Morton College
District 527
Cicero, Illinois



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended

June 30, 2021 and 2020

MORTON COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 527
CICERO, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED
JUNE 30, 2021 AND 2020

Prepared by the Business Office

Morton College, Community College District 527

Annual Comprehensive Financial Report

June 30, 2021 and 2020

Contents

Introductory Section

Transmittal Letter ..... i-iv

Principal Officials v

Organizational Chart vi

Certificate of Achievement for Excellence in Financial Reporting vii

Financial Section

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements

Statements of Net Position 10

Statements of Revenue, Expenses and Changes in Net Position 12

Statements of Cash Flows 13

Notes to Basic Financial Statements 14

Required Supplementary Information

Pension

Schedule of the College's Proportionate Share of the Net Pension Liability 42

Schedule of College Contributions 42

Other Postemployment Benefit Obligations

Schedule of the College's Proportionate Share of the Net OPEB Liability 44

Schedule of College Contributions 44

Statistical Section

Net Position by Component – Last Ten Fiscal Years 46

Changes in Net Position – Last Ten Fiscal Years 48

Operating Expenses by Function – Last Ten Fiscal Years 50

Morton College, Community College District 527

Annual Comprehensive Financial Report

June 30, 2021 and 2020

Assessed Value and Actual Value of Taxable Property – Last Ten Levy Years 52

Property Tax Rates – Direct and Overlapping Governments – Last Ten Levy Years 54

Principal Property Taxpayers – 2020 Levy Year and Nine Years Ago 56

Property Tax Levies and Collections – Last Ten Levy Years 58

Assessed Valuations and Tax Extended – Governmental Fund Types – Last Ten Levy Years 59

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years 61

Ratios of Net General Bonded Debt Outstanding – Last Ten Fiscal Years 63

Direct and Overlapping General Obligation Bond Debt – June 30, 2021 65

Legal Debt Margin Information – Last Ten Fiscal Years 66

Personal Income Per Capita – Last Ten Fiscal Years 67

Principal Employers – Current Year and Nine Years Ago 68

Full-Time Equivalent Employees – Last Ten Fiscal Years 69

Capital Asset Statistics – Last Ten Fiscal Years 71

Residency Policy 73

Special Reports Section

State Required Report Section

Uniform Financial Statements

Schedule 1 – All Funds Summary 74

Schedule 2 – Summary of Capital Assets and Debt 76

Schedule 3 – Operating Funds Revenues and Expenditures 77

Schedule 4 – Restricted Purposes Fund Revenues and Expenditures 79

Schedule 5 – Current Funds – Expenditures by Activity 80

Fiscal Year 2021 Certification of Chargeback Reimbursement 81

Morton College, Community College District 527

Annual Comprehensive Financial Report

June 30, 2021 and 2020

State Grant Compliance Section

Independent Auditor's Report 82

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* 85

State Adult Education and Family Literacy Grant Program

Balance Sheet 87

Statement of Revenues, Expenditures and Changes in Program Balances 88

ICCB Compliance Statement for the Adult Education and Family Literacy Grant Program – Expenditure Amounts and Percentages for ICCB Grants Funds Only 89

Notes to Grant Program Financial Statements 90

Credit Hour Data

Independent Accountant's Report on Schedule of Credit Hour Data and Other Basis Upon Which Claims Were Filed 91

Schedule of Credit Hour Data and Other Basis Upon Which Claims Were Filed 92

Reconciliation of Total Semester Credit Hours 94



INTRODUCTORY SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended

June 30, 2021 and 2020

Introductory Section

MORTON COLLEGE

February 23, 2022

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

The Annual Comprehensive Financial Report ("ACFR") of Morton College, ("the College"), Community College District No. 527, County of Cook, State of Illinois, for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests 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 Government 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	**2021**	**2020**	**2019**	**2018**	**2017**
Transfer Program	1,730	2,057	2,147	2,083	1,957
Career Programs	1,470	1,645	1,848	1,949	2,023
Liberal Studies	664	889	775	545	538
Course Enrollees	670	944	921	583	966
Adult Education/ESL	861	1,191	1,260	1,094	1,164
Total	5,395	6,726	6,951	6,254	6,648
Total FTE	2,255	2,620	2,749	2,673	2,716

FINANCIAL INFORMATION

Internal Controls. Management of the College is responsible for establishing and maintaining internal controls designed to protect the assets of the College, prevent loss from theft or misuse and to provide adequate accounting data to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls. The objective of the College budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees.

Activities of the following fund groups and individual funds are included in the annual budget. These funds are required for ICCB reporting purpose only.

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

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

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

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

Levy Rates (Per $100 of assessed valuations):

Property Tax Year		**2020**	**2019**	**2018**	**2017**	**2016**
Assessed valuation (in millions)		2,132	1,640	1,661	1,721	1,442
	Legal Limit					
Tax Rates						
Education Fund	0.7500	0.3633	0.4596	0.4426	0.4168	0.4860
Operation and Maintenance Fund	0.1000	0.0712	0.0900	0.0875	0.0815	0.0926
Operation and Maintenance Fund (restricted)	0.0500					
Bond and interest	-	0.0319	0.0414	0.0368	0.0354	0.0448
Life Safety Fund	0.1000					
Liability Insurance Fund	-	0.0271	0.0347	0.0337	0.0317	0.0370
Social Security Fund	-	0.0112	0.0143	0.0138	0.0130	0.0150
Audit Fund	0.0050	0.0035	0.0044	0.0042	0.0039	0.0046
Total	1.0050	0.5082	0.6444	0.6186	0.5823	0.6800

The assessed value of taxable property for 2020, for taxes collectible in 2021, is $2,132,706,707.

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 enrollment for 2021 did have a 20% decrease in student headcount and a 14% decrease in full-time equivalent compared to 2020. This decrease in enrollment is mainly due to the Coronavirus (COVID-19) pandemic. We do expect a decrease in enrollment for FY2022 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, 2021, a $14.7M 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 FY2021. As of June 30, 2021, $8,055,000 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 annual comprehensive financial report for the fiscal year ended June 30, 2020. 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 ACFR whose contents conform to program standards. Such ACFR 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 ACFR 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, 2021

BOARD OF TRUSTEES

Frances F. Reitz, Chair
Anthony Martinucci, Vice Chair
Jose A. Collazo, Secretary
Susan L. Banks, Trustee
Susan K. Grazzini, Trustee
Oscar Montiel, Trustee
Charles Hernandez, Trustee
Vacant, Student Member

ADMINISTRATION

Dr. Stanley Fields, President

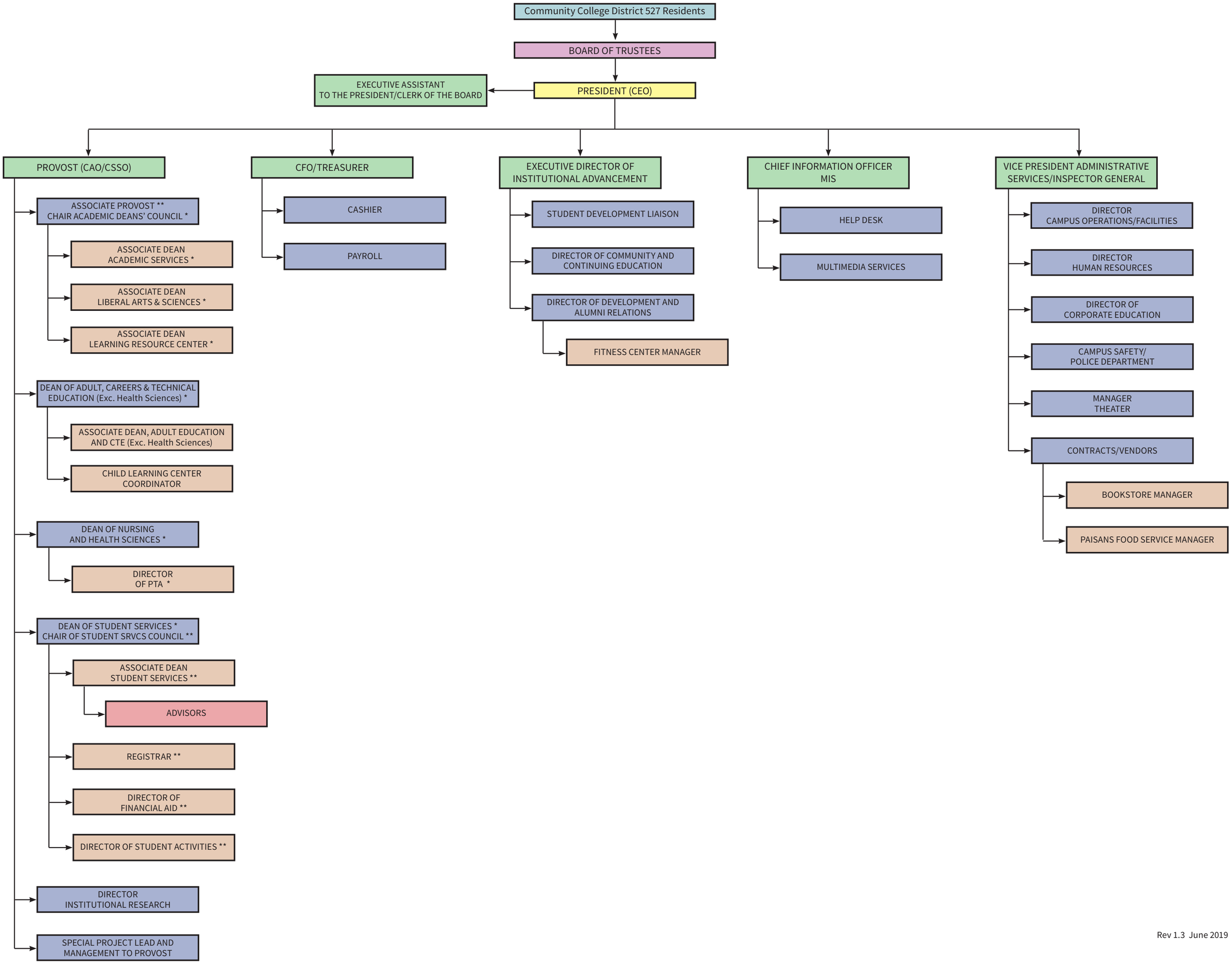
Dr. Keith McLaughlin – Provost
Marisol Velazquez – Associate Provost/Vice President of Student Services
Blanca Jara – VP of Institutional Advancement

Mireya Perez, Chief Financial Officer/Treasurer

DEPARTMENT ISSUING REPORT

Business Office

MORTON COLLEGE ORGANIZATIONAL CHART



Rev 1.3 June 2019

* DENOTES POSITION ON DEAN'S COUNCIL
** DENOTES POSITION ON STUDENT SERVICES COUNCIL

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, 2020

Christopher P. Morrill

Executive Director/CEO



FINANCIAL SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended

June 30, 2021 and 2020

Financial Section

BKD
CPAs & Advisors

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Morton College, Community College District No. 527 (College), as of and for the years ended June 30, 2021 and 2020, 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 audits 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, 2021 and 2020, 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.

Emphasis of Matter

As discussed in Note 12, the College adopted new accounting principles, GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

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.

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 February 23, 2022, 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
February 23, 2022

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, 2021 and June 30, 2020. 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 14-41). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

The financial statements prepared under Government Accounting Standards Board (GASB) Statement No. 34 focus on the College as a whole. The College's basic financial statements (see pages 10-13) are designed to emulate corporate presentation models whereby all College activities are consolidated into one total column. The Statements of Net Position presents information on all the College's assets and liabilities, with the difference between the two reported as net position. These statements combine and consolidate current and long-term financial resources and capital assets. The Statements of Revenues, Expenses and Changes in Net Position focus on both the gross costs and the net costs of College activities, which are supported mainly by property taxes, state and other revenues. This approach is intended to summarize and simplify the user's analysis of costs of various College services to students and the public. In 2021, the College adopted Government Accounting Standards Board Statement No. 84, *Fiduciary Activities*. 2020 amounts presented in condensed comparative tables in this analysis are presented with adjustments for prior year restatements that were made in 2020.

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

	2021	2020	Increase (Decrease)	2019	Increase (Decrease)
Current assets	$ 31.8	$ 30.0	$ 1.8	$ 29.5	$ 0.5
Noncurrent assets:					
Restricted cash and long-term investments	2.6	4.4	(1.8)	9.1	(4.7)
Capital assets, net of depreciation	30.4	28.2	2.2	23.3	4.9
Total assets	64.8	62.6	2.2	61.9	0.7
Deferred outflows of resources	1.4	1.3	0.1	0.9	0.4
Current liabilities	5.3	6.1	(0.8)	5.4	0.7
Noncurrent liabilities	23.5	24.0	(0.5)	23.7	0.3
Total liabilities	28.8	30.1	(1.3)	29.1	1.0
Deferred inflows of resources	8.8	7.8	1.0	6.8	1.0
Net position:					
Investment in capital assets	21.1	21.6	(0.5)	22.7	(1.1)
Restricted	4.9	7.4	(2.5)	14.0	(6.6)
Unrestricted	2.6	(3.0)	5.6	(9.8)	6.8
Total net position	$ 28.6	$ 26.0	$ 2.6	$ 26.9	$ (0.9)

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

2021
Total net position, at June 30, 2021, increased by $2.5M compared to fiscal year 2020 bringing it to $28.5M. The increase is primarily due to the increase in capital assets, which increased by $2.2M. The following changes in expenses also impacted net position: an increase in Instruction for $3.3M, increase in Student Services for $0.3M, increase in Institutional Support of $1.3M, an increase in Auxiliary of $0.8M, an increase in Scholarship and Fellowship of $1.2M and a decrease in Operations and Maintenance of Plant of $3.4M.

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.

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)

	2021	2020	Increase (Decrease)	2019	Increase (Decrease)
Operating revenues:					
Tuition and fees	$ 10.7	$ 12.2	$ (1.5)	$ 11.3	$ 0.9
Scholarship allowance	(3.9)	(5.6)	1.7	(5.1)	(0.5)
Auxiliary and other	-	-	-	0.1	(0.1)
Total	6.8	6.6	0.2	6.3	0.3
Less operating expenses	53.7	50.9	2.8	46.2	4.7
Net operating loss	(46.9)	(44.3)	(2.6)	(39.9)	(4.4)
Nonoperating revenues and expenses:					
Property taxes	10.5	9.8	0.7	9.8	-
State grants and contracts	25.6	23.6	2.0	20.9	2.7
Federal grants and contracts	13.7	9.6	4.1	8.6	1.0
Investment income	-	0.3	(0.3)	0.5	(0.2)
Interest expense	(0.3)	(0.3)	-	(0.4)	0.10
Total	49.5	43.0	6.5	39.4	3.6
Increase (decrease) in net position	2.6	(1.3)	3.9	(0.5)	(0.8)
Net position, beginning of year	26.0	26.9	(0.9)	27.4	(0.5)
Restatement	-	0.4	(0.4)	-	0.4
Net position, beginning of year, as restated (see Note 12)	26.0	27.3	(1.3)	27.4	(0.1)
Net position, end of year	28.6	26.0	2.6	26.9	(0.9)
Total revenues	$ 56.6	$ 49.9	$ 6.7	$ 46.1	$ 3.8
Total expenses	$ 54.0	$ 51.2	$ 2.8	$ 46.6	$ 4.6

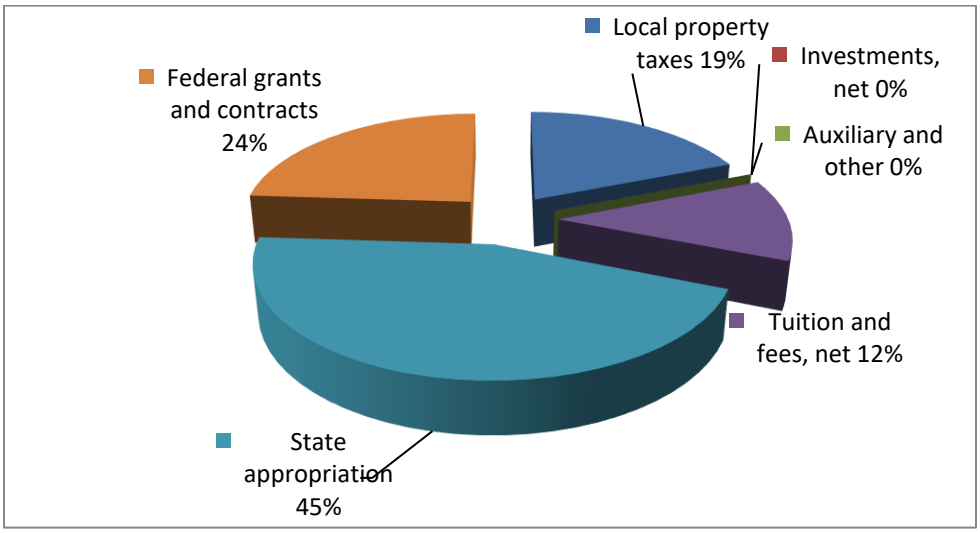
2021

Net operating loss, for the twelve months ended June 30, 2021, increased to $46.9M from $44.1M in 2020 mainly due to an increase in Instruction for $3.3M, increase in Student Services for $0.3M, increase in Institutional Support of $1.3M, an increase in Auxiliary of $0.8M, an increase in Scholarship and Fellowship of $1.2M and a decrease in Operations and Maintenance of Plant of $3.4M.

2020

Net operating loss, for the twelve months ended June 30, 2020, increased to $44.1M from $39.9M in 2019 mainly due to an increase in Academic Support for $0.5M, increase in Student Services for $0.6M, 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.

Revenues by Source (2021):

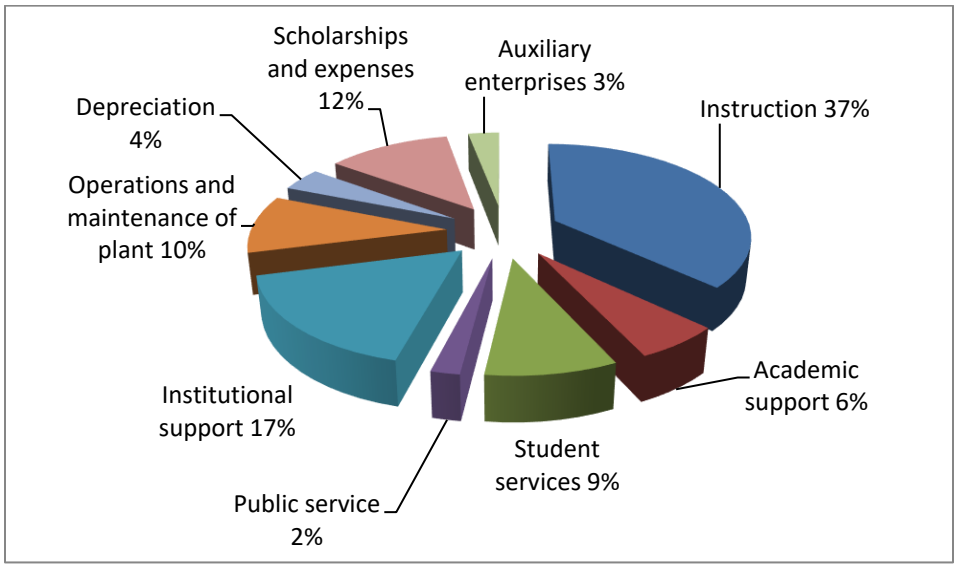


Operating Expenses
For the Years Ended June 30,
(In millions)

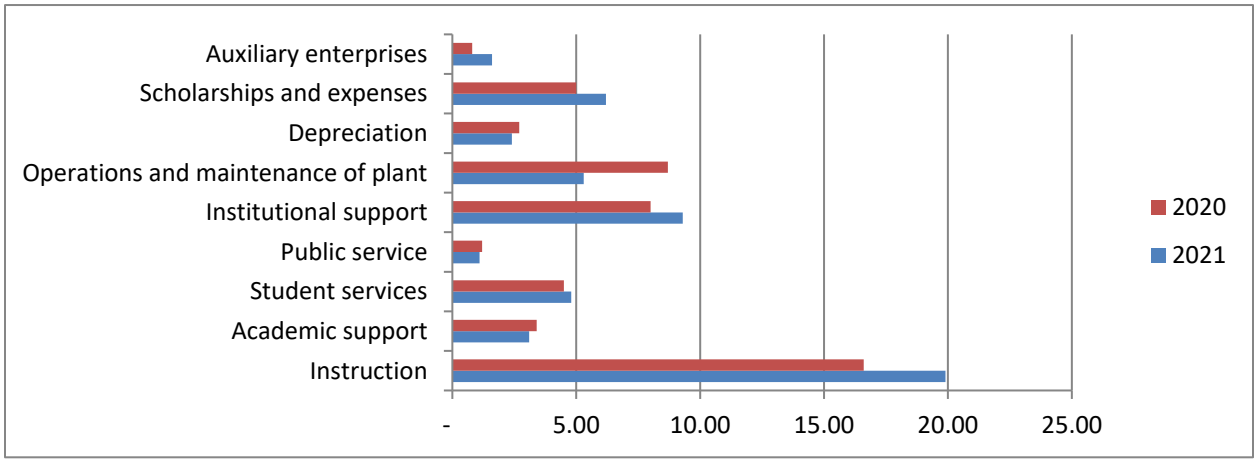
	2021	2020	Increase (Decrease)	2019	Increase (Decrease)
Instruction	$ 19.9	$ 16.6	$ 3.3	$ 17.9	$ (1.3)
Academic support	3.1	3.4	(0.3)	2.9	0.5
Student services	4.8	4.5	0.3	3.9	0.6
Public service	1.1	1.2	(0.1)	1.2	-
Institutional support	9.3	8.0	1.3	7.0	1.0
Operations and maintenance of plant	5.3	8.7	(3.4)	5.8	2.9
Depreciation	2.4	2.7	(0.3)	2.1	0.6
Scholarships and fellowships	6.2	5.0	1.2	4.3	0.7
Auxiliary enterprises	1.6	0.8	0.8	1.1	(0.3)
Total	$ 53.7	$ 50.9	$ 2.8	$ 46.2	$ 4.7

The following is a graphic illustration of operating expenses:

Operating Expenses by Function (2021):



Comparison of Operating Expenses Fiscal Years 2021 and 2020 (in millions):



2021
Total operating expenses increased to $53.7M from $50.9 mainly due to the following: an increase in Instruction for $3.3M, increase in Student Services for $0.3M, increase in Institutional Support of $1.3M, an increase in Auxiliary of $0.8M, an increase in Scholarship and Fellowship of $1.2M and a decrease in Operations and Maintenance of Plant of $3.4M.

2020
Total operating expenses increased to $50.9M from $46.2M mainly due to the following: an increase in Academic Support for $2.9M, increase in Student Services for $0.6M, 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.

Analysis of Net Position
June 30,
(In millions)

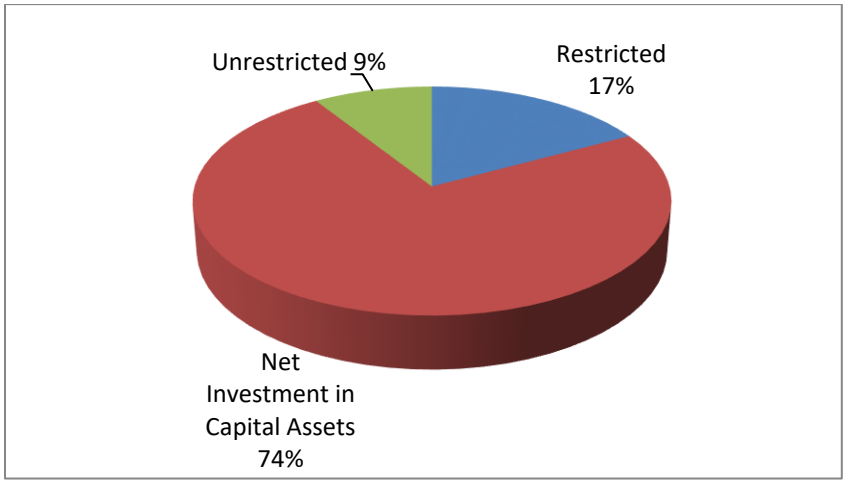
	2021	2020	Increase (Decrease)	2019	Increase (Decrease)
Net position:					
Net investment in capital assets	$ 21.1	$ 21.6	$ (0.5)	$ 22.7	$ (1.1)
Restricted expendable	4.9	7.4	(2.5)	14.0	(6.6)
Unrestricted (restated - See Note 12)	2.6	(3.0)	5.6	(9.8)	6.8
Net capital assets	$ 28.6	$ 26.0	$ 2.6	$ 26.9	$ (0.9)

2021
Total net position, at June 30, 2021 increased by $2.6M compared to fiscal year 2020 mainly due to the operating transfer from HEERF Institutional Grant to the Education Fund to record lost tuition revenue due to Coronavirus (COVID-19) pandemic.

2020
Total net position, at June 30, 2020 decreased by $0.9M (net restatement of $0.4M from adoption of GASB 84) compared to fiscal year 2019 due to the increase in the net other postemployment benefit liability of $0.7M

The following is a graphic illustration of net position.

Net Position
June 30, 2021



Analysis of Capital Assets
June 30, (In millions)

	2021	2020	Increase (Decrease)	2019	Increase (Decrease)
Capital assets:					
Land improvements	$ 2.6	$ 2.6	$ -	$ 2.6	$ -
Construction in progress	0.5	3.6	(3.1)	0.7	2.9
Building	47.9	40.4	7.5	36.0	4.4
Equipment	8.9	8.7	0.2	8.4	0.3
Total	59.9	55.3	4.6	47.7	7.6
Less: accumulated depreciation	(29.5)	(27.1)	(2.4)	(24.4)	(2.7)
Net capital assets	$ 30.4	$ 28.2	$ 2.2	$ 23.3	$ 4.9

2021
Net capital asset increase of $2.2M mainly relates to the $7.5M in Building and $2.4M net increase in accumulated depreciation offset by a $3.1M decrease in Construction in progress. For more detail information on capital asset activity, please see Note 4.

2020
Net capital asset increase 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.

Long Term Debt
June 30,
(In millions)

	2021	2019	Increase (Decrease)	2018	Increase (Decrease)
Long-term debt:					
General obligations	$ 9.0	$ 9.3	$ (0.3)	$ 9.3	$ -
Notes from direct borrowing and placements	0.2	0.2	-	0.2	-
Net other postemployment benefit liability	14.7	14.8	(0.1)	14.1	0.7
Total	$ 23.9	$ 24.3	$ (0.4)	$ 23.6	$ 0.7

2021
The $0.4M decrease in long-term debt is due to $0.1M decrease in net other postemployment benefit liabilities, which was recorded as part of the implementation of GASB 75 in fiscal year 2018 and a $0.3M decrease in general obligations. For more detail information on long-term debt activity please see Note 5.

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. 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 has had an impact on enrollment in fiscal year 2021. We expect to continue to see enrollment declines in fiscal year 2022 due to the pandemic.

Basic Financial Statements

Basic Financial Statements

Morton College, Community College District No. 527
Statements of Net Position
June 30, 2021 and 2020

Assets

	2021	2020
Current Assets		
Cash and cash equivalents	$ 19,091,590	$ 19,890,967
Receivables, net		
Property taxes and corporate personal property replacement taxes, net allowances of $565,022 in 2021 and $871,186 in 2020, respectively	5,308,021	4,759,379
Government claims	3,618,138	1,980,975
Tuition and fees, net of allowances for doubtful accounts of $5,357,934 in 2021 and $5,044,649 in 2020	2,700,047	2,384,511
Other	182,594	185,568
Investments	502,698	500,000
Prepaid expenses and other current assets	386,037	253,209
Total current assets	31,789,125	29,954,609
Noncurrent Assets		
Restricted cash and cash equivalents	2,623,237	4,457,055
Capital assets, net of accumulated depreciation, where applicable	30,362,241	28,170,468
Total noncurrent assets	32,985,478	32,627,523
Total assets	64,774,603	62,582,132

Deferred Outflows of Resources

Other postemployment benefits	1,443,530	1,350,380

(Cont.)

Morton College, Community College District No. 527

Statements of Net Position

June 30, 2021 and 2020

Liabilities

	2021	2020
Current Liabilities		
Accounts payable	$ 795,828	$ 1,310,438
Accrued salaries and vacation	1,100,814	1,234,334
Unearned revenue		
Tuition and fees	2,548,980	2,522,643
Grants	287,233	249,054
Other current liabilities	237,746	398,511
Long-term obligations - current		
Current portion of capital lease payable	56,250	51,934
Current portion of general obligation bonds	295,000	280,000
Total current liabilities	5,321,851	6,046,914
Noncurrent Liabilities		
Capital lease payable, net of current portion	120,260	156,304
General obligation bonds, net of current portion	8,732,489	9,060,262
Net other postemployment benefit liabilities	14,710,639	14,808,702
Total noncurrent liabilities	23,563,388	24,025,268
Total liabilities	28,885,239	30,072,182

Deferred Inflows of Resources

Property taxes	5,552,795	5,412,195
Other postemployment benefits	3,212,085	2,417,911
Total deferred inflows of resources	8,764,880	7,830,106

Net Position

Net investment in capital assets	21,086,465	21,602,244
Restricted for		
Capital projects	4,445,810	5,658,557
Debt service	129,090	77,289
Specific purposes	314,086	1,701,251
Unrestricted (deficit)	2,592,563	(3,009,117)
Total net position	$ 28,568,014	$ 26,030,224

Morton College, Community College District No. 527

Statements of Revenue, Expenses and Changes in Net Position

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Tuition and fees, net of scholarship allowances of $3,874,467 and $5,558,673 for 2021 and 2020, respectively	$ 6,692,938	$ 6,544,419
Sales and services of auxiliary activities	112,287	53,378
Total operating revenues	6,805,225	6,597,797
Operating Expenses		
Instruction	19,921,704	16,652,880
Academic support	3,101,980	3,359,257
Student services	4,823,607	4,464,665
Public service	1,068,325	1,272,212
Auxiliary enterprises	1,573,353	810,214
Operations and maintenance of plant	5,331,449	8,676,087
Institutional support	9,344,100	7,976,278
Scholarships and fellowships	6,159,499	5,018,587
Depreciation	2,368,358	2,695,030
Total operating expenses	53,692,375	50,925,210
Operating Loss	(46,887,150)	(44,327,413)
Nonoperating Revenue (Expense)		
Federal grants and contracts	13,672,200	9,621,196
State grants and contracts	25,567,161	23,570,198
Local grants and contracts	957	-
Property taxes	10,493,834	9,844,059
Interest expense on bonds	(333,177)	(351,096)
Investment income	23,965	327,794
Total nonoperating revenue	49,424,940	43,012,151
Change in Net Position	2,537,790	(1,315,262)
Net Position, Beginning of Year	26,030,224	26,904,684
Restatement, see Note 12	-	440,802
Net Position, Beginning of Year, As Restated	26,030,224	27,345,486
Net Position, End of Year	$ 28,568,014	$ 26,030,224

Morton College, Community College District No. 527
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Tuition and fees	$ 6,403,739	$ 6,272,213
Payments to suppliers	(20,306,329)	(16,696,943)
Payments to employees	(16,430,754)	(17,362,442)
Auxiliary enterprise charges, net	112,287	53,378
Net cash used in operating activities	(30,221,057)	(27,733,794)
Noncapital Financing Activities		
Local property taxes	10,085,792	9,901,425
Grants and contracts	11,508,638	9,139,860
State appropriations	11,209,974	10,817,947
Net cash provided by noncapital financing activities	32,804,404	29,859,232
Capital and Related Financing Activities		
Purchase of capital assets	(4,536,353)	(7,528,372)
Payments on capital debt	(368,279)	(81,284)
Interest paid on capital debt	(333,177)	(351,096)
Net cash used in capital and related financing activities	(5,237,809)	(7,960,752)
Investing Activities		
Proceeds from sales and maturities of investments	(2,698)	(499,267)
Interest received on investments	23,965	327,794
Net cash provided by (used in) investing activities	21,267	(171,473)
Net Decrease in Cash and Cash Equivalents	(2,633,195)	(6,006,787)
Cash and Cash Equivalents, Beginning of Year	24,348,022	30,354,809
Cash and Cash Equivalents, End of Year	$ 21,714,827	$ 24,348,022
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		-
Operating loss	$ (46,887,150)	$ (44,327,413)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation	2,368,358	2,695,030
State payment in kind for retirement	14,608,190	11,710,167
State payment in kind for OPEB	317,506	672,865
Deferred outflows of resources - other postemployment benefit	(93,150)	(431,049)
Deferred inflows of resources - other postemployment benefit	794,174	618,259
Net other postemployment benefit liability	(98,063)	686,732
Changes in		
Tuition and fees receivable	(315,536)	109,614
Prepaid expenses	(132,828)	(129,340)
Accounts payable	(514,610)	554,064
Accrued salaries and vacation	(133,520)	456,405
Unearned tuition and fees	26,337	(381,820)
Other current liabilities	(160,765)	32,692
Net cash used in operating activities	$ (30,221,057)	$ (27,733,794)
Noncash Capital and Related Financing Activities		
Capital lease acquisitions	$ 23,778	$ 40,608

Morton College, Community College District No. 527
Notes to Basic Financial Statements
June 30, 2021 and 2020

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, 2021 and 2020, 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 ($3,870), audit purposes ($135,884), and liability, protection and settlement purposes ($174,332). 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, 2021 and 2020, the College distributed $358,467 and $418,939, 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 2020 become due and payable in two installments (March 1, 2021 and August 1, 2021). 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 2020 tax year and collected in 2021 are recorded as revenue in the year ended June 30, 2021. The remaining revenue related to the 2020 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 2021. 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 2020 extended levy.

A reserve of approximately $565,000 and $871,000 for the fiscal years 2021 and 2020, 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 2020 and 2019 tax levies, per $100 of assessed valuation, are as follows:

	Statutory Maximum Rate	Tax Levy Year 2020	Tax Levy Year 2019
Current			
Education Fund	0.7500	0.3633	0.4596
Operation and Maintenance Fund	0.1000	0.0712	0.0900
Operation and Maintenance Fund (Restricted)	-	-	-
Bond and Interest	-	-	-
Limited Bonds	-	0.0319	0.0414
Life Safety Fund	0.1000	-	-
Liability, Protection, and Settlement Fund	-	0.0271	0.0347
Social Security Fund	-	0.0112	0.0143
Audit Fund	0.0050	0.0035	0.0044
	0.9550	0.5082	0.6444

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, 2021 and 2020, the carrying amounts of the College's deposits were $3,567,959 ($2,623,237 is restricted) and $16,151,651 ($3,702,449 is restricted), respectively, with bank balances of $3,568,476 and $6,037,937, 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, 2021 and 2020, 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 statements of net position under the following classifications at June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 19,091,590	$ 19,890,967
Restricted cash and cash equivalents	2,623,237	4,457,055
Investments	502,698	500,000
Total cash and investments	$ 22,217,525	$ 24,848,022

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

	2021	2020
Deposits	$ 3,567,959	$ 16,151,651
Investments in securities and similar instruments	18,649,048	8,695,853
Petty cash on hand	518	518
Total cash and investments	$ 22,217,525	$ 24,848,022

As of June 30, 2021, 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	$ 502,698	$ 502,698	$ -	$ -	$ -
State Treasurer Illinois Funds	18,146,350	18,146,350	-	-	-
	$ 18,649,048	$ 18,649,048	$ -	$ -	$ -

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	$ -	$ -	$ -

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, 2021 and 2020. 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, 2021:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets not being depreciated				
Land and improvements	$ 2,600,248	$ -	$ -	$ 2,600,248
Construction in progress	3,637,850	235,083	(3,391,337)	481,596
Total capital assets not being depreciated	6,238,098	235,083	(3,391,337)	3,081,844
Capital assets being depreciated				
Building and building improvements	40,347,711	4,100,636	3,391,337	47,839,684
Furniture, fixtures and equipment	8,735,122	224,412	-	8,959,534
Total capital assets being depreciated	49,082,833	4,325,048	3,391,337	56,799,218
Total	55,320,931	4,560,131	-	59,881,062
Less accumulated depreciation for				
Buildings and building improvements	$20,299,125	$ 1,727,585	$ -	$ 22,026,710
Furniture, fixtures and equipment	6,851,338	640,773	-	7,492,111
Total accumulated depreciation	27,150,463	2,368,358	-	29,518,821
Capital assets, net	$ 28,170,468			$ 30,362,241

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
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

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 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, 2021 and June 30, 2020.

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 $16,846 as of June 30, 2021, and $13,476 as of June 30, 2020.

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 $87,700 as of June 30, 2021, and $58,466 as of June 30, 2020.

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 $38,278 as of June 30, 2021, and $25,518 as of June 30, 2020.

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 $16,242 as of June 30, 2021, and $8,121 as of June 30, 2020.

In fiscal year 2021, the College entered into a new note from direct borrowings and direct placements, with monthly payments of $261 that are due through June 2025. This agreement has approximate interest rate of 5%. The copier/printer was recorded at a cost of $13,846 and accumulated depreciation of $2,769 as of June 30, 2021.

In fiscal year 2021, the College entered into a new note from direct borrowings and direct placements, with monthly payments of $187 that are due through February 2026. This agreement has approximate interest rate of 5%. The copier/printer was recorded at a cost of $9,932 and accumulated depreciation of $1,986 as of June 30, 2021.

A summary of long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Bonds payable					
Serial bonds, 2019 series	$ 8,335,000	$ -	$ 280,000	$ 8,055,000	$ 295,000
Notes from direct borrowings and direct placements	208,238	23,778	55,506	176,510	56,250
Other long-term liabilities					
Unamortized bond premium	1,005,262	-	32,773	972,489	-
Net other postemployment benefit liabilities (Note 8)	14,808,702	1,051,088	1,149,151	14,710,639	-
	$ 24,357,202	$ 1,074,866	$ 1,517,430	$ 23,914,638	$ 351,250

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

Total principal and interest maturities on the bonds and notes from direct borrowings and direct placements payable as of June 30, 2021, is as follows:

Year Ending June 30,	Debt Obligation Principal	Interest	Total
2022	$ 351,250	$ 361,219	$ 712,469
2023	363,541	342,476	706,017
2024	371,273	322,933	694,206
2025	348,978	304,680	653,658
2026	356,468	287,101	643,569
Thereafter	6,440,000	1,880,100	8,320,100
	$ 8,231,510	$ 3,498,509	$ 11,730,019

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

	2021	2020
Assessed valuation	$ 2,132,706,707	$ 1,640,547,923
Legal debt limit - 2.875% of assessed valuation	61,315,318	47,165,753
Debt applicable to debt limit	(9,027,489)	(9,340,262)
Legal debt margin	$ 52,287,829	$ 37,825,491

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, 2021, $1,600,000 of the defeased 2014 Bonds remain outstanding.

Cash Paid for Interest

Cash paid for interest for the fiscal year was approximately $333,177 and $351,096 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, is as follows:

	2021	2020
Beginning balance	$ 344,184	$ 217,044
Additions	414,337	344,184
Deletions	(344,184)	(217,044)
Ending balance	$ 414,337	$ 344,184

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, 2020, can be found in the System's annual comprehensive 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 2020 and 2021 was 13.02% and 12.70%, 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, 2021 and 2020, were $14,528,184 and $13,368,958, 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, 2021 and 2020, SURS reported a net pension liability (NPL) of $30,619,504,321 and $28,720,071,173, respectively. The 2021 net pension liability was measured as of June 30, 2020. The 2020 net pension liability was measured as of June 30, 2019.

Employer Proportionate Share of Net Pension Liability

The fiscal year 2021 and 2020 amounts of the proportionate share of the net pension liability to be recognized by the College is $0. The fiscal year 2021 and 2020 proportionate shares of the State's net pension liability associated with the College are $132,221,000 or 0.4318% and $124,070,707 or 0.4320%, respectively. This amount is not recognized in the financial statements, due to the special funding situation. The net pension liabilities and total pension liabilities were measured as of June 30, 2020 and 2019, and were determined based on the June 30, 2019 and 2018 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 years 2020 and 2019.

Pension Expense

For the years ended June 30, 2021 and 2020, SURS reported a collective net pension expense of $3,364,411,021 and $3,094,666,252, 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 2020. As a result, the College recognized on-behalf revenue and pension expense of $14,528,184 from this special funding situation for the fiscal year ended June 30, 2021, and $13,368,958 for the fiscal year ended June 30, 2020.

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, 2021 or 2020.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	As of June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 170,987,483	$ -
Change in assumptions	473,019,629	-
Net difference between projected and actual earnings on pension plan investments	474,659,178	-
	$ 1,118,666,290	$ -

	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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Expenses as of June 30, 2021

Year Ending June 30,	Amount
2021	$ 435,271,667
2022	346,428,171
2023	183,483,935
2024	153,482,517
2025	-
Thereafter	-
	$ 1,118,666,290

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2020 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, 2020 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, 2020, these best estimates are summarized in the following table:

Asset Class	Strategic Policy Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	44%	6.67%
Credit Fixed Income	14%	2.39%
Core Real Assets	5%	4.14%
Options Strategies	6%	4.44%
Private Equity	8%	9.66%
Non-Core Real Assets	3%	8.70%
U.S. TIPS	6%	0.13%
Core Fixed Income	8%	(0.5)%
Systematic Trend Following	2%	2.16%
Alternative Risk Premia	2%	1.60%
Long Duration	2%	0.86%
	100%	

Discount Rate

A single discount rate of 6.49% (6.59% 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 2.45% (3.13% 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 6.49% (6.59% 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 5.49%	Current Single Discount Rate Assumption 6.49%	1% Increase 7.49%
$ 36,893,469,884	$ 30,619,504,321	$ 25,441,837,592

Additional information regarding the SURS basic financial statements including the plan net position can be found in the SURS annual comprehensive 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, 2021 and 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 2.25%.
- *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, 2021 and 2020, the College contributed $74,222 and $70,388, respectively, to CCHISF.

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

At June 30, 2021, 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 amounts 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:

	2021	2020
College's proportionate share of the net OPEB liability	$ 14,710,639	$ 14,808,702
State proportionate share of the net OPEB liability associated with the College	14,710,581	14,808,702
Total	$ 29,421,220	$ 29,617,404

The net OPEB liability was measured as of June 30, 2020, 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, 2020, the College's proportion was 0.81%, which was an increase of 0.03% from its proportion as of June 30, 2019.

For the years ended June 30, 2021 and 2020, the College recognized OPEB expense of $998,523 and $1,622,166 respectively. The College recognized on-behalf revenue for the State share amounting to $317,506 in 2021 and $672,865 in 2020. These amounts are included in the OPEB expense recognized by the College.

At June 30, 2021 and 2019, the College reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 133,634	$ 823,325
Changes of assumptions	-	2,351,693
Net difference between projected and actual earnings on OPEB investments	-	623
Changes in proportion and differences between the College's contributions and proportionate share of contributions	1,235,674	36,444
College contributions subsequent to the measurement date	74,222	-
	$ 1,443,530	$ 3,212,085

	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

The College's contribution of $74,222 in 2021 and $70,388 in 2020, 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, 2021, will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2022	$ (501,533)
2023	(501,506)
2024	(412,690)
2025	(277,947)
2026	(149,101)
	$ (1,842,777)

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 and 2020 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 2020. For fiscal year 2021, trend starts at 8.25% for non-Medicare cost and post-Medicare costs, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate due to the repeal of the Excise Tax.
Investment rate of return	0%, net of OPEB plan investment expense, including 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-2017.

OPEB Plan Investment and Returns

During plan year ended June 30, 2020, the trust earned $25,000 in interest, and due to a significant benefit payable, the market value of assets at June 30, 2020, is negative $88.0 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 3.13% at June 30, 2019, and 2.45% at June 30, 2020, 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 2.45% (3.13% 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 1.45%	Current Single Discount Rate Assumption 2.45%	1% Increase 3.45%
$ 16,761,686	$ 14,710,639	$ 12,941,933

The following table shows the College's share in the plan's net OPEB liability as of June 30, 2020, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key current claims trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037.

1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
$ 12,189,237	$ 14,710,639	$ 18,055,160

(a) One percentage point decrease in healthcare trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037.

(b) One percentage point increase in healthcare trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037.

Payable to the OPEB Plan

At June 30, 2021 and 2020, 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, 2021, 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 had capital project commitments as of June 30, 2021 totaling approximately $1,192,501.

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, 2021.

Note 11: Higher Education Emergency Relief Funds

The spread of the SARS-CoV-2 virus and the incident of COVID-19 impacted and disrupted the College's operations over the past year. Adhering to public safety measures and government mandates resulted in events and activities being limited or cancelled, including changes to how the College delivered educational and related auxiliary services during fiscal 2021. Given the uncertainty and the disruption caused by COVID-19, there may be continuing short and long-term implications to our operations and the ultimate financial effects cannot be reasonably estimated at this time.

Federal relief efforts have been created to help offset revenue losses and expense increases that colleges and universities faced because of COVID-19. The CARES Act created a Higher Education Emergency Relief Fund (HEERF) to provide financial relief to students and institutions who were impacted by the COVID-19 pandemic. The *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSAA) and the *American Rescue Plan* (ARP) provided additional rounds of HEERF (II and III). The HEERF funds contained two components, an institutional award and a student aid award. The student aid portion must be distributed to students in the form of emergency financial aid grants to generally cover any component of the cost of attendance for the distribution of education or emergency costs that arose due to COVID-19. The

institutional portion can be used for multiple items, but largely to cover lost revenue, defray and pay for expenses related to the disruption of campus operations due to COVID-19, and reimburse for costs associated with a transition to distance education environment, among other items.

The following cumulative amounts have been awarded as HEERF as of June 30, 2021 and 2020:

	June 30, 2021			June 30, 2020		
	Student Portion	Institutional Portion	Total	Student Portion	Institutional Portion	Total
Awarded						
HEERF I	1,266,322	1,266,321	2,532,643	1,266,322	1,266,321	2,532,643
HEERF II	1,266,322	4,914,139	6,180,461	-	-	-
HEERF III	5,060,309	5,556,072	10,616,381	-	-	-
	$ 7,592,953	$ 11,736,532	$ 19,329,485	$ 1,266,322	$ 1,266,321	$ 2,532,643

The following amounts have been applied to the grant for the years ending June 30, 2021 and 2020:

	June 30, 2021			June 30, 2020		
	Student Portion	Institutional Portion	Total	Student Portion	Institutional Portion	Total
Amounts applied						
HEERF I	1,266,322	1,266,321	2,532,643	442,887	152,380	595,267
HEERF II	1,083,279	2,672,059	3,755,338	-	-	-
HEERF III	-	-	-	-	-	-
	$ 2,349,601	$ 3,938,380	$ 6,287,981	$ 442,887	$ 152,380	$ 595,267

On July 1, 2020, the College was also awarded $577,275 of Governor's Emergency Education Relief funding of which $257,561 was spent in fiscal year 2021.

Note 12: Change in Accounting Principle

In 2021, the College implemented GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* The implementation of this guidance resulted in a restatement of net position at July 1, 2019.

The following summarizes the restatement impact of this change in accounting principle:

Net position, July 1, 2019, as previously reported	$ 26,904,684
Record net position of subfund	440,802
Net position, July 1, 2019, as restated	$ 27,345,486

For the year ended June 30, 2020, tuition and fee revenue increased by $151,943, student services expense increased by $129,559, scholarships and fellowships increased by $42,209, and the change in net position increased by $18,825.

Note 13: Pronouncements to be Implemented in the Future

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 No. 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 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.

Note 14: 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 submitted 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 in September 2021. Following that visit, the HLC Board will meet in late February 2022 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 Accredited-On 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, 2021 and 2020

Components of Net Pension Liability and Related Ratios

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

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
(a) Proportion percentage of the collective net pension liability	0%	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	132,221,000	124,070,707	113,717,486	104,396,091	104,137,848	93,240,864
Total (b) + (c)	$ 132,221,000	$ 124,070,707	$ 113,717,486	$ 104,396,091	$ 104,137,848	$ 93,240,864
Covered payroll	$ 15,965,798	$ 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	828.15%	796.71%	771.53%	724.00%	721.20%	653.01%
SURS plan net position as a percentage of the total pension liability	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%

Schedule of the College Contributions

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Federal, trust, grant and other contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contribution in relation to required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	16,438,493	16,230,875	16,030,474	14,795,075	14,530,503	14,439,567
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, 2021.

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, 2021 and 2020

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

	FY 2021	FY 2020	FY 2019
College's proportion of the net OPEB liability	0.8071%	0.7841%	0.7491%
College's proportion of the net OPEB liability	$ 14,710,639	$ 14,808,702	$ 14,121,970
State's proportionate share of the net OPEB liability associated with the College	14,710,581	14,808,702	14,121,970
Total	$ 29,421,220	$ 29,617,404	$ 28,243,940
College's covered payroll	$ 16,230,875	$ 16,030,474	$ 14,795,075
College's proportionate share of the net OPEB liability as a percentage of covered payroll	181.27%	184.76%	190.90%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	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

	2021	2020	2019
Statutorily required contribution	$ 74,222	$ 70,388	$ 65,415
Contributions in relation to the actuarially determined contribution	74,222	70,388	65,415
Contribution deficiency (excess)	-	-	-
Covered payroll	16,438,493	16,230,875	$ 16,030,474
Contributions as a percentage of covered payroll	0.45%	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, 2021, 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.

Morton College, Community College District No. 527

Required Supplementary Information
Other Postemployment Benefit Obligations
June 30, 2021 and 2020

Notes to Schedule

Actuarial valuation date	June 30, 2019
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 2020. For fiscal years on and after 2021, trend starts at 8.25% for non-Medicare cost and post-Medicare costs, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate due to the repeal of 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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended

June 30, 2021 and 2020

Statistical Section

Morton College, Community College District No. 527

Statistical Section

June 30, 2021

The statistical section of the College's annual comprehensive 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

Financial Trends **46**

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

Revenue Capacity **52**

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

Debt Capacity **61**

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

Demographic and Economic Information **67**

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

Operating Information **69**

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

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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	2021	2020	2019	2018
Net Investment in Capital Assets	$ 21,086,465	$ 21,602,244	$ 22,674,183	$ 20,501,284
Restricted				
Capital projects	4,445,810	5,658,557	1,559,071	734,920
Working cash	-	-	9,442,448	9,442,448
Debt service	129,090	77,289	1,447,845	938,618
Specific purposes	314,086	1,701,251	1,618,288	1,542,806
Unrestricted *	2,592,563	(3,009,117)	(9,837,151)	(5,759,931)
Total net position	$ 28,568,014	$ 26,030,224	$ 26,904,684	$ 27,400,145

* GASB 75 was implemented in fiscal year 2018

Data Source

College records

2017	2016	2015	2014	2013	2012
$ 21,847,098	$ 22,796,061	$ 19,481,082	$ 19,976,342	$ 16,826,457	$ 15,907,741
549,584	483,236	1,128,601	14,274	1,149,200	511,865
9,442,448	9,392,979	9,384,486	9,384,486	9,384,615	9,382,285
966,420	1,011,459	1,154,821	1,162,982	1,108,691	1,121,588
1,469,734	-	-	-	-	-
5,684,050	5,251,744	9,416,289	9,590,316	9,889,204	9,487,652
$ 39,959,334	$ 38,935,479	$ 40,565,279	$ 40,128,400	$ 38,358,167	$ 36,411,131

Morton College, Community College District No. 527

Financial Trends (Unaudited)

Changes in Net Position

Last Ten Fiscal Years

Fiscal Year	2021	2020	2019	2018
Operating Revenue				
Student tuition and fees, net	$6,692,938	$ 6,544,419	$ 6,133,413	$ 4,982,373
Other	112,287	53,378	119,321	1,211,196
Total operating revenue	6,805,225	6,597,797	6,252,734	6,193,569
Operating Expenses				
Instruction	19,921,704	16,652,880	18,077,524	17,995,297
Academic support	3,101,980	3,359,257	2,940,227	2,563,405
Student services	4,823,607	4,464,665	3,919,084	3,668,700
Public service	1,068,325	1,272,212	1,185,466	1,436,109
Institutional administration	9,344,100	7,976,278	6,773,878	6,951,773
Physical plant operations	5,331,449	8,676,087	5,808,513	5,062,853
Depreciation	2,368,358	2,695,030	2,094,445	2,076,399
Scholarship expense	6,159,499	5,018,587	4,347,856	3,624,113
Auxiliary expense	1,573,353	810,214	1,071,095	2,121,933
Total operating expenses	53,692,375	50,925,210	46,218,088	45,500,582
Operating Loss	(46,887,150)	(44,327,413)	(39,965,354)	(39,307,013)
Nonoperating Revenue (Expenses)				
Local property taxes	10,493,834	9,844,059	9,861,485	9,982,119
State appropriations	25,567,161	23,570,198	20,952,783	19,957,533
Federal grants and contracts	13,672,200	9,621,196	8,568,350	9,353,438
Local grants and contracts	957	-	3,783	1,848
Investment income	23,965	327,794	522,777	264,202
Interest expense on bonds	(333,177)	(351,096)	(439,285)	(162,642)
Net nonoperating revenue	49,424,940	43,012,151	39,469,893	39,396,498
Increase (Decrease) in Net Position	$ 2,537,790	$ (1,315,262)	$ (495,461)	$ 89,485

Data Source

Morton College Annual Comprehensive Financial Reports and general ledger reports

2017	2016	2015	2014	2013	2012
$ 4,684,983	$ 4,596,204	$ 4,040,567	$ 3,361,086	$ 4,125,936	$ 3,336,367
1,696,682	1,720,315	1,850,764	1,982,775	2,238,138	2,408,893
6,381,665	6,316,519	5,891,331	5,343,861	6,364,074	5,745,260
15,728,370	10,517,895	12,568,259	13,683,816	11,178,977	10,560,776
2,585,214	2,766,990	2,364,630	2,300,300	2,146,750	1,640,870
3,072,864	2,552,963	2,552,583	2,463,099	2,064,685	1,724,416
1,134,636	558,055	528,553	517,563	486,255	528,209
7,036,574	6,589,007	7,022,773	5,602,019	5,878,454	5,487,908
4,607,377	7,959,932	4,787,610	2,702,346	4,265,754	4,363,130
1,870,339	2,068,042	1,797,419	1,761,597	1,445,016	1,437,228
3,684,305	4,095,799	4,391,965	4,380,563	6,203,707	4,682,950
2,463,156	2,482,407	2,440,249	2,649,892	2,567,778	2,603,138
42,182,835	39,591,090	38,454,041	36,061,195	36,237,376	33,028,625
(35,801,170)	(33,274,571)	(32,562,710)	(30,717,334)	(29,873,302)	(27,283,365)
9,763,900	9,128,821	9,310,381	8,337,495	8,215,441	7,667,168
18,480,322	15,145,280	14,449,848	14,453,707	12,816,492	9,411,230
8,651,665	8,852,948	9,458,611	9,917,890	10,911,286	10,159,841
11,625	3,300	20,710	23,650	220,428	294,408
(177,874)	27,677	3,687	3,437	12,691	19,317
95,387	(204,466)	(243,648)	(248,612)	(356,000)	(280,849)
36,825,025	32,953,560	32,999,589	32,487,567	31,820,338	27,271,115
$ 1,023,855	$ (321,011)	$ 436,879	$ 1,770,233	$ 1,947,036	$ (12,250)

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
2021	$ 51,324	$ 19,922	$ 3,102	$ 4,824	$ 9,344
2020	48,230	16,653	3,359	4,465	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

Data Source

College records

Operation and Maintenance of Plant	Scholarships and Fellowships	Public Service	Auxiliary Service
$ 5,332	$ 6,159	$ 1,068	$ 1,573
8,676	5,019	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

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
2020	N/A	N/A	N/A	$ -	$ 33,302,712
2019	1,149,645,557	307,851,289	152,033,853	-	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

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.

Data Source

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
$ 51,358	$ 2,132,706,707	50.90%	$ 6,398,120,121	33.33%
-	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%

Morton College, Community College District No. 527

Revenue Capacity (Unaudited)

Property Tax Rates – Direct and Overlapping Governments

Last Ten Levy Years

Taxing Body	2020	2019	2018	2017
Cook County	0.453	0.454	0.489	0.496
Cook County Forest Preserve	0.458	0.059	0.060	0.062
Metropolitan Water Reclamation	0.378	0.389	0.396	0.402
Consolidated Elections	-	0.030	-	0.031
Town of Cicero	5.070	6.633	6.504	6.029
Town of Cicero Library Fund	0.225	0.296	0.287	0.279
General Assistance	0.017	0.023	0.023	0.024
Clyde Park District	0.396	0.517	0.507	0.460
Elementary School District #99	3.376	4.453	4.306	4.111
High School District #201	2.461	3.128	3.036	2.875
Cicero Community Mental Health	0.077	0.104	0.104	0.093
Total overlapping rate	12.911	16.086	15.712	14.862
Morton Community College No. 527	0.509	0.645	0.619	0.583
Total rate	13.420	16.731	16.331	15.445

Year is year of extension.

Data Source

Cook County Clerk's Office

2016	2015	2014	2013	2012	2011
0.533	0.552	0.568	0.560	0.531	0.462
0.063	0.069	0.069	0.069	0.063	0.058
0.406	0.426	0.430	0.417	0.370	0.320
-	0.034	-	0.031	-	0.025
6.382	6.315	5.760	5.183	4.522	4.566
0.394	0.388	0.351	0.322	0.289	0.231
0.041	0.049	0.047	0.062	0.068	0.051
0.530	0.542	0.556	0.545	0.505	0.458
4.717	5.238	4.998	4.670	4.302	3.874
3.251	3.339	3.216	2.954	2.732	2.454
0.122	0.120	0.104	0.096	0.100	0.077
16.439	17.072	16.099	14.909	13.482	12.576
0.680	0.698	0.670	0.613	0.556	0.504
17.119	17.770	16.769	15.522	14.038	13.080

Morton College, Community College District No. 527

Revenue Capacity (Unaudited)

Principal Property Taxpayers

2020 Levy Year and Nine Years Ago

Name	Type of Business or Property	2020 Equalized Assessed Valuation*	Rank
Hawthorne Works Ste 316	Shopping center	$ 20,306,987	1
Cermak Plaza Associate	Shopping center	17,875,371	1
CICF 2 IL1B0 LLC	Industrial Services	14,997,752	3
Dimucci Development Co	Shopping center, supermarket	14,702,296	4
Westshire Nursing	Senior residence	13,733,817	5
Thomas Carey Heirs	Commercial properties	12,366,020	6
Lineage IL Chicago	Industrial Services	12,211,164	7
Wal-Mart Real Estate	Commercial property	11,377,164	8
P7 DP McCook LLC	Commercial property	10,069,557	9
Extra Space Storage	Industrial Services	9,452,881	10
MacNeal Hospital Finance	General hospital and commercial properties		
Cicero Market Place	Supermarket, one-store stores		
Target Proptax T732	Discount department stores		
KTR Capital PTR Tax Dept	Industrial property		
Heartland Bank	Commercial property		
Andrew S. Bermant	Industrial property		
Cambridge Realty CAP LTD	Senior residence		
		$ 137,093,009	

(1) 2020 total equalized asset valuation: 2,132,706,707
Includes only those parcels with 2020 EAVs over $100.000.

Data Source

Cook County Clerk's and Assessor's Offices

Percent of District's Total EAV	2011 Equalized Assessed Valuation*	Rank	Percent of District's Total EAV
0.95%	$ 15,537,783	2	0.87%
0.84%			
0.70%			
0.69%	8,593,729	7	0.48%
0.64%			
0.58%	8,493,759	8	0.48%
0.57%			
0.53%			
0.47%			
0.44%			
	$ 17,115,804	1	0.96%
	9,560,561	4	0.54%
	6,283,086	9	0.35%
	8,822,584	6	0.49%
	9,331,284	4	0.52%
	10,132,173	3	0.57%
	5,864,734	10	0.33%
	$ 99,735,497		

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
2020	$ 10,836,748	$ 5,260,237	48.54%	$ -	5,260,237	48.54%
2019	10,570,508	10,305,270	97.49%	-	10,305,270	97.49%
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	9,807,456	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	99.19%	(364,673)	9,171,310	95.40%
2013	9,428,970	9,403,540	99.73%	(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%

Data Source

County tax records

Morton College, Community College District No. 527

Revenue Capacity (Unaudited)

Assessed Valuations and Taxes Extended

Governmental Fund Types

Last Ten Levy Years

	2020 Levy	2019 Levy	2018 Levy	2017 Levy
Assessed valuation	$ 2,132,706,707	$ 1,640,547,923	$ 1,660,547,053	$ 1,721,823,048
Tax rates (per $100 of assessed valuation)				
Education Fund	0.3633	0.4596	0.4426	0.4168
Operations and Maintenance Fund	0.0712	0.0900	0.0875	0.0815
Bond and Interest Fund	0.0319	0.0414	0.0368	0.0354
Liability, Protection and Settlement Fund	0.0271	0.0347	0.0337	0.0317
Social Security Fund	0.0112	0.0143	0.0138	0.0130
Audit Fund	0.0035	0.0044	0.0042	0.0039
Total tax rates	0.5082	0.6444	0.6186	0.5823
Taxes extended				
Education Fund	$ 7,748,000	$ 7,540,000	$ 7,363,200	$ 7,187,938
Operations and Maintenance Fund	1,518,400	1,476,800	1,456,000	1,404,000
Bond and Interest Fund	680,108	679,068	611,364	609,076
Audit Fund	73,840	71,760	69,680	67,600
Social Security Fund	238,160	234,000	216,919	223,600
Liability, Protection and Settlement Fund	578,240	568,880	561,600	546,000
Total taxes extended	$ 10,836,748	$ 10,570,508	$ 10,278,763	$ 10,038,214

Data Source

County tax records

2016 Levy	2015 Levy	2014 Levy	2013 Levy	2012 Levy	2011 Levy
$ 1,442,272,976	$ 1,393,851,949	$ 1,434,851,128	$ 1,538,198,334	$ 1,640,896,561	$ 1,783,704,124
0.4860	0.4999	0.4711	0.4226	0.3866	0.3396
0.0926	0.1000	0.1000	0.1000	0.1000	0.1000
0.0448	0.0463	0.0134	0.0413	0.0273	0.0251
0.0370	0.0373	0.0713	0.0321	0.0263	0.0248
0.0150	0.0149	0.0145	0.0115	0.0105	0.0093
0.0046	0.0048	0.0050	0.0050	0.0050	0.0050
0.6800	0.7032	0.6753	0.6125	0.5557	0.5038
$ 7,010,249	$ 6,914,220	$ 6,683,975	$ 6,508,088	$ 6,349,456	$ 6,057,694
1,335,186	1,381,307	1,434,851	1,538,198	1,640,897	1,783,704
645,502	644,592	642,824	634,974	447,486	451,365
66,760	66,904	71,743	76,910	82,045	88,400
215,684	206,290	198,356	190,727	183,391	176,338
534,075	515,725	581,644	480,073	419,809	432,062
$ 9,807,456	$ 9,729,038	$ 9,613,393	$ 9,428,970	$ 9,123,084	$ 8,989,563

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
2021	$ 8,055,000	$ 972,489	$ 176,510	$ 9,203,999	$ 2,132,706,707
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

*Estimated figures used for 2012 through 2021
N/A - Personal income not available for 2012 through 2021

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
0.43%	157,067	58.60	N/A
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

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
2021	$ 8,055,000	$ 972,489	$ 9,027,489	$ 409,090	8,618,399
2020	8,335,000	1,005,262	9,340,262	1,477,289	7,862,973
2019	8,335,000	1,036,438	9,371,438	2,016,134	7,355,304
2018	2,995,000	267,578	3,262,578	938,618	2,323,960
2017	3,455,000	314,910	3,769,910	966,420	2,803,490
2016	3,895,000	364,264	4,259,264	1,011,459	3,247,805
2015	4,315,000	411,669	4,726,669	1,154,821	3,571,848
2014	4,745,000	-	4,745,000	1,162,982	3,582,018
2013	5,580,000	-	5,580,000	1,108,691	4,471,309
2012	6,395,000	-	6,395,000	1,121,588	5,273,412

*Estimated figures used for 2012 through 2021.

Data Source

College records and Bureau of Economic Analysis

District 527 Actual Taxable Property Value	Percentage of Net Outstanding Bonded Debt to Actual Taxable Property Value	Population*	Total Net Outstanding Bonded Debt Per Capita
$ 2,132,706,707	0.40%	157,067	54.9
1,640,547,923	0.48%	157,067	50.1
1,660,547,053	0.44%	157,067	46.8
1,721,823,048	0.13%	157,067	14.8
1,442,272,976	0.19%	157,067	17.8
1,393,851,949	0.23%	157,067	20.7
1,434,851,128	0.25%	157,067	22.7
1,538,198,334	0.23%	157,067	22.8
1,640,896,561	0.27%	157,067	28.5
1,783,704,124	0.30%	157,067	33.6

Morton College, Community College District No. 527

Debt Capacity (Unaudited)

Direct and Overlapping General Obligation Bonded Debt*

June 30, 2021

Name	Outstanding Bonds		Applicable to District Percentage	Applicable to District Amount
Morton Community College District No. 527	$ 8,055,000		100.00%	$ 8,055,000
Cook County	2,596,351,750		1.21%	31,441,820
Cook County Forest Preserve	130,570,000		1.21%	1,581,203
Metropolitan Water Reclamation District	2,694,934,289	(1)	1.23%	33,201,590
Municipalities				
City of Berwyn	127,875,000		100.00%	127,875,000
Town of Cicero	39,330,000	(4)	100.00%	39,330,000
Village of Forest View	250,000		41.59%	103,970
Village of Lyons	3,510,000	(3)(5)	95.72%	3,359,877
Village of McCook	31,510,000	(3)(4)	26.17%	8,247,427
Village of Stickney	5,410,000		100.00%	5,410,000
Park Districts				
Berwyn Park District	2,210,000		100.00%	2,210,000
Central Stickney Park District	785,000		1.89%	14,844
Clyde Park District	1,770,000		100.00%	1,770,000
McCook Park District	521,000		26.39%	137,513
North Berwyn Park District	305,085	(3)	100.00%	305,085
Library District				
McCook Public Library District	-	(3)	26.39%	-
Stickney Forest View Public Library District	775,000		54.71%	424,034
School Districts				
School District #99	46,960,000	(3)	100.00%	46,960,000
School District #100	26,255,000		100.00%	26,255,000
School District #103	5,555,842	(2)	71.38%	3,965,704
School District #104	22,210,000		3.38%	750,032
High School District #201	56,267,119	(2)	100.00%	56,267,119
Total Direct and Overlapping General Obligation Bonded Debt				$ 397,665,218

*2020 Equalized Assessed Values were used for this statement.
Outstanding bonds are as of June 30, 2021.

(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. Excludes self-supporting bonds.
(4) Includes TIF bonds
(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
2021	$ 2,132,706,707	2.875%	$ 61,315,318	$ 9,027,489	$ 52,287,829	14.72%
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%

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]
2021	N/A	N/A	N/A	N/A
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

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**
2021					
MacNeal Hospital & Health Services	Berwyn	2,200	(1)	1	3.58%
Breakthru Beverage Illinois (formerly Wirtz Beverage Illinois)	Cicero	1,000	(1)	2	1.63%
Morton East & West High Schools	Berwyn, Cicero	943	(2)	3	1.53%
BUONA Restaurants and Catering	Berwyn	600	(3)	4	0.98%
Hawthorne Race Course	Cicero	550	(3)	5	0.90%
Amazon	Cicero	500	(4)	6	0.81%
Morton College	Cicero	404	(2)	7	0.66%
LBP Manufactering / Sabert	Cicero	400	(3)	8	0.65%
City of Berwyn	Berwyn	366	(1)	9	0.60%
USF Holland, Inc.	McCook	340	(1)	10	0.55%
Turano Bakery	Berwyn	320	(3)	11	0.52%
Freeman Expositions, Inc.	McCook	300	(2)	12	0.49%
Saporito Finishing Co.	Cicero	180	(3)	13	0.29%
Fontanini Italian Meats	McCook	170	(4)	14	0.28%
United Scrap Metal, Inc.	Cicero	170	(3)	15	0.28%
Total		8,443			13.75%
2012					
MacNeal Memorial Hospital	Berwyn	2,200	(5)	1	3.31%
USF Holland, Inc	McCook	500	(5)	2	0.75%
Terrace Paper Co.	Cicero	400	(5)	3	0.60%
Meade Electric Co., Inc.	McCook	400	(5)	4	0.60%
Morton College	Cicero	399	(5)	5	0.60%
A & R Janitorial Service	Cicero	350	(5)	6	0.53%
Campagna-Turano Bakery	Berwyn	300	(5)	7	0.45%
Capital Wholesale Meats Inc./Fontanini	McCook	270	(5)	8	0.41%
Brad Foote Gear Works Inc.	Cicero	250	(5)	9	0.38%
Groot Industries, Inc.	McCook	250	(5)	10	0.38%
Tru Vue	McCook	250	(5)	11	0.38%
World Marketing Chicago	McCook	250	(5)	12	0.38%
Estes Express Lines, Inc.	McCook	240	(5)	13	0.36%
Innerpac Inc.	Cicero	240	(5)	14	0.36%
		6,299			9.49%

*The 2012 principal employer information was obtained from the District's 2012 Official Statement which listed the sources shown below in (5).
**Illinois Department of Employment Security.

Data Source

(1) Village Records / School District Records
(2) Employer Website
(3) A to Z Database.com - Business Edition
(4) Phone Contact with Employer
(5) 2012 Annual Financial Reports

Morton College, Community College District No. 527

Operating Information (Unaudited)

Full-Time Equivalent Employees

Last Ten Fiscal Years

	2021	2020	2019	2018
Faculty				
Full time	78	74	63	56
Full time overload	-	-	-	-
Full time summer	-	-	-	-
	78	74	63	56
Part time	74	100	124	179
Total Faculty FTE	152	174	187	235
Teaching	152	174	187	235
Non-teaching	-	-	-	-
Total Faculty FTE	152	174	187	235
Library, counselors and others				
Full time	5	6	4	4
Summer	-	-	-	-
Part time	2	4	3	4
Total Library, counselors and others	7	10	7	8
Library	-	-	-	-
Counselors	-	-	-	-
Others	-	-	-	-
Total library, counselors and others	-	-	-	-
Administrators	29	31	27	23
Classified employees	96	127	134	121
Total FTE employees	284	342	355	387
Student employee (1)	7	10	13	14
Total FTE employees	291	352	368	401

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

Data Source

College records

2017	2016	2015	2014	2013	2012
53	55	56	54	51	51
-	-	-	-	-	-
-	-	-	-	-	-
53	55	56	54	51	51
171	171	187	190	192	190
224	226	243	244	243	241
224	226	243	243	243	241
-	-	-	-	-	-
224	226	243	243	243	241
-	3	3	3	3	3
-	-	-	-	-	-
5	4	3	3	4	4
5	7	6	6	7	7
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26	30	34	31	29	24
121	121	113	114	112	108
376	384	396	394	391	380
7	15	11	16	18	19
383	399	407	410	409	399

Morton College, Community College District No. 527

Operating Information (Unaudited)

Capital Assets Statistics

Last Ten Fiscal Years

	2021	2020	2019	2018
Capital asset type				
Land and improvements	$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248
Building and building improvements	47,839,684	40,347,711	36,016,067	35,441,975
Furniture, fixtures and equipment	8,959,534	8,735,122	8,437,776	7,855,997
Construction in progress	481,596	3,637,850	697,860	165,000
Total capital assets	59,881,062	55,320,931	47,751,951	46,063,220
Less accumulated depreciation				
Building and building improvements	(22,026,710)	(20,299,125)	(18,256,495)	(16,745,295)
Furniture, fixtures and equipment	(7,492,111)	(6,851,338)	(6,198,938)	(5,615,693)
Total accumulated depreciation	(29,518,821)	(27,150,463)	(24,455,433)	(22,360,988)
Total net capital assets	$ 30,362,241	$ 28,170,468	$ 23,296,518	$ 23,702,232
Other information				
Capital additions	$ 4,560,131	$ 7,568,980	$ 1,523,731	$ 226,528
Depreciation expense	$ 2,368,358	$ 2,695,030	$ 2,094,445	$ 2,076,399

Data Source

College records

2017	2016	2015	2014	2013	2012
$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248
35,510,495	30,648,155	30,355,520	30,083,273	24,237,896	23,718,767
7,725,949	7,534,528	7,296,085	7,078,802	6,634,673	6,126,427
-	4,602,737	807,330	-	1,290,305	869,399
45,836,692	45,385,668	41,059,183	39,762,323	34,763,122	33,314,841
(15,372,978)	(14,118,355)	(12,606,188)	(11,350,048)	(10,127,758)	(8,920,731)
(4,911,611)	(4,295,895)	(3,740,020)	(3,198,741)	(2,659,434)	(2,421,445)
(20,284,589)	(18,414,250)	(16,346,208)	(14,548,789)	(12,787,192)	(11,342,176)
$ 25,552,103	$ 26,971,418	$ 24,712,975	$ 25,213,534	$ 21,975,930	$ 21,972,665
$ 451,024	$ 4,326,485	$ 1,296,860	$ 4,999,201	$ 1,448,281	$ 1,325,759
$ 1,870,339	$ 2,068,042	$ 1,797,419	$ 1,761,597	$ 1,445,016	$ 1,437,228

Morton College, Community College District No. 527

Residency Policy

Year Ended June 30, 2021

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended

June 30, 2021 and 2020

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, 2021

	Education Fund	Operations and Maintenance Fund	Operation and Maintenance Fund (Restricted)	Auxiliary Enterprises Fund	Restricted Purposes Fund	Bond Retirement Fund
Account balance at July 1, 2020	$ 19,187,664	$ 2,669,598	$ 2,988,959	$ -	$ 3,875	$ 77,289
Revenues						
Local tax revenue	7,616,468	1,383,105	-	-	-	664,967
ICCB grants	7,701,177	-	-	-	792,725	-
All other state revenue (including SURS and OPEB on-behalf)	1,014,632	934,625	366	-	14,806,130	-
Federal revenue	-	-	-	-	13,672,200	-
Student tuition and fees	9,111,046	1,332,092	-	-	-	-
All other revenue	141,868	18,144	-	-	957	11
Total revenues	25,585,191	3,667,966	366	-	29,272,012	664,978
Expenditures						
Instruction	9,865,397	-	-	-	9,641,494	-
Academic support	1,922,650	-	-	-	1,090,827	-
Student services	2,199,791	-	-	-	2,369,483	-
Public service/continuing education	430,450	-	-	-	611,976	-
Auxiliary services	1,405,206	-	-	-	152,658	-
Operation and maintenance of plant	7,318	2,959,199	4,089,047	-	1,328,949	-
Institutional support	4,505,008	-	-	-	3,980,527	-
Scholarships, student grants and waivers	1,795,642	-	-	-	8,218,156	-
Debt service	-	-	-	-	-	613,177
Depreciation	-	-	-	-	-	-
Total expenditures	22,131,462	2,959,199	4,089,047	-	27,394,070	613,177
Transfers in	1,877,947	-	2,167,167	-	-	-
Transfers out	2,167,167	-	-	-	1,877,947	-
Account balance at June 30, 2021	$ 22,352,173	$ 3,378,365	$ 1,067,445	$ -	$ 3,870	$ 129,090

Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total	Fiduciary Activity	Adjustments for GAAP	Total
$ -	$ 114,005	$ 1,583,371	$ 26,624,761	$ 421,977	$ (1,016,514)	$ 26,030,224
-	103,477	725,817	10,493,834	-	-	10,493,834
-	-	-	8,493,902	-	-	8,493,902
-	-	-	16,755,753	-	317,506	17,073,259
-	-	-	13,672,200	-	-	13,672,200
-	-	-	10,443,138	124,267	-	10,567,405
-	2	4	160,986	-	(23,777)	137,209
-	103,479	725,821	60,019,813	124,267	293,729	60,437,809
-	-	369,437	19,876,328	-	45,376	19,921,704
-	-	19,392	3,032,869	-	69,111	3,101,980
-	-	125,261	4,694,535	27,741	101,331	4,823,607
-	-	3,675	1,046,101	-	22,224	1,068,325
-	-	5,817	1,563,681	-	9,672	1,573,353
-	-	963,374	9,347,887	-	(4,016,438)	5,331,449
-	81,600	647,904	9,215,039	-	129,061	9,344,100
-	-	-	10,013,798	20,168	-	10,033,966
-	-	-	613,177	-	(280,000)	333,177
-	-	-	-	-	2,368,358	2,368,358
-	81,600	2,134,860	59,403,415	47,909	(1,551,305)	57,900,019
-	-	-	4,045,114	-	-	4,045,114
-	-	-	4,045,114	-	-	4,045,114
$ -	$ 135,884	$ 174,332	$ 27,241,159	$ 498,335	$ 828,520	$ 28,568,014

Morton College, Community College District No. 527

Summary of Capital Assets and Debt

Uniform Financial Statement Number 2

Year Ended June 30, 2021

	Capital Asset/Debt July 1, 2020	Additions	Disposals	Transfers	Capital Asset/Debt June 30, 2021
Capital asset type					
Land and improvements	$ 2,600,248	$ -	$ -	$ -	$ 2,600,248
Building and building improvements	40,347,711	4,100,636	-	3,391,337	47,839,684
Furniture, fixtures and equipment	8,735,122	224,412	-	-	8,959,534
Construction in progress	3,637,850	235,083	-	(3,391,337)	481,596
Total capital assets	55,320,931	4,560,131	-	-	59,881,062
Less accumulated depreciation	(27,150,463)	(2,368,358)	-	-	(29,518,821)
Total net capital assets	$ 28,170,468	$ 2,191,773	$ -	$ -	$ 30,362,241
Debt					
Bonds payable	$ 9,340,262	$ -	$ (312,773)	$ -	$ 9,027,489
Other	15,016,940	1,074,866	(1,204,657)	-	14,887,149
Total debt	$ 24,357,202	$ 1,074,866	$ (1,517,430)	$ -	$ 23,914,638

Morton College, Community College District No. 527

Operating Funds Revenues and Expenditures

Uniform Financial Statement Number 3

Year Ended June 30, 2021

	Education Fund	Operation and Maintenance Fund	Total Operating Funds
Operating revenues, by source			
Local government			
Taxes	$ 7,616,468	$ 1,383,105	$ 8,999,573
State government			
ICCB credit hour grants	2,314,560	-	2,314,560
ICCB equalization grants	5,220,045	-	5,220,045
ICCB CTE formula	166,572	-	166,572
Corporate personal property replacement taxes	934,625	934,625	1,869,250
On-behalf payments for community college health insurance program	80,007	-	80,007
Total state government	8,715,809	934,625	9,650,434
Student tuition and fees			
Tuition	7,507,438	-	7,507,438
Fees	1,603,608	1,332,092	2,935,700
Total student tuition and fees	9,111,046	1,332,092	10,443,138
Other sources			
Sales and service fees	1,225	-	1,225
Facilities rental	-	12,310	12,310
Investment revenue	18,116	5,834	23,950
Other sources	122,527	-	122,527
Total other sources	141,868	18,144	160,012
Total revenue	25,585,191	3,667,966	29,253,157
Less nonoperating items*			
Tuition chargeback revenue	-	-	-
Adjusted revenue	$ 25,585,191	$ 3,667,966	$ 29,253,157

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

(Cont.)

Morton College, Community College District No. 527

Operating Funds Revenues and Expenditures

Uniform Financial Statement Number 3

Year Ended June 30, 2021

	Education Fund	Operation and Maintenance Fund	Total Operating Funds
Operating expenditures			
By program			
Instruction	$ 9,865,397	$ -	$ 9,865,397
Academic support	1,922,650	-	1,922,650
Student services	2,199,791	-	2,199,791
Public service/continuing education	430,450	-	430,450
Auxiliary services	1,405,206	-	1,405,206
Operation and maintenance of plant	7,318	2,959,199	2,966,517
Institutional support	4,505,008	-	4,505,008
Scholarships, student grants and waivers	1,795,642	-	1,795,642
Total operating expenditures, by program	22,131,462	2,959,199	25,090,661
Total operating items*			
Tuition chargeback revenue	-	-	-
Adjusted expenditures	22,131,462	2,959,199	25,090,661
By object			
Salaries	14,750,329	786,507	15,536,836
Employee benefits	1,828,484	151,913	1,980,397
Contractual services	2,117,600	1,202,888	3,320,488
General materials and supplies	1,319,451	83,434	1,402,885
Conference and meeting expenses	243,079	182	243,261
Fixed charges	35,001	-	35,001
Utilities	-	589,932	589,932
Capital outlay	23,778	144,343	168,121
Student grants and scholarships	1,716,277	-	1,716,277
Other	97,463	-	97,463
Total operating expenditures, by object	22,131,462	2,959,199	25,090,661
Less operating items*			
Tuition chargeback revenue	-	-	-
Adjusted expenditures	$ 22,131,462	$ 2,959,199	$ 25,090,661

*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, 2021

Restricted purposes fund revenues, by source		
Local government		
Other	$	957
State government		
ICCB adult education		792,725
SURS - On Behalf		14,528,185
Other state revenue		277,945
Total state government		15,598,855
Federal government		
Department of Education		13,672,200
Total restricted purposes fund revenues, by source	$	29,272,012
Restricted purposes fund expenditures, by program		
Instruction	$	9,641,494
Academic support		1,090,827
Student services		2,369,483
Public service/continuing education		611,976
Auxiliary services		152,659
Operation and maintenance of plant		1,328,948
Institutional support		3,980,527
Scholarships, student grants and waivers		8,218,156
Total restricted purposes fund expenditures, by program	$	27,394,070
Restricted purposes fund expenditures, by object		
Salaries	$	1,823,051
Employee benefits		14,684,303
Contractual services		173,396
General materials and supplies		1,487,183
Conference and meeting expenses		6,864
Fixed charges		137,898
Capital outlay		340,986
Student grants and scholarships		8,740,389
Total restricted purposes fund expenditures, by object	$	27,394,070

Morton College, Community College District No. 527

Current Funds – Expenditure by Activity

Uniform Financial Statements Number 5

Year Ended June 30, 2021

Instruction	
Instruction programs	$ 9,865,397
Other	10,010,931
Total instruction	19,876,328
Academic support	
Library center	755,727
Instructional materials center	109,322
Other	2,167,820
Total academic support	3,032,869
Student services support	
Admissions and records	493,953
Counseling and career services	1,017,119
Financial aid administration	404,726
Other student services support	2,778,737
Total student services and support	4,694,535
Public service/continuing education	
Community education	232,082
Community services	196,556
Other	617,463
Total public service/continuing education	1,046,101
Auxiliary services	1,563,681
Operation and maintenance	
Maintenance	1,330,236
Custodial services	651,092
Grounds	279,068
Campus security	846,730
Plant utilities	589,932
Administration	1,561,782
Total operation and maintenance	5,258,840
Institutional support	
Executive management	890,274
Fiscal operations	578,379
Community relations	935,120
Administration support services	403,080
Board of Trustees	22,738
General institutional	1,173,996
Administrative data processing	1,219,707
Other	3,991,745
Total institutional support	9,215,039
Scholarship, student grants and waivers	10,013,798
Total current funds expenditures	$ 54,701,191

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

MORTON COLLEGE
COMMUNITY SCHOOL DISTRICT NUMBER 527

CERTIFICATION OF CHARGEBACK REIMBURSEMENT
ALL NONCAPITAL AUDITED OPERATING EXPENSES
YEAR ENDED JUNE 30, 2021

	Amount
Education Fund	$ 22,113,519
Operations and Maintenance Fund	2,814,857
Operations and Maintenance Fund (Restricted)	93,258
Bond Retirement Fund	613,178
Restricted Purposes Fund	12,524,896
Audit Fund	81,600
Liability, Protection, and Settlement Fund	2,134,860
Auxiliary Enterprise Fund	-
Total noncapital audited expenses	40,376,168
Depreciation on capital outlay expenses paid from sources other than state and federal funds	1,913,587
Total costs included	$ 42,289,755
Total certified semester credit hours	61,416
Per capita cost per semester credit hour	$ 688.58
All Fiscal year 2021 state and federal operation grants for noncapital expenses, except ICCB grants *	$ 8,506,311
Fiscal year 2021 state and federal grants per semester credit hour *	138.50
District's average ICCB grant rate for fiscal year 2022 *	34.85
District's student tuition and fees per semester credit hour for fiscal year 2021	148.00
Chargeback reimbursement per semester credit hour	$ 367.23

Approved: _____ 2/14/22
Chief Financial Officer — Date

Approved: _____ 2.14.22
President — Date

State Grant Compliance Section

BKD
CPAs & Advisors

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2021, 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, 2021, 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, 2021, 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 February 23, 2022, 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
February 23, 2022

BKD
CPAs & Advisors

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

Independent Auditor's Report 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, 2021, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, and have issued our report thereon, dated February 23, 2022. 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, 2021, 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
February 23, 2022

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, 2021

	State Basic	Performance	Total (Memorandum Only)
Assets			
Receivables	$ -	$ -	$ -
Liabilities and Program Balance			
Liabilities			
Due to other funds	$ -	$ -	$ -
Program Balance	-	-	-
	$ -	$ -	$ -

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, 2021

	State Basic	Performance	Total (Memorandum Only)
Revenues			
Illinois Community College Board Grant	$ 580,974	$ 193,344	$ 774,318
Expenditures			
Instructional and student services			
Instruction	435,478	-	435,478
Social work services	-	-	-
Guidance services	9,715	30,534	40,249
Assessment and testing	6,449	31,775	38,224
Literacy services	34,927	-	34,927
Total instructional and student services	486,569	62,309	548,878
Program support			
Improvement of instructional service	26,635	19,980	46,615
General administration	46,801	5,263	52,064
Data and informational service	-	80,032	80,032
Workforce coordination	20,969	25,760	46,729
Total program support	94,405	131,035	225,440
Total expenditures	580,974	193,344	774,318
Excess of Revenues Over Expenditures	-	-	-
Program Balance			
Beginning balance - July 1, 2020	-	-	-
Ending balance - June 30, 2021	$ -	$ -	$ -

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, 2021

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	$ 435,478	75%
General administration (15% maximum allowed)	46,801	8%

Morton College, Community College District No. 527

Notes to Grant Program Financial Statements

June 30, 2021

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 present 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, 2021. Amounts received from ICCB are recognized as revenues when the corresponding expenditures are incurred.

Funds obligated for goods and services by June 30, 2021, and paid for by August 31, 2021, are recorded as unearned revenue. Payments of prior year's encumbrances for goods received prior to August 31, 2020, 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 each year, and establishes an allowance for doubtful accounts based on specific assessment of each account as necessary. There was no allowance as of June 30, 2021.

Credit Hour Data

BKD
CPAs & Advisors

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

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, 2021. 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, 2021.

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
February 23, 2022

Morton College, Community College District No. 527

Schedule of Credit Hour Data and Other Bases
Upon Which Claims Were Filed
Year Ended June 30, 2021

	Total Reimbursable Semester Credit Hours by Term			
	Summer Term		Fall Term	
Credit Hour Categories	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	4,347.0	-	18,321.0	-
Business occupational	147.0	-	1,361.0	-
Technical occupational	66.0	-	1,058.0	-
Health occupational	126.0	-	3,455.0	-
Remedial/developmental	428.0	-	1,974.0	-
Adult education	-	855.5	-	2,420.0
Total	5,114.0	855.5	26,169.0	2,420.0

	Spring Term		Total All Terms	
Credit Hour Categories	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	16,615.0	-	39,283.0	-
Business occupational	1,163.0	-	2,671.0	-
Technical occupational	1,095.0	-	2,219.0	-
Health occupational	3,302.0	-	6,883.0	-
Remedial/developmental	1,506.0	-	3,908.0	-
Adult education		3,176.0		6,451.5
Total	23,681.0	3,176.0	54,964.0	6,451.5

	In-District (All terms)	
	Unrestricted Hours	Restricted Hours
Reimbursable credit hours	48,022.0	5,140.0
Credit hours on chargeback or Contractual agreement	601.0	

	Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Reimbursable credit hours	2,475.0	-	232.0	-
Equalized assessed valuation	2,132,706,707			

Morton College, Community College District No. 527

Schedule of Credit Hour Data and Other Bases
Upon Which Claims Were Filed
Year Ended June 30, 2021

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

Approved: Minuja Pillay — Chief Financial Officer — Date 2/14/22

Approved: [signature] — President — Date 2.18.22

Morton College, Community College District No. 527

Reconciliation of Total Semester Credit Hours

Year Ended June 30, 2021

	Total Reimbursable Semester Credit Hours		
Credit Hour Categories	**Total Reported in Audit Unrestricted Hours**	**Total Certified to ICCB Unrestricted Hours**	**Difference**
Baccalaureate	39,283.0	39,283.0	-
Business occupational	2,671.0	2,671.0	-
Technical occupational	2,219.0	2,219.0	-
Health occupational	6,883.0	6,883.0	-
Remedial/developmental	3,908.0	3,908.0	-
Adult education	-	-	-
Total	54,964.0	54,964.0	-

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	6,451.5	6,451.5	-
Total	6,451.5	6,451.5	-

	Total Reported in Audit Unrestricted Hours	**Total Certified to ICCB Unrestricted Hours**	**Difference**
In-district credit hours	48,022.0	48,022.0	-
Dual credit hours	2,475.0	2,475.0	-
Dual enrollment hours	232.0	232.0	-

	Total Reported in Audit Restricted Hours	**Total Certified to ICCB Restricted Hours**	**Difference**
In-district credit hours	5,140.0	5,140.0	-
Dual credit hours	-	-	-
Dual enrollment hours	-	-	-

Morton College, Community College District No. 527

Reconciliation of Total Semester Credit Hours

Year Ended June 30, 2021

	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	39,283.0	39,283.0	-
Business occupational	2,671.0	2,671.0	-
Technical occupational	2,219.0	2,219.0	-
Health occupational	6,883.0	6,883.0	-
Remedial/developmental	3,908.0	3,908.0	-
Adult education	6,451.5	6,451.5	-
Total	61,415.5	61,415.5	-