3)(5) | 94.90% | 3,834,081 |
| Village of McCook | 34,230,000 | | 26.53% | 9,081,904 |
| Village of Stickney | 5,965,000 | | 100.00% | 5,965,000 |
| Park Districts | | | | |
| Berwyn Park District | 2,390,000 | | 100.00% | 2,390,000 |
| Central Stickney Park District | 879,000 | | 2.17% | 19,083 |
| Clyde Park District | 2,215,000 | | 100.00% | 2,215,000 |
| Hawthorne Park District | 179,785 | (3) | 100.00% | 179,785 |
| McCook Park District | 531,000 | | 26.72% | 141,862 |
| North Berwyn Park District | 359,575 | (3) | 100.00% | 359,575 |
| Library District | | | | |
| McCook Public Library District | - | (3) | 26.72% | - |
| Stickney Forest View Public Library District | 895,000 | | 55.18% | 493,852 |
| School Districts | | | | |
| School District #99 | 51,730,000 | (3) | 100.00% | 51,730,000 |
| School District #100 | 28,890,000 | | 100.00% | 28,890,000 |
| School District #103 | 5,990,413 | (2) | 70.73% | 4,236,779 |
| School District #104 | 24,165,000 | | 3.18% | 769,172 |
| High School District #201 | 60,207,645 | (2) | 100.00% | 60,207,645 |
| Total Direct and Overlapping General Obligation Bonded Debt | | | | $ 409,404,928 |

*2019 Equalized Assessed Values were used for this statement.
Outstanding bonds are as of June 30, 2020.

(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) Includes 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

| Fiscal Year | Assessed Valuation Amount | Legal Debt Limit Rate | Legal Debt Limit | Amount Applicable to Debt Limit | Legal Debt Margin | Applicable Debt as Percentage of Debt Limit |
|---|---|---|---|---|---|---|
| 2020 | $ 1,640,547,923 | 2.875% | $ 47,165,753 | $ 9,340,262 | $ 37,825,491 | 19.80% |
| 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% |

Data Source

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) |
|---|---|---|---|---|
| 2020 | N/A | N/A | N/A | N/A |
| 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 |

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** |
|---|---|---|---|---|---|
| **2020** | | | | | |
| MacNeal Hospital & Health Services | Berwyn | 2,200 | (2) | 1 | 3.23% |
| Breakthru Beverage Illinois (formerly Wirtz Beverage Illinois) | Cicero | 1,000 | (2) | 2 | 1.47% |
| Morton East & West High Schools | Berwyn, Cicero | 809 | (3) | 3 | 1.19% |
| BUONA Restaurants and Catering | Berwyn | 600 | (4) | 4 | 0.88% |
| Federal Express Corporation | McCook | 500 | (2) | 5 | 0.73% |
| United Scrap Metal, Inc. | Cicero | 500 | (1) | 6 | 0.73% |
| LBP Manufacturing, Inc. (Levin Bros. Paper/Terrace Paper Co.) | Cicero | 400 | (1) | 7 | 0.59% |
| Morton College | Cicero | 368 | (3) | 8 | 0.54% |
| USF Holland, Inc. | McCook | 340 | (2) | 9 | 0.50% |
| Walmart Supercenter | Cicero | 249 | (4) | 10 | 0.37% |
| Campagna-Turano Bakery | Berwyn | 300 | (1) | 11 | 0.44% |
| Freeman Expositions, Inc. | McCook | 300 | (2) | 11 | 0.44% |
| Fontanini Italian Meats | McCook | 270 | (1) | 12 | 0.40% |
| Saporito Finishing Co. | Cicerio | 250 | (1) | 13 | 0.37% |
| Total | | 8,086 | | | 11.88% |
| **2011** | | | | | |
| MacNeal Memorial Hospital | Berwyn | 2,200 | (2) | 1 | 1.40% |
| A & R Janitorial Service | Cicero | 900 | (2) | 2 | 0.57% |
| USF Holland, Inc | McCook | 500 | (2) | 3 | 0.32% |
| Brad Foote Gear Works Inc. | Cicero | 250 | (1) | 4 | 0.16% |
| 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 | (4) | 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)(4) | 17 | 0.13% |
| Itron Corp | McCook | 200 | (4) | 18 | 0.13% |
| Waste Management, Inc. | Cicero | 200 | (2) | 19 | 0.13% |
| UOP | McCook | 200 | (1) | 20 | 0.13% |
| Fontanini Italian Meat and Sausages | McCook | 200 | (1) | 21 | 0.13% |
| Michael Lavis Co. | McCook | 200 | (2) | 22 | 0.13% |
| | | 8,230 | | | 5.22% |

*The 2011 principal employer information was obtained from the District's 2011 Official Statement which listed the sources shown below in (5).

**Illinois Department of Employment Security.

Data Source

(1) 2020 and 2011 Illinois Manufacturers Directory
(2) 2020 and 2011 Illinois Services Directory
(3) Employer Official Website and/or Financial Reports
(4) 2011 Harris Illinois Industrial Directory
(5) Illinois Department of Employment Security

# Morton College, Community College District No. 527

## Operating Information (Unaudited)

## Full-Time Equivalent Employees

## Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Faculty | | | | |
| Full time | 74 | 63 | 56 | 53 |
| Full time overload | - | - | - | - |
| Full time summer | - | - | - | - |
| | 74 | 63 | 56 | 53 |
| Part time | 100 | 124 | 179 | 171 |
| Total Faculty FTE | 174 | 187 | 235 | 224 |
| Teaching | 174 | 187 | 235 | 224 |
| Non-teaching | - | - | - | - |
| Total Faculty FTE | 174 | 187 | 235 | 224 |
| Library, counselors and others | | | | |
| Full time | 6 | 4 | 4 | - |
| Summer | - | - | - | - |
| Part time | 4 | 3 | 4 | 5 |
| Total Library, counselors and Others | 10 | 7 | 8 | 5 |
| Library | - | - | - | - |
| Counselors | - | - | - | - |
| Others | - | - | - | - |
| Total library, counselors and Others | - | - | - | - |
| Administrators | 31 | 27 | 23 | 26 |
| Classified employees | 127 | 134 | 121 | 121 |
| Total FTE employees | 342 | 355 | 387 | 376 |
| Student employee (1) | 10 | 13 | 14 | 7 |
| Total FTE employees | 352 | 368 | 401 | 383 |

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

Data Source

College records

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| 55 | 56 | 54 | 51 | 51 | 52 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 55 | 56 | 54 | 51 | 51 | 52 |
| 171 | 187 | 190 | 192 | 190 | 166 |
| 226 | 243 | 244 | 243 | 241 | 218 |
| 226 | 243 | 243 | 243 | 241 | 218 |
| - | - | - | - | - | - |
| 226 | 243 | 243 | 243 | 241 | 218 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| - | - | - | - | - | - |
| 4 | 3 | 3 | 4 | 4 | 4 |
| 7 | 6 | 6 | 7 | 7 | 7 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 30 | 34 | 31 | 29 | 24 | 15 |
| 121 | 113 | 114 | 112 | 108 | 106 |
| 384 | 396 | 394 | 391 | 380 | 346 |
| 15 | 11 | 16 | 18 | 19 | 19 |
| 399 | 407 | 410 | 409 | 399 | 365 |

# Morton College, Community College District No. 527

## Operating Information (Unaudited)

## Capital Assets Statistics

## Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Capital asset type | | | | |
| Land and improvements | $ 2,600,248 | $ 2,600,248 | $ 2,600,248 | $ 2,600,248 |
| Building and building improvements | 40,347,711 | 36,016,067 | 35,441,975 | 35,510,495 |
| Furniture, fixtures and equipment | 8,735,122 | 8,437,776 | 7,855,997 | 7,725,949 |
| Construction in progress | 3,637,850 | 697,860 | 165,000 | - |
| Total capital assets | 55,320,931 | 47,751,951 | 46,063,220 | 45,836,692 |
| Less accumulated depreciation | | | | |
| Building and building improvements | (20,299,125) | (18,256,495) | (16,745,295) | (15,372,978) |
| Furniture, fixtures and equipment | (6,851,338) | (6,198,938) | (5,615,693) | (4,911,611) |
| Total accumulated depreciation | (27,150,463) | (24,455,433) | (22,360,988) | (20,284,589) |
| Total net capital assets | $ 28,170,468 | $ 23,296,518 | $ 23,702,232 | $ 25,552,103 |
| Other information | | | | |
| Capital additions | $ 7,568,980 | $ 1,523,731 | $ 226,528 | $ 451,024 |
| Depreciation expense | $ 2,965,030 | $ 2,094,445 | $ 2,076,399 | $ 1,870,339 |

Data Source

College records

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| $ 2,600,248 | $ 2,600,248 | $ 2,600,248 | $ 2,600,248 | $ 2,600,248 | $ 2,600,248 |
| 30,648,155 | 30,355,520 | 30,083,273 | 24,237,896 | 23,718,767 | 23,380,951 |
| 7,534,528 | 7,296,085 | 7,078,802 | 6,634,673 | 6,126,427 | 5,242,349 |
| 4,602,737 | 807,330 | - | 1,290,305 | 869,399 | 765,534 |
| 45,385,668 | 41,059,183 | 39,762,323 | 34,763,122 | 33,314,841 | 31,989,082 |
| (14,118,355) | (12,606,188) | (11,350,048) | (10,127,758) | (8,920,731) | (8,005,858) |
| (4,295,895) | (3,740,020) | (3,198,741) | (2,659,434) | (2,421,445) | (1,899,090) |
| (18,414,250) | (16,346,208) | (14,548,789) | (12,787,192) | (11,342,176) | (9,904,948) |
| $ 26,971,418 | $ 24,712,975 | $ 25,213,534 | $ 21,975,930 | $ 21,972,665 | $ 22,084,134 |
| $ 4,326,485 | $ 1,296,860 | $ 4,999,201 | $ 1,448,281 | $ 1,325,759 | $ 869,088 |
| $ 2,068,042 | $ 1,797,419 | $ 1,761,597 | $ 1,445,016 | $ 1,437,228 | $ 1,450,714 |

# Morton College, Community College District No. 527

## Residency Policy

## Year Ended June 30, 2020

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, 2020 and 2019

# 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, 2020

| | Education Fund | Operations and Maintenance Fund | Operation and Maintenance Fund (Restricted) | Auxiliary Enterprises Fund | Restricted Purposes Fund |
|---|---|---|---|---|---|
| Account balance at July 1, 2019 | $ 8,438,618 | $ 1,058,876 | $ 500,195 | $ - | $ 3,873 |
| Restatement (a) | - | - | 9,374,328 | - | - |
| Account balance at July 1, 2019, restated | 8,438,618 | 1,058,876 | 9,874,523 | - | 3,873 |
| Revenues | | | | | |
| Local tax revenue | 7,217,715 | 1,441,531 | - | - | - |
| ICCB grants | 6,976,400 | - | - | - | 739,222 |
| All other state revenue (including SURS and OPEB on-behalf) | 745,024 | 670,802 | 101,817 | - | 13,664,069 |
| Federal revenue | - | - | - | - | 9,621,196 |
| Student tuition and fees | 10,376,503 | 1,574,646 | - | - | - |
| All other revenue | 236,731 | 18,349 | - | - | - |
| Total revenues | 25,552,373 | 3,705,328 | 101,817 | - | 24,024,487 |
| Expenditures | | | | | |
| Instruction | 10,536,555 | - | - | - | 9,049,197 |
| Academic support | 2,221,439 | - | - | - | 1,002,263 |
| Student services | 2,403,595 | - | - | - | 1,741,333 |
| Public service/continuing education | 548,949 | - | - | - | 670,736 |
| Auxiliary services | 720,911 | - | - | - | 77,969 |
| Operation and maintenance of plant | 6,659 | 3,494,606 | 7,445,881 | - | 1,199,453 |
| Institutional support | 5,188,909 | - | - | - | 2,060,281 |
| Scholarships, student grants and waivers | 2,322,123 | - | - | - | 8,212,928 |
| Debt service | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Total expenditures | 23,949,140 | 3,494,606 | 7,445,881 | - | 24,014,160 |
| Transfers in | 9,619,313 | 1,400,000 | 458,500 | - | - |
| Transfers out | 473,500 | - | - | - | 10,325 |
| Account balance at June 30, 2020 | $ 19,187,664 | $ 2,669,598 | $ 2,988,959 | $ - | $ 3,875 |

(a) - The Uniform Financial Statement Number 1 beginning account balances at July 1, 2019, have been restated for the recognition of bond proceeds in 2019 affecting the Operation and Maintenance Fund and the Adjustments for GAAP columns in the amount of $8,335,000. The bond proceeds should have been recognized as revenue under the modified accrual basis of accounting that is prescribed for use in this schedule, within the Operation and Maintenance Fund in fiscal year 2019. That is then offset with a corresponding reduction in the Adjustment for GAAP column, representing the conversion of this amount to a bond liability under the full accrual basis of accounting. This change has no effect on ending net position or on the change in net position as previously presented in the basic financial statements (statement of net position and statement of activities) for 2019. Only the Uniform Financial Statement Number 1 is affected.

| Bond Retirement Fund | Working Cash Fund | Audit Fund | Liability, Protection, and Settlement Fund | Adjustments for GAAP | Total |
|---|---|---|---|---|---|
| $ 1,447,845 | $ 9,442,448 | $ 80,271 | $ 1,534,144 | $ 4,398,414 | $ 26,904,684 |
| - | - | - | - | (9,374,328) | - |
| 1,447,845 | 9,442,448 | 80,271 | 1,534,144 | (4,975,914) | 26,904,684 |
| | | | | | |
| 380,434 | - | 100,317 | 704,062 | - | 9,844,059 |
| - | - | - | - | - | 7,715,622 |
| | | | | | |
| - | - | - | - | 672,864 | 15,854,576 |
| - | - | - | - | - | 9,621,196 |
| - | - | - | - | - | 11,951,149 |
| 106 | 166,540 | 18 | 35 | (40,607) | 381,172 |
| 380,540 | 166,540 | 100,335 | 704,097 | 632,257 | 55,367,774 |
| | | | | | |
| - | - | - | 152,025 | (3,084,897) | 16,652,880 |
| - | - | - | 19,592 | 115,963 | 3,359,257 |
| - | - | - | 25,689 | 165,489 | 4,336,106 |
| - | - | - | 6,017 | 46,510 | 1,272,212 |
| - | - | - | 2,313 | 9,021 | 810,214 |
| - | - | - | 24,493 | (3,495,005) | 8,676,087 |
| - | - | 81,601 | 424,741 | 220,746 | 7,976,278 |
| | | | | | |
| - | - | - | - | - | 10,535,051 |
| 351,096 | - | - | - | - | 351,096 |
| - | - | - | - | 2,695,030 | 2,695,030 |
| 351,096 | - | 81,601 | 654,870 | (3,327,143) | 56,664,211 |
| - | - | 15,000 | - | - | 11,492,813 |
| 1,400,000 | 9,608,988 | - | - | - | 11,492,813 |
| $ 77,289 | $ - | $ 114,005 | $ 1,583,371 | $ (1,016,514) | $ 25,608,247 |

# Morton College, Community College District No. 527

## Summary of Capital Assets and Debt

## Uniform Financial Statement Number 2

## Year Ended June 30, 2020

| | Capital Asset/Debt July 1, 2019 | Additions | Disposals | Transfers | Capital Asset/Debt June 30, 2020 |
|---|---|---|---|---|---|
| Capital asset type | | | | | |
| Land and improvements | $ 2,600,248 | $ - | $ - | $ - | $ 2,600,248 |
| Building and building improvements | 36,016,067 | 4,331,645 | - | - | 40,347,712 |
| Furniture, fixtures and equipment | 8,437,776 | 297,345 | - | - | 8,735,121 |
| Construction in progress | 697,860 | 3,637,850 | - | (697,860) | 3,637,850 |
| Total capital assets | 47,751,951 | 8,266,840 | - | (697,860) | 55,320,931 |
| Less accumulated depreciation | (24,455,433) | (2,695,030) | - | - | (27,150,463) |
| Total net capital assets | $ 23,296,518 | $ 5,571,810 | $ - | $ (697,860) | $ 28,170,468 |
| Debt | | | | | |
| Bonds payable | $ 9,371,438 | $ - | $ (31,176) | $ - | $ 9,340,262 |
| Other | 14,339,708 | 1,686,397 | (1,009,165) | - | 15,016,940 |
| Total debt | $ 23,711,146 | $ 1,686,397 | $ (1,040,341) | $ - | $ 24,357,202 |

# Morton College, Community College District No. 527

## Operating Funds Revenues and Expenditures

## Uniform Financial Statement Number 3

## Year Ended June 30, 2020

| | Education Fund | Operation and Maintenance Fund | Total Operating Funds |
|---|---|---|---|
| Operating revenues, by source | | | |
| Local government | | | |
| Taxes | $ 7,217,715 | $ 1,441,531 | $ 8,659,246 |
| State government | | | |
| ICCB credit hour grants | 2,205,360 | - | 2,205,360 |
| ICCB equalization grants | 4,601,780 | - | 4,601,780 |
| ICCB CTE formula | 169,260 | - | 169,260 |
| Corporate personal property replacement taxes | 670,802 | 670,802 | 1,341,604 |
| On-behalf payments for community college health insurance program | 74,222 | - | 74,222 |
| Total state government | 7,721,424 | 670,802 | 8,392,226 |
| Student tuition and fees | | | |
| Tuition | 8,718,409 | - | 8,718,409 |
| Fees | 1,658,094 | 1,574,646 | 3,232,740 |
| Total student tuition and fees | 10,376,503 | 1,574,646 | 11,951,149 |
| Other sources | | | |
| Sales and service fees | 11,280 | - | 11,280 |
| Facilities rental | - | 6,725 | 6,725 |
| Investment revenue | 149,724 | 11,389 | 161,113 |
| Other sources | 75,727 | 235 | 75,962 |
| Total other sources | 236,731 | 18,349 | 255,080 |
| Total revenue | 25,552,373 | 3,705,328 | 29,257,701 |
| Less nonoperating items* | | | |
| Tuition chargeback revenue | - | - | - |
| Adjusted revenue | $ 25,552,373 | $ 3,705,328 | $ 29,257,701 |

*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, 2020

| | Education Fund | Operation and Maintenance Fund | Total Operating Funds |
|---|---|---|---|
| Operating expenditures | | | |
| By program | | | |
| Instruction | $ 10,536,555 | $ - | $ 10,536,555 |
| Academic support | 2,221,439 | - | 2,221,439 |
| Student services | 2,403,595 | - | 2,403,595 |
| Public service/continuing education | 548,949 | - | 548,949 |
| Auxiliary services | 720,911 | - | 720,911 |
| Operation and maintenance of plant | 6,659 | 3,494,606 | 3,501,265 |
| Institutional support | 5,188,909 | - | 5,188,909 |
| Scholarships, student grants and waivers | 2,322,123 | - | 2,322,123 |
| Total operating expenditures, by program | 23,949,140 | 3,494,606 | 27,443,746 |
| Total operating items* | | | |
| Tuition chargeback revenue | - | - | - |
| Adjusted expenditures | 23,949,140 | 3,494,606 | 27,443,746 |
| By object | | | |
| Salaries | 15,328,814 | 1,668,415 | 16,997,229 |
| Employee benefits | 1,794,326 | 161,400 | 1,955,726 |
| Contractual services | 2,351,596 | 527,227 | 2,878,823 |
| General materials and supplies | 1,439,591 | 149,507 | 1,589,098 |
| Conference and meeting expenses | 414,054 | 36 | 414,090 |
| Fixed charges | 16,893 | - | 16,893 |
| Utilities | - | 728,063 | 728,063 |
| Capital outlay | 240,607 | 259,958 | 500,565 |
| Student grants and scholarships | 2,275,793 | - | 2,275,793 |
| Other | 87,466 | - | 87,466 |
| Total operating expenditures, by object | 23,949,140 | 3,494,606 | 27,443,746 |
| Less operating items* | | | |
| Tuition chargeback revenue | - | - | - |
| Adjusted expenditures | $ 23,949,140 | $ 3,494,606 | $ 27,443,746 |

*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, 2020

| | |
|---|---|
| Restricted purposes fund revenues, by source | |
| State government | |
| ICCB adult education | $ 739,222 |
| SURS - On Behalf | 13,368,958 |
| Other state revenue | 295,111 |
| Total state government | 14,403,291 |
| | |
| Federal government | |
| Department of Education | 9,617,212 |
| Department of Agriculture | 3,984 |
| Total federal government | 9,621,196 |
| | |
| Total restricted purposes fund revenues, by source | $ 24,024,487 |
| | |
| Restricted purposes fund expenditures, by program | |
| Instruction | $ 9,049,196 |
| Academic support | 1,002,263 |
| Student services | 1,741,333 |
| Public service/continuing education | 670,736 |
| Auxiliary services | 77,970 |
| Operation and maintenance of plant | 1,199,453 |
| Institutional support | 2,060,281 |
| Scholarships, student grants and waivers | 8,212,928 |
| | |
| Total restricted purposes fund expenditures, by program | $ 24,014,160 |
| | |
| Restricted purposes fund expenditures, by object | |
| Salaries | $ 1,811,865 |
| Employee benefits | 13,474,631 |
| Contractual services | 80,794 |
| General materials and supplies | 388,475 |
| Conference and meeting expenses | 26,333 |
| Fixed charges | 38,089 |
| Capital outlay | |
| Student grants and scholarships | 8,193,973 |
| | |
| Total restricted purposes fund expenditures, by object | $ 24,014,160 |

# Morton College, Community College District No. 527

## Current Funds – Expenditures by Activity

## Uniform Financial Statement Number 5

## Year Ended June 30, 2020

| | |
|---|---|
| Instruction | |
| Instruction programs | $ 10,536,555 |
| Other | 9,201,222 |
| Total instruction | 19,737,777 |
| Academic support | |
| Library center | 850,838 |
| Instructional materials center | 180,429 |
| Other | 2,212,027 |
| Total academic support | 3,243,294 |
| Student services support | |
| Admissions and records | 421,487 |
| Counseling and career services | 1,138,388 |
| Financial aid administration | 411,836 |
| Other student services support | 2,198,906 |
| Total student services and support | 4,170,617 |
| Public service/continuing education | |
| Community education | 264,998 |
| Community services | 280,295 |
| Other | 680,409 |
| Total public service/continuing education | 1,225,702 |
| Auxiliary services | 801,193 |
| Operation and maintenance | |
| Maintenance | 840,501 |
| Custodial services | 692,063 |
| Grounds | 198,909 |
| Campus security | 866,703 |
| Plant utilities | 728,063 |
| Administration | 1,398,972 |
| Total operation and maintenance | 4,725,211 |
| Institutional support | |
| Executive management | 1,309,539 |
| Fiscal operations | 562,656 |
| Community relations | 943,425 |
| Administration support services | 454,043 |
| Board of Trustees | 25,320 |
| General institutional | 1,155,244 |
| Administrative data processing | 1,234,418 |
| Other | 2,070,887 |
| Total institutional support | 7,755,532 |
| Scholarship, student grants and waivers | 10,535,051 |
| Total current funds expenditures | $ 52,194,377 |

*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 2020 Certification of Chargeback Reimbursement

## Year Ended June 30, 2020

| | |
|---|---|
| All fiscal year 2020 noncapital audited operating expenditures from the following funds | |
| Education Fund | $ 23,694,031 |
| Operations and Maintenance Fund | 3,234,649 |
| Operations and Maintenance Fund (restricted) | 345,882 |
| Bond Retirement Fund | 351,096 |
| Restricted Purposes Fund | 10,645,203 |
| Audit Fund | 81,600 |
| Liability, Protection, and Settlement Fund | 654,870 |
| Total noncapital expenditures | 39,007,331 |
| Depreciation on capital outlay expenses paid from sources other than state and federal funds | 2,247,771 |
| Total costs included | $ 41,255,102 |
| Total certified semester credit hours | 73,501 |
| Per capita cost per semester credit hour | $ 561.29 |
| All fiscal year 2020 state and federal operation grants for noncapital expenses, except ICCB grants | $ 8,985,754 |
| Fiscal year 2020 state and federal grants per semester credit hour | 122.25 |
| District's average ICCB grant rate for fiscal year 2021 | 34.13 |
| District's student tuition and fees per semester credit hour for fiscal year 2020 | 148 |
| Chargeback reimbursement per semester credit hour | 257 |

Approved: Mireya Perez — Chief Financial Officer — 12/15/20 Date

Approved: [signature] — President — 12-15-20 Date

# State Grant Compliance Section

# 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, 2020, 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.

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, 2020, 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, 2020, 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 December 16, 2020, 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
December 16, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, and have issued our report thereon, dated December 16, 2020. 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, 2020, 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.

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

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*

The 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
December 16, 2020

# 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, 2020

| | State Basic | | Performance | | Total (Memorandum Only) | |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Receivables | $ | 58,165 | $ | 17,813 | $ | 75,978 |
| **Liabilities and Program Balance** | | | | | | |
| **Liabilities** | | | | | | |
| Due to other funds | $ | 20,023 | $ | (36,032) | $ | (16,009) |
| **Program Balance** | | - | | - | | - |
| | $ | 58,165 | $ | 17,813 | $ | 75,978 |

# 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, 2020

| | State Basic | Performance | Total (Memorandum Only) |
|---|---|---|---|
| **Revenues** | | | |
| Illinois Community College Board Grant | $ 553,163 | $ 127,296 | $ 680,459 |
| **Expenditures** | | | |
| Instructional and student services | | | |
| Instruction | 383,624 | 14,826 | 398,450 |
| Social work services | 8,466 | 682 | 9,148 |
| Guidance services | 52,241 | 31,136 | 83,377 |
| Assessment and testing | 14,217 | 22,488 | 36,705 |
| Total instructional and student services | 458,548 | 69,132 | 527,680 |
| Program support | | | |
| Improvement of instructional service | 70,928 | 3,907 | 74,835 |
| General administration | - | 9,736 | 9,736 |
| Data and informational service | 16,218 | 44,521 | 60,739 |
| Workforce coordination | 7,469 | - | 7,469 |
| Total program support | 94,615 | 58,164 | 152,779 |
| Total expenditures | 553,163 | 127,296 | 680,459 |
| **Excess of Revenues Over Expenditures** | - | - | - |
| **Program Balance** | | | |
| Beginning balance - July 1, 2019 | - | - | - |
| Ending balance - June 30, 2020 | $ - | $ - | $ - |

# 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, 2020

| State Basic | Audited Expenditure Amount | Actual Expenditure Percentage |
|---|---|---|
| Instruction (45% minimum required) | $ 383,624 | 69% |
| General administration (15% maximum allowed) | - | 0% |

# Morton College, Community College District No. 527

## Notes to Grant Program Financial Statements

## June 30, 2020

## 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, 2020. Amounts received from ICCB are recognized as revenues when the corresponding expenditures are incurred.

Funds obligated for goods and services by June 30, 2020, and paid for by August 31, 2020, are recorded as unearned revenue. Payments of prior year's encumbrances for goods received prior to August 31, 2019, 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, 2020, and establishes an allowance for doubtful accounts based on specific assessment of each account as necessary. There was no allowance as of June 30, 2020.

# 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, 2020. 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, 2020.

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
December 16, 2020

# Morton College, Community College District No. 527

## Schedule of Credit Hour Data and Other Bases

## Upon Which Claims Were Filed

## Year Ended June 30, 2020

| | Total Reimbursable Semester Credit Hours by Term | | | |
|---|---|---|---|---|
| | Summer Term | | Fall Term | |
| **Credit Hour Categories** | **Unrestricted Hours** | **Restricted Hours** | **Unrestricted Hours** | **Restricted Hours** |
| Baccalaureate | 4,196.0 | - | 21,808.0 | - |
| Business occupational | 232.0 | - | 1,665.0 | - |
| Technical occupational | 180.0 | - | 1,366.0 | - |
| Health occupational | 128.0 | - | 2,548.0 | - |
| Remedial/developmental | 417.0 | - | 3,578.0 | - |
| Adult education | - | 1,264.0 | - | 4,043.0 |
| Total | 5,153.0 | 1,264.0 | 30,965.0 | 4,043.0 |

| | Spring Term | | Total All Terms | |
|---|---|---|---|---|
| **Credit Hour Categories** | **Unrestricted Hours** | **Restricted Hours** | **Unrestricted Hours** | **Restricted Hours** |
| Baccalaureate | 20,061.0 | - | 46,065.0 | - |
| Business occupational | 1,669.0 | - | 3,566.0 | - |
| Technical occupational | 1,785.0 | - | 3,331.0 | - |
| Health occupational | 2,715.0 | - | 5,391.0 | - |
| Remedial/developmental | 2,740.0 | - | 6,735.0 | |
| Adult education | | 3,105.5 | | 8,412.5 |
| Total | 28,970.0 | 3,105.5 | 65,088.0 | 8,412.5 |

| | In-District (All terms) | |
|---|---|---|
| | **Unrestricted Hours** | **Restricted Hours** |
| Reimbursable credit hours | 58,737.0 | 7,404.0 |
| Credit hours on chargeback or Contractual agreement | 889.5 | |

| | Dual Credit (All Terms) | | Dual Enrollment (All Terms) | |
|---|---|---|---|---|
| | **Unrestricted Hours** | **Restricted Hours** | **Unrestricted Hours** | **Restricted Hours** |
| Reimbursable credit hours | 3,878.0 | | 549.0 | - |
| Equalized assessed valuation | 1,640,547,923 | | | |

# Morton College, Community College District No. 527

## Schedule of Credit Hour Data and Other Bases
## Upon Which Claims Were Filed
## Year Ended June 30, 2020

| | 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: Mireya Perez 12/14/20

Chief Financial Officer Date

Approved: 12-14-20

President Date

# Morton College, Community College District No. 527

## Reconciliation of Total Semester Credit Hours

## Year Ended June 30, 2020

| Credit Hour Categories | Total Reimbursable Semester Credit Hours: Total Reported in Audit Unrestricted Hours | Total Certified to ICCB Unrestricted Hours | Difference |
|---|---|---|---|
| Baccalaureate | 46,065.0 | 46,065.0 | - |
| Business occupational | 3,566.0 | 3,566.0 | - |
| Technical occupational | 3,331.0 | 3,331.0 | - |
| Health occupational | 5,391.0 | 5,391.0 | - |
| Remedial/developmental | 6,735.0 | 6,735.0 | - |
| Adult education | - | - | - |
| Total | 65,088 | 65,088 | - |

| 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 | 8,412.5 | 8,412.5 | - |
| Total | 8,412.5 | 8,412.5 | - |

| | Total Reported in Audit Unrestricted Hours | Total Certified to ICCB Unrestricted Hours | Difference |
|---|---|---|---|
| In-district credit hours | 58,737.0 | 58,737.0 | - |
| Dual credit hours | - | - | - |
| Dual enrollment hours | - | - | - |

| | Total Reported in Audit Restricted Hours | Total Certified to ICCB Restricted Hours | Difference |
|---|---|---|---|
| In-district credit hours | 7,404.0 | 7,404.0 | - |
| Dual credit hours | - | - | - |
| Dual enrollment hours | - | - | - |

# Morton College, Community College District No. 527

## Reconciliation of Total Semester Credit Hours

## Year Ended June 30, 2020

| | 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 | 46,065.0 | 46,065.0 | - |
| Business occupational | 3,566.0 | 3,566.0 | - |
| Technical occupational | 3,331.0 | 3,331.0 | - |
| Health occupational | 5,391.0 | 5,391.0 | - |
| Remedial/developmental | 6,735.0 | 6,735.0 | - |
| Adult education | 8,412.5 | 8,412.5 | - |
| Total | 73,500.5 | 73,500.5 | - |