MORTON COLLEGE DISTRICT 527

Cicero, Illinois

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

MORTON COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 527
CICERO, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED
JUNE 30, 2023 AND 2022

Prepared by the Business Office

Morton College, Community College District 527

Annual Comprehensive Financial Report

June 30, 2023 and 2022

Contents

Morton College, Community College District 527
Annual Comprehensive Financial Report
June 30, 2023 and 2022

State Grant Compliance Section

State Adult Education and Family Literacy Grant Program

Credit Hour Data

INTRODUCTORY SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Years Ended
June 30, 2023 and 2022

MORTON COLLEGE

Introductory Section

February 20, 2024

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

The Comprehensive Annual Financial Report ("CAFR") of Morton College, ("the College"), Community College District No. 527, County of Cook, State of Illinois, for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest with management of the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included.

FINANCIAL STATEMENTS

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

VISION, MISSION AND GOALS

***The District's Vision Statement*:**

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

The District's Mission Statement:

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

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

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

1. Make student success the core work of Morton College.
2. Strengthen Efficiencies in Operations
3. Develop new academic programs and revitalize existing programs
4. Promote economic and community vitality through dynamic partnerships
5. Maximize the teaching and learning experience through innovative and leading edge facilities
6. Increase giving and financial strength through improved development operations

3801 South Central Avenue ~ Cicero, IL 60804

DIVERSITY STATEMENT

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

GENERAL

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

ECONOMIC CONDITION AND OUTLOOK

The following table illustrates enrollments over the last five years:

Student Enrollment Headcount
Fiscal Year

	Fiscal Year				
PROGRAM TYPE	**2023**	**2022**	**2021**	**2020**	**2019**
Transfer Program	1,540	1,624	1,730	2,057	2,147
Career Programs	1,818	1,512	1,470	1,645	1,848
Liberal Studies	694	232	664	889	775
Course Enrollees	987	1,123	670	944	921
Adult Education/ESL	810	819	861	1,191	1,260
Total	5,849	5,310	5,395	6,726	6,951
Total FTE	2,939	2,174	2,255	2,620	2,749

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		**2022**	**2021**	**2020**	**2019**	**2018**
Assessed valuation (in millions)		1,920	1,951	2,132	1,640	1,661
	Legal Limit					
Tax Rates						
Education Fund	0.7500	0.4314	0.4045	0.3633	0.4596	0.4426
Operation and Maintenance Fund	0.1000	0.0834	0.0781	0.0712	0.0900	0.0875
Operation and Maintenance Fund (restricted)	0.0500		-	-	-	-
Bond and interest	-	0.0351	0.0346	0.0319	0.0414	0.0368
Life Safety Fund	0.1000	-	-	-	-	-
Liability Insurance Fund	-	0.0324	0.0304	0.0271	0.0347	0.0337
Social Security Fund	-	0.0133	0.0125	0.0112	0.0143	0.0138
Audit Fund	0.0050	0.0042	0.0039	0.0035	0.0044	0.0042
Total	1.0050	0.5998	0.5640	0.5082	0.6444	0.6186

The assessed value of taxable property for 2022, for taxes collectible in 2023, is $1,920,327,082.

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.

3801 South Central Avenue ~ Cicero, IL 60804

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 2023 did have a 10% increase in student headcount and a 35% increase in full-time equivalent compared to 2022. We do expect to continue to see increases in enrollment and reach pre-pandemic enrollment number within the next fiscal year.

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 FY2023. As of June 30, 2023, $7,455,000 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, 2022. 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 FORVIS, LLP as the College's auditors. The auditor's report on the financial statements and schedules is included in the financial section of the report.

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

Respectfully submitted,

/S/ *Mireya Perez*

Mireya Perez
Chief Financial Officer

/S/ *Dr. Keith McLaughlin*

Dr. Keith McLaughlin
President

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Morton College
Illinois Community College District 527

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Morton College, Community College District 527

PRINCIPAL OFFICIALS
June 30, 2023

BOARD OF TRUSTEES

ADMINISTRATION

Dr. Keith McLaughlin, President

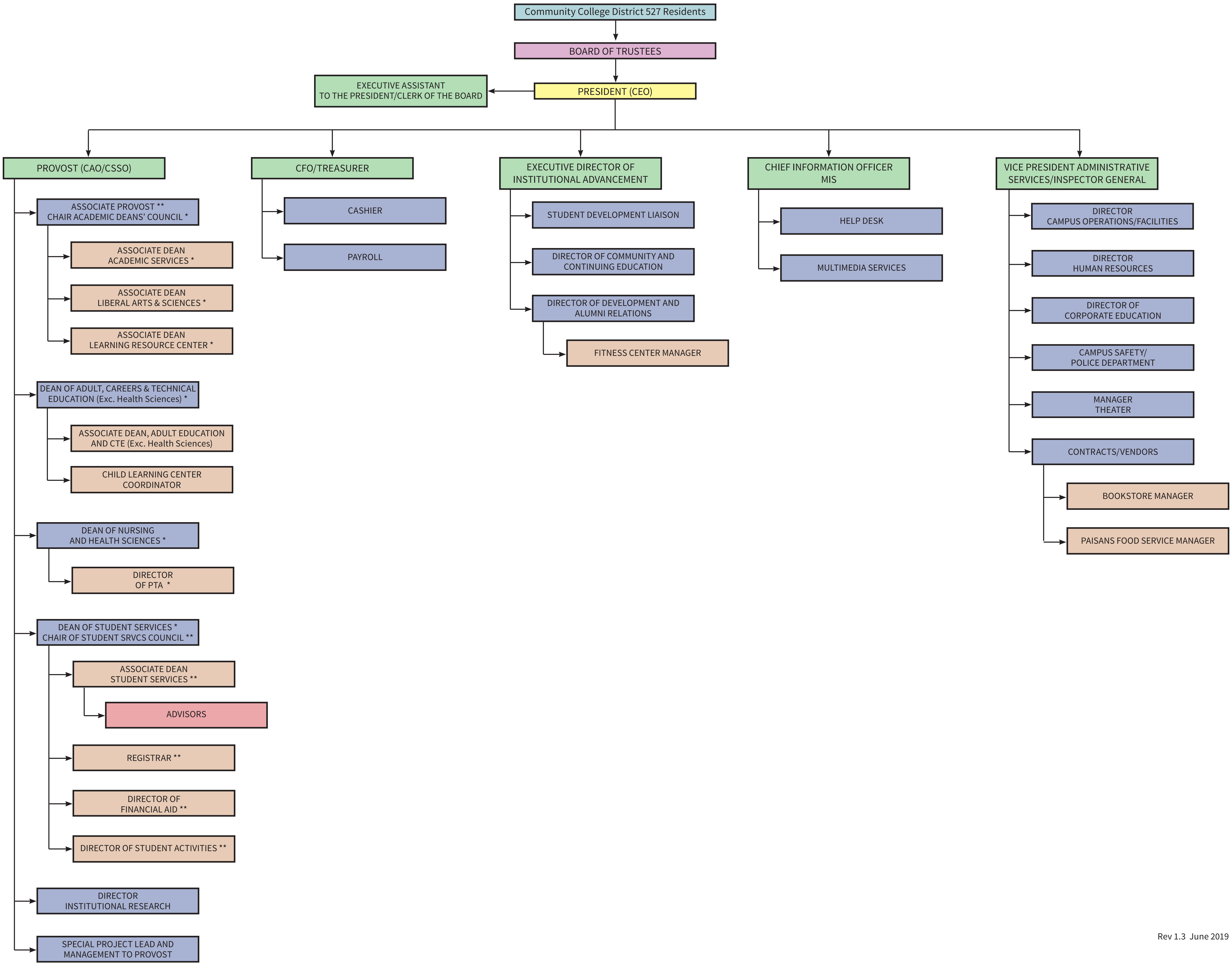
Marisol Velazquez – Associate Provost/Vice President of Student Services

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

FINANCIAL SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Years Ended
June 30, 2023 and 2022

MORTON COLLEGE

Financial Section

FORVIS

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P 630.282.9511 / **F** 630.282.9495
forvis.com

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Morton College, Community College District No. 527 (College), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023 and 2022, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The State Required Reports Section - Uniform Financial Statements Schedules 1-5 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the State Required Reports Section - Uniform Financial Statements Schedules 1-5 as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section, statistical section, and Schedule 6 – Fiscal Year 2023 Certification of Chargeback Reimbursement but does not include the basic financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2024, 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.

FORVIS, LLP

Oakbrook Terrace, Illinois
February 20, 2024

Management’s Discussion and Analysis

This section of Morton College's Annual Comprehensive Financial Report presents Management's Discussion and Analysis of the College's financial activity during the fiscal years ended June 30, 2023 and June 30, 2022. 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 11-14) and the footnotes (pages 15-43). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

The financial statements prepared under Governmental Accounting Standards Board (GASB) Statement No. 34 focus on the College as a whole. The College's basic financial statements (see pages 11-14) 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 deferred outflows of resources reduced by liabilities and deferred inflows of resources to arrive at the remaining amount of net position. These statements combine and consolidate current and long-term financial resources and capital assets. The Statements of Revenues, Expenses and Changes in Net Position focus on both the gross costs and the net costs of College activities, which are supported mainly by property taxes, state and other revenues. This approach is intended to summarize and simplify the user's analysis of costs of various College services to students and the public.

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

	2023	2022	Increase (Decrease)	2021	Increase (Decrease)
Current assets	$ 34.8	$ 34.4	$ 0.4	$ 31.8	$ 2.6
Noncurrent assets:					
Restricted cash and long-term investments	2.7	2.8	(0.1)	2.6	0.2
Capital assets, net of depreciation	33.5	31.3	2.2	30.4	0.9
Total assets	71.0	68.5	2.5	64.8	3.7
Deferred outflows of resources	1.5	2.0	(0.5)	1.4	0.6
Current liabilities	5.5	6.8	(1.3)	5.3	1.5
Noncurrent liabilities	13.6	23.4	(9.8)	23.5	(0.1)
Total liabilities	19.1	30.2	(11.1)	28.8	1.4
Deferred inflows of resources	16.6	9.8	6.8	8.8	1.0
Net position:					
Investment in capital assets	25.0	22.5	2.5	21.1	1.4
Restricted	7.6	6.5	1.1	4.9	1.6
Unrestricted	4.2	1.5	2.7	2.6	(1.1)
Total net position	$ 36.8	$ 30.5	$ 6.3	$ 28.6	$ 1.9

This schedule was prepared from the College's Statements of Net Position (page 11-12), which is presented on an accrual basis of accounting.

2023
Total net position, at June 30, 2023, increased by $6.3M compared to fiscal year 2022 bringing it to $36.8M. From the chart above, the largest factors contributing to the change in net position are as follows: An increase in total assets of $2.5M, which is primarily due to: $0.1M increase in receivables from government claims due to two new grants along with an increase in other grant receivables; and an increase in capital assets of $2.2M due to various building renovations that were completed; current liabilities decreased by $1.3M primarily due to a decrease of $1.4M in

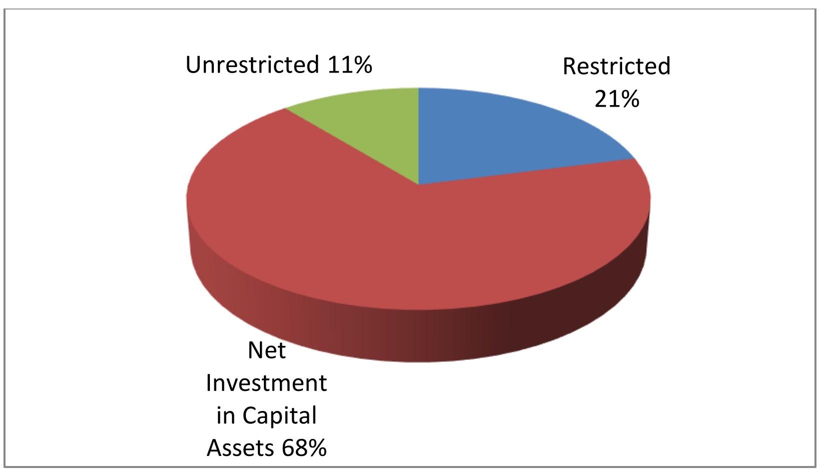
accounts payable at year end for the various capital projects that were underway; an increase in unearned tuition and fees revenue of $0.5M resulting from more students registering early for future terms; and a decrease in unearned grants revenue of $0.7M due to ISAC/MAP grant revenue disbursed after fiscal year. There was also a decrease in noncurrent liabilities of $9.8M primarily due to a reduction in the College's proportionate share of the net other postemployment benefit (OPEB) liability from the Community College Health Insurance Security Fund. Finally, the deferred inflows of resources from OPEB increased by approximately $6.8M with changes in actuarial assumptions and differences between expected and actual experience.

2022

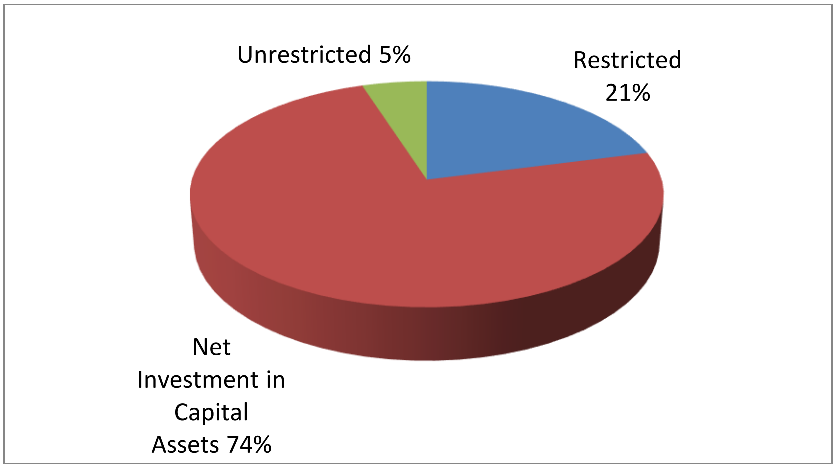
Total net position at June 30, 2022 increased by $1.9M compared to fiscal year 2021 bringing it to $30.5M. The increase of $1.9M is due to the following: cash and cash equivalents increased $3.3M due to timing of receipts and when vendors are paid; increase in capital assets of $0.9M due to various building renovations that were completed; and an increase in accounts payable at year end of $1.3M for the various capital projects that were underway and not yet paid as of fiscal year end. The following are key changes by fund: a decrease in Instruction for $4.7M; decrease in Student Services for $0.1M; increase in Institutional Support of $0.9M; an increase in Auxiliary of $0.2M; an increase in Scholarship and Fellowship of $2.2M; and an increase in Operations and Maintenance of Plant of $0.8M.

The following is a graphic illustration of net position.

NET POSITION
June 30, 2023



NET POSITION
June 30, 2022



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

	2023	2022	Increase (Decrease)	2021	Increase (Decrease)
Operating revenues:					
Tuition and fees	$ 10.9	$ 10.2	$ 0.7	$ 10.7	$ (0.5)
Scholarship allowance	(4.9)	(4.5)	(0.4)	(3.9)	(0.6)
Auxiliary and other	0.1	0.1	-	-	0.1
Total	6.1	5.8	0.3	6.8	(1.0)
Less operating expenses	47.7	52.5	(4.8)	53.7	(1.2)
Net operating loss	(41.6)	(46.7)	5.1	(46.9)	0.2
Nonoperating revenues and expenses:					
Property taxes	10.3	10.1	0.2	10.5	(0.4)
State grants and contracts	22.0	23.3	(1.3)	25.6	(2.3)
Federal grants and contracts	15.0	15.5	(0.5)	13.7	1.8
Investment income	0.9	-	0.9	-	-
Interest expense	(0.3)	(0.3)	-	(0.3)	-
Total	47.9	48.6	(0.7)	49.5	(0.9)
Increase (decrease) in net position	6.3	1.9	4.4	2.6	(0.7)
Net position, beginning of year	30.5	28.6	1.9	26.0	2.6
Net position, end of year	36.8	30.5	6.3	28.6	1.9
Total revenues	$ 54.3	$ 54.7	$ (0.4)	$ 56.6	$ (1.9)
Total expenses	$ 48.0	$ 52.8	$ (4.8)	$ 54.0	$ (1.2)

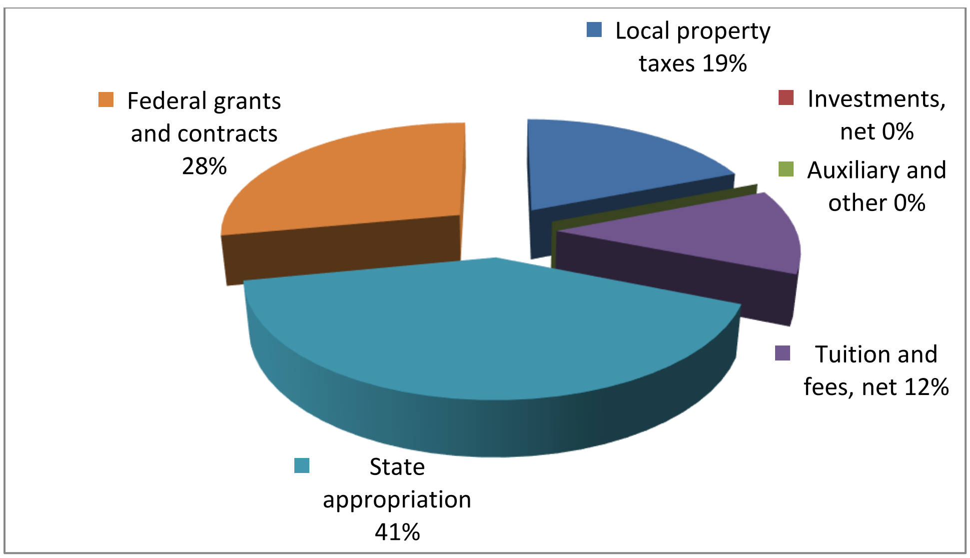
2023

Net operating loss for the twelve months ended June 30, 2023, decreased to $41.6M from $46.7M in 2022 mainly due to the following: a decrease in Instruction of $2.1M caused by a decrease in OPEB expense of $2.4M; a decrease in Operations and Maintenance of Plant of $2.9M due to a decrease in capital projects in 2023 compared to 2022; an increase in Student Services of $0.9M which was due to increase in Education Fund and Restricted Purpose Fund expenses for Student Services due to additional department account created and additional grants; an increase in Institutional Support of $1.9M due to increase in Education Fund and Restricted Purpose Fund expenses; and a decrease in Scholarship and Fellowship of $2.7M mainly due to HEERF student grants awarded in 2022 and none awarded in 2023.

2022

Net operating loss, for the twelve months ended June 30, 2022, decreased to $46.7M from $46.9M in 2021 mainly due to a decrease in Instruction for $4.7M, decrease in Student Services for $0.1M, increase in Institutional Support of $0.9M, an increase in Auxiliary of $0.2M, an increase in Scholarship and Fellowship of $2.2M and an increase in Operations and Maintenance of Plant of $0.8M.

Revenues by Source (2023):

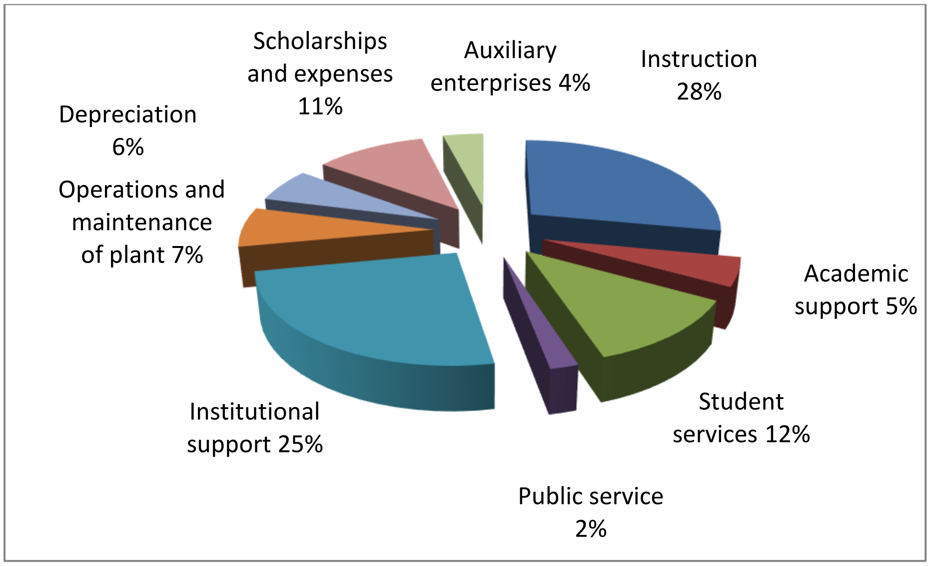


Operating Expenses
For the Years Ended June 30,
(In millions)

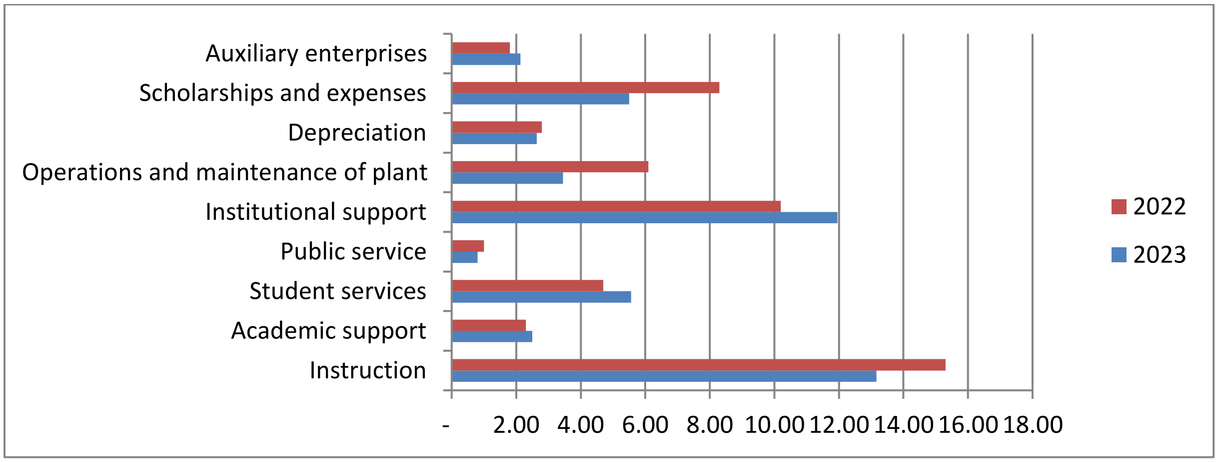
	2023	2022	Increase (Decrease)	2021	Increase (Decrease)
Instruction	$ 13.2	$ 15.3	$ (2.1)	$ 19.9	$ (4.6)
Academic support	2.5	2.3	0.2	3.1	(0.8)
Student services	5.6	4.7	0.9	4.8	(0.1)
Public service	0.8	1.0	(0.2)	1.1	(0.1)
Institutional support	12.0	10.2	1.8	9.3	0.9
Operations and maintenance of plant	3.4	6.1	(2.7)	5.3	0.8
Depreciation	2.6	2.8	(0.2)	2.4	0.4
Scholarships and fellowships	5.5	8.3	(2.8)	6.2	2.1
Auxiliary enterprises	2.1	1.8	0.3	1.6	0.2
Total	$ 47.7	$ 52.5	$ (4.8)	$ 53.7	$ (1.2)

The following is a graphic illustration of operating expenses:

Operating Expenses by Function (2023):



Comparison of Operating Expenses Fiscal Years 2023 and 2022 (in millions):



2023

Total operating expenses decreased to $47.7M from $52.5M mainly due to the following: a decrease in Instruction of $2.1M caused by a decrease in OPEB expense of $2.4M; a decrease in Operations and Maintenance of Plant of $2.9M due to a decrease in capital projects in 2023 compared to 2022; an increase in Student Services of $0.9M which was due to increase in Education Fund and Restricted Purpose Fund expenses for Student Services due to additional department account created and additional grants; an increase in Institutional Support of $1.9M due to increase in Education Fund and Restricted Purpose Fund expenses; and a decrease in Scholarship and Fellowship of $2.7M mainly due to HEERF student grants awarded in 2022 and none awarded in 2023.

2022
Total operating expenses decreased to $52.4M from $53.7M mainly due to the following: increase in Institutional Support of $.9M; an increase in Scholarship and Fellowship of $2.2M; a decrease in Instruction of 4.7M; and an increase in Operations and Maintenance of Plant of $0.8M.

Analysis of Net Position
June 30,
(In millions)

	2023	2022	Increase (Decrease)	2021	Increase (Decrease)
Net position:					
Net investment in capital assets	$ 25.0	$ 22.5	$ 2.5	$ 21.1	$ 1.4
Restricted expendable	7.6	6.5	1.1	4.9	1.6
Unrestricted	4.2	1.5	2.7	2.6	(1.1)
Net capital assets	$ 36.8	$ 30.5	$ 6.3	$ 28.6	$ 1.9

2023
Total net position at June 30, 2023 increased by $6.3M compared to fiscal year 2022 bringing it to $36.7M. The increase is primarily due to the following: increase in Government Claims of $0.9M due to two new grant receivable and increase in grant receivable of other grants; an increase in capital assets of $2.2M due to various building renovations that were completed; a decrease of $1.4M in accounts payable at year end for the various capital projects that were underway; an increase in unearned tuition and fees revenue of $0.5M which means the College had more students registering early for future terms; a decrease in unearned grants revenue of $0.7M due to ISAC/MAP grant revenue disbursed after fiscal year; and a decrease in noncurrent liabilities of $9.8M due to decrease in net other postemployment benefit liability due to a change in liability experience and change in assumption changes experience based on the actuarial evaluation. The following are key changes by fund: a decrease in Instruction of $2.1M caused by a decrease in OPEB expense of $2.4M; a decrease in Operations and Maintenance of Plant of $2.9M due to a decrease in capital projects in 2023 compared to 2022; an increase in Student Services of $0.9M which was due to increase in Education Fund and Restricted Purpose Fund expenses for Student Services due to additional department account created and additional grants; an increase in Institutional Support of $1.9M due to increase in Education Fund and Restricted Purpose Fund expenses; and a decrease in Scholarship and Fellowship of $2.7M mainly due to HEERF student grants awarded in 2022 and none awarded in 2023.

2022
Total net position at June 30, 2022 increased by $1.9M compared to fiscal year 2021 bringing it to $30.5M. The increase is primarily due to the following: an increase in cash and cash equivalents due to timing of receipts and when vendors are paid; increase in capital assets of $0.9M due to various building renovations that were completed; and an increase in accounts payable at year end for the various capital projects that were underway.

Analysis of Capital Assets
June 30, (In millions)

	2022	2022	Increase (Decrease)	2021	Increase (Decrease)
Capital assets:					
Land improvements	$ 2.6	$ 2.6	$ -	$ 2.6	$ -
Construction in progress	4.9	3.2	1.7	0.5	2.7
Building	51.6	48.7	2.9	47.9	0.8
Equipment	9.4	9.1	0.3	8.9	0.2
Total	68.5	63.6	4.9	59.9	3.7
Less: accumulated depreciation	(35.0)	(32.3)	(2.7)	(29.5)	(2.8)
Net capital assets	$ 33.5	$ 31.3	$ 2.2	$ 30.4	$ 0.9

2023
Net capital asset increase of $2.1M mainly relates to the $2.9M increase in building additions including mechanical upgrades, science lab renovations and lighting project to name a few. A $2.6M net decrease in accumulated depreciation offset by a $1.6M increase in construction in progress which include tutoring center renovations, sliding glass project and Bldg E ADA upgrades to name a few. For more detail information on capital asset activity, please see Note 4.

2022
Net capital asset increase of $1.0M mainly relates to the $0.8M in building and $2.8M net increase in accumulated depreciation offset by a $2.8M increase in construction in progress. For more detail information on capital asset activity, please see Note 4.

Long-Term Debt
June 30,
(In millions)

	2023	2022	Increase (Decrease)	2021	Increase (Decrease)
Long-term debt:					
General obligations	$ 8.4	$ 8.7	$ (0.3)	$ 9.0	$ (0.3)
Lease liabilities	0.1	0.1	-	0.2	(0.1)
Net other postemployment benefit liability	5.6	14.9	(9.3)	14.7	0.2
Total	$ 14.1	$ 23.7	$ (9.6)	$ 23.9	$ (0.2)

2023
The $9.6M decrease in long-term debt is due to $0.3M decrease in general obligations (debt payments) and $9.3M decrease in net other postemployment benefit liabilities, which was due to a change in liability experience and change in assumption changes experience based on the actuarial evaluation (see Note 10). For more detail information on long-term debt activity please see Note 5.

2022
The $0.2M decrease in long-term debt is due to $0.2M increase in net other postemployment benefit liabilities, which was recorded as part of the implementation of GASB 75 in fiscal year 2018 (see Note 10) and a $0.3M decrease in general obligations. For more detail information on long-term debt activity please see Note 5.

Other Factors
The Coronavirus (COVID-19) pandemic has had an impact on enrollment for fiscal year 2019, 2021 and 2022. The College started seeing enrollment increases in FY23 and expect to continue to see enrollment increases in fiscal year 2024 with the possibility to reach pre-pandemic enrollment numbers by end of FY24.

Basic Financial Statements

Morton College, Community College District No. 527

Statements of Net Position

June 30, 2023 and 2022

Assets

	2023	2022
Current Assets		
Cash and cash equivalents	$ 22,388,989	$ 22,344,992
Receivables, net		
Property taxes and corporate personal property replacement taxes, net allowances of $1,600,958 in 2023 and $851,862 in 2022, respectively	4,976,527	5,070,653
Government claims	4,326,965	3,451,058
Tuition and fees, net of allowances for doubtful accounts of $6,079,325 in 2023 and $5,873,243 in 2022	2,673,251	2,517,057
Other	85,408	91,523
Investments	-	502,698
Prepaid expenses and other current assets	370,230	405,884
Total current assets	34,821,370	34,383,865
Noncurrent Assets		
Restricted cash and cash equivalents	2,688,222	2,796,422
Capital assets, net of accumulated depreciation, where applicable	33,498,751	31,329,901
Total noncurrent assets	36,186,973	34,126,323
Total assets	71,008,343	68,510,188

Deferred Outflows of Resources

	2023	2022
Other postemployment benefits	1,386,086	2,009,127
SURS contributions	126,006	-
Total deferred outflows of resources	1,512,092	2,009,127

(Cont.)

Morton College, Community College District No. 527

Statements of Net Position

June 30, 2023 and 2022

Liabilities

	2023	2022
Current Liabilities		
Accounts payable	$ 738,351	$ 2,102,219
Accrued salaries and vacation	1,050,931	904,203
Unearned revenue		
Tuition and fees	3,009,449	2,516,368
Grants	109,790	759,622
Other current liabilities	198,514	196,558
Long-term obligations - current		
Current portion of lease liabilities	58,842	61,002
Current portion of general obligation bonds	320,000	305,000
Total current liabilities	5,485,877	6,844,972
Noncurrent Liabilities		
Lease liabilities, net of current portion	52,308	71,708
General obligation bonds, net of current portion	8,036,829	8,393,040
Net other postemployment benefit liabilities	5,568,547	14,933,848
Total noncurrent liabilities	13,657,684	23,398,596
Total liabilities	19,143,561	30,243,568

Deferred Inflows of Resources

	2023	2022
Property taxes	5,906,158	5,842,925
Other postemployment benefits	10,705,461	3,978,989
Total deferred inflows of resources	16,611,619	9,821,914

Net Position

	2023	2022
Net investment in capital assets	25,030,772	22,499,151
Restricted for		
Capital projects	7,366,250	6,178,396
Debt service	55,741	100,144
Specific purposes	155,982	157,476
Unrestricted (deficit)	4,156,510	1,518,666
Total net position	$ 36,765,255	$ 30,453,833

Morton College, Community College District No. 527

Statements of Revenue, Expenses and Changes in Net Position

Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Tuition and fees, net of scholarship allowances of $4,940,304 and $4,478,264 in 2023 and 2022 respectively	$ 6,038,770	$ 5,770,183
Sales and services of auxiliary activities	60,888	56,402
Total operating revenues	6,099,658	5,826,585
Operating Expenses		
Instruction	13,162,559	15,263,416
Academic support	2,504,914	2,337,708
Student services	5,564,677	4,743,964
Public service	794,382	936,001
Auxiliary enterprises	2,125,079	1,824,487
Operations and maintenance of plant	3,452,336	6,089,873
Institutional support	11,954,332	10,235,384
Scholarships and fellowships	5,501,365	8,273,607
Depreciation	2,637,448	2,787,618
Total operating expenses	47,697,092	52,492,058
Operating Loss	(41,597,434)	(46,665,473)
Nonoperating Revenue (Expense)		
Federal grants and contracts	15,006,502	13,672,200
State grants and contracts	22,036,171	25,567,161
Local grants and contracts	14,695	957
Property taxes	10,266,862	10,493,834
Interest expense on bonds	(300,363)	(333,177)
Investment income (expense)	884,989	23,965
Total nonoperating revenue	47,908,856	49,424,940
Change in Net Position	6,311,422	1,885,819
Net Position, Beginning of Year	30,453,833	28,568,014
Net Position, End of Year	$ 36,765,255	$ 30,453,833

Morton College, Community College District No. 527

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Tuition and fees	$ 6,375,657	$ 5,920,561
Payments to suppliers	(25,060,974)	(21,466,305)
Payments to employees	(17,019,205)	(16,661,970)
Auxiliary enterprise charges, net	60,888	56,402
Net cash used in operating activities	(35,643,634)	(32,151,312)
Noncapital Financing Activities		
Local property taxes	10,424,221	10,650,626
Grants and contracts	14,841,614	16,034,393
State appropriations	14,359,130	13,342,155
Net cash provided by noncapital financing activities	39,624,965	40,027,174
Capital and Related Financing Activities		
Purchase of capital assets	(4,760,760)	(3,742,037)
Payments on capital debt	(372,098)	(386,490)
Interest paid on capital debt	(300,363)	(317,125)
Net cash used in capital and related financing activities	(5,433,221)	(4,445,652)
Investing Activities		
Proceeds from sales and maturities of investments	502,698	-
Interest received on investments	884,989	(3,623)
Net cash provided by (used in) investing activities	1,387,687	(3,623)
Net Increase (Decrease) in Cash and Cash Equivalents	(64,203)	3,426,587
Cash and Cash Equivalents, Beginning of Year	25,141,414	21,714,827
Cash and Cash Equivalents, End of Year	$ 25,077,211	$ 25,141,414
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (41,597,434)	$ (46,665,473)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation	2,637,448	2,787,618
Amortization of bond premium	(36,211)	-
State payment in kind for retirement	8,667,242	10,166,626
State payment in kind for OPEB	(2,330,242)	(63,722)
Deferred outflows of resources - other postemployment benefit	497,035	(565,597)
Deferred inflows of resources - other postemployment benefit	6,726,472	766,904
Net other postemployment benefit liability	(9,365,301)	223,209
Changes in		
Tuition and fees receivable	(156,194)	182,990
Prepaid expenses	35,654	(19,847)
Accounts payable	(1,363,868)	1,306,391
Accrued salaries and vacation	146,728	(196,611)
Unearned tuition and fees	493,081	(32,612)
Other current liabilities	1,956	(41,188)
Net cash used in operating activities	$ (35,643,634)	$ (32,151,312)
Noncash Capital and Related Financing Activities		
Lease acquisitions	$ 45,538	$ 13,239

Morton College, Community College District No. 527

Notes to Basic Financial Statements

June 30, 2023 and 2022

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. The Morton College Foundation is a legally separate, tax exempt organization that acts as a fundraising organization to supplement the resources that are available to the College. The Foundation's resources are not deemed to be significant to the operations of the College and accordingly, it is not reported as a component unit.

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.

Cash and cash equivalents are restricted for certain projects from funding received from the Illinois Capital Development Board.

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 and Lease 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.

Lease assets are included within capital assets. Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of general obligation bonds and 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, 2023 and 2022, 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 audit purposes ($144,803 and $145,593 at June 30, 2023 and 2022, respectively) and other restricted purposes ($16,639 and $11,883 at June 30, 2023 and 2022, respectively). 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, 2023 and 2022, the College distributed $272,911 and $226,403, 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 assets that applies to futures periods 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 assets that applies to future periods 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 (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 10 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 2022 become due and payable in two installments (March 1, 2023 and August 1, 2023). 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 2022 tax year and collected in 2023 are recorded as revenue in the year ended June 30, 2023. The remaining revenue related to the 2022 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 2023. 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 2022 extended levy.

A reserve of approximately $1,600,000 and $852,000 for the fiscal years 2023 and 2022, 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 2022 and 2021 tax levies, per $100 of assessed valuation, are as follows:

	Statutory Maximum Rate	Tax Levy Year 2022	Tax Levy Year 2021
Current			
Education Fund	0.7500	0.4314	0.4045
Operation and Maintenance Fund	0.1000	0.0834	0.0781
Operation and Maintenance Fund (Restricted)	-	-	-
Bond and Interest	-	-	-
Limited Bonds	-	0.0351	0.0346
Life Safety Fund	0.1000	-	-
Liability, Protection, and Settlement Fund	-	0.0324	0.0304
Social Security Fund	-	0.0133	0.0125
Audit Fund	0.0050	0.0042	0.0039
Levy Adjustment	-	0.0140	0.0077
	0.9550	0.6138	0.5717

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, 2023 and 2022, the carrying amounts of the College's deposits were $2,367,981 ($2,688,222 is restricted) and $3,340,354 ($2,796,422 is restricted), respectively, with bank balances of $2,979,888 and $4,214,122, respectively. These amounts do not include the petty cash on hand of $518 and $515 at June 30, 2023 and 2022, respectively. It is the College's policy that 105% of the bank balances be collateralized by securities held in the pledging bank's trust department or by its agent in the College's name when not federally insured. At June 30, 2023 and

2022, 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, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 22,388,989	$ 22,344,992
Restricted cash and cash equivalents	2,688,222	2,796,422
Investments	-	502,698
Total cash and investments	$ 25,077,211	$ 25,644,112

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

	2023	2022
Deposits	$ 2,367,981	$ 3,340,354
Investments in securities and similar instruments	22,708,712	22,303,243
Petty cash on hand	518	515
Total cash and investments	$ 25,077,211	$ 25,644,112

As of June 30, 2023, the College had the following investments and maturities:

		Investment Maturities			
Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
State Treasurer Illinois Funds	$ 22,708,712	$ 22,708,712	$ -	$ -	$ -

As of June 30, 2022, 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	21,800,545	21,800,545	-	-	-
	$ 22,303,243	$ 22,303,243	$ -	$ -	$ -

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, 2023 and 2022.

Note 4: Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets not being depreciated				
Land and improvements	$ 2,600,248	$ -	$ -	$ 2,600,248
Construction in progress	3,254,764	2,341,159	(714,781)	4,881,142
Total capital assets not being depreciated	5,855,012	2,341,159	(714,781)	7,481,390
Capital assets being depreciated				
Building and building improvements	48,684,171	2,160,417	714,781	51,559,369
Furniture, fixtures and equipment	9,097,157	304,721	-	9,401,878
Total capital assets being depreciated	57,781,328	2,465,138	714,781	60,961,247
Total	63,636,340	4,806,297	-	68,442,637
Less accumulated depreciation for				
Buildings and building improvements	24,130,412	2,240,615	-	26,371,027
Furniture, fixtures and equipment	8,176,027	396,832	-	8,572,859
Total accumulated depreciation	32,306,439	2,637,447	-	34,943,886
Capital assets, net	$ 31,329,901			$ 33,498,751

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets not being depreciated				
Land and improvements	$ 2,600,248	$ -	$ -	$ 2,600,248
Construction in progress	481,596	2,887,431	(114,263)	3,254,764
Total capital assets not being depreciated	3,081,844	2,887,431	(114,263)	5,855,012
Capital assets being depreciated				
Building and building improvements	47,839,684	730,224	114,263	48,684,171
Furniture, fixtures and equipment	8,959,534	137,623	-	9,097,157
Total capital assets being depreciated	56,799,218	867,847	114,263	57,781,328
Total	59,881,062	3,755,278	-	63,636,340
Less accumulated depreciation for				
Buildings and building improvements	22,026,710	2,103,702	-	24,130,412
Furniture, fixtures and equipment	7,492,111	683,916	-	8,176,027
Total accumulated depreciation	29,518,821	2,787,618	-	32,306,439
Capital assets, net	$ 30,362,241			$ 31,329,901

Lease assets are included in furniture, fixtures and equipment and the following is a summary of lease asset activity:

	Beginning Balance	Additions	Amortization	Ending Balance
June 30, 2023				
Lease assets	$ 84,394	$ 45,538	$ 64,028	$ 65,904
June 30, 2022				
Lease assets	$ 127,573	$ 13,420	$ 56,599	$ 84,394

Note 5: Bonds Payable

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.

A summary of long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
Bonds payable					
Serial bonds, 2019 series	$ 7,760,000	$ -	$ 305,000	$ 7,455,000	$ 320,000
Other long-term liabilities					
Unamortized bond premium	938,040	-	36,211	901,829	-
	$ 8,698,040	$ -	$ 341,211	$ 8,356,829	$ 320,000

A summary of long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
Bonds payable					
Serial bonds, 2019 series	$ 8,055,000	$ -	$ 295,000	$ 7,760,000	$ 305,000
Other long-term liabilities					
Unamortized bond premium	972,489	-	34,449	938,040	-
	$ 9,027,489	$ -	$ 329,449	$ 8,698,040	$ 305,000

Total principal and interest maturities on the bonds as of June 30, 2023, is as follows:

Year Ending	Debt Obligation		
June 30, 2023	Principal	Interest	Total
2024	$ 320,000	$ 320,950	$ 640,950
2025	340,000	304,450	644,450
2026	355,000	287,075	642,075
2027	375,000	268,825	643,825
2028	390,000	249,700	639,700
Thereafter	5,675,000	1,361,575	7,036,575
	$ 7,455,000	$ 2,792,575	$ 10,247,575

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

	2023	2022
Assessed valuation	$ 1,920,327,082	$ 1,951,118,436
Legal debt limit - 2.875% of assessed valuation	55,209,404	56,094,655
Debt applicable to debt limit	(8,356,829)	(8,698,040)
Legal debt margin	$ 46,852,575	$ 47,396,615

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, 2023, $560,000 of the defeased 2014 Bonds remain outstanding.

Cash Paid for Interest

Cash paid for interest for the fiscal year was approximately $300,363 and $317,126 for the years ended June 30, 2023 and 2022, respectively.

Note 6: Lease Liabilities

The College entered into various leases for certain equipment in fiscal year 2016 through fiscal year 2022, with monthly payments ranging from $179 through $2,897 and interest rates ranging from 4.84% through 8.00%. The leases have various maturity dates through February of 2027. The equipment was recorded at a cost of $315,637 and $270,099 and accumulated depreciation is $249,733 and $185,705 as of June 30, 2023 and 2022, respectively.

Lease liability activity for the years ended June 30, 2023 and 2022, was as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
June 30, 2023					
Lease liabilities	$ 132,710	$ 45,538	$ 67,098	$ 111,150	$ 58,842
June 30, 2022					
Lease liabilities	$ 176,510	$ 13,239	$ 57,039	$ 132,710	$ 61,002

The following is a schedule by year of payments under the leases as of June 30, 2023:

Year Ending June 30, 2023	Debt Obligation Principal	Interest	Total
2024	$ 58,842	$ 5,285	$ 64,127
2025	18,817	2,793	21,610
2026	13,602	1,796	15,398
2027	11,984	925	12,909
2028	7,905	200	8,105
	$ 111,150	$ 10,999	$ 122,149

Note 7: 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, 2023 and 2022, is as follows:

	2023	2022
Beginning balance	$ 301,423	$ 414,337
Additions	317,895	301,423
Deletions	(301,423)	(414,337)
Ending balance	$ 317,895	$ 301,423

Note 8: Defined Benefit Pension 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, 2022, can be found in the System's annual comprehensive financial report (ACFR) 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 years 2023 and 2022 was 12.83% and 12.32%, 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, 2023 and 2022, were $8,435,319 and $10,089,912, 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, 2023 and 2022, SURS reported a net pension liability of $29,078,053,857 and $28,528,477,079, respectively. The 2023 net pension liability was measured as of June 30, 2022. The 2022 net pension liability was measured as of June 30, 2021.

Employer Proportionate Share of Net Pension Liability

The fiscal year 2023 and 2022 amounts of the proportionate share of the net pension liability to be recognized by the College is $0. The fiscal year 2023 and 2022 proportionate shares of the State's net pension liability associated with the College are $128,871,318 or 0.4432% and $122,883,562 or 0.4307%, 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, 2022 and 2021, and were determined based on the June 30, 2021 and 2020 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 2021 and 2020.

Pension Expense

For the years ended June 30, 2023 and 2022, SURS reported a collective net pension expense of $1,903,314,699 and $2,342,460,058, 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 2021. As a result, the College recognized on-behalf revenue and pension expense of $8,435,319 from this special funding situation for the fiscal year ended June 30, 2023, and $10,089,912 for the fiscal year ended June 30, 2022.

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, 2023 or 2022.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	As of June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 31,973,496	$ 28,674,599
Change in assumptions	279,362,441	982,954,268
Net difference between projected and actual earnings on pension plan investments	31,628,935	-
	$ 342,964,872	$ 1,011,628,867

	As of June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 113,467,689	$ -
Change in assumptions	776,968,084	-
Net difference between projected and actual earnings on pension plan investments	-	2,283,514,660
	$ 890,435,773	$ 2,283,514,660

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Expenses as of June 30, 2023

Year Ending June 30,	Amount
2024	$ (332,941,204)
2025	(528,966,820)
2026	(249,290,775)
2027	442,534,804
2028	-
Thereafter	-
	$ (668,663,995)

The College's Deferral of Fiscal Year 2023 Contributions

The College paid $126,006 in contributions to SURS defined benefit pension plan during the year ended June 30, 2023. These contributions were made subsequent to the pension liability measurement date of June 30, 2022, and are recognized as deferred outflows of resources as of June 30, 2023.

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2020. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% to 12.75%, including inflation
Investment rate of return	6.50%

Mortality rates were based on the Pub-2010 employee and retiree 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, 2022, these best estimates are summarized in the following table:

Asset Class	Strategic Policy Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	38.0%	7.62%
Credit Fixed Income	9.0%	4.20%
Credit Real Assets	4.5%	4.98%
Options Strategies	2.5%	4.91%
Private Credit	1.0%	7.45%
Private Equity	10.5%	11.91%
Non-Core Real Assets	2.5%	9.43%
U.S. TIPS	5.0%	1.23%
Core Fixed Income	8.0%	1.79%
Systematic Trend Following	10.0%	4.33%
Alternative Risk Premia	5.0%	3.59%
Long Duration	4.0%	2.16%
	100%	

Discount Rate

A single discount rate of 6.39% (6.12% 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 6.50% (6.50% in the prior year) and a municipal bond rate of 3.69% (1.92% in the prior year) (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022). 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 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, 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 6.39% (6.12% 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 5.39%	Current Single Discount Rate Assumption 6.39%	1% Increase 7.39%
$ 35,261,802,968	$ 29,078,053,857	$ 23,928,731,076

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, 2023 and 2022.

Changes of Assumptions

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members, and benefit recipients of SURS. An experience review for the years June 30, 2017 to June 30, 2020, was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021. These assumptions are listed below and remained the same for the June 30, 2022 actuarial valuation.

- *Salary increase.* Change in the overall assume salary increase rates, ranging from 3.00% to 12.75% based on years of service, while maintaining the underlying wage inflation rate of 2.25%.
- *Investment return.* Decrease the investment return assumption to 6.50%. This reflects decreasing the assume real rate of return to 4.25% and maintaining the underlying assumed price inflation of 2.25%.
- *Effective rate of interest*. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50%.
- *Normal retirement rates*. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.

- *Early retirement rates*. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- *Turnover rates*. Change rates to produce slightly lower expected turnover for members while maintaining pattern of decreasing termination rates as years of service increase.
- *Mortality rates*. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- *Disability rates*. Establish separate rates for members in academic positions and nonacademic positions and maintain separate rates for males and females.
- *Plan election.* Change plan election assumptions to 75% Tier 2 and 25% Retirement Savings Plan (RSP) for nonacademic members. Change plan election assumptions to 55% Tier 2 and 45% Retirement Savings Plan (RSP) for academic members.

Note 9: Defined Contribution Retirement Plan

Plan Description

The College contributes to the Retirement Savings Plan (RSP) administered by SURS. The RSP is a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State of Illinois (State) makes substantially all required contributions on behalf of the participating employers. See Note 8 for more information regarding SURS.

Benefits Provided

A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2022, can be found in SURS annual comprehensive financial report (ACFR) notes to the financial statements.

Contributions

All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from “trust, federal, and other funds” as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State's General Assembly.

Forfeitures

Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee's RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State's contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State's General Assembly.

Defined Contribution Pension Expense

For the year ended June 30, 2022, the State's contributions to the RSP on behalf of individual employers totaled $89,770,940. Of this amount, $80,902,699 was funded via an appropriation from the State and $8,868,241 was funded from previously forfeited contributions.

For the year ended June 30, 2021, the State's contributions to the RSP on behalf of individual employers totaled $76,280,832. Of this amount, $70,403,460 was funded via an appropriation from the State and $5,877,372 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense

The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal years 2023 and 2022. The College's share of pensionable contributions was .1679% and .1644% during 2023 and 2022, respectively. As a result, the College recognized revenue and defined contribution pension expense of $150,737 and $125,413 from this special funding situation during the years ended June 30, 2023 and 2022, respectively, of which $14,891 and $9,857 constituted forfeitures.

Note 10: 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, 2023 and 2022, the College contributed $76,712 and $80,006, respectively, to CCHISF.

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

At June 30, 2023, 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:

	2023	2022
College's proportionate share of the net OPEB liability	$ 5,568,547	$ 14,933,848
State proportionate share of the net OPEB liability associated with the College	5,568,547	14,933,848
Total	$ 11,137,094	$ 29,867,696

The net OPEB liability was measured as of June 30, 2022, 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, 2022, the College's proportion was 0.81%, which was an increase of 0.05% from its proportion as of June 30, 2021.

A summary net other employment benefit liabilities for the years ended June 30, 2023 and 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
June 30, 2023					
Net other postemployment benefit liabilities	$ 14,933,848	$ 115,193	$ 9,480,494	$ 5,568,547	$ -
June 30, 2022					
Net other postemployment benefit liabilities	$ 14,710,639	$ 1,815,270	$ 1,592,061	$ 14,933,848	$ -

For the years ended June 30, 2023 and 2022, the College recognized OPEB expense of $1,936,587 and $127,448, respectively. The College recognized on-behalf revenue for the State share amounting to $2,330,242 in 2023 and $63,724 in 2022. These amounts are included in the OPEB expense recognized by the College.

At June 30, 2023 and 2022, the College reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 43,991	$ 2,319,473
Changes of assumptions	-	7,506,227
Net difference between projected and actual earnings on OPEB investments	-	288
Changes in proportion and differences between the College's contributions and proportionate share of contributions	1,265,383	879,473
College contributions subsequent to the measurement date	76,712	-
	$ 1,386,086	$ 10,705,461

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 88,723	$ 1,091,488
Changes of assumptions	-	2,852,837
Net difference between projected and actual earnings on OPEB investments	-	430
Changes in proportion and differences between the College's contributions and proportionate share of contributions	1,840,398	34,234
College contributions subsequent to the measurement date	80,006	-
	$ 2,009,127	$ 3,978,989

The College's contribution of $76,712 in 2023 and $80,006 in 2022 were made after the measurement date of the OPEB liability but before the end of the College's nonemployer contribution entity's reporting period and will be recognized as a reduction of the OPEB liability in the subsequent fiscal period rather than the current fiscal period.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023, will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2024	$ (543,889)
2025	(2,103,034)
2026	(1,968,291)
2027	(1,839,450)
2028	(1,679,736)
2029	(1,261,687)
	$ (9,396,087)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement date of June 30, 2022, unless otherwise specified:

Inflation	2.25%
Salary increases	Depends on service and ranges from 12.75% at less than 1 year of service to 3.50% at 34 or more years of service for employees under 50 and ranges from 12.00% at less than 1 year of service to

	3.00% at 34 or more years of service for employees over 50. Salary increase includes a 3.00% wage inflation assumption.
Health care cost trend and rates	Trend rates for plan year 2023 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2024 and decrease gradually to an ultimate rate of 4.25% in 2039. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 5.86% in 2034, declining gradually to an ultimate rate of 4.25% in 2039.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years.

Mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table. For disabled annuitants mortality rates were based on the Pub-2010 Disabled Retiree Mortality Table. Mortality rates for pre-retirement were based on the Pub-2010 Employee Mortality Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2020. The actuarial valuation was based on the Entry-Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee’s salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member’s attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

OPEB Plan Investment and Returns

During plan year ended June 30, 2022, the trust earned $16,000 in interest, and due to a significant benefit payable, the market value of assets at June 30, 2022, is negative $123.6 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 3.69% at June 30, 2022, and 1.92% at June 30, 2021, was used to measure the total OPEB liability.

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

The College's proportionate share of the net OPEB liability has been calculated using a discount rate of 3.69% (1.92% in the prior year). The following presents the College's proportionate share of the net OPEB liability calculated using a discount rate 1% higher and 1% lower than the current discount rate.

1% Decrease 2.69%	Current Single Discount Rate Assumption 3.69%	1% Increase 4.69%
$ 6,095,767	$ 5,568,547	$ 5,117,699

The following table shows the College's share in the plan's net OPEB liability as of June 30, 2022, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key current claims trend rates are 9.18% for fiscal year end 2023 decreasing to an ultimate trend rate of 4.25% in 2039.

1% Decrease (b)	Healthcare Cost Trend Rates Assumption (a)	1% Increase (c)
$ 4,976,350	$ 5,568,547	$ 6,292,162

(a) Current healthcare trend rates – Pre-Medicare per capita costs: 9.18% in 2023, 8.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2039. Post-Medicare per capita costs: 2.98% in 2023, 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 5.86% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2039.

(b) One percentage point decrease in current healthcare trend rates – Pre-Medicare per capita costs: 8.18% in 2023, 7.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2039. Post-Medicare per capita costs: 1.98% in 2023, 0.00% from 2024 to 2028, 18.42% from 2029 to 2033, 4.86% in 2034 decreasing ratably to an ultimate rate of 3.25% in 2039.

(b) One percentage point increase in current healthcare trend rates – Pre-Medicare per capita costs: 10.18% in 2023, 9.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2039. Post-Medicare per capita costs: 3.98% in 2023, 1.00% from 2024 to 2028, 20.42% from 2029 to 2033, 6.86% in 2034 decreasing ratably to an ultimate rate of 5.25% in 2039.

Payable to the OPEB Plan

At June 30, 2023 and 2022, the College has no outstanding contributions payable the OPEB Plan.

Note 11: 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 Public Risk Fund for workers' compensation insurance and with the Illinois Counties Risk Management Trust (ICRMT) for liability insurance. The Illinois Public Risk Fund is Illinois' largest self-insured risk pool for workers' compensation coverage. It serves countless governmental entities and public agencies throughout Illinois. The Illinois Counties Risk Management Trust has been a leading provider of insurance and risk management services tailored to Illinois public entities. For over 35 years, ICRMT has grown from 4 to over 400 public entities and has maintained an annual member retention rate of at least 95% since inception.

As of June 30, 2023 and 2022, the loss limits were $1 million for property, $1 million for liability and $3 million for workers' compensation for each occurrence. Excess insurance of $20 million on the property and $20 million on liability.

Note 12: 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, 2023, totaling approximately $4,800,000 of projects that are in progress.

Management is not aware of any claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the financial statements at June 30, 2023.

Note 13: 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, 2023 and 2022:

	June 30, 2023			June 30, 2022		
	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	1,266,322	4,914,139	6,180,461
HEERF III	5,060,309	5,556,072	10,616,381	5,060,309	5,556,072	10,616,381
	$ 7,592,953	$ 11,736,532	$ 19,329,485	$ 7,592,953	$ 11,736,532	$ 19,329,485

The following amounts have been applied to the grant for the years ending June 30, 2023 and 2022:

	June 30, 2023			June 30, 2022		
	Student Portion	Institutional Portion	Total	Student Portion	Institutional Portion	Total
Amounts applied						
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	1,266,322	4,914,139	6,180,461
HEERF III	5,060,309	5,556,072	10,616,381	4,248,074	934,320	5,182,394
	$ 7,592,953	$ 11,736,532	$ 19,329,485	$ 6,780,718	$ 7,114,780	$ 13,895,498

Note 14: Pronouncements to be Implemented in the Future

GASB Statement No. 100, Accounting Changes and Error Corrections *(GASB 100)*

GASB Statement No. 100, *Accounting Changes and Error Corrections*, updates accounting and financial reporting requirements for accounting changes and error corrections to address current diversity in practice by amending GASB Statement No. 62. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The standard clarifies that a change to or within the financial reporting entity results from: the addition or removal of a fund that results from movement of continuing operations within the primary government, including its blended component units; change in fund presentation as major or nonmajor; generally, the addition or removal of a component unit to or from the financial reporting entity; or a change in the presentation (blended or discretely presented) of a component unit. For each type of accounting change and error correction, the standard addresses accounting and reporting requirements, display, including display in the financial statements, note disclosures, and impact on required supplementary information (RSI) and supplementary information (SI). The standard is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, Compensated Absences *(GASB 101)*

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled. A liability for compensated absences should be accounted for and reported on a basis consistent with governmental fund accounting principles for financial statements prepared using the current financial resources measurement focus. GASB 101 also amends the disclosure requirements related to compensated absences. The standard is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter, with early application encouraged.

The College will begin assessing the potential impact on the financial statements of these standards, and begin the process of communicating the impact with those charged with governance and other stakeholders, where appropriate.

Required Supplementary Information

Morton College, Community College District No. 527

Required Supplementary Information

Pension

June 30, 2023 and 2022

Components of Net Pension Liability and Related Ratios

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

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
(a) Proportion percentage of the collective net pension pension liability	0%	0%	0%	0%	0%	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	128,871,318	122,883,562	131,890,759	124,070,707	113,717,486	104,396,091	104,137,848	93,240,864
Total (b) + (c)	$ 128,871,318	$ 122,883,562	$ 131,890,759	$ 124,070,707	$ 113,717,486	$ 104,396,091	$ 104,137,848	$ 93,240,864
Covered payroll	$ 16,027,510	$ 16,489,566	$ 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	804.06%	745.22%	826.08%	796.71%	771.53%	724.00%	721.20%	653.01%
SURS plan net position as a percentage of the total pension liability	43.65%	45.45%	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%

Schedule of the College Contributions

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Federal, trust, grant and other contribution	$ 126,006	$ 77,040	$ 41,411	$ -	$ -	$ -	$ -	$ -
Contribution in relation to required contribution	126,006	77,040	41,411	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	17,110,785	16,043,377	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%	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, 2023.

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, 2017 to June 30, 2020, was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021.

- *Salary increase.* Change in the overall assume salary increase rates, ranging from 3.00% to 12.75% based on years of service, while maintaining the underlying wage inflation rate of 2.25%.
- *Investment return.* Decrease the investment return assumption to 6.50%. This reflects decreasing the assume real rate of return to 4.25% and maintaining the underlying assumed price inflation of 2.25%.
- *Effective rate of interest*. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50%.
- *Normal retirement rates*. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- *Early retirement rates*. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- *Turnover rates*. Change rates to produce slightly lower expected turnover for members while maintaining pattern of decreasing termination rates as years of service increase.
- *Mortality rates*. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- *Disability rates*. Establish separate rates for members in academic positions and nonacademic positions and maintain separate rates for males and females.
- *Plan election.* Change plan election assumptions to 75% Tier 2 and 25% Retirement Savings Plan (RSP) for nonacademic members. Change plan election assumptions to 55% Tier 2 and 45% Retirement Savings Plan (RSP) for academic members.

Morton College, Community College District No. 527

Required Supplementary Information

Other Postemployment Benefit Obligations

June 30, 2023 and 2022

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

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
College's proportion of the net OPEB liability	0.8134%	0.8605%	0.8071%	0.7841%	0.7491%
College's proportion of the net OPEB liability	$ 5,568,547	$ 14,933,848	$ 14,710,639	$ 14,808,702	$ 14,121,970
State's proportionate share of the net OPEB liability associated with the College	5,568,547	14,933,848	14,710,581	14,808,702	14,121,970
Total	$ 11,137,094	$ 29,867,696	$ 29,421,220	$ 29,617,404	$ 28,243,940
College's covered payroll	$ 16,043,377	$ 16,438,493	$ 16,230,875	$ 16,030,474	$ 14,795,075
College's proportionate share of the net OPEB liability as a percentage of covered payroll	69.42%	181.69%	181.27%	184.76%	190.90%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	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

	2023	2022	2021	2020	2019
Statutorily required contribution	$ 76,712	$ 80,006	$ 74,222	$ 70,388	$ 65,415
Contributions in relation to the actuarially determined contribution	76,712	80,006	74,222	70,388	65,415
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	17,110,785	16,043,377	16,438,493	16,230,875	16,030,474
Contributions as a percentage of covered payroll	0.45%	0.50%	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, 2023, 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, 2023 and 2022

Notes to Schedule

Actuarial valuation date	June 30, 2021
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	Trend used for fiscal year end 2023 based on actual premium increases. For fiscal years ending on and after 2024, trend starts at 8.00% for non-Medicare cost and post-Medicare costs, and gradually decreases to an ultimate trend of 4.25%
Salary increases	Depends on service and ranges from 12.75% at less than one year of service to 3.50% at 34 or more years of service for employees under 50 and ranges from 12.00% at less than one year of service to 3.00% at 34 or more years of service for employees over 50. Salary increase includes a 3.00% 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, 2021 actuarial valuation of SURS.
Mortality	Retirement and beneficiary annuitants: Pub-2010 White Collar Retiree Mortality Table and PubT-2010 Health Retiree Mortality Table. Disabled annuitants: Pub-2010 Disabled Retiree Mortality Table. Pre-retirement: Pub-2010 Employee Mortality Table and PubT-2010 Employee Mortality Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.
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 Years Ended
June 30, 2023 and 2022

MORTON COLLEGE

Statistical Section

Morton College, Community College District No. 527
Statistical Section
June 30, 2023

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

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	2023	2022	2021	2020
Net Investment in Capital Assets	$ 25,030,772	$ 22,499,151	$ 21,086,465	$ 21,602,244
Restricted				
Capital projects	7,366,250	6,178,396	4,445,810	5,658,557
Working cash	-	-	-	-
Debt service	55,741	100,144	129,090	77,289
Specific purposes	155,982	157,476	314,086	1,701,251
Unrestricted *	4,156,510	1,518,666	2,592,563	(3,009,117)
Total net position	$ 36,765,255	$ 30,453,833	$ 28,568,014	$ 26,030,224

* GASB 75 was implemented in fiscal year 2018

Data Source

College records

2019	2018	2017	2016	2015	2014
$ 22,674,183	$ 20,501,284	$ 21,847,098	$ 22,796,061	$ 19,481,082	$ 19,976,342
1,559,071	734,920	549,584	483,236	1,128,601	14,274
9,442,448	9,442,448	9,442,448	9,392,979	9,384,486	9,384,486
1,447,845	938,618	966,420	1,011,459	1,154,821	1,162,982
1,618,288	1,542,806	1,469,734	-	-	-
(9,837,151)	(5,759,931)	5,684,050	5,251,744	9,416,289	9,590,316
$ 26,904,684	$ 27,400,145	$ 39,959,334	$ 38,935,479	$ 40,565,279	$ 40,128,400

Morton College, Community College District No. 527

Financial Trends (Unaudited)

Changes in Net Position

Last Ten Fiscal Years

Fiscal Year	2023	2022	2021	2020
Operating Revenue				
Student tuition and fees, net	$ 6,038,770	$ 5,770,183	$ 6,692,938	$ 6,544,419
Other	60,794	56,402	112,287	53,378
Total operating revenue	6,099,564	5,826,585	6,805,225	6,597,797
Operating Expenses				
Instruction	13,162,559	15,263,416	19,921,704	16,652,880
Academic support	2,504,914	2,337,708	3,101,980	3,359,257
Student services	5,564,677	4,743,964	4,823,607	4,464,665
Public service	794,382	936,001	1,068,325	1,272,212
Institutional administration	11,954,332	10,235,384	9,344,100	7,976,278
Physical plant operations	3,452,336	6,089,873	5,331,449	8,676,087
Depreciation	2,637,448	2,787,618	2,368,358	2,695,030
Scholarship expense	5,501,365	8,273,607	6,159,499	5,018,587
Auxiliary expense	2,125,079	1,824,487	1,573,353	810,214
Total operating expenses	47,697,092	52,492,058	53,692,375	50,925,210
Operating Loss	(41,597,528)	(46,665,473)	(46,887,150)	(44,327,413)
Nonoperating Revenue (Expenses)				
Local property taxes	10,266,956	10,123,128	10,493,834	9,844,059
State appropriations	22,036,171	23,291,847	25,567,161	23,570,198
Federal grants and contracts	15,006,502	15,455,055	13,672,200	9,621,196
Local grants and contracts	14,695	2,010	957	-
Investment income	884,989	(3,623)	23,965	327,794
Interest expense on bonds	(300,363)	(317,125)	(333,177)	(351,096)
Net nonoperating revenue	47,908,950	48,551,292	49,424,940	43,012,151
Increase (Decrease) in Net Position	$ 6,311,422	$ 1,885,819	$ 2,537,790	$ (1,315,262)

Data Source

Morton College Annual Comprehensive Financial Reports and general ledger reports

2019	2018	2017	2016	2015	2014
$ 6,133,413	$ 4,982,373	$ 4,684,983	$ 4,596,204	$ 4,040,567	$ 3,361,086
119,321	1,211,196	1,696,682	1,720,315	1,850,764	1,982,775
6,252,734	6,193,569	6,381,665	6,316,519	5,891,331	5,343,861
18,077,524	17,995,297	15,728,370	10,517,895	12,568,259	13,683,816
2,940,227	2,563,405	2,585,214	2,766,990	2,364,630	2,300,300
3,919,084	3,668,700	3,072,864	2,552,963	2,552,583	2,463,099
1,185,466	1,436,109	1,134,636	558,055	528,553	517,563
6,773,878	6,951,773	7,036,574	6,589,007	7,022,773	5,602,019
5,808,513	5,062,853	4,607,377	7,959,932	4,787,610	2,702,346
2,094,445	2,076,399	1,870,339	2,068,042	1,797,419	1,761,597
4,347,856	3,624,113	3,684,305	4,095,799	4,391,965	4,380,563
1,071,095	2,121,933	2,463,156	2,482,407	2,440,249	2,649,892
46,218,088	45,500,582	42,182,835	39,591,090	38,454,041	36,061,195
(39,965,354)	(39,307,013)	(35,801,170)	(33,274,571)	(32,562,710)	(30,717,334)
9,861,485	9,982,119	9,763,900	9,128,821	9,310,381	8,337,495
20,952,783	19,957,533	18,480,322	15,145,280	14,449,848	14,453,707
8,568,350	9,353,438	8,651,665	8,852,948	9,458,611	9,917,890
3,783	1,848	11,625	3,300	20,710	23,650
522,777	264,202	(177,874)	27,677	3,687	3,437
(439,285)	(162,642)	95,387	(204,466)	(243,648)	(248,612)
39,469,893	39,396,498	36,825,025	32,953,560	32,999,589	32,487,567
$ (495,461)	$ 89,485	$ 1,023,855	$ (321,011)	$ 436,879	$ 1,770,233

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
2023	$ 45,060	$ 13,163	$ 2,505	$ 5,565	$ 11,955
2022	49,703	15,263	2,338	4,744	10,235
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

Note:
Does not include unallocated depreciation amounts.

Data Source

College records

Operation and Maintenance of Plant	Scholarships and Fellowships	Public Service	Auxiliary Service
$ 3,452	$ 5,501	$ 794	$ 2,125
6,090	8,273	936	1,824
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

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
2021	$ 1,419,920,437	$ 327,197,477	$ 171,058,005	$ -	$ 32,942,517
2020	1,565,323,626	341,791,360	192,289,009	-	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

Notes

Tax year 2021 values are the most recent available.
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

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
$ 1,951,118,436	57.20%	$ 5,853,355,308	33.33%
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%

Morton College, Community College District No. 527

Revenue Capacity (Unaudited)

Property Tax Rates – Direct and Overlapping Governments

Last Ten Levy Years

Taxing Body	2022	2021	2020	2019
Cook County	0.431	0.446	0.453	0.454
Cook County Forest Preserve	0.081	0.058	0.458	0.059
Metropolitan Water Reclamation	0.374	0.382	0.378	0.389
Consolidated Elections	-	0.019	-	0.030
Town of Cicero	5.699	5.651	5.070	6.633
Town of Cicero Library Fund	0.254	0.252	0.225	0.296
General Assistance	0.019	0.019	0.017	0.023
Clyde Park District	0.479	0.448	0.396	0.517
Elementary School District #99	3.975	3.715	3.376	4.453
High School District #201	2.925	2.728	2.461	3.128
Cicero Community Mental Health	0.087	0.086	0.077	0.104
Total overlapping rate	14.324	13.804	12.911	16.086
Morton Community College No. 527	0.614	0.572	0.509	0.645
Total rate	14.938	14.376	13.420	16.731

Year is year of extension.

Data Source

Cook County Clerk’s Office

2018	2017	2016	2015	2014	2013
0.489	0.496	0.533	0.552	0.568	0.560
0.060	0.062	0.063	0.069	0.069	0.069
0.396	0.402	0.406	0.426	0.430	0.417
-	0.031	-	0.034	-	0.031
6.504	6.029	6.382	6.315	5.760	5.183
0.287	0.279	0.394	0.388	0.351	0.322
0.023	0.024	0.041	0.049	0.047	0.062
0.507	0.460	0.530	0.542	0.556	0.545
4.306	4.111	4.717	5.238	4.998	4.670
3.036	2.875	3.251	3.339	3.216	2.954
0.104	0.093	0.122	0.120	0.104	0.096
15.712	14.862	16.439	17.072	16.099	14.909
0.619	0.583	0.680	0.698	0.670	0.613
16.331	15.445	17.119	17.770	16.769	15.522

Morton College, Community College District No. 527

Revenue Capacity (Unaudited)

Principal Property Taxpayers

2021 Levy Year and Nine Years Ago

Name	Type of Business or Property	2021 Equalized Assessed Valuation*	Rank
Hawthorne Works Ste 316	Shopping center	$ 19,834,043	1
Cermak Plaza Associate	Shopping center	16,651,479	2
Extra Space Storage	Industrial Services	13,460,850	3
Dimucci Development Co	Shopping center, supermarket	13,124,621	4
Westshire Nursing	Senior residence	12,366,172	5
Thomas Carey Heirs	Commercial properties	11,519,363	6
Lineage IL Chicago	Industrial Services	11,375,089	7
Wal-Mart Real Estate	Commercial property	10,598,192	8
P7 DP McCook LLC	Commercial property	9,380,114	9
Wirtz Beverage Illinois	Shopping center	7,981,891	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		
ONC Cicero LLC	Industrial property		
VHS of Illinois	Commercial property		
		$ 126,291,814	

(1) 2021 total equalized asset valuation: 1,951,118,436.
Includes only those parcels with 2021 EAVs over $100.000.

Note:
The information above is the most recent information available

Data Source

Cook County Clerk's and Assessor's Offices

Percent of District's Total EAV	2012 Equalized Assessed Valuation*	Rank	Percent of District's Total EAV
1.02%	$ 13,475,258	2	0.82%
0.85%			
0.69%			
0.67%	8,070,707	5	0.49%
0.63%			
0.59%	8,027,989	6	0.49%
0.58%			
0.54%			
0.48%			
0.41%			
	17,562,026	1	1.07%
	9,168,409	3	0.56%
	5,934,091	7	0.36%
	5,697,716	8	0.35%
	8,223,848	4	0.50%
	5,564,585	9	0.34%
	4,437,073	10	0.27%
	$ 86,161,702		

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	Collections	Percent of Levy	Delinquent Taxes Collected (Refunded)	Total Taxes Collected	Percent of Levy EAV
2022	$ 11,790,808	$ 4,993,681	42.35%	-	$ 4,993,681	42.35%
2021	11,154,926	11,225,415	100.63%	-	11,225,415	100.63%
2020	10,836,748	10,568,562	97.53%	-	10,568,562	97.53%
2019	10,570,508	10,484,856	99.19%	-	10,484,856	99.19%
2018	10,278,763	10,139,003	98.64%	-	10,139,003	98.64%
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%

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

	2022 Levy	2021 Levy	2020 Levy	2019 Levy
Assessed valuation	$ 1,920,327,082	$ 1,951,118,436	$ 2,132,706,707	$ 1,640,547,923
Tax rates (per $100 of assessed valuation)				
Education Fund	0.4454	0.4122	0.3633	0.4596
Operations and Maintenance Fund	0.0834	0.0781	0.0712	0.0900
Bond and Interest Fund	0.0351	0.0346	0.0319	0.0414
Liability, Protection and Settlement Fund	0.0324	0.0304	0.0271	0.0347
Social Security Fund	0.0133	0.0125	0.0112	0.0143
Audit Fund	0.0042	0.0039	0.0035	0.0044
Total tax rates	0.6138	0.5717	0.5082	0.6444
Taxes extended				
Education Fund	$ 8,552,990	$ 8,042,813	$ 7,748,000	$ 7,540,000
Operations and Maintenance Fund	1,600,623	1,523,823	1,518,400	1,476,800
Bond and Interest Fund	674,908	675,168	680,108	679,068
Audit Fund	623,034	76,093	73,840	71,760
Social Security Fund	256,181	243,889	238,160	234,000
Liability, Protection and Settlement Fund	79,928	593,140	578,240	568,880
Total taxes extended	$ 11,787,664	$ 11,154,926	$ 10,836,748	$ 10,570,508

Data Source

County tax records

2018 Levy	2017 Levy	2016 Levy	2015 Levy	2014 Levy	2013 Levy
$ 1,660,547,053	$ 1,721,823,048	$ 1,442,272,976	$ 1,393,851,949	$ 1,434,851,128	$ 1,538,198,334
0.4426	0.4168	0.4860	0.4999	0.4711	0.4226
0.0875	0.0815	0.0926	0.1000	0.1000	0.1000
0.0368	0.0354	0.0448	0.0463	0.0134	0.0413
0.0337	0.0317	0.0370	0.0373	0.0713	0.0321
0.0138	0.0130	0.0150	0.0149	0.0145	0.0115
0.0042	0.0039	0.0046	0.0048	0.0050	0.0050
0.6186	0.5823	0.6800	0.7032	0.6753	0.6125
$ 7,363,200	$ 7,187,938	$ 7,010,249	$ 6,914,220	$ 6,683,975	$ 6,508,088
1,456,000	1,404,000	1,335,186	1,381,307	1,434,851	1,538,198
611,364	609,076	645,502	644,592	642,824	634,974
69,680	67,600	66,760	66,904	71,743	76,910
216,919	223,600	215,684	206,290	198,356	190,727
561,600	546,000	534,075	515,725	581,644	480,073
$ 10,278,763	$ 10,038,214	$ 9,807,456	$ 9,729,038	$ 9,613,393	$ 9,428,970

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	Leases	Total Outstanding Debt	District 527 Assessed Taxable Property Value
2023	$ 7,455,000	$ 901,829	$ 111,150	8,467,979	$ 1,920,327,082
2022	7,760,000	938,040	132,710	8,830,750	1,951,118,436
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

*Estimated figures used for 2014 through 2023.
N/A - Personal income not available for 2014 through 2023.

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
0.44%	157,067	53.91	N/A
0.45%	157,067	56.22	N/A
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

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
2023	$ 7,455,000	$ 901,829	8,356,829	$ 55,741	8,301,088
2022	7,760,000	938,040	8,698,040	100,144	8,597,896
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

*Estimated figures used for 2014 through 2023.

<u>Data Source</u>

College records and Bureau of Economic Analysis

District 527 Assessed Taxable Property Value	Percentage of Net Outstanding Bonded Debt to Actual Taxable Property Value	Population*	Total Net Outstanding Bonded Debt Per Capita
$ 1,920,327,082	0.43%	157,067	52.9
1,951,118,436	0.44%	157,067	54.7
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

Morton College, Community College District No. 527

Debt Capacity (Unaudited)

Direct and Overlapping General Obligation Bonded Debt*

June 30, 2023

Name	Outstanding Bonds		Applicable to District Percentage	Applicable to District Amount
Morton Community College District No. 527	$ 7,455,000		100.00%	$ 7,455,000
Cook County	2,251,061,750		1.10%	24,671,637
Cook County Forest Preserve	98,005,000		1.10%	1,074,135
Metropolitan Water Reclamation District	2,637,381,349	(1)	1.11%	29,354,054
Municipalities				
City of Berwyn	177,185,000		100.00%	177,185,000
Town of Cicero	32,390,000		100.00%	32,390,000
Village of Forest View	12,685,000		41.97%	5,324,275
Village of Lyons	2,375,000	(3)(5)	95.39%	2,265,536
Village of McCook	25,580,000	(4)	27.98%	7,156,005
Village of Stickney	4,225,000		100.00%	4,225,000
Park Districts				
Berwyn Park District	1,830,000		100.00%	1,830,000
Central Stickney Park District	460,000		2.04%	9,398
Clyde Park District	1,320,000	(3)	100.00%	1,320,000
McCook Park District	540,000		28.22%	152,404
North Berwyn Park District	5,264,485	(3)	100.00%	5,264,485
Library District				
Stickney Forest View Public Library District	530,000		54.65%	289,629
School Districts				
School District #99	48,680,000	(3)	100.00%	48,680,000
School District #100	19,925,000		100.00%	19,925,000
School District #103	4,744,577	(2)	71.10%	3,373,347
School District #104	17,405,000		3.51%	610,045
High School District #201	50,544,985	(2)	100.00%	50,544,985
Total Direct and Overlapping General Obligation Bonded Debt				$ 423,099,935

*2021 Equalized Assessed Values were used for this statement.
Outstanding bonds are as of June 30, 2023.

(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
2023	$ 1,920,327,082	2.875%	$ 55,209,404	$ 8,356,829	$ 46,852,575	15.14%
2022	1,951,118,436	2.875%	56,094,655	8,698,040	47,396,615	15.51%
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%

<u>Data Source</u>

County tax records; College records

Morton College, Community College District No. 527
Demographic and Economic Information (Unaudited)
Personal Income Per Capita
Last Ten Fiscal Years

Fiscal Year	Population Employed (2)	Personal Income (2)	Per Capital Personal Income	Unemployment Rate (1)
2023	N/A	N/A	N/A	N/A
2022	N/A	N/A	N/A	N/A
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

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**
2023					
MacNeal Hospital & Health Services	Berwyn	2,000	(1)	1	2.89%
Amazon	Cicero	1,100	(4)	2	1.59%
Breakthru Beverage Illinois (formerly Wirtz Beverage IL	Cicero	1,100	(1)	3	1.59%
High School District 201 (FTE)	Berwyn, Cicero	890	(1)	4	1.28%
Sabert (LBP Manufacturing)	Cicero	600	(2)	5	0.87%
Hawthorne Race Course	Cicero	500	(3)	6	0.72%
Brad Foote Gear Works, Inc./Broadwind Energy	Cicero	450	(3)	7	0.65%
City of Berwyn	Berwyn	386	(3)	8	0.56%
Bimbo Bakery USA	Cicero	350	(3)	9	0.51%
Turano Bakery	Berwyn	350	(3)	10	0.51%
Morton College (FTE)	Cicero	345	(2)	11	0.50%
Walmart Supercenter	Cicero	335	(2)	12	0.48%
Freeman Expositions, Inc.	McCook	250	(2)	13	0.36%
Saporito Finishing Co.	Cicero	250	(3)	14	0.36%
Total		8,906			12.87%
2014					
MacNeal Hospital & Health Services	Berwyn	2,200	(5)	1	3.23%
Wirtz Beverage Illinois, LLC	Cicero	1,000	(5)	2	1.47%
High School District 201 (FTE)	Berwyn, Cicero	753	(5)	3	1.11%
Sabert (LBP Manufacturing)	Cicero	500	(5)	4	0.74%
Morton College (FTE)	Cicero	410	(5)	5	0.60%
Terrace Paper Co., Inc.	Cicero	400	(5)	6	0.59%
Meade Electric Co.	McCook	400	(5)	7	0.59%
City of Berwyn	Berwyn	359	(5)	8	0.53%
A&R Janitorial Services, Inc.	Cicero	350	(5)	9	0.51%
Turano Bakery	Berwyn	300	(5)	10	0.44%
Fontanini Italian Meats	Cicero	270	(5)	11	0.40%
Freeman Expositions, Inc.	McCook	250	(5)	12	0.37%
Brad Foote Gear Works, Inc.	Cicero	250	(5)	13	0.37%
Saporito Finishing Co.	Cicero	250	(5)	14	0.37%
Tru-Vue, Inc.	McCook	250	(5)	15	0.37%
		7,942			11.69%

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) 2014 Annual Financial Reports

Morton College, Community College District No. 527
Operating Information (Unaudited)
Full-Time Equivalent Employees
Last Ten Fiscal Years

	2023	2022	2021	2020
Faculty				
Full time	70	70	78	74
Full time overload	-	-	-	-
Full time summer	-	-	-	-
	70	70	78	74
Part time	106	115	74	100
Total Faculty FTE	176	185	152	174
Teaching	176	185	152	174
Non-teaching	-	-	-	-
Total Faculty FTE	176	185	152	174
Library, counselors and others				
Full time	5	5	5	6
Summer	-	-	-	-
Part time	2	2	2	4
Total Library, counselors and others	7	7	7	10
Library	-	-	-	-
Counselors	-	-	-	-
Others	-	-	-	-
Total library, counselors and others	-	-	-	-
Administrators	26	28	29	31
Classified employees	138	122	96	127
Total FTE employees	347	342	284	342
Student employee (1)	12	3	7	10
Total FTE employees	359	345	291	352

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

Data Source

College records

2019	2018	2017	2016	2015	2014
63	56	53	55	56	54
-	-	-	-	-	-
-	-	-	-	-	-
63	56	53	55	56	54
124	179	171	171	187	190
187	235	224	226	243	244
187	235	224	226	243	243
-	-	-	-	-	-
187	235	224	226	243	243
4	4	-	3	3	3
-	-	-	-	-	-
3	4	5	4	3	3
7	8	5	7	6	6
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
27	23	26	30	34	31
134	121	121	121	113	114
355	387	376	384	396	394
13	14	7	15	11	16
368	401	383	399	407	410

Morton College, Community College District No. 527

Operating Information (Unaudited)

Capital Assets Statistics

Last Ten Fiscal Years

	2023	2022	2021	2020
Capital asset type				
Land and improvements	$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248
Building and building improvements	51,559,369	48,684,171	47,839,684	40,347,711
Furniture, fixtures and equipment	9,401,878	9,097,157	8,959,534	8,735,122
Construction in progress	4,881,142	3,254,764	481,596	3,637,850
Total capital assets	68,442,637	63,636,340	59,881,062	55,320,931
Less accumulated depreciation				
Building and building improvements	(26,371,027)	(24,130,412)	(22,026,710)	(20,299,125)
Furniture, fixtures and equipment	(8,572,859)	(8,176,027)	(7,492,111)	(6,851,338)
Total accumulated depreciation	(34,943,886)	(32,306,439)	(29,518,821)	(27,150,463)
Total net capital assets	$ 33,498,751	$ 31,329,901	$ 30,362,241	$ 28,170,468
Other information				
Capital additions	$ 4,806,297	$ 3,755,278	$ 4,560,131	$ 7,568,980
Depreciation expense	$ 2,637,447	$ 2,787,618	$ 2,368,358	$ 2,695,030

Data Source

College records

2019	2018	2017	2016	2015	2014
$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248	$ 2,600,248
36,016,067	35,441,975	35,510,495	30,648,155	30,355,520	30,083,273
8,437,776	7,855,997	7,725,949	7,534,528	7,296,085	7,078,802
697,860	165,000	-	4,602,737	807,330	-
47,751,951	46,063,220	45,836,692	45,385,668	41,059,183	39,762,323
(18,256,495)	(16,745,295)	(15,372,978)	(14,118,355)	(12,606,188)	(11,350,048)
(6,198,938)	(5,615,693)	(4,911,611)	(4,295,895)	(3,740,020)	(3,198,741)
(24,455,433)	(22,360,988)	(20,284,589)	(18,414,250)	(16,346,208)	(14,548,789)
$ 23,296,518	$ 23,702,232	$ 25,552,103	$ 26,971,418	$ 24,712,975	$ 25,213,534
$ 1,523,731	$ 226,528	$ 451,024	$ 4,326,485	$ 1,296,860	$ 4,999,201
$ 2,094,445	$ 2,076,399	$ 1,870,339	$ 2,068,042	$ 1,797,419	$ 1,761,597

Morton College, Community College District No. 527

Residency Policy

Year Ended June 30, 2023

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 Years Ended
June 30, 2023 and 2022

MORTON COLLEGE

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, 2023

	Education Fund	Operations and Maintenance Fund	Operation and Maintenance Fund (Restricted)	Auxiliary Enterprises Fund	Restricted Purposes Fund
Account balance at July 1, 2022	$ 21,920,168	$ 4,879,532	$ 1,298,864	$ 9,089	$ 11,883
Revenues					
Local tax revenue	7,432,619	1,447,632	-	-	-
ICCB grants	7,154,782	650,000	-	-	1,017,664
All other state revenue (including SURS and OPEB on-behalf)	3,298,918	1,000,000	-	-	8,914,807
Federal revenue	-	-	-	-	15,006,502
Student tuition and fees	10,910,921	(257)	-	-	-
All other revenue	882,953	7,270	66,612	34,320	14,695
Total revenues	29,680,193	3,104,645	66,612	34,320	24,953,668
Expenditures					
Instruction	10,911,417	-	-	-	6,841,631
Academic support	1,942,756	-	-	-	553,154
Student services	2,895,381	-	-	-	2,621,690
Public service/continuing education	355,877	-	-	-	437,487
Auxiliary services	1,907,474	-	-	88,702	125,611
Operation and maintenance of plant	5,790	2,244,483	2,738,920	-	612,344
Institutional support	5,513,407	-	-	-	5,813,010
Scholarships, student grants and waivers	2,491,047	-	-	-	7,934,935
Debt service	-	-	-	-	-
Depreciation	-	-	-	-	-
Total expenditures	26,023,149	2,244,483	2,738,920	88,702	24,939,862
Transfers in	14,510	-	3,000,000	-	-
Transfers out	3,000,000	-	-	-	14,510
Account balance at June 30, 2023	$ 22,591,722	$ 5,739,694	$ 1,626,556	$ (45,293)	$ 11,179

	Bond Retirement Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total	Fiduciary Activity	Adjustments for GAAP	Total
	$ 100,144	$ 145,593	$ (74,985)	$ 28,290,288	$ 510,120	$ 1,653,425	$ 30,453,833
	560,847	104,790	720,974	10,266,862	-	-	10,266,862
	-	-	-	8,822,446	-	-	8,822,446
	-	-	-	13,213,725	-	-	13,213,725
	-	-	-	15,006,502	-	-	15,006,502
	-	-	-	10,910,664	68,410	-	10,979,074
	113	19	132	1,006,114	-	(45,542)	960,572
	560,960	104,809	721,106	59,226,313	68,410	(45,542)	59,249,181
	-	-	140,302	17,893,350	-	(4,730,791)	13,162,559
	-	-	16,935	2,512,845	-	(7,931)	2,504,914
	-	-	31,984	5,549,055	33,786	(18,164)	5,564,677
	-	-	3,495	796,859	-	(2,477)	794,382
	-	-	5,135	2,126,922	-	(1,843)	2,125,079
	-	-	20,203	5,621,740	-	(2,169,404)	3,452,336
	-	105,599	539,798	11,971,814	-	(17,482)	11,954,332
	-	-	-	10,425,982	15,687	-	10,441,669
	605,363	-	-	605,363	-	(305,000)	300,363
	-	-	-	-	-	2,637,448	2,637,448
	605,363	105,599	757,852	57,503,930	49,473	(4,615,644)	52,937,759
	-	-	-	3,014,510	-	-	3,014,510
	-	-	-	3,014,510	-	-	3,014,510
	$ 55,741	$ 144,803	$ (111,731)	$ 30,012,671	$ 529,057	$ 6,223,527	$ 36,765,255

Morton College, Community College District No. 527

Summary of Capital Assets and Debt

Uniform Financial Statement Number 2

Year Ended June 30, 2023

	Capital Asset/Debt July 1, 2022	Additions	Disposals	Transfers	Capital Asset/Debt June 30, 2023
Capital asset type					
Land and improvements	$ 2,600,248	$ -	$ -	$ -	$ 2,600,248
Building and building improvements	48,684,171	2,160,417	-	714,781	51,559,369
Furniture, fixtures and equipment	9,097,157	304,721	-	-	9,401,878
Construction in progress	3,254,764	2,341,159	-	(714,781)	4,881,142
Total capital assets	63,636,340	4,806,297	-	-	68,442,637
Less accumulated depreciation	(32,306,439)	(2,637,447)	-	-	(34,943,886)
Total net capital assets	$ 31,329,901	$ 2,168,850	$ -	$ -	$ 33,498,751
Debt					
Bonds payable	$ 8,698,040	$ -	$ (341,211)	$ -	$ 8,356,829
Other	15,066,558	160,731	(9,547,592)	-	5,679,697
Total debt	$ 23,764,598	$ 160,731	$ (9,888,803)	$ -	$ 14,036,526

Morton College, Community College District No. 527

Operating Funds Revenues and Expenditures

Uniform Financial Statement Number 3

Year Ended June 30, 2023

	Education Fund	Operation and Maintenance Fund	Total Operating Funds
Operating revenues, by source			
Local government			
Taxes	$ 7,432,619	$ 1,447,632	$ 8,880,251
State government			
ICCB credit hour grants	2,553,397	-	2,553,397
ICCB equalization grants	4,342,690	650,000	4,992,690
ICCB CTE formula	258,695	-	258,695
Corporate personal property replacement taxes	3,217,731	1,000,000	4,217,731
On-behalf payments for community college health insurance program	81,187	-	81,187
Total state government	10,453,700	1,650,000	12,103,700
Student tuition and fees			
Tuition	9,403,533	-	9,403,533
Fees	1,507,388	(257)	1,507,131
Total student tuition and fees	10,910,921	(257)	10,910,664
Other sources			
Sales and service fees	47	-	47
Facilities rental	-	6,470	6,470
Investment revenue	817,676	550	818,226
Other sources	65,230	250	65,480
Total other sources	882,953	7,270	890,223
Total revenue	29,680,193	3,104,645	32,784,838
Less nonoperating items*			
Tuition chargeback revenue	-	-	-
Adjusted revenue	$ 29,680,193	$ 3,104,645	$ 32,784,838

*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, 2023

	Education Fund	Operation and Maintenance Fund	Total Operating Funds
Operating expenditures			
By program			
Instruction	$ 10,911,417	$ -	$ 10,911,417
Academic support	1,942,756	-	1,942,756
Student services	2,895,381	-	2,895,381
Public service/continuing education	355,877	-	355,877
Auxiliary services	1,907,474	-	1,907,474
Operation and maintenance of plant	5,790	2,244,483	2,250,273
Institutional support	5,513,407	-	5,513,407
Scholarships, student grants and waivers	2,491,047	-	2,491,047
Total operating expenditures, by program	26,023,149	2,244,483	28,267,632
Total operating items*			
Tuition chargeback revenue	-	-	-
Adjusted expenditures	26,023,149	2,244,483	28,267,632
By object			
Salaries	16,006,508	1,408,239	17,414,747
Employee benefits	1,857,573	158,345	2,015,918
Contractual services	2,770,611	349,873	3,120,484
General materials and supplies	1,831,079	105,782	1,936,861
Conference and meeting expenses	681,757	1,649	683,406
Fixed charges	86,281	-	86,281
Utilities	-	187,595	187,595
Capital outlay	180,432	33,000	213,432
Student grants and scholarships	2,502,126	-	2,502,126
Other	106,782	-	106,782
Total operating expenditures, by object	26,023,149	2,244,483	28,267,632
Less operating items*			
Tuition chargeback revenue	-	-	-
Adjusted expenditures	$ 26,023,149	$ 2,244,483	$ 28,267,632

*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, 2023

Restricted purposes fund revenues, by source	
Local government	
Other	$ 14,695
State government	
ICCB adult education	794,143
ICCB Pipeline for the Advancement of the Healthcare Workforce program (PATH)	223,521
SURS - On Behalf	8,586,056
Other state revenue	328,751
Total state government	9,932,471
Federal government	
Department of Education	15,006,502
Total restricted purposes fund revenues, by source	$ 24,953,668
Restricted purposes fund expenditures, by program	
Instruction	$ 6,841,631
Academic support	553,154
Student services	2,621,690
Public service/continuing education	437,487
Auxiliary services	125,612
Operation and maintenance of plant	612,343
Institutional support	5,813,010
Scholarships, student grants and waivers	7,934,935
Total restricted purposes fund expenditures, by program	$ 24,939,862
Restricted purposes fund expenditures, by object	
Salaries	$ 2,192,317
Employee benefits	8,958,091
Contractual services	428,502
General materials and supplies	2,440,547
Conference and meeting expenses	99,617
Fixed charges	474,270
Capital outlay	2,247,170
Student grants and scholarships	8,099,348
Total restricted purposes fund expenditures, by object	$ 24,939,862

Morton College, Community College District No. 527

Current Funds – Expenditure by Activity

Uniform Financial Statements Number 5

Year Ended June 30, 2023

Instruction	
Instruction programs	$ 10,911,417
Other	6,981,933
Total instruction	17,893,350
Academic support	
Library center	692,410
Instructional materials center	204,074
Other	1,616,361
Total academic support	2,512,845
Student services support	
Admissions and records	625,427
Counseling and career services	1,052,695
Financial aid administration	488,462
Other student services support	3,382,471
Total student services and support	5,549,055
Public service/continuing education	
Community education	123,351
Community services	214,750
Other	458,758
Total public service/continuing education	796,859
Auxiliary services	2,126,922
Operation and maintenance	
Maintenance	523,379
Custodial services	508,515
Grounds	126,024
Campus security	645,867
Plant utilities	187,595
Administration	891,440
Total operation and maintenance	2,882,820
Institutional support	
Executive management	888,660
Fiscal operations	580,608
Community relations	1,381,126
Administration support services	449,752
Board of Trustees	36,807
General institutional	1,250,820
Administrative data processing	1,468,594
Other	5,915,447
Total institutional support	11,971,814
Scholarship, student grants and waivers	10,425,982
Total current funds expenditures	$ 54,159,647

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

Morton College, Community College District No. 527

Fiscal Year 2021 Certification of Chargeback Reimbursement

Year Ended June 30, 2023

All fiscal year 2023 noncapital audited operating expenditures from the following funds	
Education Fund	$ 25,841,726
Operations and Maintenance Fund	2,211,482
Operations and Maintenance Fund (restricted)	393,224
Bond Retirement Fund	605,363
Restricted Purposes Fund	22,717,848
Audit Fund	105,600
Liability, Protection, and Settlement Fund	757,851
Auxiliary Enterprises Fund	88,701
Total noncapital expenditures	52,721,795
Depreciation on capital outlay expenses paid from sources other than state and federal funds	2,041,598
Total costs included	$ 54,763,393
Total certified semester credit hours	60,173
Per capita cost per semester credit hour	$ 910.10
All fiscal year 2023 state and federal operation grants for noncapital expenses, except ICCB grants	$ 7,665,427
Fiscal year 2023 state and federal grants per semester credit hour	127.39
District's average ICCB grant rate for fiscal year 2024	46.48
District's student tuition and fees per semester credit hour for fiscal year 2023	148
Chargeback reimbursement per semester credit hour	588

Approved: Chief Financial Officer 1/10/24 Date

Approved: President 1/10/24 Date

State Grant Compliance Section

FORVIS

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forvis.com

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grant Program (State Basic and Performance) (Grant Programs) of Morton College, Community College District No. 527 (College) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Grant Program, as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Our responsibilities under those standards and guidelines are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the grant program 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, 2023, or 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the guidelines of the Illinois Community College Board's *Fiscal Management Manual* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the guidelines of the Illinois Community College Board's *Fiscal Management Manual,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the grant program financial statements of the College. The ICCB Compliance Statement for the Adult Education and Family Literacy Grant Program – Expenditure Amounts and Percentages for ICCB Grant Funds Only is presented for purposes of additional analysis and is not a required part of the grant program financial statements.

The ICCB Compliance Statement for the Adult Education and Family Literacy Grant Program – Expenditure Amounts and Percentages for ICCB Grant Funds Only is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the grant program 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 grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statement for the Adult Education and Family Literacy Grant Program – Expenditure Amounts and Percentages for ICCB Grant Funds Only is fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 20, 2024, on our consideration of the College's internal control over financial reporting of the grant programs 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 College's internal control over financial reporting and compliance.

FORVIS, LLP

Oakbrook Terrace, Illinois
February 20, 2024

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Grant Program Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the Morton College, Community College District No. 527 (College) State Adult Education and Family Literacy Grant (State Basic, and Performance - Grant Programs) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, and have issued our report thereon, dated February 20, 2024. 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, 2023, 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the grant program 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 over the Grant Programs. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's grant program 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.

FORVIS, LLP

Oakbrook Terrace, Illinois
February 20, 2024

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, 2023

	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, 2023

	State Basic	Performance	Total (Memorandum Only)
Revenues			
Illinois Community College Board Grant	$ 603,369	$ 184,170	$ 787,539
Expenditures			
Personnel services	520,164	108,612	628,776
Fringe benefits	38,797	13,266	52,063
Travel	-	3,235	3,235
Equipment	-	29,403	29,403
Supplies	-	13,301	13,301
Contractual services	-	2,503	2,503
Indirect cost	44,408	13,850	58,258
Total expenditures	603,369	184,170	787,539
Excess of Revenues Over Expenditures	-	-	-
Program Balance			
Beginning balance - July 1, 2022	-	-	-
Ending balance - June 30, 2023	$ -	$ -	$ -

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, 2023

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	$ 558,961	93%

Morton College, Community College District No. 527

Notes to Grant Program Financial Statements

June 30, 2023

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, 2023. Amounts received from ICCB are recognized as revenues when the corresponding expenditures are incurred.

Funds obligated for goods and services by June 30, 2023, and paid for by August 31, 2023, are recorded as encumbrances. Payments of prior year's encumbrances for goods received prior to August 31, 2022, are reflected as expenditures during the current fiscal year.

Credit Hour Data

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

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

We have examined the accompanying Schedule of Credit Hour Data and Other Basis Upon Which Claims Were Filed (Schedule) of Morton College, Community College District No. 527 for the year ended June 30, 2023. Morton College, Community College District No. 527's management is responsible for presenting the Schedule in accordance with the guidelines of the Illinois Community College's Board's *Fiscal Management Manual*. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule is presented in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects. An examination involves performing procedures to obtain evidence about the 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 the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the accompanying Schedule of Credit Hour Data and Other Basis Upon Which Claims Were Filed is presented in accordance with the provisions of the Illinois Community College Board's *Fiscal Management Manual* in all material respects.

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.

FORVIS, LLP

Oakbrook Terrace, Illinois
February 20, 2024

Morton College, Community College District No. 527

Schedule of Credit Hour Data and Other Bases

Upon Which Claims Were Filed

Year Ended June 30, 2023

	Total Reimbursable Semester Credit Hours by Term			
	Summer Term		Fall Term	
Credit Hour Categories	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	3,971.0	-	20,250.0	-
Business occupational	141.0	-	1,250.0	-
Technical occupational	230.0	-	1,272.0	-
Health occupational	36.0	-	1,699.0	-
Remedial/developmental	159.0	-	1,473.0	-
Adult education	-	899.0	-	2,145.0
Total	4,537.0	899.0	25,944.0	2,145.0

	Spring Term		Total All Terms	
Credit Hour Categories	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	17,880.0	-	42,101.0	-
Business occupational	1,590.0	-	2,981.0	-
Technical occupational	1,879.0	-	3,381.0	-
Health occupational	1,721.0	-	3,456.0	-
Remedial/developmental	937.0	-	2,569.0	-
Adult education	-	2,641.0	-	5,685.0
Total	24,007.0	2,641.0	54,488.0	5,685.0

	In-District (All terms)	
	Unrestricted Hours	Restricted Hours
Reimbursable credit hours	46,863.0	4,501.0
Credit hours on chargeback or Contractual agreement	572.0	

	Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Reimbursable credit hours	4,326.0	-	661.0	-
Equalized assessed valuation	1,920,327,082			

Morton College, Community College District No. 527

Fiscal Year 2021 Certification of Chargeback Reimbursement

Year Ended June 30, 2023

All fiscal year 2023 noncapital audited operating expenditures from the following funds	
Education Fund	$ 25,841,726
Operations and Maintenance Fund	2,211,482
Operations and Maintenance Fund (restricted)	393,224
Bond Retirement Fund	605,363
Restricted Purposes Fund	22,717,848
Audit Fund	105,600
Liability, Protection, and Settlement Fund	757,851
Auxiliary Enterprises Fund	88,701
Total noncapital expenditures	52,721,795
Depreciation on capital outlay expenses paid from sources other than state and federal funds	2,041,598
Total costs included	$ 54,763,393
Total certified semester credit hours	60,173
Per capita cost per semester credit hour	$ 910.10
All fiscal year 2023 state and federal operation grants for noncapital expenses, except ICCB grants	$ 7,665,427
Fiscal year 2023 state and federal grants per semester credit hour	127.39
District's average ICCB grant rate for fiscal year 2024	46.48
District's student tuition and fees per semester credit hour for fiscal year 2023	148
Chargeback reimbursement per semester credit hour	588

Approved: Maruja Perez 1/10/24
Chief Financial Officer — Date

Approved: Keith D. McLaughlin 1/10/24
President — Date

Morton College, Community College District No. 527

Reconciliation of Total Semester Credit Hours

Year Ended June 30, 2023

Credit Hour Categories	Total Reimbursable Semester Credit Hours: Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference
Baccalaureate	42,101.0	42,101.0	-
Business occupational	2,981.0	2,981.0	-
Technical occupational	3,381.0	3,381.0	-
Health occupational	3,456.0	3,456.0	-
Remedial/developmental	2,569.0	2,569.0	-
Adult education	-	-	-
Total	54,488.0	54,488.0	-

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	5,685.0	5,685.0	-
Total	5,685.0	5,685.0	-

	Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference
In-district credit hours	46,863.0	46,863.0	-
Dual credit hours	4,326.0	4,326.0	-
Dual enrollment hours	661.0	661.0	-

	Total Reported in Audit Restricted Hours	Total Certified to ICCB Restricted Hours	Difference
In-district credit hours	4,501.0	4,501.0	-
Dual credit hours	-	-	-
Dual enrollment hours	-	-	-

Morton College, Community College District No. 527

Reconciliation of Total Semester Credit Hours

Year Ended June 30, 2023

	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	42,101.0	42,101.0	-
Business occupational	2,981.0	2,981.0	-
Technical occupational	3,381.0	3,381.0	-
Health occupational	3,456.0	3,456.0	-
Remedial/developmental	2,569.0	2,569.0	-
Adult education	5,685.0	5,685.0	-
Total	60,173.0	60,173.0	-